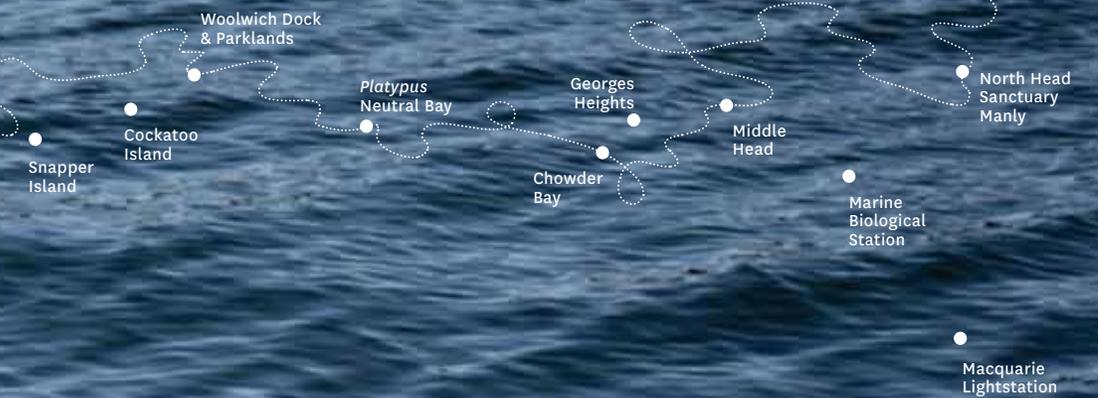




Australian Government
Sydney Harbour Federation Trust

Sydney Harbour Federation Trust
ANNUAL REPORT 2012





Letter to Minister

23 September 2012
The Hon. Tony Burke MP
Minister for Sustainability, Environment, Water, Population & Communities
Parliament House
Canberra ACT 2600

Dear Minister,

I present the report on the operations of the Sydney Harbour Federation Trust for the year ended 30 June 2012. The report complies with section 70 of the *Sydney Harbour Federation Trust Act 2001* and section 9 of the *Commonwealth Authorities and Companies Act 1997*.

Yours sincerely,

Anthea Tinney
Chair

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without written permission from the Sydney Harbour Federation Trust.



For more information about this report and all Sydney Harbour Federation Trust publications, contact:

Director Publications and Content
Sydney Harbour Federation Trust
PO Box 607
Mosman NSW 2088

Telephone: 02 8969 2100
Email: info@harbourtrust.gov.au

For information about the Sydney Harbour Federation Trust, or to view this report online, visit the website at www.harbourtrust.gov.au

Cover image: Outpost, Cockatoo Island Photo:
Inside cover: Water treatment Photo: Sarah Ngyuen
Inside back cover: Water treatment Photo: Sarah Ngyuen



Contents

Letter to Minister	1
Chair's foreword	4
Executive Director's summary	6
The Sydney Harbour Federation Trust	8
Vision	8
Objectives	8
Functions	8
The sites	9
Legislation and Minister	9
Organisational structure	9
Harbour Trust Board	11
1 Planning, Land Restoration and Maintenance	16
Land restoration and maintenance	16
Trust plans and environmental assessments	26
Environmental performance	30
2 Public Awareness, Appreciation and Enjoyment	38
Brand development and positioning	40
Outpost 2011	42
Third party marketing	44
Communications	44
Programming	46
Education programs	48
Trust rangers	48
Volunteers	48
3 Financial Sustainability	50
Business development, leasing and accommodation	50
4 Operations	56
Corporate governance	56
Financial summary	58
Purchasing	59
Tendering and contracting	60
Human resources	60
Access and safety	61
Judicial decisions and reviews by outside bodies	61
Ministerial directions	61
5 Independent audit report	62
Appendix 1. Freedom of information	102
Appendix 2. Community Advisory Committee members	103
Appendix 3. Maintenance, heritage conservation and environmental management projects	104
Compliance	106
Index	107

Chair's Foreword

As this is my first report as the Chair of the Sydney Harbour Federation Trust in a time of transition for the organisation, it is both appropriate and important for me to reflect on the year that has passed and also to outline the Trust's plans for the year to come.

In the first full financial year period of operation for our new Board, I would like to pay tribute to my fellow Board members, who have settled in well in their respective roles. As with its previous incarnation, the new Trust Board comprises a group of highly-qualified people who bring an impressive array of skills and experience to the organisation. It has been a pleasure working with them over the 2011-12 financial year and I look forward to our continued close working relationship for many years to come. I would also like to welcome the incoming Minister responsible for the Sydney Harbour Federation Trust and acknowledge the support and encouragement of the Parliamentary Secretary.

The key challenge facing the Trust in recent years has been how to make the transition from an organisation focused on remediation, conservation and refurbishment to one equally focused on encouraging visitation to its sites and providing memorable visitor experiences. Our strategy for the next three to five years will emphasise the establishment of commercial support for the major work required to develop and maintain the public amenity of all Trust sites.

The Trust's decision to create and resource a strong marketing and business development team to develop and implement strategies that position the Trust and its sites as a key player in Sydney's cultural and events sector and attract business opportunities, partnerships and sponsorships continued to bear fruit in 2011-12, as this report attests.

Building on our successes of this financial year, the Trust is looking forward to consolidating its position

in 2012-13. Cockatoo Island remains a jewel in the crown, establishing itself as an emerging cultural destination in Sydney. In the next financial year, we will continue to present exciting and innovative activities on Cockatoo Island – the Red Bull X-Fighters motocross World Series tour grand final, the inaugural Cockatoo Island Film Festival and the return of Outpost in April 2013 – that will appeal to a range of different audiences and bring the island to life in new and engaging ways. With the help of our new corporate and government partnerships, these events are set to continue our good work in attracting ever more people to Cockatoo Island and raising the organisation's profile at the same time.

The Trust has identified North Head Sanctuary as a key priority site for 2012-13. Our marketing and business development division is currently developing new brand, wayfinding and signage projects, while our planning and projects division is finalising the layout and landscaping of new walking tracks and bicycle paths. These initiatives will revitalise this unique and spectacularly beautiful site.

Two important remediation projects will make great strides forward in 2012-13. In the next financial year, the Trust will complete the decontamination of the Georges Heights fuel tanks at Headland Park and will make significant progress toward the decontamination and remediation of the *Platypus* site in Neutral Bay. The completion of both projects will add enormous value to both sites.

Finally, I would like to acknowledge the contribution of my fellow Board members, the Executive Director, the Trust staff and the dedicated Trust volunteers. I would like to thank all those members of the community, both individually and collectively, who continue to support and take a keen interest in the Trust's work. Together, we are all committed to continuing the organisation's work in creating one of the world's finest foreshore parks.


Anthea Tinney



Red Bull X-Fighters Grand Final, Cockatoo Island

Executive Director's Summary

The Sydney Harbour Federation Trust is now in its third year as a fully self-funding parklands agency, a fact of which I'm very proud. While the challenge never gets easier, particularly in a climate of financial uncertainty, I am confident that we have successfully balanced sustainable economic and environmental heritage outcomes.

As with the previous financial year, the focus in 2011-12 has largely been on the marketing of our sites to increase visitor numbers and generate revenue.

Following a restructure of the former communications branch, our new marketing and business development division has focused on visitor growth. We developed a new brand strategy for the Trust and Cockatoo Island, and new approaches to advertising, online and social media management, and cultural and education programming.

The division worked hard to raise the profile of the Trust, prioritising Cockatoo Island. Over the year, there was an impressive 45% increase in the number of visitors to Cockatoo Island from the previous year. There was also a steady increase in visitors to our other sites.

The Trust's key initiative in 2011-12 was our self-produced Outpost street art festival in November-December 2011. This free five-week event transformed Cockatoo Island's industrial precinct into a dynamic explosion of street art and urban culture. It proved to be immensely successful, achieving record visitation to Cockatoo Island (86,166 visitors over the five weeks of the event), improving the visitor experience on Cockatoo Island and attracting new audience groups. The success of Outpost provides the Trust with a large-scale program that will attract people to Cockatoo Island in the alternate years to the Biennale of Sydney.

Other notable events on Cockatoo Island during 2011-12 included the Red Bull X-Fighters 2011 World Tour grand final, the Underbelly Arts Festival, Ken Unsworth's *As I Crossed the Bridge of Dreams* and the Cockatoo Calling music residency project.

In keeping with our vision of supporting exciting and innovative activities on Cockatoo Island that will bring it to life in new and engaging ways, the Trust embarked on a partnership with the Cockatoo Institute (Film and Television) to launch the inaugural Cockatoo Island Film Festival in October 2012. The film festival will be a five-day cinematic extravaganza that will enable visitors to immerse themselves in a range of filmic activities from intimate cinema right through to large-scale outdoor screenings.

In 2012-13, our organisation's focus will increasingly move toward North Head Sanctuary, Manly. Much of the preparation for this took place in the year reported. In particular, the Trust developed a site strategy for North Head Sanctuary, Manly, which provides the basis for the work our marketing and business development and planning and projects divisions will be undertaking in 2012-13.

The organisation's recent focus on increasing visitation to our sites and raising our public profile has had a positive impact on our business development, event hire and accommodation activity. The Trust's venue hire revenue in 2011-12 was the highest in our organisation's history. We generated \$522,410, which was an increase of 60% from the previous year, and the highest result since beginning our venue-hire services in 2005. Our accommodation portfolio also performed well, generating over \$590,000 in revenue - an increase of almost 50% from the previous financial year. Through Outpost, the Trust also established new corporate, cultural and public sector partnerships.

The Trust's leasing division continued to perform strongly in a challenging commercial property

A total of 151 venue-hire events took place throughout the year, bringing 27,010 visitors to Trust sites.

environment. Vacancy rates remained low in our well-established Headland Park site and North Head Sanctuary developed into a hub of health and well-being practitioners and research and education activity. There was also significant interest in our request for expressions of interest for maritime-related businesses to lease the Docks Precinct on Cockatoo Island.

Although our organisation's focus is now on encouraging visitation to our sites and providing memorable visitor experiences, remediation, conservation and refurbishment works continue unabated. Significant improvement works took place at Headland Park, important conservation works on Biloela House and the convict courtyard at Cockatoo Island were completed and we approved the development of a new childcare centre in North Head Sanctuary and the Mosman Men's Shed in Headland Park.

Financially, the Trust ends 2011-12 in a strong position,

performing above expectations. We have an overall operating surplus of \$1.261 million, our commercial leasing income increased by \$1.032 million and our residential rental income increased \$0.181 million.

Our volunteer program is celebrating its 10th anniversary in 2012. Volunteers have played a crucial role in the development of the Harbour Trust from the beginning. It is hard to understate the value of our volunteers and the work they do. Along with our rangers, they are our best ambassadors as they are the public face of the Harbour Trust for many people. They help us provide services, run events and open up sites which would otherwise be impossible and they generously provide valuable life and work experience for free.

In 2011-12, our 344 magnificent volunteers provided 18,800 hours of enthusiastic and dedicated work to help with Trust events and projects. With the Outpost street art event attracting many new volunteers, we experienced an increase in volunteers of 67% from the previous financial year. On behalf of the Trust, I would like to express our immense gratitude to our volunteers.

Finally, I would also like to acknowledge our staff. Here at the Trust, we always have to adapt and evolve. Our work doesn't stay constant. Once again, our staff met the challenges of our ever-changing workplace environment with hard work, dedication, creativity and good humour.



Geoff Bailey



Macquarie Lighthouse

The Sydney Harbour Federation Trust

Vision

To provide a lasting legacy for the people of Australia by helping to create the finest foreshore park in the world and provide places that will greatly enrich the cultural life of the city and nation.

Objectives

The objectives of the Sydney Harbour Federation Trust are to:

- ensure that management of Trust land contributes to enhancing the amenity of the Sydney Harbour region
- protect, conserve and interpret the environmental and heritage values of Trust land
- maximise public access to Trust land
- establish and manage suitable Trust land as a park on behalf of the Commonwealth as the national government
- cooperate with other Commonwealth bodies that have a connection with any harbour land in managing that land
- cooperate with New South Wales, affected councils and the community in furthering the above objectives.

