

PROGRAM EVALUATION

Evaluation of the Crown Roads Disposal Program

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Evaluation of the Crown Roads Disposal Program

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More information

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Disclaimer: The information contained in this publication is based on knowledge and understanding at the time of writing (March 2016). However, because of advances in knowledge, users are reminded of the need to ensure that the information upon which they rely is up to date and to check the currency of the information with the appropriate officer of the Department of Industry, Skills and Regional Development or the user's independent advisor.

Executive Summary

This publication is part of a series summarising program evaluations to enhance the accountability and transparency of NSW Department of Industry activities. The completed program evaluation template is attached.

The Crown Roads Disposal Program

The Crown Roads Disposal Program (hereafter the Program) closes and sells Crown roads, mostly to adjoining landholders, where they are not required for public purposes. Crown roads are typically unformed roads that exist only as 'roads on paper', reserved for future construction. The Program was established to more rapidly realise the benefits from Crown road disposal, generate additional revenue to the NSW Government, and address concerns of land holders by facilitating the option to purchase the road outright.

The Program is guided by the principles agreed to by the NSW Government under the Crown Lands Management Review (2014), for the divesting of land to the most appropriate owner where no direct strategic interest is held by the NSW Government.

Objective

In the absence of the Program, Crown roads that are no longer required for public purposes would not be disposed of in a timely manner, delaying the divestment of assets to the most appropriate owner and retaining the land management burden with government. The best productive use of the land would not be attained and the allocation of land within NSW would not be consistent with the economically efficient outcome. In addition, revenue from the sale of Crown roads not required for public purposes, to the NSW Government, would be foregone.

The objective of the Program is, therefore, to facilitate the disposal of Crown roads not required for public access for the benefit of the State economy.

Options

The alternative options for pursuing the objective that were considered in the evaluation of the Program included:

- the existing program with an annual budget of approximately \$10.9 million;
- concentrating the assessment of the ongoing need for Crown roads and their subsequent disposal, if appropriate, to local government areas, to accelerate the closure and disposal of Crown roads not required for public purposes; and
- legislative reform to exempt the Program from the current requirement to cause notice of the proposed closing of a public road and streamlining of the current consultation process to significantly accelerate the closure and disposal of Crown roads and unlock the benefits to the NSW community sooner.

Assessment

NSW Department of Industry program evaluations compare the efficiency and effectiveness of alternative options with that of the existing or proposed program. This involves an assessment of the costs and benefits of

each option relative to the base case of 'no program' and, where these benefits and costs have been quantified, a comparison of the net benefit and benefit-cost ratio (BCR) of each option.

A qualitative assessment of options to achieve the stated objective was undertaken. The preferred option was Option 1, the current program. Option 1 was estimated to currently provide a net benefit.

The options of disposal of Crown roads by local government area and legislative reform and streamlining of consultative processes were both assessed as providing a net cost. These options would likely incur increased costs through risks of litigation, maladministration and reputational damage to the NSW Government.

Cost Recovery

The evaluation assessed the existing program pricing arrangements relative to the cost recovery principles outlined by the Productivity Commission in its 2001 Inquiry Report on Cost Recovery by Government Agencies.

The evaluation found that a cost recovery model may adversely impact the Program's ability to achieve its objective as fees represent a significant disincentive for the majority of eligible purchasers (neighbours of Crown roads), and in most cases would outweigh the private benefits conferred from purchase.

The improved allocative efficiency as a result of the economies of scale achieved by the Program are widely dispersed and can be considered to end up benefitting NSW as a whole. Application of the Productivity Commission's cost recovery principles to the existing Program indicates that the cost of program services provided should continue to not be recovered.

Performance Measures

Key performance measures and indicators measure program performance and progress towards meeting government policy objectives. They demonstrate how effective a program is in producing the required outputs and achieving the desired outcomes.

The Program's output measures include reduction in the backlog of applications, increase in customer satisfaction and revenue unlocked from the sale of Crown roads. Examples of the Programs outcome measures include the:

- impact of allocative efficiency of land disposed, measured through monitoring of post purchase land use to assess if land use if used for a purpose other than grazing; and
- profitability of businesses that purchased land.

