

SYDNEY HARBOUR FEDERATION TRUST

70th MEETING

Mosman – Private Meeting

23 April 2010

MINUTES

True & Correct Record of the 70th Meeting of the
Sydney Harbour Federation Trust

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Chair

Minutes of the 70th meeting of the Sydney Harbour Federation Trust held at Mosman at 10:00am on 23 April 2010.

Present

Mr Kevin McCann	Chair
Mr Peter Lowry	Member
Dr John Moriarty	Member
Brig Kevin O'Brien	Member
The Hon Barry O'Keefe	Member
Mr Bob Conroy	Member
Cr Susan Hoopmann	Member

In attendance

Mr Geoff Bailey	Executive Director
Mr Ian Kearney	Deputy Executive Director
Ms Catherine Sullivan	Director, Finance
Mr David Llewelyn	Finance Manager
Mrs Jane Page	Senior Administrative Officer
Ms Kate Stuart	Secretary

Apologies

Ms Di Talty	Member
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The meeting started at 10am.

1) **Introduction** - Agenda Item 1

a) Welcome

The Trust RESOLVED to meet in private because of confidential budget matters on the agenda.

Moved: K McCann, Seconded: B O'Keefe

b) Apologies

Ms Talty sent her apologies.

c) Declarations of Interest

The declarations of interest were noted.

2) **Confirmation of the Minutes from 18 February** – Agenda Item 2

The Trust RESOLVED to accept the minutes from 18 February.

Moved: P. Lowry, Seconded: J. Moriarty

3) **Strategy Day Notes and Matters Arising** – Agenda Item 6

Cultural Institution

The Trust's move towards becoming more of a cultural institution is intended to enhance the cultural life of Sydney and take advantage of Sydney Harbour's natural assets. The intention is that SHFT sites would not compete with other cultural institutions, rather complement them. Mr Bailey suggested incorporating contemporary Indigenous culture, in addition to historical, as part of the Trust's interpretation. The term 'cultural' as it relates to SHFT will need further definition.

SIMS

Mr Bailey confirmed that SIMS are recruiting a site manager and liaising with a specified Trust staff member about the project.

4) **Executive Director's Report** – Agenda Item 7

Mr Bailey talked to the report.

HMAS Platypus

A more detailed presentation about the HMAS Platypus site will be presented at the May Board meeting. The project has been broken into two stages:

Stage 1: Demolition of buildings, removal of hazardous materials, pre-validation testing of the tar pits.

Stage 2: Removal of contaminants from tar pits.

An independent auditor will quantify the total amount of contaminants (pre-validation) to be removed before Stage 2 goes to tender.

Mr Bailey advised that members of the Platypus CAC had been taken to visit sites of decontamination in Wollongong and Rhodes. Mr Bailey also advised that SHFT is taking independent advice as to how to proceed with the decontamination works, once Expressions of Interest have been received.

Bungaree book launch

The book will be launched by the Governor of NSW on 20 May. The list of invitees was discussed and additional suggestions made.

Biennale – Governor's launch

The Chairman requested a Board member to take his place at the launch at Government House.

Cobbittee Street

(Mr Lowry absented himself during this discussion because of a stated conflict of interest.) Mr O'Keefe provided a report on the Cobbittee Street house boundary matter. Mr O'Keefe recommended a 3m setback area from the boundary to be licensed to the adjoining residents, subject to appropriate valuations and agreement with each resident. In the case of No. 9 Cobbittee Street, owned by the Lesters, it was agreed that the length of the licensed area be equivalent to the 100m². The Chairman and Trustees accepted Mr O'Keefe's advice and thanked him for his time working on this project.

Sydney Harbour Conservancy

Mr O'Keefe provided an update on the Conservancy and stated that two people have indicated an interest in joining the Board and another two have requested further information.

5) **Budget 2010-11** – Agenda Item 3

The Chairman advised that the proposed budget should be viewed as a draft and further detail was required on some items, e.g. headcount. Ms Sullivan talked to the report. She advised that the Trust is now in a solid financial position, with a surplus of \$1.4m at the end of the year, compared with a deficit of a similar amount two years ago. Trust funds have been actively managed to bring this turnaround, for example by reducing spending in some areas, investing in financial institutions other than the Reserve Bank, and because vacancy rates have been lower than expected. The Trust has built up reserves, including funds for depreciation.

The Trust can now afford to take on additional staff, particularly as the number of project management staff will decline as the number of capital projects is reduced. Mr Conroy advised that NPWS works to a formula of headcount making up no more than 65% of general operational costs. He also pointed out that additional staff in marketing/communications roles directly relate to revenue generation through

events. Mr O'Keefe noted that landscaping projects are part of the overall 'quality' of what the Trust is offering to tenants, and is therefore directly related to income generation.

The recommendation for this budget is the approval of an additional \$6.25m for the following projects:

- Middle Head Café
- North Head Café upgrade (capital cost)
- North Head Function Centre
- Naval Cottages, Middle Head Road
- Completion of carparking and landscaping at Middle Head

The refurbishment of the Naval Cottages on Middle Head Road was discussed. The Trust RESOLVED to approve an additional \$500,000 to complete the works on the Naval Cottages

Moved: K. McCann, Seconded: K. O'Brien

Mr McCann left the meeting and Mr Lowry took over as Chairman.

- 6) **Minutes of Audit and Risk Management Committee Meeting** – Agenda Item 4
Mr Lowry mentioned that another area of concern (point 3 in the minutes) was leasing variations. The minutes of the Committee were noted and will be approved at the next meeting of the Audit and Risk Management Committee.

- 7) **Risk Assessment** – Agenda Item 5
Mark Harrison and Kylie Ch'ng, Protiviti, joined the meeting for this item. Mr Harrison spoke to the report. He advised that the awareness of risk at SHFT is of a level that is appropriate and comparable with other government and CAC agencies. The area where further improvement is required is the enunciation of risk tolerance. Mr Harrison stressed the need for the Board to share a consistent view and for systems to be in place within SHFT to support that view. Policies and procedures that reinforce the Trust's risk tolerance must be enforced within the staff of the Trust. The risk profile detailed in Protiviti's report is consistent with other Australian Government agencies. Brig. O'Brien supported the residual risk matrix within the report. Mr Harrison confirmed that the Trust is actively working to reduce the highest identified risk – safety – on a regular basis.

The Internal Audit plan was discussed. Brig. O'Brien supported the plan. Mr Conroy suggested that the site safety section should include natural disaster items such as fire, tsunami, tree fall hazards, etc.

Dr Moriarty left the meeting at 12:45pm.

- 8) **Other Business**
- The Chairman requested that a farewell function is arranged for the current Board members.
 - ASOPA Project
Mr Kearney advised that the ASOPA project has overrun on both time and cost. A major component of this overrun was caused by the discovery of contaminated soil on site. Other contributory causes related to the amount of restoration required to ensure the buildings met safety guidelines. Mr Kearney advised that SHFT would seek reimbursement of the decontamination costs from the Department of Defence.

The Trust RESOLVED to approve an additional \$750,000 for the ASOPA project.
Moved: K. O'Brien, Seconded: P. Lowry

The meeting closed at 1:00pm.