Functions

The functions of the Sydney Harbour Federation Trust are to:

- hold Trust land for and on behalf of the Commonwealth
- undertake community consultation on the management and conservation of Trust land
- develop draft plans in respect of Trust land and any other harbour land in furthering the objectives, and performing other functions, of the Trust
- rehabilitate, remediate, develop, enhance and manage Trust land, by itself or in cooperation with other institutions or persons, in accordance with the plans
- make recommendations to the Minister on any plans and the proposed transfer of any Trust land
- promote appreciation of Trust land, in particular its environmental and heritage values
- provide services and funding to other Commonwealth bodies in furthering the objectives, and performing other functions, of the Trust
- anything incidental to or conducive to the performance of its other functions.

The sites



Legislation and Minister

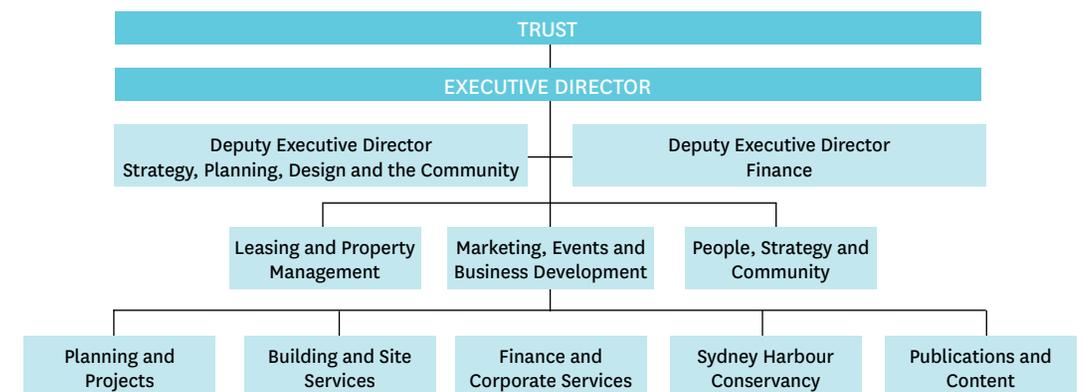
The Trust was established on 20 September 2001 under section 5 of the *Sydney Harbour Federation Trust Act 2001* which commenced.

The Parliamentary Secretary for Sustainability and Urban Water, Senator the Hon Don Farrell, is responsible for the Trust.

Organisational structure

The affairs of the Trust are managed, subject to the directions of, and in accordance with, the policies of the Trust, by the Executive Director Mr Geoff Bailey.

During the year, the Trust operated from its offices at Georges Heights, Mosman, Sydney.





Harbour Trust Board

The Harbour Trust Board meets regularly to discuss issues relating to all the sites, including planning, maintenance of buildings and structures, and opening of sites to the public.

Chowder Bay Wharf

Board members

Chair

Ms Anthea Tinney



Ms Anthea Tinney is currently the Chair of the Australian National Commission for UNESCO, a member of the Australian Government's Independent Communications Committee, a member of the Board of the CRC for Contamination Assessment

and Remediation of the Environment and a member of a number of public sector audit committees. She was previously the Chair of Land and Water Australia and the inaugural independent Chair of the Steel Stewardship Forum. She was a deputy secretary in the federal environment portfolio and, prior to retiring from the Australian Public Service in 2008, was appointed as the Interim CEO of the National Film and Sound Archive.

Ms Tinney's public service career included a period as the head of the Cabinet Office in the Department of Prime Minister and Cabinet and some years in the Treasury. She has served on several boards and has wide experience in public policy advising and government administration. Ms Tinney has a Bachelor of Economics degree and was awarded a Public Service Medal in 1995 for services to the Australian Cabinet system.

Members

Dr Elsie Heiss



Dr Elsie Heiss is a non-executive director. She was born into the Wiradjuri Nation and spent most of her early days in Cowra and Griffith, NSW. Dr Heiss has represented NSW on the National Aboriginal and Torres Strait Islander Catholic Council since 1999 and is a former Chair. She joined the Aboriginal Catholic Ministry in 1989 and worked in Erskineville and La Perouse. In 1998, Dr Heiss was the Aboriginal representative at the Synod of Oceania in Rome and was part of the welcome party for Pope Benedict XVI's visit to Sydney for World Youth Day in 2008. She also attended the canonisation of St Mary MacKillop in Rome in 2010. In 2003, Dr Heiss received the NAIDOC community award for her work within the church and for her contribution to health programs in the Indigenous community. In 2009, she was the NAIDOC Elder of the Year. Dr Heiss received an Honorary Doctorate of Arts from the University of Notre Dame in 2010.

Mr Rohan Jeffs



Mr Jeffs is a non-executive director. He is a lawyer with over 30 years experience in major listed Australian companies in the areas of corporate law as well as in senior corporate roles responsible for governance, risk and compliance; human relations; procurement; industrial relations; superannuation; and government and corporate relations. Mr Jeffs has extensive experience in commercial and regulatory matters and is a longstanding director of the Retail Employees Superannuation Trust (REST), and is Chairman of key REST Board Committees, including Audit, Risk and Compliance; Strategy Review and Human Relations. An Adjunct Professor of Law at the University of Queensland, he holds a Master of Laws, Bachelor of Law and a Bachelor of Arts. Mr Jeffs is the chair of the Trust's Audit, Risk and Compliance Committee.

The Hon Leo McLeay



Mr McLeay is Chair of the Catholic Cemeteries Board which manages a number of heritage cemeteries in Sydney. He is a former director of the Mary MacKillop Foundation and is an adviser to Jobsupport Inc. Mr McLeay spent four years as a director of the Enhance Group where he was responsible for the Sydney and Canberra offices. His role included providing strategic and stakeholder management advice to large corporations. Mr McLeay was a Member of the House of Representatives from 1979 until 2004 and his parliamentary career included four years as Speaker of the House of Representatives. He also held the office of Deputy Speaker and Chief Government and Opposition Whip, as well as chairing a number of government and parliamentary committees.

Ms Sandra Hook



Ms Hook has served in senior executive roles in the media industry across print, television, magazines and PR for over 25 years. As Chief Executive Officer for News Life Media, a division of News Limited, she was responsible for more than 20 leading consumer brands including *Vogue Australia*, *Donna Hay*, *Delicious*, *body+soul.com.au* and *taste.com.au*. Sandra oversaw the rapid growth of the division's digital operations of new and existing websites along with new businesses spanning internet, mobile, tablet and other emerging technologies, creating Australia's largest digital lifestyle network. She was a member of the inaugural Board of Horticulture Australia Limited from 2001 to 2009.

Mr Peter Lowry OAM



Mr Lowry is a non-executive director and Chair of the Leasing & Tenancy Committee. He is also on the Board of the NSW State Government's Sydney Harbour Foreshore Authority. Chairman of a number of companies, Mr Lowry is involved in urban planning, residential housing and heritage conservation and is a lawyer specialising in planning law. He is also on the boards of NIDA, the Ensemble Theatre, Pacific Opera, the Planning Research Centre of Sydney University and the National Trust. He was a Reserve Army Officer.

Clr Genia McCaffery



Clr McCaffery is a non-executive director. She was elected as full-time Mayor of North Sydney by popular vote in 1995 and was re-elected in 1999, 2004 and 2008. As Mayor, Clr McCaffery is responsible for managing development within North Sydney, financial management of Council, protecting the environment, and maintaining strong community involvement in local government. She has represented local government on a range of boards and committees including Resource NSW, Sydney Harbour Councils Group, NSW State of Environment Report Advisory Council (2003) representing local government and Chair Local Government Advisory Committee on Waste Policy for NSW Department of Environment and Conservation.

From 2004, Clr McCaffery was the elected President of the Local Government Association (NSW) where she was involved in negotiating change in several critical areas including planning, natural resources management and infrastructure investment. She is the immediate past President of the Local Government Association.

Clr McCaffery was elected President of the Australian Local Government Association (ALGA) in November 2010. Clr McCaffery is also on the Board of the NSW Environment Protection Authority.

There are six Board members, including: the Chair; two members nominated by the NSW Government; one member representing the interests of Indigenous people; and one member from a council area containing a Harbour Trust site.

Executive Director

Mr Geoff Bailey



Mr Bailey became Executive Director of the Harbour Trust in 1999. Before that, he had worked extensively on a range of sensitive historic sites in NSW in both the private and public sectors, notably for nine years as Head of Architecture, Conservation and Planning at The Rocks in Sydney.

Mr Bailey has also been involved in the conservation and adaptive reuse of unique historic sites in Central Australia. He was responsible for the conservation of Albert Namatjira's cottage and the village of Hermannsburg in the Northern Territory. Mr Bailey has more than 25 years experience in planning and managing environmentally sensitive precincts. He holds a Bachelor of Science Architecture degree from the University of NSW and in 2007 completed the Advanced Management Program at Harvard Business School.

Deputy Executive Director

Mr Nick Hollo



Mr Hollo has worked at the Harbour Trust since 2000. An architect, he managed the community consultation for and preparation of the Harbour Trust's plans and designs. Before joining the Harbour Trust, Mr Hollo worked for 15 years with MSJ Group and subsequently

Keys Young on urban design and master-planning projects including the Darling Harbour Project, the Australian Technology Park at the former Eveleigh Railway workshops and goods yards, the Homebush Bay master plan for the Sydney Olympic bid and the waterfront precinct at Geelong in Victoria. He has taught at the University of Sydney and Ahmadu Bello University in Nigeria. Mr Hollo also wrote and illustrated the book *Warm House Cool House* (published by Choice Books, 2011). He has had solo exhibitions of his paintings at the Mint, the Historic Houses Trust members lounge and Gallery East at Clovelly.

Sydney Harbour Federation Trust Business Program

The Trust's programs aim to transform Trust sites into precincts and parklands that enrich the cultural and historical values of the city, while conserving the environmental integrity and unique heritage of the sites. Our major performance indicators are:

- increased awareness, appreciation and enjoyment of sites
- restoration and maintenance of sites
- financial sustainability of ongoing management and operations, including leasing and hiring to bring compatible activity to the sites.

Outcomes and output structure

Under the Sustainability, Environment, Water, Population and Communities portfolio, the Trust is responsible for enhanced appreciation and understanding of the natural and cultural values of Sydney for all visitors, through the remediation, conservation and adaptive re-use of, and access to, Trust lands on Sydney Harbour.

Aerial view of Chowder Bay



1 | Planning, Land Restoration and Maintenance

Land restoration and maintenance

More than 18,300 trees, shrubs, grasses and groundcovers were planted on Trust sites in 2011–12 with almost 70% propagated from local provenance native species.

Our broad range of site restoration and maintenance reflects the diversity of our sites and our varying stages of rehabilitation.

Performance indicators

- Rehabilitation of land, buildings, infrastructure and equipment is consistent with conservation, environmental and cultural values and relevant standards, and the Trust's Comprehensive Plan.
- Rehabilitation of land, buildings, infrastructure and equipment is consistent with Portfolio Budget Statement outcomes.
- Trust lands and facilities meet workplace and public safety standards.
- Repairs and maintenance of all sites to minimise further deterioration.
- Trust facilities are increasingly available for public access and business and community use.

Aerial view of the former Marine Biological Station

2011–12 snapshot

As part of its Comprehensive Plan, the Trust continued its ongoing conservation, rehabilitation and maintenance program on most sites. Providing safe public access was an ongoing focus of the program. Work included building and grounds maintenance, bush regeneration, maintaining fire protection systems and managing site security through contract security and Trust rangers.

See Appendix 3 for a list of the Trust's maintenance, heritage conservation and environmental management projects in 2011–12.

Sites

North Head Sanctuary

North Head Sanctuary is one of Sydney's great landmarks, home to a delicate ecosystem. The former School of Artillery occupies the highest part of North Head and comprises the Barracks complex and the North Fort complex. The Barracks complex contains a collection of art deco buildings with a parade ground, service areas, sheds and a large area of remnant bushland.

The Department of Defence left the School of Artillery in 1998. Until it closed in 2010, North Fort housed the Royal Australian Artillery National Museum.

The Trust's land at North Head includes 28 houses that were originally used to accommodate officers of the former School of Artillery. The majority (26) of the houses are leased to medium-term residential tenants, one has been converted to a café (North Fort Café) and the other is used as an office for Trust staff.

In the year reported, the Trust repaired and refurbished many of the buildings of the former School of Artillery. While these buildings are structurally sound, they are still exposed to the marine environment and vulnerable to deterioration.



Works and new tenants for North Head Sanctuary

On completion of the Trust's works on the North Fort Café premises, the café began operating on 4 April 2012 as a small-scale kiosk.

After completing the fit-out of Buildings 4 and 5 in the former School of Artillery, the Trust leased the sites to Charles Sturt University and the International College of Management, Sydney.