Future Evaluations

This is the first evaluation of the Crown Roads Management Program as part of the regular Departmental cycle of evaluations informed by the recently superseded NSW Government Evaluation Framework. The evaluation concentrated on the qualitative aspects of 'formative' evaluation to build capacity of program management to monitor program's performance in the future - problem identification, program logic and KPI design. Under recent changes to the NSW Government Evaluation Framework, programs will be expected to carry out 'outcome' evaluation, measuring the causal impacts of a program's activities. Data collection will be essential to enable an 'outcome' evaluation when the Program is next scheduled for evaluation under the updated Framework.

Attachment: Program Evaluation Template

Division:	Department of Primary Industries - Lands
Program (Current):	Crown Roads Disposal Program

Step 1 Issue or Challenge and Objectives

a. Describe the issue or challenge that the program aims to address. That is, why should the department intervene? What would happen in the absence of the program?

The NSW Government is conducting an ongoing strategic assessment of NSW Government needs to determine which Crown land is required for core service delivery or has state or regional values. The disposal of Crown roads¹ is part of a general government policy to improve the efficient allocation of land within NSW where the historic strategic purpose that previously justified Government ownership of this land no longer holds.

In the absence of the Crown Roads Disposal Program (henceforth the Program), Crown roads that are no longer required for public purposes would not be disposed of in a timely manner, delaying the divestment of assets to the most appropriate owner and retaining the land management burden with government.

The best productive use of the land would not be attained and the allocation of land within NSW would not be consistent with the economically efficient outcome. In addition, revenue from the sale of Crown roads not required for public purposes, to the NSW Government, would be foregone.

The principles agreed to by the NSW Government under the Crown Lands Management Review (2014) are for the divesting of land to the most appropriate owner where no direct strategic interest is held by the NSW Government.

b. Identify the groups that would be affected by the issue or challenge without departmental involvement (individuals, industry or community).

1. Adjoining landholders, some of whom are also current permit holders, would not realise the allocative benefits from consolidating a Crown road into their existing holding.
2. Recreational users of Crown roads such as recreational fishers, canoeists, walkers, horse riders may not be adequately consulted and lose access to undertake aforementioned activities.
3. Other users such as energy and utility (water) providers and other government agencies (Councils, National Parks, Forestry), may not be adequately consulted and lose access required for service provision.
4. The NSW community would forego timely improvements in allocative efficiency, and productivity, resulting in lower economic growth and welfare across the State.
5. The NSW Government would continue to be responsible for the land management

¹ Crown roads are parcels of land historically retained by the Crown to preserve land for the future construction of roads, to meet predicted future requirements. Crown roads are typically unformed roads that exist only as 'roads on paper', in some cases Crown roads are leased through enclosure permits (typically to adjoining landholders) where the only permissible use is grazing.

costs for roads no longer required for public purposes.

c. Quantify the impact of the issue in the absence of departmental involvement - the severity of the issue should be demonstrated with quantitative data where possible on the significance and consequences of the issue or challenge in the absence of departmental involvement. If no such 'cost' estimate exists, proxy information can be provided to give an indication of potential 'scale', such as industry value of production.

The NSW Crown road network² covers an area of more than 5,000 square kilometres. The portfolio of Crown roads is valued at between \$300 and \$400 million. Approximately half (47%) of all Crown roads are held under Enclosure Permit, generating net returns of \$3.8m per annum.

The economic contribution and involvement of more than 35,000 private landholders and more than 6,500 applications to the Program to date demonstrates that the issue is of a significant scale especially in rural and regional communities.

Based on an assessment of existing Crown roads as at 30 June 2015, 90 per cent of Crown roads were estimated by the Government as potentially being surplus and are earmarked for possible disposal.

In the absence of the Program, closure and disposal of Crown roads would return to the rates of divestment recorded in 2004³, prior to the introduction of the Program, where Crown Lands completed between 70 and 100 road closure and disposal applications annually (between 1 to 2 sales per week). The current Program completed 1,892 road closures and disposal applications in 2014/15 (approximately 40 sales per week) generating \$17.26 million in revenue for NSW Treasury⁴.

It is estimated that without the Program the annual cash return for the NSW government would be reduced (currently \$17.26m) by 90 per cent and the department would incur costs associated with refunding application fees and other costs associated with customer dissatisfaction and complaints.

