Crown Lands for the Future

Crown Lands Management Review Summary and Government Response
The NSW Crown Estate is large and diverse – making up about 42 per cent of the State – and holds tremendous importance for the social, environmental and economic health of NSW.

Crown Lands Division of NSW Trade & Investment is responsible for administering and providing appropriate sustainable and commercial management of the Crown Estate.

The Crown Estate has a wide range of uses, including:

- commercial ventures including marinas, kiosks, restaurants and aged care facilities;
- grazing and agriculture;
- most beaches, estuaries and waterways;
- Crown roads;
- recreational areas such as ovals, tennis courts, golf courses, bowling greens and walking tracks;
- community and cultural facilities including community halls, showgrounds, racecourses, cemeteries and lighthouses; and
- tourism facilities such as caravan parks.

Crown Lands Division has many other responsibilities, including the oversight and management of regional port infrastructure, bushfire management, weed and pest control, enclosure and disposal of Crown roads and investigating native title and Aboriginal land rights claims.

Working closely with the community, partners and stakeholder groups in shaping the future management of the Crown Estate is a key priority of the NSW Government.
Every day, individuals and families right across NSW enjoy visiting the thousands of parks, beaches, waterways and sports grounds on Crown land.

Communities, businesses and farmers in our great State also rely on access to Crown land that is home to local clubs, community halls, showgrounds, racecourses, holiday parks, golf courses, farms, access roads and grazing paddocks.

However, the current legislation governing Crown land dates back to 1890 and the management of Crown land has not kept pace with the changing needs of the community.

The Crown Lands Management Review provides a great opportunity to ensure that the benefits enjoyed by the individuals, families, communities, businesses and farmers who access Crown land are maximised.

The Review also sets the path to build an organisation that prioritises local decision-making and is equipped to meet the needs of local communities now and into the future.

We are getting to work right away on some of the Review’s recommendations, such as issuing a White Paper to consolidate eight pieces of legislation into one new, contemporary Act.

But other proposals require consultation with stakeholders and local communities before we can proceed with them.

The NSW Government will be conducting extensive consultation across the State to ensure any decisions are made with the right level of local input, local experience and local knowledge.

The Hon. Andrew Stoner MP
Deputy Premier
Minister for Trade & Investment
Minister for Regional Infrastructure & Services
In June 2012, the NSW Government initiated a comprehensive review of NSW Crown Land Management to examine its current activities and report on its future direction.

The Steering Committee had executive representation from 11 NSW Government departments and agencies, offering a depth and breadth of knowledge that has proven invaluable.

NSW has not undertaken a major reform of Crown land for over 25 years. To better meet the NSW Government’s objectives and the interests of the community, the management of Crown land has to change.

The Crown Lands Management Review recommends a range of reforms to improve the management of Crown land in NSW.

These include legislative reform, restructuring Crown Lands Division as a Public Trading Enterprise and empowering local government to better and more easily manage lands that are valued primarily by local communities.

Review and reform, especially after 25 years, has its challenges and the Review recommendations need to be coordinated with other current government reviews, such as the Aboriginal Land Rights Act Review and the work of the Local Government Acts Taskforce.

Better management of the Crown Estate is imperative for the overall good of NSW. The Review recommendations are an essential step towards achieving this outcome and meeting the priorities of Government.

Michael Carapiet
Chair Crown Lands Management Review
The way Crown land is managed today is a legacy of the past, resulting in complex legislation and management practices that impede decision-making and optimal outcomes for the people of NSW. The Inter-agency Steering Committee, independently chaired by Mr Michael Carapiet, was asked to review the management of the Crown Estate and make recommendations on its effective future ownership, governance and management.

This Review will help to improve the management of Crown land and increase the benefits and returns from Crown land to the community.

The Crown Lands Management Review recommendations address issues relevant to:

» ownership of the Crown Estate depending on the balance of local and state uses and benefits;
» governance of Crown land;
» management of travelling stock reserves;
» administrative arrangements for managing Western Lands Division leases;
» the existing amount of red tape and multiple approvals;
» overlaps in legislation, and the need to rationalise the number of Acts that affect Crown land management;
» the community’s awareness of the value and the cost of maintaining Crown land;
» the adequacy and transparency of Crown Lands Division’s accounting systems; and
» the improvement of Crown Lands Division business operations.