The Trust also significantly improved underground services at North Head, including services for recycled water, electricity, sewerage and telecommunications.

Bushfire risk management

Fuel reduction and slashing of fire breaks and trails adjacent to buildings and structures at North Head Sanctuary and Headland Park continued throughout the 2011–12 year. A program of fuel reduction and selective clearance of woody vegetation within the Third Quarantine Cemetery and North Fort also continued. The Trust worked with neighbouring landholders through the Manly–Mosman–North Sydney District Bushfire Management Committee and the North Head Stakeholder Group.

Three proposals to carry out small area burns at North Head Sanctuary and one at Headland Park aim to promote the conservation of biodiversity through natural regeneration, and to reduce the risk of wildfire to life, property and natural and cultural heritage assets.

Fire & Rescue NSW was unable to carry out any burns during 2011–12 mainly due to the high levels of fuel moisture in bushland and adverse weather conditions over the 12-month period.

Landscaping

Landscape renewal works for the former School of Artillery are continuing. Local provenance plant species were propagated on site in 2011–12 through a partnership with the North Head Sanctuary Foundation Nursery, and are being planted at the entry precinct, oval, core buildings and other locations.

Middle Head, Georges Heights and Chowder Bay

Middle Head divides Middle Harbour and Sydney Harbour and is one of the major 'green' headlands that gives the Harbour its bushland character. Middle Head, Georges Heights and Chowder Bay (Headland Park) feature former training facilities, fortifications, depots, barracks and housing, surrounded by remnant Sydney Harbour bushland.

Mosman Drill Hall works

The Mosman Drill Hall tenant, Mosman Council, did minor works during the year reported to allow its children's services department to occupy the building full time.

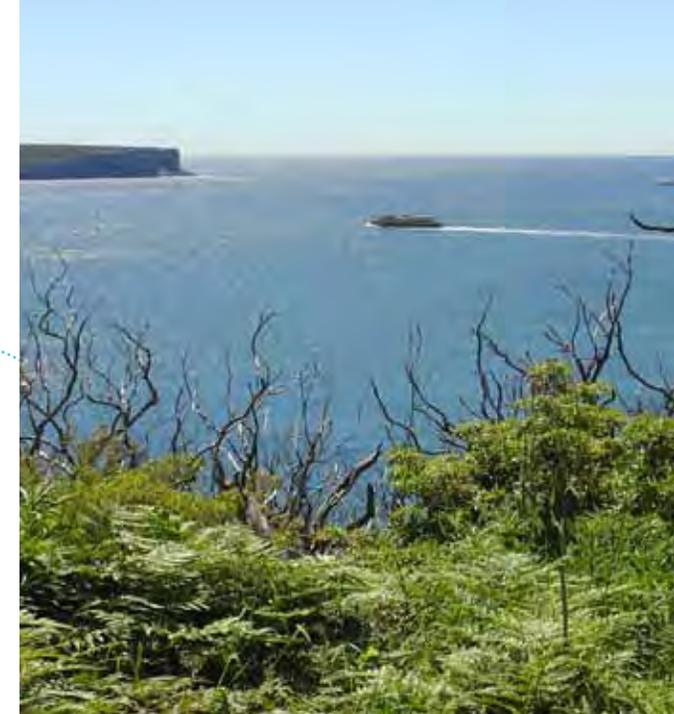
The works included installing a disabled toilet, baby change table, additional shelving and change rooms within the building, and extra security fencing outside the building.

Mosman Council also installed a covered gas barbecue in Drill Hall Common, which is available for public use without charge.

Car park works at Middle Head

Civil works to the existing car park at 10 Terminal, Middle Head involved:

- removing gravel, paving, linemarking, installing lighting at the car parks along Middle Head Road to create 77 car spaces, including two disabled spaces
- improving stormwater management
- upgrading electrical services
- landscaping
- constructing new pedestrian paths
- capping or removing existing underground contamination.



Repairs to 'Burma Rail' at Chowder Bay

Works to repair the historic 'Burma Rail' inclinator at Chowder Bay began in August 2011 undertaken by Chowder Bay tenant, Sydney Institute of Marine Science.

The works included:

- a new 1.1 m² carriage to convey goods from the Parade Ground to sea level at Chowder Bay
- new landings and fencing so that Chowder Bay tenants can safely use the inclinator.



*New footpath, Georges Heights;
Deckhouse, Woolwich;
Woolwich Dock*



New footpaths at Georges Heights

In November 2011, works on new shared and pedestrian paths at Georges Heights were completed.

The works included:

- upgrading a 1.2 m-wide gravel path in poor condition, to a 2 m-wide asphalt path next to Georges Heights Oval, and connecting this to Mosman Council's new path in the adjacent Rawson Park
- replacing a narrow 1.5 m bridge over a culvert with a 2m-wide asphalt path with stormwater piped beneath
- constructing 45 m of new 2 m-wide asphalt path and associated drainage works, to connect to Dominion Crescent
- constructing a 320 m length of pedestrian path, and new landscaping, on the southern side of Middle Head Road
- installing path signs.

The shared path was partially funded by a \$25,000 grant from the Sharing Sydney Harbour Access Program administered by the NSW Department of Planning and Infrastructure. Mosman Council contributed \$10,000 toward the construction of the pedestrian path along Middle Head Road.

Drainage improvements to ovals

In September 2011, subsurface slit drainage was installed at Georges Heights and Middle Head ovals by Mosman Council. Slit drainage more efficiently drains the grassed surface without doing major earthworks or restoration on the sites. It is also water-saving, as the surface needs less irrigation.

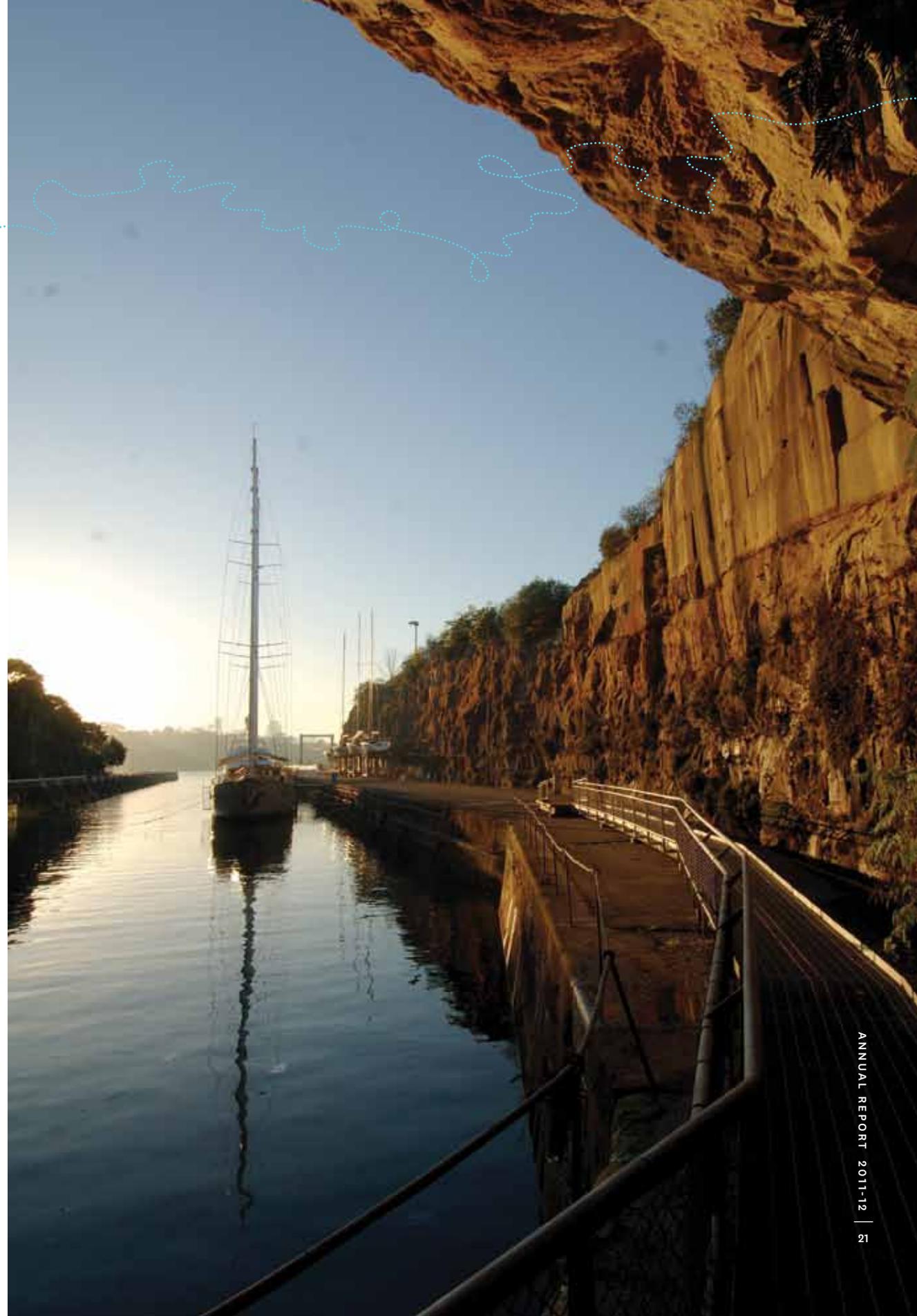
Woolwich Dock

Woolwich Dock and Parkland, located on the Hunter's Hill peninsula, has a rich maritime history.

In 1898, Mort's Dock and Engineering Company constructed a new sandstone dry dock for repairing ships during both world wars.

Today, the site's dry dock links to parklands, walkways, workshops and a function centre. The modern wharf, constructed by the Trust, serves as an embarkation point for Cockatoo Island by staff and contractors.

Preparing documentation to decontaminate and landscape the former ridge-top car park was a major project at the site. Work is scheduled to begin in late 2012. This is the last of the major works for this site.





Aerial view of Cockatoo Island

Cockatoo Island

Cockatoo Island is the largest island in Sydney Harbour and has been modified and used as a penal settlement and maritime industrial site. Originally only 12.9 ha, the island has been greatly altered from its natural state. It contains remnants of an imperial convict prison, two dry docks, wharves, slipways, maritime buildings, residences, a powerhouse, cranes, water towers and tunnels.

New services and safety features

Telstra upgraded and maintained their infrastructure on Cockatoo Island on multiple occasions throughout 2011-12. This included laying fibre optic cables and upgrading antennae in their mobile telephone base station. To ensure visitor safety during the Outpost festival and Red Bull X-Fighters event, the Trust installed extra services, lighting, exit signs and safety barriers.



*Macquarie Lightstation;
View from the Former Marine
Biological Station;
The Platypus site*



Snapper Island

Yet to be formally handed over to the Trust, Snapper Island is Sydney Harbour's smallest island, part of a grouping with Cockatoo and Spectacle Islands. The island was a rarely visited rocky outcrop until World War I when it was leased to Cockatoo Island Dockyard for storage. It comprises simple buildings, slipways, boat storage and jetties.

The Trust carried out repairs to ensure the buildings were watertight and bird-proof.

Macquarie Lightstation

Macquarie Lightstation is Australia's first and longest operating navigational light. Built in 1818, the original lighthouse was designed by convict Francis Greenway and constructed of sandstone quarried on site. Following construction of a new lighthouse (designed by James Barnet) in 1883, the original Greenway lighthouse was demolished.

No major works were carried out during the year reported.

Former Marine Biological Station

The former Marine Biological Station is a residential house at 31 Pacific Street in Watsons Bay. The station includes a foreshore park connecting suburban streets with Camp Cove beach. No major works were carried out during the year reported.

HMAS Platypus remediation project

The former HMAS *Platypus* naval base is a waterfront industrial site in one of Sydney's quiet bays, a reminder of the Harbour's maritime heritage. Sitting amid Neutral Bay's waterfront residential properties and foreshore parks, the site contains buildings and workshops adapted and used by the Royal Australian Navy since 1942. In 1967, the existing concrete wharf was built for the Navy's *Oberon* class submarine fleet.

The Harbour Trust took over management of the site in 2005 and began an extensive series of remediation works. In 2011–12, the Trust completed repair works to the concrete wharf.

Further major remediation works will involve stabilising and managing around 30,000 tonnes of contaminated fill and bedrock material. The Trust contracted remediation specialist company, Thiess Services Pty Ltd, to undertake these works. Thiess Services began site works in June 2012. Remediation works are expected to be completed by November 2013.