In addition, the NSW Government would retain the liability and costs associated with land management of unpurchased Crown roads, as carried out by the Crown Land Management Program. The Crown Land Management Program expends approximately \$18.5m annually, with a small portion of this directly attributable to the management of Crown roads.

The forward estimate over the next four financial years of cash distribution to Treasury is represented in Table 1.

Table 1: Summary of Changes to Forward Estimates

	15/16	16/17	17/18	18/19	Total
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Current Program	13,755	15,090	15,361	15,773	59,979

² Crown roads are typically 20 metre wide strips of land, created by surveyors when NSW had little or no subdivision and were reserved for public access.

³ Potential applicants conducted several of the process required to meet regulatory requirements for sale and disposal of the Crown roads privately, via consultants at their own cost, making a majority of transactions uneconomic.

⁴ This does not subtract Program costs, such as staff salaries, on costs, overheads, loss in future rental yield (from enclosure permits) or the loss of the value of the asset off the books.

d. Describe who or what created the issue or challenge. Examples include specific industry participants (such as producers or consumers) and environmental factors (such as the effect of climate change).

Crown lands are an historical legacy of colonisation, which left residual lands in the hands of the Crown. Past land management practices and planning decisions set aside Crown roads (unconstructed ‘paper roads’), for projected future public use.

Crown roads have traditionally been seen as public goods, and government may have had historic justification in setting aside land to allow for the future socially efficient provision of road infrastructure (avoiding the need to invoke ‘eminent domain’). However because of improvements in technology, particularly relating to the widespread adoption of motor vehicles, and changing nature of the geo-spatial distribution of the population, some Crown roads no longer serve this purpose. No market failure argument justifies Government’s continued intervention via ownership of Crown roads no longer required for public purposes.

Their retention of Crown roads that are no longer required for public purposes prevents better and more productive use of the land. The closure and disposal of Crown roads is regulated under the Roads Act 1993 (NSW) and the Crown Lands Act 1989 (NSW).

e. List current programs or legal instruments (provided by industry or any level of government) which aim to address the issue or challenge. Could these be altered to address the issue or challenge?

Other Programs

Able to be altered?

Crown Lands Management Review

The review concluded that decisions relating to land of local value and interest are best managed locally. Ownership and management of Crown lands should vest to the most appropriate owner.

No - The review has been completed and Government response published.

Council Roads Program

Transfers constructed Crown roads to Council for their administration and management as part of the Local Government road network.

No - Legislative requirements restrict the number and types of roads that can be transferred to councils. Therefore could not be altered to address the issue of the Crown Roads Disposal Program.

f. Identify who might benefit if action [such as the program being evaluated] is taken by the department.

Who are the primary beneficiaries?

- Adjoining landholders, some of whom are also current permit holders, would benefit from lower transaction costs relating to the purchase of surplus Crown land, and would realise the allocative benefits from consolidating a Crown road into their existing holding.

Who else might benefit?

- The NSW community would benefit from improvements in allocative efficiency and productivity sooner, resulting in increased economic growth and welfare across the State.
- The NSW Government would benefit from a reduced land management burden (i.e. cost savings).

g. Statement of Objectives: Determine whether there might be a role for the department in addressing the perceived problem (i.e. what high-level objective might a potential program achieve?)

Objective: To facilitate the disposal of Crown roads not required for public access for the benefit of the State economy.

Policy Alignment:

The Crown Roads Disposal Program directly meets the:

- NSW Department of Primary Industries Strategic Plan 2015-2019 strategic priority 1 (act to enable job creation and opportunities for economic growth)

Market Failure:

The historical legacy of colonisation left residual lands in the hands of the Crown. Past Governments set aside a portion of Crown Lands for the future provision of roads, to facilitate the role of government in the provision of road infrastructure. Roads are considered to be public goods, that is they are generally non-excludable (access cannot be restricted) and non-rival (consumption by one person mostly does not diminish consumption by others). Because of the non-excludability and non-rivalry of roads, the market is likely to underprovide the resource. In addition, network externalities relating to roads, in the form of congestion, give rise to the need for coordination that is mostly a function best performed by government⁵.

However because of improvements in technology, particularly relating to the widespread adoption of motor vehicles, and changing nature of the geo-spatial distribution of the population, the original market failure justification of retaining many Crown roads no longer holds.