Meeting NSW 2021 goals

The Review delivers on the NSW Government’s commitment to achieve the following key priorities:

» Improved transparency – better decision-making through access to better and relevant information;
» Reduced red tape – delivering efficiency gains to local government, stakeholders and the community;
» Giving the community a greater say in decision making and land management – providing flexibility to land managers to respond to changing community priorities;
» Growing the economy – achieving appropriate returns for the people of NSW from the use and occupation of Crown land; and
» Strategic investment in the Crown Estate to reflect changing Government and community priorities.
Improving local outcomes for communities

A new approach for management

The NSW Government should retain Crown land of state significance. However, decision-making about the management of local land should be devolved to a local level.

Local government can manage local land more efficiently under its own legislation, rather than under the Crown Lands Act.

A stocktake of the Crown Estate will determine which NSW Government department or agency will be responsible for the future management of state significant Crown land and will complement the regional planning process, which is part of the NSW Government’s new planning framework.

Further consultation is needed to develop criteria for the classification of state and local land.

This diagram outlines one approach to the implementation of the state and local land model.

Recommendations

» Conduct a strategic assessment of NSW Government needs to determine which Crown land is required for core service delivery or has state or regional values. [Supported in principle]

» Conduct a pilot program, in consultation with the Division of Local Government, Department of Planning & Infrastructure and key stakeholders, to test and refine the state and local land criteria and to develop an implementation plan for the transfer of local land. [Supported in principle]

» Devolve land of local interest to local councils to meet local needs. [Supported in principle]

» Devolve Crown land to other NSW Government agencies if they are best placed to manage the values and risks associated with a parcel of land. [Supported in principle]

“Returning decision making to the local community”
Review of travelling stock reserves

Many travelling stock reserves (TSRs) are no longer used for their original purpose.

In future, the ongoing management of TSRs should be by the relevant body with the greatest interest in the land, which could include local government, Aboriginal Land Councils or Local Land Services.

Local Land Services is ideally placed to consider the future management and use of TSRs. This is an opportunity to return decision making to the local community and help to strengthen local environments.

Recommendation

» Local Land Services work with the relevant stakeholders to develop assessment criteria to review all TSRs and determine their future ownership and management. [Supported]
“A new way of doing business that benefits NSW”

A business model for the future

The existing business model used by Crown Lands Division is no longer adequate for the delivery of current NSW Government objectives or to meet the challenges outlined in the Crown Lands Management Review.

It is recommended that Crown Lands Division progresses to a Public Trading Enterprise; introduces modern information management and accounting systems; and develops key performance indicators to measure benchmark management outcomes.

This new way of doing business will improve accountability and transparency, reduce risks and allow Government to better allocate resources to deliver policy priorities and to satisfy community expectations.

Recommendations

» Establish Crown Lands Division as a Public Trading Enterprise through a staged transformation process. [Supported]

» Upgrade Crown Lands Division’s information management systems to allow informed decision-making and comprehensive accounting. [Supported]

» Develop appropriate benchmarks and key performance indicators to reflect the economic, social and environmental objectives required in the management of the Crown Estate. [Supported]

The value of Crown land

Currently, meaningful reporting on land values is difficult, and calculating and reporting on the value of social and environmental factors is also problematic.

As a result, the community is largely unaware of the economic value or benefit of Crown land or the costs associated with the management of the Crown Estate.

New and improved measures of valuation and accurate reporting of value of current uses will allow the community to consider the ongoing validity of current land use and help them decide if they should persist at the cost of other, possibly higher value, community uses. There is significant potential for the Government to consider alternative uses and therefore a fair approach to cost recovery and dividends to fund valuable community services.

Recommendations

» Benchmark return on assets against opportunity cost. [Supported]

» Determine an additional land value as a measure of opportunity cost – the hypothetical fee simple unencumbered freehold value based on surrounding land use and zoning. [Supported]

» Express the shortfall between a community-based organisation’s ability to pay and the market rent as a community service obligation payment. [Supported]

» Report on the level of contribution made by the NSW Government for the use of Crown land for community purposes. [Supported]

» Develop specifications for new information systems based on needs identified by the Review, leveraging opportunities from the Enterprise Resource Planning (ERP) and other cutting-edge technologies. [Supported]
Strengthening financial management systems

Changing demands on Crown land means that many of the existing systems and processes no longer provide the most effective and efficient management of the Crown Estate.

Improved financial management and reporting systems will provide greater clarity on the contribution of Crown land revenues to the community and to the NSW Government.