The total project costs to 30 June 2012 were around \$12 million.

Bushland management

Ecological restoration works continued during the year at Headland Park, North Head Sanctuary, and the cliffs of Woolwich Dock and Cockatoo Island. The works included extensive control of weeds over an area of 30 ha, maintenance of over 10 km of bush tracks, roads and access trails, manual and mechanical bushfire hazard reduction around built assets, and revegetation of cleared areas using local provenance seedlings. Maintenance work by bushland contractors continued to grow with the increase in newly revegetated areas.

Native and pest fauna management

To support and protect bandicoot and penguin populations, the Trust is represented on the North Head Bandicoot and Penguin Population Recovery Teams. Over the year, the teams worked closely with the NSW Office of Environment & Heritage (OEH, formerly DECCW /NPWS) and other stakeholders. The Australian Wildlife Conservancy, with assistance from the University of NSW and Earthwatch also continued to research the ecology of native fauna on North Head.

The Trust continued to work with neighbouring landholders and OEH to manage feral animals on its sites. This included the shooting of more than 200 rabbits. Continuing its involvement in the Northern Sydney Regional Fox Control Program the Trust carried out regular poison baiting at North Head Sanctuary and Headland Park. In collaboration with Hunter's Hill Council, foxes were also controlled at the Horse Paddock, Woolwich.

Landscape maintenance

The Trust continued a regular program of ongoing landscape restoration and maintenance works throughout all of its sites in 2011–12. The works generally consist of regular mowing and edging of lawns, and pruning, weeding, mulching and infill planting of garden beds.

Pedestrian traffic sight line clearance works were carried out on Trust roads and footpaths. Eroding sections of the Trust's network of walking tracks were also repaired at North Head, Woolwich, Chowder Bay and Georges Heights. There was also extensive removal by arborists of hazardous dead wood in public areas as well as formative tree pruning, and storm damage works.

Revegetation

Twenty-five thousand trees, shrubs, grasses and groundcovers were planted on Trust sites during the year. More than 21,000 of the plants were propagated from local provenance native species, and over 3,000 ornamental natives and exotics were planted within cultural landscapes. The Cockatoo Island gardening volunteers planted several hundred plants on the island and the North Head Sanctuary Foundation propagated and planted over 3,250 native plants, in former lawn areas around the sanctuary.



Trust plans and environmental assessments

Performance indicators

- Plans conform with best practice, are publicly exhibited, have broad community support and reflect input from the consultative process.
- Management Plans are consistent with the Trust's Comprehensive Plan which was approved by the Minister.
- New or revised Management Plans conform with the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act).
- Background studies or policies for significant heritage, environmental and transport matters affecting Trust lands are prepared.
- Environmental Assessments are in line with the *Sydney Harbour Federation Trust Act 2001*, Trust Plans, and the EPBC Act.
- The Community Advisory Committee and the broader community have input into the plan.

Management plans

After completing new management plans for Cockatoo Island and North Head Sanctuary in 2010 and 2011 respectively, the Trust is updating seven current management plans for Headland Park into a single document.

The new plan will reflect on the Harbour Trust's work at Headland Park with the aim of improving connections between the Trust's lands and the adjoining national park and council lands (including new pedestrian walkways, cycleways and signs). We expect to finalise the plan in 2013.

Environmental assessments

The planning team prepares environmental assessments of actions proposed on Trust lands, ensuring that proposals are consistent with Trust Plans and the *Environment Protection and Biodiversity Conservation Act 1999*.

In the past year, the planning team completed environmental assessments for 37 proposals. Key assessments included a new childcare centre at North Head, a range of studies on Cockatoo Island, the Mosman Men's Shed (adjoining the Georges Heights Oval amenities block) and assessments for a new car park, landscaping and services at Middle Head.

New childcare centre at North Head

After publicly exhibiting a proposal for five weeks in February and March 2012, the Trust approved a \$1.8 million childcare centre at North Head. The project will transform the 1939-built Quartermasters Store into a long-day care centre for up to 76 children, aged from three months to six years.

The innovative childcare centre will adopt the Montessori education principles and encourage children to learn more about their natural environment. The centre will include education programs on the endangered Long-nosed Bandicoot and Eastern Suburbs Banksia Scrub, both unique to North Head.

Construction for the centre began in late May 2012 with the centre expected to open in early 2013.

Gunner's Barracks, Headland Park

In May 2012, the Trust approved the lessee of Gunner's Barracks (The Tea Room) to do a major internal refurbishment of the building. This included new paint, carpets and lighting and improvements to the bar area.

The Trust's repairs to the underground sewer and portable water services complemented these internal works.

Scenes from the recently refurbished
Biloela House, Cockatoo Island

Mosman Men's Shed, Headland Park

In July 2011, the Trust approved the construction of the Mosman Men's Shed in a new building adjoining the Georges Heights Oval amenities block.

Men's Sheds have been established across Australia to provide opportunities for older men to network and socialise while building and repairing toys, furniture and similar projects. Some users work on their own projects, while others work on joint projects.

Men's Sheds are seen as an increasingly useful avenue to disseminate important information regarding men's health issues, including depression. The Mosman Men's Shed was funded by grants and donations sourced by Mosman Council.

Outpost and Red Bull X-Fighters events, Cockatoo Island

The Trust prepared an environmental assessment for the Outpost street art festival and the Red Bull X-Fighters event, both of which attracted thousands of first-time visitors to Cockatoo Island in 2011–12.

Aerial Adventure Park proposal, Cockatoo Island

In late 2011, the Trust received an application for an aerial adventure park on the northern part of Cockatoo Island. The proposal was publicly exhibited for six weeks in December 2011 and January 2012.

The Trust referred the proposal to the Commonwealth Minister for Sustainability, Environment, Water, Populations and Communities to consider under the *Environment Protection and Biodiversity Conservation Act 1999*.

In February 2012, the Minister decided the project could proceed, without further assessment under the Act.

Superintendent's House, Biloela House, Cockatoo Island

In May 2012, we finished extensive conservation and repair works to the former Superintendent's House, Biloela House on Cockatoo Island. The works included:

- repairing and re-painting all external joinery including veranda posts and structure, windows, and doors
- removing a stone veranda infill and bathroom to reinstate the form of the original house
- removing concrete patches and pointing to external stone walls, repairing patches and repointing
- lifting, relaying and repointing the veranda stone flagging to limited areas
- replacing all gutters and downpipes
- installing new electrical reticulation
- disconnecting services as required.

The works were partly funded by a \$200,000 grant from the Department of Sustainability, Environment, Water, Population and Communities' National Historic Sites Program. The house, veranda and gardens provide a venue for private and corporate functions.

Conservation works to the convict courtyard on Cockatoo Island

The Trust completed work on the historically significant convict courtyard. This included installing subsurface drainage, and retaining and repairing existing stone flagging, without adversely impacting archaeological remains.

Work continued on stabilising the convict solitary cells under the barracks and is nearly complete. The project included excavating and reconstructing the cells for public access and installing educational material.

The solitary cells are part of the Convict Trail on the island. The Trust upgraded elements of the trail, including stabilising terraces and adding new pathways and signs around Biloela House.

Community consultation

The Trust continued to consult communities and liaise with key stakeholders on planning and rehabilitating its sites. This ranged from formal committee meetings to workshops, open days, presentations, discussions and the exhibition of plans.

The Community Advisory Committee met twice to provide input on a range of issues, including the North Head Sanctuary Management Plan.

A special Community Advisory Committee for the former HMAS *Platypus* site met six times throughout the year. Two community meetings were also held on site to discuss the technology options available for the major remediation works.

The Trust held and attended many formal and informal meetings with key stakeholder groups, government agency staff, councils, local members, community organisations and individuals to discuss issues on planning and rehabilitating its sites.

See Appendix 2 for a list of the Community Advisory Committee members.





Environmental performance

Ecologically sustainable development is a key policy of the Trust.

Performance indicators

- Adherence to the core principles of ecologically sustainable development.
- Development and implementation of a sustainability policy.
- Development and implementation of an environmental management system.
- Purchase at least 20% GreenPower.
- Subscribe to Greenfleet.
- No increase (staff average) in energy, fuel and water consumption, waste generation and greenhouse gas emissions.

North Head Sanctuary, Manly

Ecologically sustainable development

Ecologically sustainable development is a key policy of the Trust, underpinning our site rehabilitation, planning and public information activities and events. It is part of the Trust's Comprehensive Plan and all our site management plans.

These principles inform our approach to biodiversity conservation, bushland conservation, management of native and introduced animals, waste quality and catchment protection, transport management and air quality, bushfire management, and Aboriginal and cultural heritage.

In line with this, our site conservation and environmental projects aim to remediate environmental degradation and the impacts of past practice, and establish a sound basis for sustainable development and adaptive re-use.

This section of the annual report examines the environmental performance of the Trust's direct operations, measuring the Trust office's energy and water consumption, and the generation of waste and carbon dioxide.

Reduction of carbon footprint

In 2011–12, Trust initiatives to reduce our carbon footprint included:

- purchasing Greenfleet offsets for the Trust fleet vehicles
- continued metering and monitoring of the office's environmental performance
- purchasing worm farms to reduce waste
- encouraging staff to separate waste
- replacing vehicles with more sustainable vehicles
- implementing a more accurate way of recording waste generation
- replacing computer desktops with thin clients to reduce energy consumption.



View from the Fitzroy Dock, Cockatoo Island

Global reporting initiative indicators

The report below follows the Global Reporting Initiative's (GRI's) Sustainability Reporting Guidelines. The GRI is a non-profit organisation that promotes economic, environmental and social sustainability and its comprehensive sustainability reporting framework is used worldwide.

The guidelines provide environmental performance indicators, which we have used to measure the Trust's performance on inputs (for example, energy and water) and outputs (for example, emissions and waste).

2011-12 was the fifth year the Trust reviewed its office environmental performance using the Global Reporting Initiative indicators.

The table below illustrates the targets for 2011-12 which the Trust set for measuring these indicators.

Global Reporting Initiative Indicators	Trust Targets 2011-12
Energy consumption (GRI Indicator EN3)	10% reduction in energy consumption
Fuel consumption (GRI Indicator EN3)	No increase in fuel consumption
Water consumption (GRI Indicator EN8)	No increase in water consumption
Waste generation (GRI Indicator EN22)	10% reduction in waste
Greenhouse gases (GRI Indicator EN16)	No increase in overall gross emissions

The following sections detail the Trust's environmental performance against each of these targets.

Energy consumption – EN3

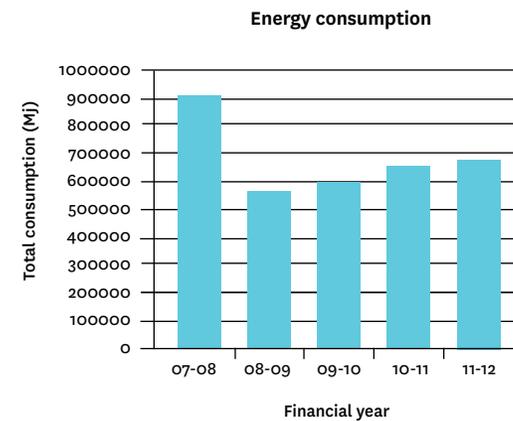
2011-12 energy consumption target: 10% reduction in energy consumption

Result: Increase in energy consumption by approximately 4%.

Total energy consumption

Year	2010-11	2011-12	% Change
Total consumption	661,131 Mj	688,704 Mj	+4

A comparison of total energy consumption over the past five reporting periods is below:



Following a significant 33% drop in energy use in 2008-09, the Trust's energy usage has increased each year since then at an average of 6% per year. The Trust used 20% less energy in 2011-12 than in 2007-08. However, the trend is that office energy is steadily rising. Based on these results and given this trend, the target for the next financial year is for no increase in energy consumption.

GreenPower

By purchasing 100% GreenPower for the Trust's Mosman office, the Trust has reduced its overall greenhouse emissions. As part of a refresh program, the Trust offices began using 'thin clients' (smaller, narrower desktop computers) in February 2012. In 2011-12, up to 21 thin clients are in use within the office, providing a more energy efficient computing system. In the 2012-13 year, the Trust will look into introducing thin clients for 80% of desktops. Energy efficient PCs and thin clients will help achieve a target of 250 kWh/pa less per end user. In 2011-12, power management techniques have also been used for PCs, so monitors now go to sleep when they have not been in use for some time.

