



SYDNEY HARBOUR FEDERATION TRUST

132nd MEETING OF THE BOARD OF TRUSTEES

Board Room
Building 28, Best Avenue, Headland Park, Mosman

Meeting in Private

22 July 2019

MINUTES

Abridged Record of the 132nd Meeting of the Board of Trustees

Sydney Harbour Federation Trust

(private and confidential information has been removed where indicated)

Chair

Minutes of the 132nd meeting of the Sydney Harbour Federation Trust held in the Board Room, Building 28 Best Avenue, Headland Park, Mosman at 9.30am on Monday 22 July 2019.

Present

Joseph Carrozzi	Chair
Jean Hay AM	Deputy Chair
Garth Callender (<i>via telephone</i>)	Member
Josephine Cashman (<i>partial attendance</i>)	Member
Sandra Hook (<i>partial attendance via telephone</i>)	Member
Tim James	Member
Jessica Keen	Member

In Attendance

Mary Darwell	Executive Director
Stephen Alborough (<i>partial attendance</i>)	Director, Property & Leasing Management
Libby Bennett (<i>partial attendance</i>)	Director, Projects
Justin Bock (<i>partial attendance</i>)	Director, Strategy & Operations
Kathryn Roberts (<i>partial attendance</i>)	Director, Marketing & Visitor Experience
Daniel Sealey (<i>partial attendance</i>)	Director, Planning & Environment
Rosemary Southcombe	Secretariat

Apologies

Nil

The meeting commenced at 9.38am on Monday 22 July 2019.

The Board:-

- RESOLVED to meet in private because of confidential budget matters on the Agenda.

Moved: J. Carrozzi

Seconded: J. Hay

1. Welcome

The Chair opened the meeting with an acknowledgement of the Traditional Custodians and Owners of the Harbour Trust lands and paid respects to Elders past, present and emerging.

Attendees were welcomed and the meeting was opened.

2. Introduction (Agenda Item 1)

The Chair:-

- NOTED there was a quorum of Members elected in attendance.

a) Apologies: Nil

b) Declarations of Interest

The list of Declarations of Interest circulated with the papers for this meeting was:

- NOTED, with the following amendments:

Ms J. Keen – add SCG Trust Members Advisory Group

Board members to advise if other declarations of interest are required during the meeting.

c) The following Circular Resolutions were passed since the previous meeting:

- Minutes of the 129th Harbour Trust meeting held in private on 16 May 2019
- Minutes of the 131st Harbour Trust meeting held in private on 26 June 2019

The minutes of the 130th Harbour Trust meeting held in public on 16 May 2019 were considered. Management was requested to review arrangements for Board meetings held in public and report back to the Board.

The Board:-

- NOTED the approval of the circular resolutions
- APPROVED the minutes of the Board meeting held in public on 16 May 2019

3. Actions Items from Previous Meetings (Agenda Item 2)

Ms Darwell provided an update on the action items and noted in relation to Drill Hall lights that the Harbour Trust is waiting to receive Mosman Council's DA. Further to the decision at the previous Board meeting regarding the Drill Hall lights, correspondence has been received from Headland Preservation Group, Cross Street Residents and Mosman Netball.

4. Chair's Report (verbal) (Agenda Item 3)

The Chair and Ms Darwell met last week with the new Minister for the Environment, the Hon. Ms Sussan Ley MP. The Minister had morning tea with Harbour Trust staff and was taken on a site tour with the Chair, Ms Darwell and Mr Sealey to the Georges Heights lookout, 10 Terminal and Sub Base Platypus. Mr Trent Zimmerman MP joined the site tour at Sub Base Platypus.

5. Executive Director's Report (Agenda Item 4)

The Executive Director's written report was taken as read. The report included the draft Annual Performance Statement, performance report and business update; Reconciliation Action Plan performance report; and Executive Director's attendance register.

Ms Darwell provided a summary presentation on 'Year in review: 2018/19 – Highlights'.

The Board discussed the Executive Director's report and noted the substantial achievements of the Harbour Trust in 2018/19.

The Board provided preliminary feedback on the Draft Annual Performance Statements, noting that it would be considered as part of the Annual Report. Issues discussed including clarification of various performance measures and data sets, including in relation to partnerships, volunteer hours and staff engagement initiatives.

The Board:-

- NOTED the Executive Director's Report

Moved: J. Carrozzi

Seconded: J. Hay

6. Draft Corporate Plan 2019-2023 (Agenda Item 5)

The report was taken as read, and Ms Darwell spoke to it.