Economic principles imply that when no market failure is present, the role of government is limited to providing the requisite minimal state services, such as legal, policy and regulatory functions. Intervention beyond that point (such as via ownership of Crown roads, and restriction on land use) is costly, both in terms of administration, but also from market distortions, where policies interfere with the markets ability to allocate land, labour and capital efficiently. The loss in potential allocative efficiency stymies growth and ultimately reduces potential economic output in NSW, making society worse off compared to the socially efficient outcome.

Therefore, Crown roads no longer required for public access should generally be closed and disposed of to maximise outcomes for the community. However, as stipulated in both the Roads Act 1993 (NSW) and the Crown Lands Act 1989 (NSW) there are a number of conditions that are required to be satisfied before the land can be sold. This can include the need for conveyancing, advertising of proposed closure, assessment of submissions, attaining land valuation and mediation with neighbours.

In a majority of cases, transaction costs associated with the closure and sale of Crown roads represent a significant disincentive for prospective purchasers. Crown roads are typically small parcels of land relative to adjoining holdings. The transaction costs involved in the sale of these small parcels of land can sometimes entirely erode the private benefits offered from the direct ownership of the land. The disincentive from transaction costs associated with the closing and disposal of a Crown road can be partially overcome where economies of scale, available to government, in carrying out the legislative functions are achieved, therefore reducing the average administrative costs.

⁵ Productivity Commission, 2014, *Public Infrastructure*, Inquiry Report, vol.1, Canberra.

Step 2 Program Options & Design	
<i>Identify all potential options for achieving the objective, including those that least impede business activity.</i>	
<p>Option 1.</p> <p>Existing Crown Roads Disposal Program</p>	<p>Description:</p> <p>The NSW Government is committed to managing the Crown estate to maximise outcomes for the community. This includes the sale of road reserves which are not required for public access. In many cases there is considerable scope to rationalise the Crown road network without compromising the broader public interest.</p> <p>The Department of Primary Industries - Lands administers the Program under the rules of the Crown Lands Act 1989 and Roads Act 1993 and provides an ongoing positive revenue stream to the NSW Government.</p> <p>The Program closes and sells Crown roads, mostly to adjoining landholders, where they are not required for public purposes. Where appropriate, Crown roads may be closed for public access with an easement granted over the land to provide legal access to a neighbour or affected party.</p> <p>The Program currently has a backlog in excess of 5,700 road closure applications. Once sold, these remnant parcels of Crown land provide the adjoining landholder an opportunity to enhance the productive use of the land; beyond the only permissible use of an enclosure permit, grazing. Timely consideration of submitted applications reduces the risk of reputational damage to the NSW Government.</p> <p>The Program uses statutory land values set by the Valuer General which are locked in at the date of application. This valuation is used to determine the base price and is shown in the letter of offer. Locking in valuations at the date of application is designed to not disadvantage an applicant from any delays, and recognises the existing backlog and timeframe from application to finalisation.</p> <p>The Program was established to:</p> <ul style="list-style-type: none"> • more rapidly meet the objectives of Crown road disposal; • dispose of uneconomic parcels of Crown roads adjoining freehold land not required for public access; • generate additional revenue to the NSW Government; • meet the objectives of the Crown Lands Act by divesting Crown land under the appropriate management/ownership; • facilitate the consolidation of holdings by adjoining landholders; • reduce, the administrative burden of Crown road enclosure permits; and • address concerns of land holders exposed to increases in enclosure permit rentals by facilitating the option to purchase the road outright. <p>Resourcing requirements:</p> <p>Wages for 65 Full Time Equivalent (FTE) staff located across the State estimated to be \$10.9m per annum⁶.</p>

⁶ This assumes a salary of \$100,000 per FTE, plus on costs of 30 per cent and overheads of \$37,500 per FTE).

Governance arrangements:

Procedures and protocols as stipulated in the existing Departmental governance framework would apply.

In addition guidelines for Program are published and reviewed regularly. These include:

- application criteria;
- priorities for disposal of Crown roads;
- assessment criteria and process;
- information on how to apply; and
- advertising in print media and online @ www.crownland/roads.