Government energy efficiency guidelines

The Trust's energy use in 2011-12 was well within the Australian Government's Energy Efficiency in Government Operations (EEGO) Guidelines.

The Australian Government *Lighting Guide* states that, 'A well designed and managed lighting system can lead to significant improvements in energy efficiency relating to office tenancies'. It also states that lighting consumption is typically 30% of commercial offices' power consumption.

In 2012-13, the Trust will investigate reducing energy consumption with improved lighting. For example, we plan to put energy-efficient sensor lighting in bathrooms or other areas which are not continually used.

Electricity consumption per staff member/m²

	EEGO Policy Target	Trust 2011-12
Central services (MJ/m2/annum)	400	241
Office light and power (MJ/person/annum)	7500	5836

Fuel consumption – EN3

2011–12 Fuel Consumption Target: No increase in fuel consumption

Result: A decrease of fuel consumption by 9%.

The Trust’s total fuel consumption was approximately 4275 litres (see table below). This decrease of fuel consumption is due to using more environmentally friendly vehicles.

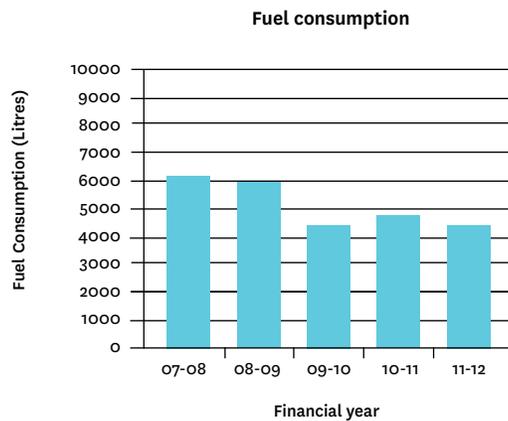
During 2011–12, the Trust replaced a Ford Falcon Wagon (LPG fuel) with a Holden Commander Wagon (unleaded), and a Holden Cruze (unleaded) replaced a Toyota Prius (hybrid electric/unleaded).

The new vehicles are more energy efficient and we expect this will be evident in the next reporting period. The Trust’s fleet also includes one Toyota Hilux Ute (LPG/unleaded) and one Tipper Truck (diesel) for use on Cockatoo Island.

In April 2012, the Trust purchased a boat for use on Cockatoo Island, which was used from June 2012. We will monitor the fuel usage for the boat for the 2012–13 annual report.

We will continue to encourage reducing fuel consumption by measures such as car-pooling to site locations and meetings.

Overall, the Trust has dramatically decreased its fuel consumption since 2007–08.



Greenfleet CO₂ offsets

In April 2012, the Trust purchased Greenfleet offsets to the value of 21.5 tonnes of CO₂, further reducing its carbon footprint. This will help Greenfleet to plant native trees in Australia.

Water consumption – EN8

2011–12 water consumption target: No increase in water consumption

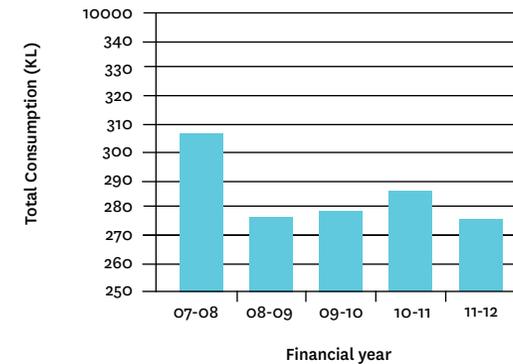
Result: A reduction of water consumption by 4%, thereby exceeding the Trust’s target.

Water use within the Trust is low at 275kL. The 2011–12 reporting period shows the lowest water consumption since we began recording water usage in 2007.

Total vehicle fuel consumption

	2010–11	2011–12	% Change
Total unleaded	1305 litres	2473 litres	+90%
Total LPG	1977 litres	828 litres	-58%
Total diesel	1403 litres	974 litres	-31%
Total fuel	4685 litres	4275 litres	-9%

Water consumption



The Trust collects rainwater in two 5000 L tanks and only uses Sydney Water mains as a back-up. This lower water consumption could therefore be the result of increased rainfall during the year.

Data from the Bureau of Meteorology shows an increase of approximately 40% rainfall recorded between this reporting period and the previous period. The Sydney Observatory Hill recorded 1182 mm of rainfall from July 2010 to June 2011 and 1656 mm was recorded from July 2011 to June 2012.

The table below provides a daily breakdown of total water consumption. The daily average is based on 255 working days per year, taking weekends and public holidays into account.

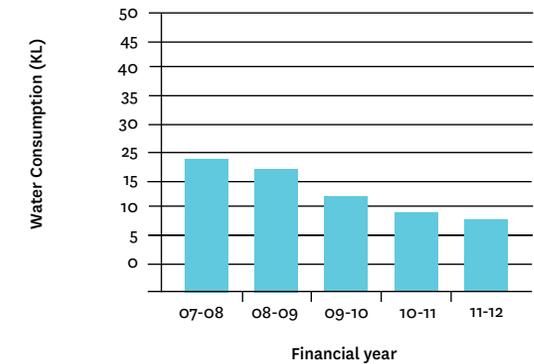
Water consumption

	2010–11	2011–12
Total consumption	286 kL	275 kL
Daily average	1120 litres	1078 litres
Daily average per person	19.01 litres	18 litres

The staff number for the 2011–12 reporting period is similar to the previous financial year, at approximately 59 staff members. It is difficult to give an exact daily average per person for a number of reasons, including staff turnover, staff part-time hours, staff leave and days spent on other Trust sites.

The average amount of water consumed as per person per day has decreased by an average of 1.4 litres every financial year since the 2007–08 reporting period.

Daily water consumption per person



Waste generation – EN22

2011–12 waste generation targets: 10% decrease in waste generated

To date, the Trust has measured its waste production by the number of bins that are collected by its waste collection contractor. The majority of times these are full. However, as the bins are communal, it does not accurately reflect the waste the Trust generates exclusively. The Trust intends to introduce a new system in 2012–13 to more accurately measure the waste the Trust generates.

Waste generation

	2010–11	2011–12
Total general waste	4.9 tonnes	4.9 tonnes
Total paper and cardboard	4.1 tonnes	4.1 tonnes
Total co-mingle (bottles/cans)	1.8 tonnes	1.8 tonnes
Percentage waste to landfill	45%	45%
Percentage waste recycled	55%	55%

Recycling waste

In 2011–12, the Trust continued to encourage staff to separate waste and recycle whenever possible. Both paper and co-mingled waste were sent to recycling facilities. The Trust also continued its ink recycling program by returning ink cartridges to the manufacturer for disposal.

Using worm farms to reduce landfill

To help reduce the amount of general waste going to landfill, the Trust purchased worm farms in 2011–12.

Greenhouse gases – EN16

2011–12 greenhouse gas emissions target:

No increase in gross emissions

Result: Reduction of gross emissions by 6.25 CO₂-e (tonnes)

Total net emissions were 219.57 tonnes of CO₂-e. Most gross emissions came from electricity. Purchasing 100% green energy for the Trust's offices and carbon offsets for the Trust's car fleet have resulted in net total emissions of -6.25 tonnes of CO₂-e.

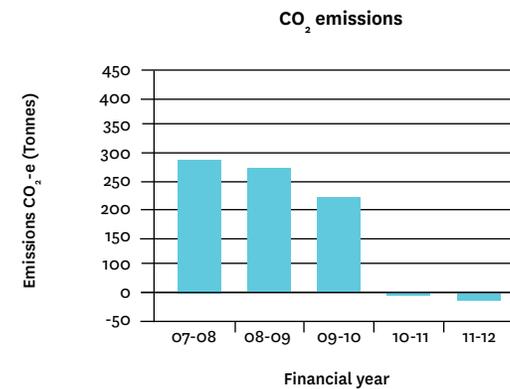
In April 2012, the Trust purchased Greenfleet offsets to the value of 21.5 tonnes of CO₂, further reducing its carbon footprint. This will help Greenfleet to plant native trees in Australia.

The table below summarises the total amount of greenhouse gas emissions for the Trust by source and amount.

Carbon footprint

Fuel/Process	2010–11	CO ₂ -e (tonnes)	2011–12	CO ₂ -e (tonnes)
Electricity	183,648 kWh	196.14	191,306 kWh	204.31
Petrol/gasoline	1.31 kL	3.26	1.98 kL	6.43
LPG – transport	1.98 kL	3.36	0.78 kL	1.49
Diesel – transport	1.40 kL	3.79	0.64 kL	2.92
Waste to landfill	4.9 kL	4.41	4.9 kL	4.41
Total gross emissions		211.72		219.57
Offsets	Greenfleet	-17.2	Greenfleet	-21.5
	Green Energy	-196.14	Green Energy	-204.32
Total net emissions		-1.62		-6.25

Reduction of CO₂ emissions produced by the Trust:



Our targets for 2012–13

- No increase in energy consumption
- No increase in overall gross emissions
- No increase in fuel consumption
- No increase in water consumption
- No increase in waste generated
- A new system that more accurately measures the amount of waste generated
- 100% GreenPower for the Trust office
- Investigate reducing energy consumption, such as improvements to office lighting.

2 | Public Awareness, Appreciation and Enjoyment

A new brand strategy for the Trust and Cockatoo Island, along with new approaches to advertising, online and social media management, and cultural and education programming resulted in a strong media profile and a record year for venue hire and visitor numbers.

Performance indicators

- Community awareness of the Trust and its activities, and visitors to Trust lands, increase through the promotion of tours, events and open days consistent with the Trust's Comprehensive Plan and Portfolio Budget Statement outcomes.
- Marketing and business development initiatives increase visitation and generate revenue.
- The Trust receives positive media coverage for all significant public events and planning activities and the media maintains an interest in the Trust.
- Education, interpretive and public programs are developed and implemented to promote Trust lands and their significance, and to increase visitation.
- Partnership programs with institutions, neighbours and others are developed to promote Trust lands and their significance.

Red Bull breakdancing competition during Outpost, Cockatoo Island

2011-12 snapshot

With the focus being on visitor and revenue growth, the marketing and business development division worked hard over the year to raise the profile of the Trust and our priority site of Cockatoo Island.

We developed a new brand strategy for the Trust and Cockatoo Island, and new approaches to advertising, online and social media management, and cultural and education programming. Sales tools, research and data acquisition were also key projects. We also established new corporate, cultural and public sector partnerships.

As a result, the Trust and its sites had a record year for venue hire, record visitor numbers and a strong media profile. Notable events during 2011-12 included the Trust self-produced Outpost street art festival, the Red Bull X-Fighters 2011 World Tour grand final and the Underbelly Arts Festival.

Past experience has demonstrated that long, sustained events over a period of time (weeks and months rather than days) are more effective in generating significant public interest and higher visitation.

The Outpost marketing and communications campaign also helped the Trust to achieve the broader business objectives of generating greater awareness of both Cockatoo Island and the organisation and creating an appealing vision for Cockatoo Island.

A new 3D Map of Cockatoo Island;
Cocktails at the Australian Tourism
Exchange; The Island Bar at Outpost

A new approach to marketing

In recent years, the Trust has gradually evolved from an organisation with an emphasis on remediation, conservation and refurbishment to one encouraging visitation to its lands and providing memorable visitor experiences.

In 2011–12, the Trust entered a new phase of its marketing business cycle with a restructure of our former communications branch into a marketing and business development division.

It is the responsibility of this division to:

- raise the profile of the Trust and our two identified priority sites, Cockatoo Island and North Head Sanctuary
- increase visitation to our sites
- increase the range of business partnerships that enhance the visitor experience and generate revenue for the Trust
- form partnerships with other public and private bodies to assist the Trust in developing our sites and delivering our programs.

The ongoing marketing and business development challenge for the Trust is that our sites are at different stages of their development and require a tailored marketing approach and investment. Cockatoo Island has been identified as the site with:

- the greatest potential to spearhead the organisation's positioning and broader objectives
- the greatest potential for visitor growth.

The priority and focus will expand to North Head Sanctuary during 2012–13 and to other sites during 2013–14.

Brand development and positioning

The new Sydney Harbour Federation Trust brand

The Sydney Harbour Federation Trust is a multifaceted organisation. It is a self-funding government agency that manages events, tourism ventures and leasing while simultaneously being responsible for conservation, remediation and planning across its sites.

In 2011–12, the Trust developed a distinctive new brand strategy to reflect this complex role and resonate with our growing audiences. This resulted in an overarching brand identity for the Trust, while an individual brand was developed for Cockatoo Island.