The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) requires the Harbour Trust to prepare and publish a Corporate Plan covering a four year period. This draft Plan follows a format

consistent with the previous Corporate Plan, focusing on the major initiatives for the coming year. This year's report has also been reformed to ensure more detailed reporting on risk oversight and management consistent with the requirements of the recent ANAO report. The plan provides the basis for Annual Performance Statements that are included in the Annual Report.

The Board discussed the report and the priority strategies and made a number of recommendations for changes, including clarifying the financial position of the Harbour Trust and further detail about the approach to recreation.

The Board:-

- APPROVED the draft 2019-2023 Corporate Plan, subject to minor amendments suggested and any minor editorial revision by Management.

Moved: J. Carrozzi

Seconded: J. Hay

Ms Cashman joined the meeting at 10.50am.

7. Finance Report (Agenda Item 6) and Draft Financial Budget 2019/20 – Operational & Capital (Agenda Item 7)

Mr Bock and Mr Peter Campbell (Finance & Procurement Manager) were in attendance for these items which were taken together.

Finance Report 2018/19

Mr Campbell presented the report for the period ending 30 June 2019 and the Board discussed it.

The Board noted the year was characterised by improved revenue due to higher leasing occupancy, improved tours sales and higher interest revenue. However, expenses were also higher due to additional unexpected expenditure on safety work on the cranes at Cockatoo Island, and the re-classification of a number of work in progress items on the balance sheet as operational expenses in accordance with accounting standards. This result saw the Harbour Trust delivering to budget (within the approved deficit of \$1.2m).

Budget 2019/20

Ms Cashman reminded the Board of her declaration of interest regarding being a Board member of the Biennale and did not participate in any discussion relating to the Biennale.

Mr Bock presented the draft operating and capital budgets, including cash flow analysis and forward year projections. The draft budget was developed with the input of each business unit to deliver on key outcomes in the Corporate Plan. The Harbour Trust has been authorised by the Finance Minister to deliver an operating deficit of up to \$2.4m. This is reflected in Australian Government Portfolio Budget Statement.

The Board noted the impact of forecast loss of revenue from declining interest and reduced revenue from Cockatoo Island given the Biennale; ongoing impact of accounting treatment of volunteer projects; the need for continued investment in repairs and maintenance; increased depreciation charges and continued focus on labour costs; the need for investment in security and cleaning; the impact of Sub Base Platypus becoming more fully open (noting that future years will be positively supported by additional revenue); the impact of the Harbour Trust review; and further strategic work for Cockatoo Island.

The Board noted that this budget demonstrated that the Harbour Trust is under pressure and the importance of the Harbour Trust review in considering our financial position. However, the Board also discussed the importance of achieving a path to operating surplus. It requested Management to assert cost control to expenses, including repairs and maintenance, and that efforts should be undertaken to

keep the deficit under \$2m. In addition, Management was requested to investigate further strategies to grow corporate and philanthropic sponsorship.

The Board discussed the draft capital budget, which comprised \$3.0m in business as usual works and \$1.7m of additional funds for work at Sub Base Platypus and 10 Terminal which is funded by Federal appropriations. The Board also discussed the receipt of \$140k in grant funding to perform preliminary safety works on the Cockatoo Island Powerhouse. The Board noted that the capital projects presented were indicative and final approval of each project would be through the normal PCG process.

The Board:-

- NOTED the 2018/9 Finance Report
- APPROVED the operational budget for 2019/20 for \$2.38m, noting its expectation that Management seek to control the deficit under \$2m
- APPROVED the capital budget of \$4.84m for 2019/20, comprised of \$3.0m in Harbour Trust funded capital expenditure, the Federal Budget allocation of \$1.7m and a grant of \$0.14m

Moved: J. Carrozzi

Seconded: J. Hay

Mr Campbell left the meeting.

7. Sub Base Platypus – Project Update (Agenda Item 8)

Ms Bennett, Mr Sealey and Mr Bock were in attendance for this item.

Torpedo Factory design

The report was taken as read, together with an additional paper circulated on 19 July 2019 which provided a detailed analysis of the feedback received from the community during the public exhibition of the Draft Design Concept for the Torpedo Factory, including feedback from the Community Advisory Committee (CAC) which met in June. Ms Darwell spoke to the report.

The Board discussed the community feedback on the Torpedo design including the petitioners' views, the feedback from the CAC, and the issues raised in the consultation process. The Board also discussed the concerns expressed by Friends of Platypus about the proposed design and the consultation process.

The Board noted that the Chair and Board members had met with the Friends of Platypus, there had been numerous engagements with Management and that a representative from the Friends of Platypus is a member of the Platypus CAC. The Board also noted that there had been extensive consultation with the community over a number of years in the development of the Comprehensive Plan and Management Plan, as well as various planning proposals. The Board agreed that given the time invested to date with the Friends of Platypus, future engagement should be primarily through the CAC and formal consultation process.