Road closure applications are assessed by the department to ensure:

- land owners are adjoining land holders and have a legal interest in the land;
- legal access is maintained and no properties are land locked;
- all interested /affected parties are consulted and feedback is considered;
- procedural fairness;
- statutory land values are applied to ensure fairness and equity;
- statutory requirements are complied with during the closure and sale process; and
- clients have a right of review and all submissions are addressed.

Aspects of the Program are included in the internal audit program on a regular basis.

Consultation strategy:

The communications strategy focuses on engaging stakeholders at an early stage of the land assessment process. Consultation with the following parties occurs throughout the statutory process:

- other government authorities, including councils;
- third party interest groups (such as recreational fishers and energy providers);
- adjoining landholders; and
- the general public.

In addition consultation and communication occurs through the following mechanism:

- All roads identified for closure are advertised in the local print media and online at the Crown Lands website roads homepage.

Existing or proposed program pricing strategy:

There is no existing pricing strategy.

It is acknowledged a cost recovery model may adversely impact the Program's ability to achieve its objective as fees represent a significant disincentive for the majority of eligible purchasers (neighbours of Crown roads), and in most cases would outweigh the private benefits conferred from purchase.

The improved allocative efficiency as a result of the economies of scale achieved

by the Program are widely dispersed and can be considered to end up benefitting NSW as a whole.

Application of the Productivity Commission's cost recovery principles to the existing Program indicates that the cost of program services provided should not be recovered. The pathway through the cost recovery decision framework (Appendix A) is represented as 1, 2c, 3, 4, 9a, 10a, 10b, 11, 12, recommending provision with no cost recovery.

Key performance measures:

Output measures and indicators:

The Program aims to:

- reduce the number of road closure applications backlog by 10 per cent of the backlog, on an annual basis;
- increase the number of Crown roads sold or transferred to Local Council by 5 per cent per annum, year on year;
- increase revenue unlocked from the sale of Crown roads relative to value of road sales (i.e. reduce program costs as a proportion of total sales);
- increase customer satisfaction by 2.5 per cent per annum; and
- reduce the number of complaints and ministerial representations by 2.5 per cent by the end of the 2016 financial year.

Outcome measures and indicators:

The proposed objective of the Crown Roads Disposal Program would be "To facilitate the disposal of Crown roads not required for public access for the benefit of the State economy". The measurable outcomes sought would be increased allocative efficiency of land disposed (measured through post purchase land use to assess if land is used for a purpose other than grazing). Other supplementary measures may be of interest, such as the profitability of businesses that purchased land (with a natural control group potentially available of unsuccessful applicants).

<p>Option 2.</p> <p>Disposal of Crown roads assessed by Local Government area</p>	<p>Description:</p> <p>This option is designed as a way to more efficiently and more rapidly sell Crown roads where the sale would maximise outcomes for the community, bringing forward the benefits on offer to landholders, the government and the community more broadly.</p> <p>Under this option, a comprehensive assessment of all Crown roads would be undertaken successively within each Local Government area (or other appropriate geographic fragmentation) to determine the current and future public access needs for all Crown roads. Assessment of land would be conducted in line with legislative requirements. No new applications would then be taken as all Crown roads would have been identified and assessed in that Local Government area.</p> <p>The Program would benefit from economies of scale because of the focus on specific locations. By concentrating consultation to regions, relevant parties (such as energy providers or government departments) could consider their interests within a region wholly, requiring less time to consider road closures, as compared to the ad hoc basis of Option 1.</p> <p>All Crown roads assessed as no longer being required for public access would be earmarked for divestment, to maximise outcomes for the community. This process would be consistent with the principles of the Crown Lands Management Review and the NSW Governments broader strategic review of the Crown Land portfolio.</p> <p>In keeping with s.33 (1) of the Roads Act 1993 (NSW) advertisements advising of the proposed closure of the identified Crown roads would be issued. However this would occur in bulk, at the earliest feasible stage of the process.</p> <p>Adjacent landholders would subsequently be invited to participate in a blind auction⁷ for the land and place bids on a price per square kilometre basis. If no bids are received above a conservative reserve price, the land would be retained by the NSW Government⁸; otherwise the highest bidder would be vested title upon receipt of the purchase price. Care should be taken to conduct the auction process within a region simultaneously; otherwise the integrity of the auction process may be compromised.</p> <p>This option may impose risks to the reputation of the NSW Government. Prospective buyers in locations targeted later in the process, particularly where a current application is placed on hold, may become dissatisfied. Additionally because of the Programs increased scale, the risk of errant disposal of Crown roads still required for public purposes would increase and reduced individual scrutiny over Crown roads may lead to greater community concern over procedural fairness.</p>
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⁷ A blind auction is where all bidders submit sealed bids, so that a bidder does not know the bid of any other participant. The highest bidder pays the price they submitted.