Revitalising Cockatoo Island

The new Cockatoo Island brand identity was derived from and reveals, the many transformations the island has undergone in its rich and intriguing history. Each moment in history has left behind its particular mark.

The new brand positioned Cockatoo Island as an urban epic retaining all its character and heritage where history is still alive. It presented Cockatoo Island as having undergone a renaissance so that it was reintegrated into the cultural and commercial life of Sydney as an innovative and inspiring destination.

The new Sydney Harbour Federation Trust Brand positioned the Trust as an innovative self-funding government agency responsible for the vision planning and management of Sydney Harbour sites.

New branding results

The new brand strategy has:

- increased awareness of Cockatoo Island and boosted visitor numbers over 2011–12
- increased the number of repeat visits to Cockatoo Island during events and in non-event times
- enhanced our visitor experience and post-visit advocacy
- increased our revenue
- helped forge new partnerships, such as our work with Red Bull and the Cockatoo Island Film Festival.

Cockatoo Island way-finding

The Trust completed an extensive signage and way-finding project in the year reported. The results are:

- a unique signage system for Cockatoo Island with large-scale maps, audio signage, building identification signage, way-finding blades, event system, confidence markers, ferry communications, and ground markers to fulfil different communication needs
- a defined arrival point
- signs from arrival points to departing points and at key points with options on where to go and how to get there
- on-site mapping with 3D modelling
- new self-guided journeys featuring key attractions with a one-hour tour, a two-hour tour, a convict-themed tour and a maritime-themed tour
- signs for all buildings, tenant buildings and information areas
- specific event system for way-finding during event periods.





Visitors at the Next-T Exhibition,
Outpost, Cockatoo Island

Outpost 2011

Introduction

In 2010, the Trust began a process of transformation to drive brand awareness for Cockatoo Island and position it as an iconic Sydney destination.

A large flagship event was identified as the most effective way to relaunch the Cockatoo Island brand to achieve the key goals of driving visitation, generate brand awareness through site activation and attract new corporate and cultural partners.

Street art was chosen as the focus for the event as it was well-suited to the industrial environment of Cockatoo Island. The creation of Outpost, a street art festival, gave the Trust an innovative platform to re-launch Cockatoo Island and achieve these goals.

Outpost: The event

Outpost was produced by the Sydney Harbour Federation Trust. This free five-week event transformed the industrial precinct of Cockatoo Island into a dynamic explosion of street art and urban culture from 4 November to 11 December 2011.

Outpost was an inaugural event and the first of its kind in the Southern Hemisphere. The event demonstrated Australia's leading role in the street art movement when over 150 international and local artists illuminated Cockatoo Island with large-scale installations and live art creations including aerosol art, stencilling, paste-ups, sticker art, cup rocking, sculpture, murals and billboards. Exhibitions and forums immersed people into global street art culture.

Alongside the art, Outpost also featured a vibrant live and changing weekend events program, innovative education workshops, art-making projects, live artist battles, DJs, tours and activities for children and families.

The Outpost marketing communications campaign

The strategy

As Outpost was a street art festival, the Trust created a new brand concept with a striking visual identity. The Outpost brand identity was inspired by 'faces in places' (the sense of character in existing objects) on Cockatoo Island. It was vital to create a memorable image for Outpost to help achieve a visual campaign. The Outpost brand concept and visual identity (designed by street artist Anthony Lister) underpinned all of the event's marketing and advertising activity.

A highly targeted marketing communications campaign for Outpost was critical for the Trust to achieve its marketing and business objectives. The campaign included a multi-channel advertising campaign, an online campaign, an extensive public relations focus and leveraging cross-promotional opportunities with a variety of key partners.

The multi-channel advertising campaign comprised outdoor advertising, broadcast activity and print advertising.

The online strategy comprised an Outpost campaign website, a dedicated social media strategy (including community management across Twitter and Facebook), a targeted Facebook media buy, online banner advertising placements, and a highly targeted Google search campaign.

The media and PR strategy had two main strands. The first strand targeted traditional media (television, radio, print, online media outlets) while the second focused on online and social media (blogs, websites, Facebook, Twitter). To achieve advocacy and engagement, especially in the key 18–35 year demographic, this was an important aspect of our campaign.

The results

The Trust's marketing communications campaign for Outpost generated local and international interest across a diversity of audiences and the art community. Strong press coverage through traditional channels, as well as social media presence on Facebook, Twitter and blogs ensured high attendance for Outpost and provided cross-promotion of accommodation, leasing and event hire.

The Cockatoo Island Facebook community grew to over 8,000 (an 852% increase), the Cockatoo Island website attracted over 50,000 visits in November 2011 (87% more than the previous month) and the Outpost website achieved an average of 20,000 hits to the site each week during the event period.

Our media and public relations campaign also yielded strong results, while our cross-promotional partnerships enabled Outpost's message to reach well beyond its planned channels.

Multiple Awards for Outpost

Voted in Top 100 Best Things to do in Sydney in 2011 by *The Sydney Magazine*, December 2011.
Winner, Best Arts Event at the 2011 FBI Radio SMAC Awards.
Commended Award, 2012 PRIA (Public Relations Institute of Australia) NSW State Awards for Excellence in the Arts category.
Good Practice Recognition, AbaF (Australian Business Arts Foundation) Awards in NSW and the ACT.

Finalist in three categories of the 2012 Event Awards: Best Cultural, Arts or Music Event, Best New Event, and Best Achievement in Marketing, Communication or Sponsorship.
NSW State finalist, Australian Marketing Institute (AMI) Awards for Marketing Excellence in the category New Brand, Product or Service Launch.



*Dog Leg Tunnel during Outpost,
Cockatoo Island*

Outpost partnerships

Through Outpost, the Trust established new and important cultural partnerships with organisations including the National Gallery of Australia, Ambush Gallery, the Australian Stencil Art Prize and Bathurst Regional Gallery. These partnerships will help with long-term program planning and possible future co-production, travelling exhibitions and the loaning of private collections.

The Trust also successfully engaged 13 new corporate partners to associate their brand with a first-year event. Our partners included large multinational brands such as Microsoft, Red Bull and Pernod Ricard and respected Australian organisations Triple J, SBS and Sydney Ferries. These partnerships enabled the Trust to offset budget costs, increase the profile and relevance of the event and improve visitor numbers through cross-promotions.

Trust staff led private corporate tours of the Oi You! Collection featuring Banksy. Companies included PriceWaterhouseCoopers, Maddocks Lawyers, Allens Arthur Robinson Lawyers, Art Series Hotels, RBS Morgan and Media Com.

Leading corporate brands that have held events on Cockatoo Island since Outpost include Optus, Stockland, AIMIA (Australian Interactive Media Industry Awards), Allens Arthur Robinson, Saatchi, Google, David Jones and Warner Music.

2011 Skateboarding Australia Pro/Am Series Grand Final

Outpost concluded its final weekend by staging the 2011 Skateboarding Australia Pro/Am Series grand final. The event saw 60 of Australia's best skaters compete for the Australian title in an undercover skate park on the Eastern Apron of Cockatoo Island.

Third party marketing

With a full calendar of commercial and cultural events on Cockatoo Island during 2011–12, the Trust forged a range of strong partnerships. We have ensured all our partner communications appropriately promote Cockatoo Island and the Trust and effectively represent our brand values.

The key results included:

- working with the Cockatoo Island Film Festival on a new brand to represent the festival's values, while staying true to the Cockatoo Island brand
- partnering with the Biennale of Sydney to ensure all communications enhanced our visitor experience and had a positive reflection on both the Trust and Cockatoo Island brands
- ensuring all our media and communications messages aligned with our partners' messages.

Communications

Media

The Trust received positive media coverage of its activities during 2011–12. The Outpost media and public relations campaign was a major success for the Trust. It yielded strong results for the inaugural event, reaching over 12.6 million viewers/listeners/readers.

Over

50 journalists visited Outpost to experience the event for themselves, which reached over 45 media outlets, including five TV slots, 36 print articles, 21 radio interviews and 31 online articles. Direct engagement with the bloggers yielded hundreds of blog postings and images uploaded online.



Outpost facts and figures

A record 86,166 visitors to Cockatoo Island over five weeks.

Over 90% of Outpost visitors were either satisfied or very satisfied with Outpost.

92% of visitors said they would come back to Cockatoo Island for Outpost again.

59% of Outpost visitors were aged 18–35. Families, school groups, art enthusiasts and senior citizens groups attended too.

8,097 Facebook fans.

7,129 new subscribers to our monthly e-newsletter.

140 new volunteers contributed 3,500 hours to the Outpost and continue to volunteer for the Harbour Trust.

2,122 students visited from metropolitan and regional NSW through the Outpost Educational Program.

60% of Outpost visitors were also first-time visitors to Cockatoo Island.

Volunteers at Outpost;
Children's programs at Outpost;
"Beastman" artwork on the Turbine
Hall doors, Cockatoo Island

Some key media highlights included:

- *Sydney Morning Herald*, Street art festival heads to Cockatoo Island, 10 October 2011
- *The Daily Telegraph*, Best Weekend, Taking it to the Streets, 22–28 October 2011
- *The Australian*, Kid is no stranger to secrecy, 28 October 2011
- *GQ magazine*, Taking it to the Streets, October 2011
- *Sydney Morning Herald*, Good Weekend magazine, 5 November 2011
- *Grazia magazine*, The Buzz, 7 November 2011
- *Belle magazine*, Street Life, November 2011
- *The Weekend Australian*, An outpost of glamour camping is a ferry ride away, 26–27 November 2011
- *the(Sydney)magazine*, Treasure Island, December 2011
- *Harpers Bazaar*, Talking Points, November 2011.

Suburban newspapers regularly covered the Trust's activities or that of tenants and stakeholders, for example, the announcement of expressions of interest in a new North Head Sanctuary artists' precinct (*Manly Daily*) and the launches of our refurbished Middle Head site in August 2011 and Stage 2 of the *Platypus* remediation project in April 2011 (*Mosman Daily*).

Website and e-news

- There were 151,170 visits to the Trust's corporate website www.harbourtrust.gov.au, an increase of almost 50% on 2010–11 figures.
- Our Cockatoo Island website, www.cockatooisland.gov.au received 291,944 visitors, an increase of almost 20% on the previous year.
- The new Outpost event website, www.outpost.cockatooisland.gov.au, attracted 149,838 visitors.
- Our regular Trust e-newsletters, highlighting key events, programs and Trust news reached 16,924 subscribers in 2011–12.

Programming

Underbelly Arts Festival

The Underbelly Arts Festival brought together 150 artists for a 10-day residency on Cockatoo Island in early July 2011. It culminated in a festival day of performances and exhibitions, with many works responding to the Cockatoo Island environment. Artworks included theatre, interactive performance, aerial work, sculpture, music and sound.

The Underbelly Arts Festival attracted close to 3,000 attendees. This was a significant increase in numbers from previous Underbelly festivals, and the Underbelly team believed that staging the event at Cockatoo Island was a key factor in boosting audience numbers. Half the attendees were in the 18–35 year age bracket.

Installation and performance works

Crossing the bridge of dreams

In a unique collaboration in August 2011, renowned Australian sculptor, Ken Unsworth, his long-term creative partners Australian Dance Artists, and composer Jonathan Cooper, presented a major installation-performance work *As I Crossed the Bridge of Dreams* on Cockatoo Island.

The artists transformed Building 138 of the Industrial Precinct into an elaborate set for invited guests on 11 and 12 August 2011. Dancers performed to Cooper's musical compositions, accompanied by soprano Nadia Piave, cellist Julian Thompson and Cooper on piano. The set and video of the event were open for public viewing on the island from 13 to 28 August. Piano-playing visitors were invited to perform a piece of their choice on the on-set piano. These impromptu performances were filmed and edited in a final documentary.

From jazz to funk

Cockatoo Calling music residency project brought music from jazz and choral to roots and funk to the island. The event attracted top musicians and composers including Tony Gorman, Sandy Evans and the Song Company. Curated by Joanne Kee, Project Director from Places and Spaces, the residency comprised talks, workshops, public performances and open rehearsals.



Education programs

Education and family visits to Cockatoo Island totalled 9,458 in 212 groups, an increase of 83%. Almost a quarter of visitors - 2,316 participants in 70 groups - came as part of the successful Outpost education program, which provided opportunities for students and young people to connect with Outpost's artists and artworks through a range of programs including tours, workshops, interactive projects, camping packages and competitions. Seven schools from metropolitan Sydney, regional NSW and the ACT enjoyed the Outpost camping packages.