Recommendations

» Establish and publish separate audited accounts and budget estimates for the Crown Estate as a prelude to establishing Crown Lands Division as a Public Trading Enterprise. [Supported]

» Critically review the proposed general ledger and financial reporting structure to ensure that they will meet all reporting and other requirements. [Supported]

» Establish adequate internal systems and procedures for Crown Lands Division to ensure proper management of all business activities. [Supported]

“Opportunities exist to better integrate public land management across Government.”
CONTEMPORARY LEGISLATION AND BETTER OUTCOMES

Consolidated Crown lands legislation

Cutting red tape
Red tape causes delays, duplication and inefficiencies in the current Crown land management system.
Opportunities may exist to better integrate public land management across Government, in particular harmonising submerged land management between agencies; transferring compliance activities to other agencies; and streamlining regulation of Crown land managed by local government and local government-owned community land.

Recommendations
- Review activities requiring landowner consent from Crown Lands Division. [Supported in principle]
- Effective compliance arrangements for waterfront structures should be considered by the Marine Compliance Taskforce as part of the On-Water Compliance Review. [Supported]
- Harmonise the management of submerged land in NSW. [Supported]

Streamlining legislation for better outcomes
Legislation covering Crown land should be consolidated into a single Act, to reduce complexity and remove unnecessary duplication.
Streamlining legislation and removing unnecessary approvals will improve efficiency and reduce unnecessary delays.

Recommendations
- Develop new, consolidated Crown lands legislation. [Supported in principle]
- Repeal eight or more existing Acts. [Supported in principle]
- Abolish commons as a discrete category of land. [Supported in principle]
- Amend the Roads Act 1993 so that the Minister is no longer a roads authority. [Supported in principle]
- Responsibility for all roads used to provide access to the general public to rest with the other roads authorities under the Roads Act 1993. [Supported in principle]
- Remove the option to dedicate Crown land in the future. [Not supported]
- Remove the land assessment requirements currently contained in the Crown Lands Act 1989. [Supported in principle]
Ensuring better outcomes for Western Lands leaseholders

Over a third of NSW falls within the Western Division and most of it is leasehold land for grazing, with some cultivation for cropping.

Most of the Western Division has extremely low population densities and economic opportunities are limited outside mining localities.

There is an opportunity to streamline and improve processes to provide greater flexibility to Western Division leaseholders. This will include allowing conversion of certain grazing leases to freehold.

Recommendations

» Review the eligibility criteria for conversion of Western Lands leases held for agriculture or cultivation and perpetual Western Lands grazing leases with current Cultivation Consents where the land has been developed. [Supported in principle]

» Allow conversion of perpetual Western Lands grazing leases on the same terms as Western Lands leases held for agriculture or cultivation, where there is a current Cultivation Consent over all or part of the land contained in the grazing lease and the land has been developed. [Supported in principle]

» Compare existing Crown land leasehold conversion processes. [Supported in principle]

» Permit certain additional land uses where appropriate on Western Lands leases. [Supported in principle]

Improving the management of Crown reserves

NSW is the only state in Australia to have a three-tier Crown reserve system, which includes the additional layer of reserve trusts. This complex governance arrangement is unnecessary and cumbersome and NSW should be brought into line with the other states.

Requiring local government to manage Crown reserves under the Crown Lands Act while managing other land under the Local Government Act results in inconsistencies and overlapping reporting requirements. Allowing councils to manage Crown land under local government legislation would address these issues.

Community participation in the management of Crown land is highly valued. Crown Lands Division will work with community members to identify opportunities to improve governance.

Recommendations

» Revise the reserves framework to better facilitate multiple use of land compatible with the reserve purpose. [Supported in principle]

» Move to a two-tier reserve management structure by removing reserve trusts. [Supported in principle]

» Allow councils to manage reserves under the local government legislation. [Supported in principle]

» Support community member participation in the management of Crown land that encourages good governance. [Supported in principle]
<table>
<thead>
<tr>
<th>RECOMMENDATION</th>
<th>GOVERNMENT RESPONSE</th>
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<tbody>
<tr>
<td><strong>STATE AND LOCAL LAND</strong></td>
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<tr>
<td>1. Conduct a strategic assessment of NSW Government needs to determine which Crown land is required for core service delivery or has state or regional values.</td>
<td>Supported in principle – further consultation required to undertake a whole of government stocktake of Crown land.</td>
</tr>
<tr>
<td>2. Conduct a pilot program, in consultation with the Division of Local Government, Department of Planning &amp; Infrastructure and key stakeholders, to test and refine the state and local land criteria and to develop an implementation plan for the transfer of local land.</td>
<td>Supported in principle – The pilot design parameters require further consultation with local government stakeholders. Community consultation will be undertaken as part of the pilot. The NSW Government will need to consider the outcomes of the pilot and local community feedback before progressing on the implementation of the policy.</td>
</tr>
<tr>
<td>3. Devolve land of local interest to local councils to meet local needs.</td>
<td>Supported in principle – The NSW Government is committed to the Intergovernmental Agreement to Guide NSW State-Local Government Relations on Strategic Partnerships, particularly in relation to cost-shifting. Consultation with Local Government NSW and other local government stakeholders will be required in the first instance. If supported by local government stakeholders, this will be progressed through a pilot program in the first instance. Community consultation will be undertaken as part of the pilot process. Some forward thinking local councils have already approached Crown Lands Division with similar proposals.</td>
</tr>
<tr>
<td>4. Devolve Crown land to other NSW Government agencies if they are best placed to manage the values and risks associated with a parcel of land.</td>
<td>Supported in principle – Further consultation with agencies is required to develop and undertake this process.</td>
</tr>
<tr>
<td><strong>REVIEW OF TRAVELLING STOCK ROUTES</strong></td>
<td></td>
</tr>
<tr>
<td>5. Local Land Services work with the relevant stakeholders to develop assessment criteria to review all TSRs and determine their future ownership and management.</td>
<td>Supported – Work will commence in 2014 on a pilot program with Local Land Services. Community consultation will occur through the pilot process.</td>
</tr>
<tr>
<td><strong>BUSINESS MODEL</strong></td>
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<tr>
<td>7. Upgrade Crown Lands Division’s information management systems to allow informed decision-making and comprehensive accounting.</td>
<td>Supported – Crown Lands Division to undertake.</td>
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<td>8. Develop appropriate benchmarks and key performance indicators to reflect the economic, social and environmental objectives required in the management of the Crown Estate.</td>
<td>Supported – Crown Lands Division to undertake.</td>
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<tr>
<td><strong>CROWN LAND VALUATION AND DIVIDENDS</strong></td>
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<tr>
<td>9. Benchmark return on assets against opportunity cost.</td>
<td>Supported – Crown Lands Division to undertake.</td>
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<td>10. Determine an additional land value as a measure of opportunity cost – the hypothetical fee simple unencumbered freehold value based on surrounding land use and zoning.</td>
<td>Supported – Crown Lands Division to undertake.</td>
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<tr>
<td>11. Express the shortfall between a community-based organisation’s ability to pay and the market rent as a community service obligation payment.</td>
<td>Supported – Crown Lands Division to undertake. There is no intention to require community organisations to pay market rents. This process will simply improve transparency by measuring the subsidy that the NSW Government is providing to community organisations on Crown land.</td>
</tr>
<tr>
<td>12. Report on the level of contribution made by the NSW Government for the use of Crown land for community purposes.</td>
<td>Supported – Crown Lands Division to undertake. There is no intention to require community organisations to pay market rents. This process will simply improve transparency by measuring the subsidy that the NSW Government is providing to community organisations on Crown land.</td>
</tr>
<tr>
<td>13. Develop specifications for new information systems based on needs identified by the Review, leveraging opportunities from the Enterprise Resource Planning (ERP) and other cutting-edge technologies.</td>
<td>Supported – Crown Lands Division to undertake.</td>
</tr>
<tr>
<td><strong>ACCOUNTING ISSUES</strong></td>
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<tr>
<td>14. Establish and publish separate audited accounts and budget estimates for the Crown Estate as a prelude to establishing Crown Lands Division as a Public Trading Enterprise.</td>
<td>Supported – Crown Lands Division to undertake.</td>
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<tr>
<td>15. Critically review the proposed general ledger and financial reporting structure to ensure that they will meet all reporting and other requirements.</td>
<td>Supported – Crown Lands Division to undertake.</td>
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<tr>
<td>16. Establish adequate internal systems and procedures for Crown Lands Division to ensure proper management of all business activities.</td>
<td>Supported – Crown Lands Division to undertake.</td>
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## LEGISLATION