⁸ Subject to exploration of additional options for the timely disposal of the land.

Resourcing requirements:

Under this option, it is estimated that the following resources would be required:

- additional resources above 65 FTE to manage closure and disposal, stakeholder engagement and complaints management, negotiation, tendering for auction/sales processed, independent officer to ensure due diligence and monitoring of auction processes; and
- additional FTE staff required to resource councils.

Governance arrangements:

Procedures and protocols as stipulated in the existing Departmental governance framework would apply. In addition the Program under this option would require:

- Segregation of duties to prevent fraud or error by one person, including an independent probity officer with specific oversight functions relating to the slated transfer of non-strategic Crown roads, and a separate officer to monitor the conduct of the auction process.
- Clearly defined roles and responsibilities for Program staff.

Consultation strategy:

The same as Option 1 with the addition of closer engagement with local community and local government staff, to ensure resources are available to manage the tasks involved in road closures.

Existing or proposed program pricing strategy:

The same as in Option 1.

Key performance measures:

Output KPIs:

The aim is to assess (insert appropriate number) per annum of Crown roads and determine the current and expected future requirements for public access (i.e. the roads strategic significance).

For Crown roads determined to no longer be required for public access and therefore identified for impending sale, reduce the average days taken for closure and disposal from (insert current days here, from commencement of the process) days to (insert target days here) by (insert timeframe to achieve target).

The aim is to reduce the administrative cost of closing and disposing of Crown roads no longer required for public access from \$(insert current average cost per closure and disposal) by (insert target reduction) per cent by (insert timeframe of accountability).

Outcome KPIs:

The proposed objective of the Crown Roads Disposal Program would be “To facilitate the disposal of Crown roads not required for public access for the benefit of the State economy”. The measurable outcomes sought would be increased allocative efficiency of land disposed (measured through post purchase land use to assess if land is used for a purpose other than grazing). Other supplementary measures may be of interest, such as the profitability of businesses that purchased land (with a natural control group potentially available of unsuccessful applicants).

<p>Option 3.</p> <p>Change legislative process</p>	<p>Description:</p> <p>This option is designed as a way to simplify the process required for the closure and disposal of Crown roads, the aim of this option would be to accelerate the process, allowing for a more prompt realisation of the benefits.</p> <p>Under this option, there would be a legislative change to the Crown Lands Act 1989 (NSW) and the Roads Act 1993 (NSW) to exempt the Crown Road Disposal Program from some of the requirements relating to land assessment and advertising requirements, to allow for the more timely disposal and closure of Crown roads no longer required for public purposes.</p> <p>To close a road, the Roads Act 1993 (NSW) requires a number of steps to take place, which take a minimum of seven months to complete once an application commences being processed. Additional public consultation also occurs through:</p> <ul style="list-style-type: none"> • notification to relevant public authorities (including local government, Local Land Services (LLS), Fishing and Aquaculture, National Parks and Forests NSW); and • writing to affected and adjoining landholders notifying them of the proposal. <p>An exemption to the Roads Act 1993 (NSW) s.35 would be sought, removing the requirement for the Minister to cause notice of the proposed closing of a public road. This would reduce avenues for expressions of interest and submissions from affected parties.</p> <p>The consultation process would also be streamlined. This would be achieved by hierarchically apportioning a 'risk' rating to each group normally engaged during the consultation stages, for every Crown road identified for sale. Consultation would only be initiated by the Department where the potential costs to the interest group are high, and are above a determined 'risk' threshold. The timeline for the closure and disposal of an average Crown road would be condensed to a minimum of one month. Where parties with a potential interest do not actively engage in the process by a specified cut off, defined as 15 working days, no further attempts at consultation will be pursued. For example recreational fishers may not be sought for consultation where the potential economic impacts are small. However, where fishing or aquaculture impacts would be significant the process would consult with relevant government agencies and other groups.</p> <p>This option may impose risks to the reputation of the NSW Government. Particularly where a sale proceeds on a parcel of land that is subsequently shown to be required for public access. Additionally there is a greater risk of maladministration, where a decision relating to the closure and disposal of a road may be interpreted as being unreasonable, unjust or taken without sufficient consideration of the merits of each case. This may result in a greater risk of litigation actions being taken against the NSW Government.</p>
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<p>Resourcing requirements:</p> <p>Program resourcing requirements will be less than option 1 as consultation will be less extensive, and previous governance and procedural fairness standards will be streamlined, resulting in a reduction in the administrative burden.</p>
<p>Governance arrangements:</p> <p>The same as in Option 2. With arrangements to be established in line with changes to legislation.</p>
<p>Consultation strategy:</p> <p>The same as in Option 1, however consultation would with the following parties occurs with less emphasis on consultation with:</p> <ul style="list-style-type: none"> • other government bodies, including councils; • third party interest groups (such as recreational fishers and energy providers); <p>Consultation with the general public would cease to be solicited by the Government with roads identified for closure no longer being advertised in the local print media and online on the Crown Lands website roads homepage.</p>
<p>Existing or proposed program pricing strategy:</p> <p>The same as in option 1.</p>
<p>Key performance measures: KPIs</p> <p>The same as in Option 2.</p>