A team of 12 core educators and 12 Outpost educators presented a range of education programs for the Trust.

At Cockatoo Island, visiting primary and secondary school students took part in a range of education programs that explored the island's diverse history and unique architectural legacy, while family groups continued to enjoy the Convict Clues self-guided activity trail.

At North Head Sanctuary, secondary school students and teachers participated in the biophysical interactions program while the self-guided North Head Nature Hunt activity trail and Kids Discovery Room remained popular with visitors to the sanctuary.

Trust rangers

With their high public visibility, our eight rangers are Trust ambassadors. Their roles vary from enforcing Trust regulations to providing information to visitors about Trust sites. Rangers assist with events and site presentations, attend to emergencies when called, and chauffeur people with disabilities or the elderly around the sites.

The Trust's rangers regularly patrol Cockatoo Island, North Head Sanctuary and Headland Park. Our rangers also monitor Woolwich Dock, Macquarie Lightstation the Marine Biological Station and Snapper Island.

Volunteers

Our volunteers contributed over 18,800 hours to the Trust during 2011-12. With Outpost attracting many new volunteers, our overall program grew to 344 volunteers - an increase of 67%.

Volunteers continued to staff the visitor centres at Cockatoo Island and North Head Sanctuary, help out on Trust events, work on heritage restoration projects, and maintain gardens and natural landscape at both sites.

Aside from regular duties, volunteer information sessions and social outings remained an important part of the Harbour Trust volunteer experience. In 2011-12, volunteers met regularly on the different sites to receive information, make comments and have their input into the Trust's operations.

Guided tours and presentations

Guided tours led by volunteers ran at North Head Sanctuary, North Fort and Headland Park, while open days were held at Macquarie Lightstation and the former Marine Biological Station.

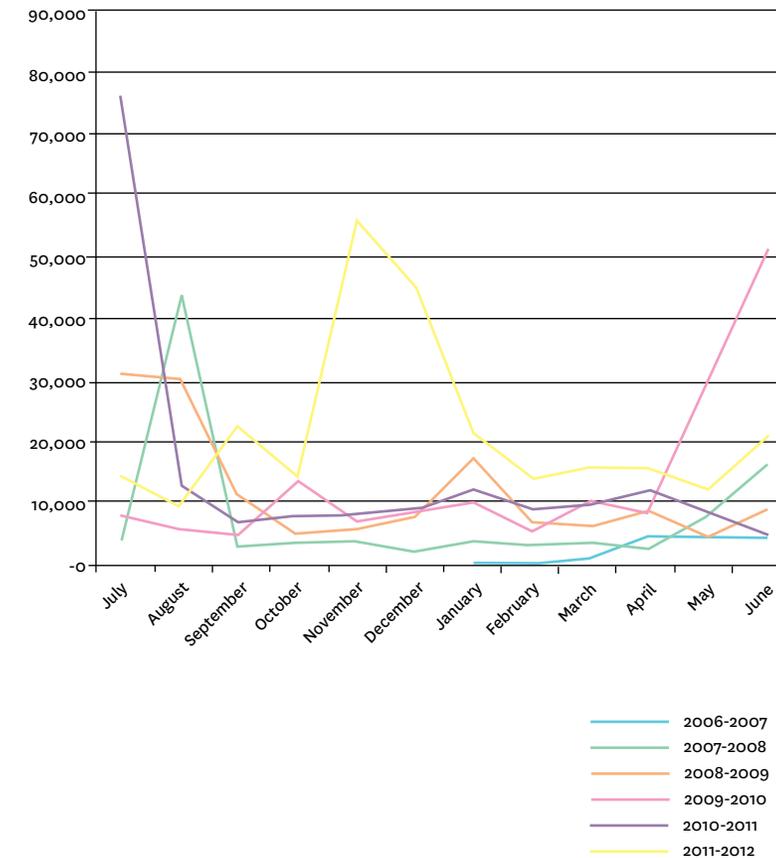
Volunteer speakers presented talks about the Trust and its sites to 69 community organisations.

Volunteer restoration teams and gardeners

The Cockatoo Island heritage volunteer restoration team continued its work on a number of projects. These include restoring an electric crane and steam crane, and installing new veranda columns at Biloela House. At North Fort, our heritage restoration volunteer team successfully restored two WWII searchlights and a Studebaker truck. The Cockatoo Island gardeners continued to plant and maintain the gardens around the island, and a volunteer Reception Assistant works at the Trust office one day a week.

Cockatoo Island visitation numbers FY 2006 to 2012

	July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June	TOTAL
2006/2007							329	361	935	4,131	4,844	4,345	14,945
2007/2008	4,258	43,963	3,350	3,976	3,789	2,481	4,056	3,466	3,717	3,055	8,220	16,535	100,866
2008/2009	31,077	30,448	11,498	5,045	6,081	8,068	17,517	6,876	6,618	8,857	4,976	9,138	146,199
2009/2010	8,028	5,882	5,279	13,925	7,392	9,138	10,393	5,901	10,414	9,028	28,868	51,324	165,572
2010/2011	76,381	13,018	7,204	8,366	8,505	9,204	12,265	9,004	10,093	12,273	8,767	5,413	180,493
2011/2012	14,459	9,543	22,836	14,635	55,941	45,138	21,405	14,093	15,563	15,693	12,044	20,730	262,080



3 | Financial Sustainability

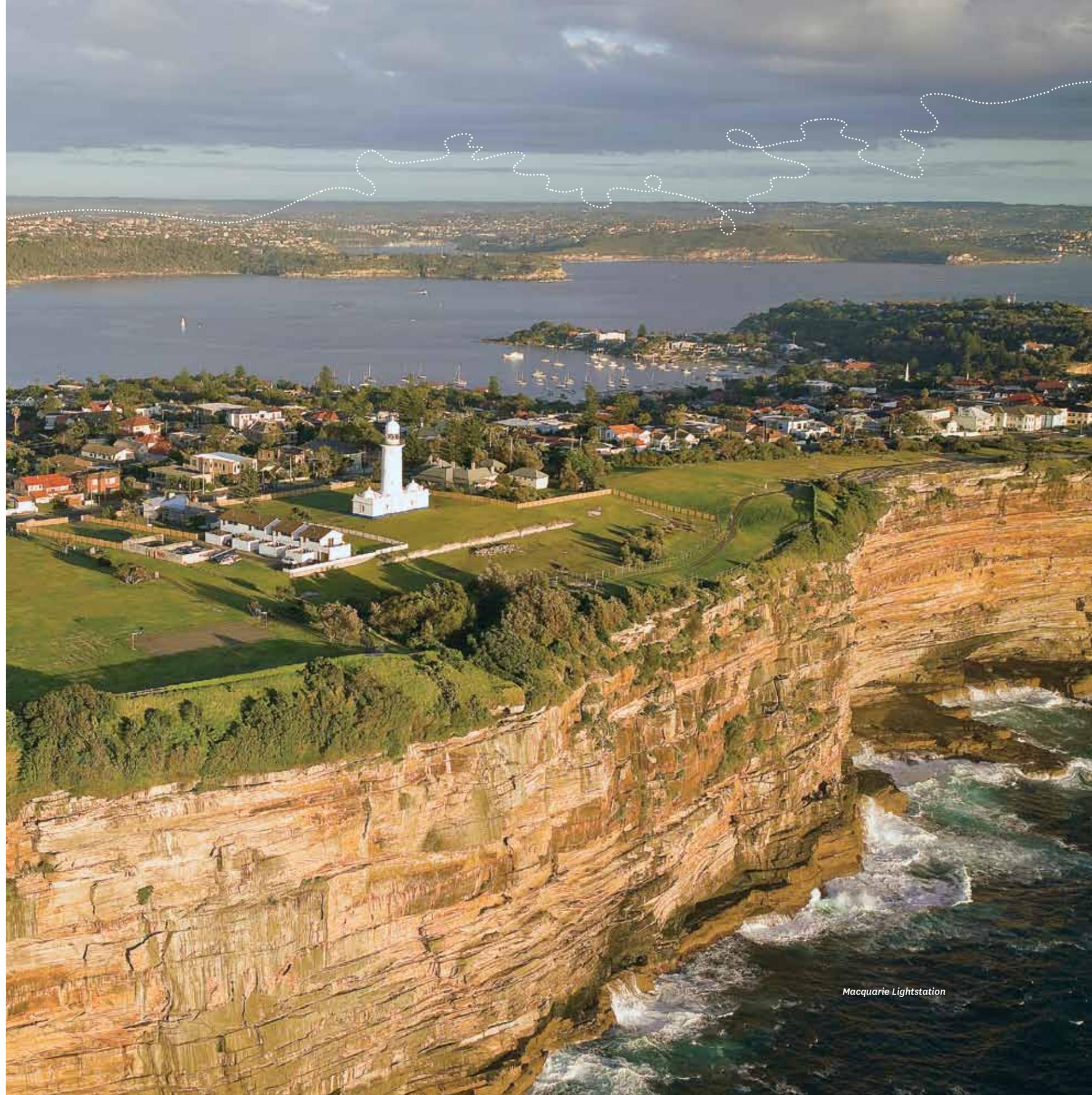
Business development, leasing and accommodation

Performance indicators

- Business development initiatives generate revenue.
- Leasing, and licensing of buildings and facilities are consistent with the Trust's Comprehensive Plan and Portfolio Budget Statement outcomes.
- Leasing, licensing, food and beverage, campground and residential accommodation revenue increase is consistent with Portfolio Budget Statement outcomes.

2011–12 snapshot

As a fully self-funding government agency, the long-term financial sustainability of the Trust is based on our capacity to create and establish strong and varied sources of ongoing revenue generation. The organisation's recent focus on increasing visitation to our sites and raising our public profile has had a positive flow-on effect on our business development, event hire and accommodation activity. The Outpost street art festival enabled the Trust to establish new long-term partnerships with key commercial, arts, tourism and events-related organisations. The Trust's venue hire revenue in 2011–12 was the highest in our organisation's history while our accommodation portfolio generated increased income from the previous financial year. The Trust's leasing division continued to perform strongly in a challenging commercial property environment.



Macquarie Lightstation



Pernod Ricard event;
Ford 'Event of The Year' product
launch, Cockatoo Island

Commercial venue-hire clients in 2011-12:

- Allianz
- PriceWaterhouseCoopers
- Google
- Pernod Ricard
- Stockland
- Swiss Re
- David Jones
- Warner Music
- Volkswagen
- Coca-Cola Amatil
- Stihl.

Food and beverage

In 2011-12, the Trust identified potential opportunities for developing a new range of food and beverage outlets on Cockatoo Island to meet the demands of visitation growth. The success of the Island Bar, which opened in 2011, proved that Cockatoo Island could be a destination point for appealing food and beverage experiences.

A Food and Beverage Consultant joined the organisation to develop a food and beverage strategy for Cockatoo Island. This strategy incorporates visitor trends and insights from large-scale programs and will be implemented in 2012-13. The creation of a range of pop-up eateries for the 2012 Biennale of Sydney proved to be an invaluable trial-run in developing this strategy.

Commercial partners

As a result of the Outpost street art festival, 13 commercial partners brought their brand and reputation to support this inaugural event. These partners contributed cash donations, products, and marketing and advertising support. Partners included well-known international brands such as Microsoft, Pernod Ricard and JCDcaux and the highly visible Australian brands Triple J, SBS, Little Creatures, Art Series Hotels, Ironlak, Innocent Bystander and Avant Card. In addition, Outpost enabled the Trust to form partnerships with key arts, tourism and events-related organisations including Tourism Australia, Destination NSW, Events NSW, Sydney Ferries and the Sydney Festival.

Business development

Commercial venue hire

The Trust managed commercial venue hire across all eight sites in 2011-12. Our stronger marketing activity attracted high-profile commercial clients and generated our largest-ever income from venue hire.

A record year

In 2011-12, the Trust invested in improving marketing and communications, streamlining processes and procedures, and offering complimentary products and services. This investment led to total revenue of \$522,410 from venue hire (as at 26 June 2012) - an increase of 60% from the previous year, and the highest result since beginning our venue-hire services in 2005.

A total of 151 venue-hire events took place throughout the year, bringing 27,010 visitors to Trust sites for these events. More than 360 days of complimentary venue hire for community, cultural and charitable use were donated by the Trust.