The Board discussed the Torpedo Factory concept and agreed it was important retain the built form, given both the history of the site and the opportunity to create amenity within the built form. In view of these significant considerations, demolition of the Torpedo Factory is not supported by the Board.

The Board supports the concept of adapting the building as a park, with the building's structure revealed, together with some public parking and commercial/community opportunities. The Board noted that the concept will be refined and will be consistent with the heritage of the site and the environmental values of the Harbour Trust. The Board emphasised the need to ensure the works provided value to the local and broader community and should seek to address matters raised in the consultation process.

The Board noted that the budget of \$11.4m may present challenges.

Stage 1B

Ms Bennett updated the Board on progress with Stage 1B. The Chair reported on the visit to the site with the Hon. Ms Sussan Ley MP (Minister for the Environment) and noted works were progressing well. The Board was briefed on the development of the operations manual for the site, including the importance of considering amenity of local residents. The Board noted the opening was scheduled for end October and that the community involved in the site, including Submariners should be invited.

The Board:-

- APPROVED Management progressing further design work on the Torpedo Factory based on the consultation design, noting that the focus will be on achieving community value and ensuring management of design within the available funding of \$11.4m
- NOTED the progress in relation to Stage 1B
- AGREED that Mr James and Ms Keen will meet with Friends of Platypus

Moved: J. Cashman

Seconded: J. Carrozzi

8. Draft Recreation Strategy 2019 – Finalisation – Post Exhibition Changes (Agenda Item 9)

Mr Sealey joined the meeting for this item.

The report was taken as read, and Mr Sealey spoke to it.

The draft Recreation Strategy was on public exhibition in March and April and 48 submission were received. The Board noted the initial discussions of the community feedback on the Recreation Strategy at the May Board meeting and considered the further submissions received.

The Board noted that the draft Recreation Strategy had been revised to address community feedback. Key changes were to provide additional clarification that the purpose of the document is as a strategy paper – and that any suggested actions that would require amendments to Management Plans would be the subject of a separate formal consultation process. Amendments were also made to the ‘opportunities for change’ section in section 6 of the Strategy following community feedback on individual matters. The Board also noted that Management Plans were living documents and as such should be reviewed from time to time, and that the suggested opportunities for change could be considered as part of any such formal future review of plans.

The Board also asked that a flowchart be developed setting out the Harbour Trust’s process for considering proposals to ensure that the planning steps are clear to the community – noting that this may be published separately from the Recreation Strategy.

The Board:-

- AGREED to the revised Recreation Strategy 2019 to address issues raised in submissions, and to confirm any proposed changes to the identified ‘*Opportunities for change*’ in Section 6 of the Strategy, and changes discussed at the Board meeting
- AGREED to the finalisation of the document (with recommended changes and further edits discussed at the Board meeting)
- AGREED to publish a process flowchart for setting out the Harbour Trust’s consideration of proposals
- AGREED to the notification of stakeholders and submitters of the Board’s decision, and to publish the finalised Recreation Strategy, and a consultation summary on the Harbour Trust website

Moved: J. Keen

Seconded: J. Hay

9. Cockatoo Island Dialogue (Agenda Item 10)

Mr James made the declaration that his brother-in-law works at Elton Consulting.

Ms Roberts and Ms Rebecca Hage (Media & Stakeholder Engagement Officer) joined the meeting for this item.

Ms Tiffany Ireland and Mr Jason Timor from Two Point Co.; and Mr Brendan Blakeley from Elton Consulting also joined the meeting.

The Harbour Trust engaged Two Point Co. and Elton Consulting to lead engagement with the community about Cockatoo Island. Two Point Co. conducted First Nations-specific consultation and Elton Consulting conducted an engagement strategy with influencers, key stakeholders and the public.

Two Point Co. and Elton Consulting presented the outcomes of the community engagement to the Board, and the Board discussed these matters.

The Chair thanked Two Point Co. and Elton Consulting for their work, which provided valuable insights into community views and expectations. The Board discussed the insights from the consultations and how these were important to the Harbour Trust's work on Cockatoo Island and the Harbour Trust review. It was clear that the Island is much loved by the community, and that the biggest challenge is that the Island is many things to many people.

Ms Ireland, Mr Timor, Mr Blakeley and Ms Hage left the meeting.

The Board asked Management to consider the previous strategy work undertaken by the Harbour Trust in light of the consultation and to determine the next steps in the revitalisation strategy for the Island. It was discussed that it was important to share these findings more broadly.

[CONFIDENTIAL DISCUSSION]

The Board:-

- NOTED the report and the presentations on the Cockatoo Island Dialogue outcomes
- AGREED Management to provide a paper to the Board on next steps

Moved: J. Carrozzi

Seconded: J. Hay

Ms Roberts left the meeting.