<table>
<thead>
<tr>
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<tr>
<td>18. Repeal eight or more existing Acts.</td>
<td>Supported in principle – Public consultation on this proposal will occur through the Crown Lands Legislation White Paper.</td>
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<td>19. Abolish commons as a discrete category of land.</td>
<td>Supported in principle – Public consultation on this proposal will occur through the Crown Lands Legislation White Paper.</td>
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<tr>
<td>20. Amend the Roads Act 1992 so that the Minister is no longer a roads authority.</td>
<td>Supported in principle – The NSW Government is mindful of the Final Report by the Local Government Taskforce in relation to the maintenance and renewal backlog in local government owned infrastructure. NSW Trade &amp; Investment will undertake further consultation with Transport for NSW, Roads &amp; Maritime Services and local government stakeholders before progressing this proposal.</td>
</tr>
<tr>
<td>21. Responsibility for all roads used to provide access to the general public to rest with the other roads authorities under the Roads Act 1993.</td>
<td>Supported in principle – The NSW Government is mindful of the Final Report by the Local Government Taskforce in relation to the maintenance and renewal backlog in local government owned infrastructure. NSW Trade &amp; Investment will undertake further consultation with Transport for NSW, Roads &amp; Maritime Services and local government stakeholders before progressing this proposal.</td>
</tr>
<tr>
<td>22. Remove the option to dedicate Crown land in the future.</td>
<td>Not supported – Significant streamlining or efficiencies are not guaranteed by simply removing the legal option to dedicate land. Administrative streamlining will be pursued through the continuous improvement program within Crown Lands Division.</td>
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## WESTERN LANDS

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<tr>
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<tbody>
<tr>
<td>24. Review activities requiring landowner consent from Crown Lands Division.</td>
<td>Supported in principle – Public consultation on this proposal will occur through the Crown Land Legislation White Paper. Key stakeholders will also be consulted on this proposal.</td>
</tr>
<tr>
<td>25. Effective compliance arrangements for waterfront structures should be considered by the Marine Compliance Taskforce as part of the On-Water Compliance Review.</td>
<td>Supported – NSW Trade &amp; Investment is working with Transport for NSW and Roads &amp; Maritime Services to prioritise activities.</td>
</tr>
<tr>
<td>26. Harmonise the management of submerged land in NSW.</td>
<td>Supported – NSW Trade &amp; Investment is working with Transport for NSW and Roads &amp; Maritime Services to prioritise activities.</td>
</tr>
<tr>
<td>27. Review the eligibility criteria for conversion of Western Lands leases held for agriculture or cultivation and perpetual Western Lands grazing leases with current Cultivation Consents where the land has been developed.</td>
<td>Supported in principle – Public consultation on this proposal will occur through the Crown Land Legislation White Paper. Key stakeholders will also be consulted on this proposal.</td>
</tr>
<tr>
<td>28. Allow conversion of perpetual Western Lands grazing leases on the same terms as Western Lands leases held for agriculture or cultivation, where there is a current Cultivation Consent over all or part of the land contained in the grazing lease and the land has been developed.</td>
<td>Supported in principle – Public consultation on this proposal will occur through the Crown Land Legislation White Paper. Key stakeholders will also be consulted on this proposal.</td>
</tr>
<tr>
<td>29. Compare existing Crown land leasehold conversion processes.</td>
<td>Supported in principle – Public consultation on this proposal will occur through the Crown Land Legislation White Paper. Key stakeholders will also be consulted on this proposal.</td>
</tr>
<tr>
<td>30. Permit certain additional land uses where appropriate on Western Lands leases.</td>
<td>Supported in principle – Public consultation on this proposal will occur through the Crown Land Legislation White Paper. Key stakeholders will also be consulted on this proposal.</td>
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## MANAGEMENT OF CROWN RESERVES

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<thead>
<tr>
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<tr>
<td>31. Revise the reserve framework to better facilitate multiple use of land compatible with the reserve purpose.</td>
<td>Supported in principle – Public consultation on this proposal will occur through the Crown Lands Legislation White Paper.</td>
</tr>
<tr>
<td>32. Move to a two-tier reserve management structure by removing reserve trusts.</td>
<td>Supported in principle – Public consultation on this proposal will occur through the Crown Lands Legislation White Paper.</td>
</tr>
<tr>
<td>33. Allow councils to manage reserves under the local government legislation.</td>
<td>Supported in principle – Public consultation on this proposal will occur through the Crown Lands Legislation White Paper. Local Government NSW will also be consulted on this proposal.</td>
</tr>
<tr>
<td>34. Support community member participation in the management of Crown land that encourages good governance.</td>
<td>Supported in principle – Public consultation on this proposal will occur through the Crown Lands Legislation White Paper.</td>
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## NEXT STEPS

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<tr>
<th>Recommendation</th>
<th>Government Response</th>
</tr>
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<tbody>
<tr>
<td>36. Develop a plan for further exploration and implementation of internal business and reporting reforms.</td>
<td>Supported – Immediate action Crown Lands Division to undertake.</td>
</tr>
</tbody>
</table>
Crown land
(excluding national parks and state forests)

Freehold land

3 nautical mile limit

Crown Lands Division of NSW Trade & Investment
1300 886 235 www.crownland.nsw.gov.au

*Note: information and data contained in this document is referenced from the Crown Lands Management Review 2014.