Media licensing profile

Cockatoo Island and North Head Sanctuary both featured prominently in Australian television series. The reality television program *The Biggest Loser* returned to our North Head Sanctuary site for a fourth season with viewers for this popular show, often exceeding 1 million people per episode. *Australia's Next Top Model* used Cockatoo Island as a scenic backdrop, and Macquarie Lightstation was a destination in *The Amazing Race Australia* for one of the show's challenges.

The Trust worked closely with the producers to ensure that Trust sites were appropriately and sensitively featured.

Red Bull X-Fighters 2011 International Freestyle Motocross Grand Final

On 17 September 2011, the Trust successfully hosted the world's biggest and most respected freestyle motocross competition on Cockatoo Island. More than 6,000 tonnes of soil were transported to Cockatoo Island to build a temporary motocross stadium for the event.

Record spectator numbers

This was the first time the major international event had come to Australia and it attracted a record 11,000 spectators. Over half of those attending travelled from regional NSW and interstate for the event.

New transport plan for major events

The Trust also worked with the event

organiser to develop a staggered ticketing plan with Sydney Ferries and other transport partners to handle the day's record visitation. This transport plan will also be used for handling future major events on the island.

Red Bull to return in 2012-13

The Red Bull X-Fighters International Freestyle Motocross Grand Final will return to Cockatoo Island on 6 October 2012. This is the first time in the event's 10-year history that Red Bull has used the same location twice.



Leasing

Ongoing uncertainty beset the Sydney property market with above-average vacancy rates being particularly experienced in North Sydney during the 2011–12 financial year. In a market where commercial tenants have the advantage of wide choice and heavily incentivised lease terms, the Trust's heritage portfolio performed well.

While the Trust had to be responsive to the market, tenants continued to recognise the high quality of the Trust's refurbished properties and the appeal of their natural settings.

Strong rentals at Georges Heights and Mosman

Vacancy rates at Georges Heights remained low. Although there was an increase in tenancy turnover as a natural result of leases expiring, our key tenants continued to renew their leases. The Trust also continued to benefit from a strong level of referrals from existing Mosman tenants.

Refurbishments at Middle Head

In late 2011 the Trust finished refurbishing the former Australian School of Pacific Administration. Initial interest in the site was encouraging, with 18 of 22 spaces leased within five months.

Events venue and research facilities at Chowder Bay

Chowder Bay was fully leased throughout 2011–12, with the Sergeants' Mess function centre proving a popular wedding and conference venue in its second year of trading.

Works were finished at the Sydney Institute of Marine Science's new laboratories, research and education facilities at Chowder Bay.

Maritime and arts businesses on Cockatoo Island

In May 2012, the Trust sought expressions of interest for maritime-related businesses to lease the Docks Precinct on Cockatoo Island. We are now negotiating with shortlisted applicants, and will be excited to see the return of maritime industry to the island in 2012–13.

Our expanded cultural and events program is likely to increase leasing enquiries on Cockatoo Island in 2012–13, particularly in the creative and arts fields. We expect demand to continue for flexible studio and office spaces.

Health and wellbeing businesses at North Head Sanctuary

To complement the site's natural values, the Trust targeted tenancies related to mental and physical health and wellbeing, environmental education and research, and visitor and community services. So far, we have achieved a great mix of these uses, including two tertiary providers and a range of health practitioners offering counselling, massage therapy, speech pathology, psychology and exercise physiology.

After completing refurbishments in 2011, the Trust welcomed the operators of the Bella Vista Café to North Fort.

After an extensive selection process, Headland Montessori was chosen to refurbish and manage a 76-place childcare centre at North Head Sanctuary. Works are under way, with the centre expecting to open in January 2013.

The Trust's residential portfolio of 47 houses including two properties under the Trust's community leasing policy (the Manly Women's Shelter and a respite care centre for the Schizophrenia Fellowship of New South Wales) is fully leased. When vacancies permitted, the Trust carried out renovation works.

Accommodation

The Trust's accommodation portfolio now comprises the three Harbour View Apartments (two two-bedroom units and a one-bedroom apartment) and the two four-bedroom Heritage Holiday Houses on Cockatoo Island, the two three-bedroom naval cottages at Headland Park and the Cockatoo Island campground.

In 2011–12, our accommodation offerings generated over \$590,000 in revenue, an increase of almost 50% from the previous financial year. This was largely driven by licensing income from the exclusive corporate hire of Cockatoo Island accommodation, a slight reduction in overall operating costs and the fact that it was the first full financial year of operation for the Headland Park naval cottages.

Rental Property, Georges Heights



4 | Operations

Corporate governance

The Executive Director manages the Trust's affairs subject to the Trust's directions and in line with Trust policies.

Trustees' meetings

There were seven meetings of the Trust in the 2011–12 financial year. Members attended as follows:

Name	Meetings attended	Appointment Date
Ms A Tinney, Chair	7	
Mr R Jeffs	7	
The Hon L McLeay	6	
Dr E Heiss	6	Appointment expired 23 May 2012.
Cr E McCaffery	5	Appointment expired 23 May 2012.
Mr P Lowry OAM	4	Appointed to Board on 6 December 2011.
Ms S Hook	3	Appointed to Board on 6 December 2011.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee:

- assists the Trust to comply with its statutory obligations
- provides a forum for communications between the Trust, the Executive Director, senior managers and internal and external auditors.

Aerial view of Middle Head



The Bolt Wharf, Outpost, Cockatoo Island; Staff in the Georges Heights offices; Stone masons commence reconstruction after excavation of convict cells, Cockatoo Island

The committee also oversees:

- effective identification and management of risks
- reliable financial and management reporting
- compliance with applicable laws and regulations
- maintenance of an effective and efficient audit service
- effective fraud prevention and control measures.

There were three meetings of the Audit, Risk and Compliance Committee (formerly the Audit and Risk Management Committee) during the 2011–12 financial year with members attending as follows:

Name	Position	Meetings attended
Mr R Jeffs	Chair	3
Ms A Tinney	Acting Chair	3
Mr P Hinchey		3
Mr R Butterworth		3

Community Advisory Committee

See Appendix 2 for a list of Community Advisory Committee members for each of the Trust's sites.

Tender Review Committee

The Tender Review Committee considers tenders estimated to be in excess of \$80,000. It reviewed two tenders during the 2011–12 financial year. The two tenders related to the resurfacing of the Convict Precinct Courtyard at Cockatoo Island and the remediation of the camouflage fuel tanks at Georges Heights, Mosman.

Fraud control

The Trust uses appropriate fraud risk assessment and control mechanisms including a fraud control plan, fraud awareness training, independent audits of key functions, adhering to a strict Code of Conduct and minimising the use of credit cards.

These are in line with the Commonwealth Fraud Control Guidelines and are overseen by the Trust's Audit, Risk and Compliance Committee.

Indemnities and insurance

The Trust took out directors' and officers' liability insurance with our insurers, Comcover, for the 2011–12 period.

The Trust did not provide any indemnities to directors or officers for liabilities or claims against them in 2011–12.

Financial summary

The Trust completed the 2011–12 financial year in a sound position and returned an operating surplus. This result is due to improved revenue from our leasing portfolio, licensing activities and the accommodation business.

As a result of the strategic expansion in the Trust's marketing activities and the inaugural Outpost street art festival, the Trust's expenses increased in the year reported. These were successful initiatives that will attract future funding and enable us to reinvest in Trust assets and facilities. They also helped optimise the visitor experience on our sites.

Key financial performances

The following operational areas performed above our expectations in 2011–12:

- overall operating surplus of \$1.261 million
- commercial leasing income increasing by \$1.032 million in 2011–12
- residential rental income increased \$0.181 million
- improvements in the Trust's bush regeneration and site maintenance activities
- significant increase in program and content management funding leading to improved visitor experiences and numbers at Trust sites.

Where practicable, the Trust uses energy efficient, environmentally friendly, recycled and recyclable products or services. During the year reported, we continued to use 100% green energy in the Mosman offices, large solar panels at Cockatoo Island and North Head, and energy efficient and low emission vehicles. The Trust also installed the latest computer and network devices, resulting in an approximately 30% reduction in power usage compared to previous devices.

Purchasing

The Trust's guidelines and financial instructions for purchasing goods and services are in line with the Commonwealth Procurement Guidelines.



Tendering and contracting

The Trust engaged 84 consultants with a total value of \$1,143,975 to provide specialist advice on:

- legal matters
- planning
- business matters
- community consultation
- archaeology
- conservation
- design
- environmental, finance, and risk management
- historical research and interpretation
- communications
- other technical aspects relating to the sites.

The unique and heritage nature of the sites, buildings and equipment demand a wide variety of highly specialised skills that are not freely available with our existing staff. We engage specialist consultants for these roles.

Human resources

Staffing

Trust staff is engaged under section 48 of the *Sydney Harbour Federation Trust Act 2001*.

Staff is engaged under the Trust's Enterprise Agreement of 2009 on terms similar to those in public sector certified agreements. The Trust's staffing level for the year was 55, comprising 45 full-time, six part-time. A total of 14 staff left the Trust during the reporting period.

Staff training

Training sessions or workshops involving all or significant numbers of Trust staff were held for:

- white card (construction)
- first aid
- boat licences
- responsible service of alcohol
- fire Warden training
- indemnities
- office software training (various).

Access and safety

Risk assessment and management

Risk assessment and management is an integral part of all new Trust projects and events. The Trust has begun reviewing the current Risk Management Policy, guidelines, processes and Business Continuity Plan to reflect the changing nature of the Trust's roles and functions.

Workplace health and safety

Our Workplace Health & Safety Committee monitors workplace health and safety within the Trust. During the year reported, the committee oversaw:

- first-aid training for staff, volunteers and consultants where required
- site safety inspections
- risk assessments for all significant events
- hazardous materials reassessment for Cockatoo Island.

There were 48 recorded workplace health and safety incidents in 2011–12, three of which were compensable injuries. This was an increase since 2010–11, when we had 28 incidents. The increase is due to the larger number and scale of events on Trust sites including the Red Bull event and Outpost festival and generally increased visitor numbers to the various sites as a result of increased marketing and awareness.

The Trust reviewed all incident reports to identify and implement preventative action. The Trust also ran a number of internal information sessions on the new *Work Health and Safety Act 2011* and commenced review of the systems used for managing these new obligations.

Providing Access to People with Disabilities

The Trust continued to implement the National Disability Strategy.

Judicial decisions and reviews by outside bodies

There were no judicial decisions or decisions of other administrative appeals tribunals that have had a significant impact on the operations of the Trust.

There were no reports on the operations of the Trust by the Auditor-General (other than the report on financial statements), or reports by a parliamentary committee.

Ministerial directions

The *Sydney Harbour Federation Trust Act 2001* requires that the Annual Report must include 'the text of all directions, and reasons for the directions, given by the Minister to the Trust under section 9 during the period to which the report relates'. There were no ministerial directions given to the Trust during the reporting period.

For the purposes of the *Commonwealth Authorities and Companies Act 1997 (paragraph 16 (1) (c))*, the Trust provided a Compliance Report to the Minister and the Finance Minister for the reporting period.

Classification	Male	Female	Full-time	Part-time	Ongoing	Non-ongoing	Casual
Executive Director	1	0	1	0	0	1	0
Senior Executive	5	3	7	1	6	2	0
EL2	4	4	7	1	3	5	0
EL1	2	3	5	0	2	3	0
L6	2	2	3	1	2	2	0
L5	4	5	8	1	3	6	0
L4	6	3	8	1	1	8	0
L3	4	3	6	1	0	7	0
L1-2	0	0	0	0	0	0	0
Total	28	23	45	6	17	34	0

5 | Independent Audit Report

To the Minister for Sustainability, Environment, Water, Population and Communities

Report on the Financial Statements

I have audited the accompanying financial statements of Sydney Harbour Federation Trust (the 'Trust') for the year ended 30 June 2012, which comprise: a Statement by Members, Executive Director and Chief Financial Officer, the Statement of Comprehensive Income, the Balance, Statement of Changes in Equity, Cash Flow Statement, Schedule of Commitments, Schedule of Contingencies, and Notes to the Financial Statements comprising a Summary of Significant Accounting Policies and other explanatory information.

The Members' Responsibility for the Financial Statements

The members of the Sydney Harbour Trust are responsible for the preparation of the financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

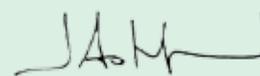
In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Sydney Harbour Federation Trust:

- a) Have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards; and
- b) