
Appendix one – Response from agency

Department of Planning and Environment



ED23/58

Ms Margaret Crawford
Auditor-General for New South Wales
GPO Box 12
SYDNEY NSW 2001

By email:

Subject: Audit – State Heritage Assets

Dear Auditor General

Thank you for your report regarding Heritage NSW's (DPE) (HNSW) oversight and administration of State heritage assets. I appreciate the opportunity to work with the Audit Office to review these important functions which will assist HNSW in its ongoing work to improve performance.

I wish to acknowledge that the period under audit (2017-2022) coincides with a period of considerable change for HNSW, including four organisational restructures, two of which related to Machinery of Government changes. While these disruptions were carefully managed each time, they had undoubted impacts on the operation of the agency.

I would also like to note a number of significant achievements made by HNSW during this period, including:

- support for the Heritage Council and Minister in listing 89 new items of State heritage significance on the State Heritage Register (SHR) since 2017;
- commencement of a world heritage nomination process for the Parramatta Female Factory;
- roll out of the Blue Plaques program; and
- support for and progression of a response to the 2021 Parliamentary Inquiry review of the Heritage Act, including strong progress towards development of new heritage legislation.

The report emerging from the 2021 Parliamentary Inquiry noted that owners and custodians of heritage items had experienced uncertainties, delays and frustrations when navigating the heritage system. I am pleased to note your report's acknowledgement of the significant improvements HNSW has made over the past 18 months to both the timeliness of approvals made under the Heritage Act and the provision of advice provided on major projects.

Heritage NSW has been proactive in identifying actions that could be undertaken ahead of legislative reform to further address these issues, with the intent of improving customer service and enhancing efficient and consistent approvals and advice. As you are aware, streamlining initiatives put in place to deliver performance and customer service improvements over the past several quarters, include:

- promoting early engagement with applicants;

4 Parramatta Square, 12 Darcy Street, Parramatta NSW 2150
Locked Bag 5022, Parramatta NSW 2124

www.dpie.nsw.gov.au

1

Department of Planning and Environment

- customer education initiatives;
- improving monitoring and reporting systems to better understand performance and system issues and supporting more timely problem resolution; and
- improving the systems HNSW uses to provide advice and assessment.

As acknowledged in your report, HNSW has been developing an improved culture of customer service. Improvements in customer service have taken place alongside work to improve our regulatory approach, to bring it into step with modern risk-based approaches. When implementing policy and regulatory initiatives, HNSW now undertakes considered assessment to effectively manage risks and monitor outcomes.

In relation to the Heritage Grants Program 2023-25 funding round (which included the Activating State Heritage category), it is relevant that the funding round opened before the NSW Government Grants Administration Guide was released on 19 September 2022. Nevertheless, HNSW was aware that the guide was in development and ensured compliance with its requirements. The probity plan, declaration of interests, funding guidelines and judging panel terms of reference for the program were endorsed by DPE Governance. Heritage NSW has also complied with all record-keeping requirements.

As recently committed by the Minister for Heritage, the Hon Penny Sharpe MLC, a NSW Heritage Strategy will be developed which will build on these achievements.

I thank you, in particular, for the recommendations below, which will be a strong focus of HNSW's forward work plan. The recommendations are well framed to assist HNSW to improve its focus and delivery of heritage services and regulation under the Heritage Act. We accept all the recommendations and have either commenced the work or have progressed planning towards delivery. I look forward to progressing these initiatives and reporting back to you on our progress.

Audit Office recommendations

Recommendation	Comment
1. Implement more robust quality assurance and improvement processes with respect to decisions about applications for works affecting listed assets that are made under delegation from the Heritage Council of NSW, including decisions made by Heritage NSW staff and by other entities.	<p><i>Accepted – work underway</i></p> <p>Delegated decision-making within HNSW has recently been reviewed. A new work model is being implemented with the objective of improving consistency of decision-making.</p>

Recommendation	Comment
<p>2. Provide guidance and training to Heritage NSW staff to support transparent and consistent approaches to:</p> <ul style="list-style-type: none"> assessing the heritage significance of nominated assets and preparing information to inform State Heritage Register listing decisions engaging with the owners of assets that have nominated for listing, including assets owned by state government entities, local councils, individuals or other entities. 	<p><i>Accepted - work underway</i></p> <p>An external review of State Heritage Register listing processes and practices is currently being conducted. This review is expected to assist HNSW to improve the internal efficiency and consistency of future listings, as well as improve the clarity and transparency of consultation during the listing process, consistent with available resources.</p>
<p>3. Implement a plan to update and maintain accurate information in the State Heritage Register against defined minimum data requirements.</p>	<p><i>Accepted - work planned</i></p> <p>HNSW will work with the Heritage Council to define minimum data and information requirements for State Heritage Register listings to ensure consistency moving forward.</p> <p>HNSW will continue to work with the Heritage Council to ensure that high quality information is held and made publicly available.</p>
<p>4. Develop a multi-year strategy to ensure the collection and maintenance of supplementary information about assets listed on the State Heritage Register that is sufficient to inform a risk-based regulatory approach.</p>	<p><i>Accepted - work planned</i></p> <p>HNSW will develop a strategy to ensure, consistent with available resources, it collects and maintains information it considers necessary to inform its regulatory activities.</p>
<p>5. Publish a statement of regulatory intent that sets out Heritage NSW's monitoring, compliance and enforcement approach, and the activities by which it will meet its responsibilities under the Heritage Act. This statement should be underpinned by a strategic assessment of the key threats and opportunities to heritage values of the State Heritage Register.</p>	<p><i>Accepted - work planned</i></p> <p>HNSW will publish a statement of regulatory intent as per the recommendation.</p>

Recommendation	Comment
6. Consolidate a program of interagency activities to strengthen capability among state government entities to support the objects of the Heritage Act, including by meeting compliance obligations. Heritage NSW should partner with NSW Treasury and other relevant agencies in the delivery of this program to ensure a strategic approach to heritage asset management.	<p><i>Accepted - work planned</i></p> <p>HNSW will, consistent with available resources, work to strengthen existing engagement with state agencies to help agencies manage their heritage assets and meet their compliance obligations under the Heritage Act.</p>
7. Define arrangements for information sharing and strategic resource planning to sustain the timely provision of heritage advice on proposed developments being assessed under the Environmental Planning and Assessment Act 1979.	<p><i>Accepted - work underway</i></p> <p>HNSW will continue to work with the Department of Planning and Environment to build on existing information sharing and strategic resource planning to sustain the timely provision of heritage advice on proposed developments.</p> <p>HNSW considers 90% on time advice for strategic SSI/SSD referrals for Q3 2022/23 financial year is clear evidence that the current process is delivering good results and will continue work to further embed current processes and practices.</p>
<p>8. Implement a heritage engagement strategy with targeted actions for owners, heritage professionals, the local government sector, and key stakeholders, including actions to:</p> <ul style="list-style-type: none"> • build awareness of Heritage NSW's priorities, projects, processes, and expectations • gather insights about risks and opportunities to inform Heritage NSW's strategic and operational planning • enhance the relevance of Heritage NSW's publications and other supports to promote voluntary compliance. 	<p><i>Accepted - work underway</i></p> <p>Work on an engagement strategy is already significantly progressed. It will be finalised and implemented, consistent with available resources.</p>

Department of Planning and Environment



If you have any further questions about this response, please contact Sam Kidman, Executive Director, Heritage NSW, on

Yours sincerely

A handwritten signature in black ink, appearing to read "Kiersten Fishburn".

Kiersten Fishburn

Acting Secretary, Department of Planning and Environment

19 June 2023