Step 3 Options Assessment			
<i>Shortlist options by qualitatively listing below the benefits and costs of each option relative to the base case of 'no program'. If the program contains sub-components, it may be easier to consider the benefits and costs of each subcomponent.</i>			
	Benefits	Costs	Qualitative assessment of net impact
<p>Option 1. Existing Crown Roads Disposal Program</p>	<ul style="list-style-type: none"> Improved allocative efficiency and greater economic growth (via > 1,000 parcels of land transferred p.a.) Reduced risk of reputational damage to the NSW Government Generates additional revenue to the NSW Government 	<ul style="list-style-type: none"> \$10.9 million per annum for 65 ongoing FTE staff 	<p>Currently provides a net benefit. The Program ensures procedural fairness and maintains adequate levels of stakeholder management.</p> <p>Ranking 1</p>
<p>Option 2. Disposal of Crown roads assessed by Local Government area</p>	<ul style="list-style-type: none"> Improved allocative efficiency and greater economic growth (via > 2,000 parcels of land transferred p.a.) Reduced timeframe relative to Option 1 (prospective buyers can proceed to sale quicker) 	<ul style="list-style-type: none"> \$10.9 million per annum for 65 ongoing FTE staff Additional FTE staff required to resource councils Additional resources to administer auction process Additional risk of reputational damage to the NSW Government where: <ul style="list-style-type: none"> prospective buyers in locations targeted later in the process (particularly where a current application is placed on hold) may have concerns; and procedural fairness concerns are not felt to be adequately considered. 	<p>May provide a net cost (i.e. costs outweigh benefits). New approach for little or no gain to stakeholders. Dependent on Local Government resources. Auctioning land advantages those with higher financial means, and potentially disadvantages adjoining landholders with less financial means.</p> <p>Ranking 2</p>

<p>Option 3. Change legislative process</p>	<ul style="list-style-type: none"> • Improved allocative efficiency and greater economic growth (via > 3,000 parcels of land transferred p.a.) • Reduced timeframe relative to Option 1 and 2 (prospective buyers can proceed to sale quicker) 	<ul style="list-style-type: none"> • Less FTE staff required to administer statutory process than in Option 1 • Higher risk of litigation • Higher risk of maladministration • Additional risk of reputational damage to the NSW Government where: <ul style="list-style-type: none"> ○ a sale proceeds on a parcel of land that is subsequently shown to be required for public access; and ○ procedural fairness concerns are not felt to be adequately considered. 	<p>Estimated to provide a net cost (i.e. costs outweigh benefits). Material risk of litigation, maladministration and reputational damage to the NSW Government is estimated to outweigh the benefits of a faster process and lower administrative cost.</p> <p>Ranking 3</p>
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Appendix A: Cost Recovery Decision Framework