10. Harbour Trust Review (Agenda Item 11)

The report and the draft Terms of Reference for the review of the Harbour Trust were taken as read, and Ms Darwell spoke to it.

Mr Michael Brennan (Strategy Officer) will be the Harbour Trust's lead person for responding to the Department.

The Board:-

- NOTED the report

Moved: J. Carrozzi

Seconded: J. Hay

11. Torpedo Factory & 10 Terminal – Development Process (Agenda Item 12)

Mr Bock was present for this agenda item.

The report was taken as read, and Mr Bock spoke to it.

The Board discussed the proposed development process in 2019/20 for 10 Terminal and the Torpedo Factory and agreed that the project's PCG would comprise Mr Peter Watts, Mr Ian Kearney and Ms Darwell.

The Board:-

- NOTED the next steps for Sub Base Platypus Stage 2 and 10 Terminal

Moved: J. Carrozzi

Seconded: J. Hay

12. Board Meetings Schedule 2019-20 (Agenda Item 13)

Report taken as read, and Ms Darwell spoke to it.

Ms Southcombe to liaise with Board members to finalise dates.

The Board:-

- APPROVED the Board meeting schedule for the remainder of 2019 and for 2020, subject to finalising dates for 2020

Moved: J. Carrozzi

Seconded: J. Hay

13. Delegations Update (Agenda Item 14)

Ms Jeffress was in attendance for this item.

The report was taken as read, and Ms Jeffress spoke to it.

Amendments have been made to delegations to reflect changes in positions.

Following discussion, it was agreed to amend Director of Strategy & Operations delegation to \$100k.

The Board:-

- APPROVED the revisions to the Delegations Instruments, with the additional amendment as above

Moved: J. Carrozzi

Seconded: J. Hay

14. Audit & Risk Program (including PAC Meeting Outcome) (Agenda Item 15)

Ms Jeffress was in attendance for this item.

The report was taken as read, and Ms Jeffress spoke to it.

The Board noted and discussed the two incidents that had been reported to Comcare and the outcomes of its report. The Board noted that Comcare raised areas for consideration but no mandatory action was recommended in relation to the Sub Base Platypus matter and agreed with Management's approach to undertake a risk assessment and include findings from it in relation to the operational plan.

Reports from the Portfolio Audit Committee's meeting held on 12 June 2019 were included in this report and discussed.

The Board reviewed the proposed audit plan. Originally three internal audits were proposed: Contractor Management; Event Management; and WHS. It is suggested that the WHS audit be postponed until FY 2020/21 due to the potential acquisition of a WHS IT system in early 2020. WHS areas will be included in the Contractor Management and Event Management audit.

The Board also discussed the Strategic Risk Register and asked Management to review the risk rating of "severe" against Financial Sustainability.

The Board noted progress in the FOI application from Friends of Platypus.

The Board:-

- NOTED the information set out in the report
- APPROVED the Internal Audit Plan

Moved: J. Carrozzi

Seconded: J. Hay

15. Board Charter (Agenda Item 16)

Ms Jeffress was in attendance for this item.

The report was taken as read, and Ms Jeffress spoke to it.

A review of the Harbour Trust's Board Charter was raised by the ANAO as a potential opportunity for improvement following their audit of the Harbour Trust. The Board agreed that the Charter be reviewed for consideration at the next Board meeting. This review should also ensure compliance with the PGPA Act and include a section on the process for Board performance and evaluation.

The Board:-

- NOTED the terms of the current Board Charter
- APPROVED an internal review of the Board Charter by the Executive Director and the Chief Legal & Risk Officer. The internal review to be considered at the next Board meeting.

Moved: J. Carrozzi

Seconded: J. Hay

16. Additional Business

Ms Jeffress was in attendance for this item.

Ms Jeffress informed the Board of a discrepancy between the minutes and the signed resolution in relation to the date from which the constitution for the Sydney Harbour Conservancy Ltd (now called Sydney Harbour Foundation Management Ltd) takes effect. The Board noted that the changes to the Sydney Harbour Conservancy Ltd (constitution and name change) which were agreed to at the Board meeting held on 26 June 2019, take effect from the date of that Board meeting and not from 27 May 2019 as previously minuted.

The Board:-

- NOTED the previously agreed changes to the Sydney Harbour Conservancy Ltd ([constitution and name](#)) take effect from 26 June 2019

Moved: J. Carrozzi

Seconded: J. Hay

Ms Jeffress, Ms Darwell and Ms Southcombe left the meeting.

17. In Camera

The Board held an in camera session.

Meeting closed: 4.30pm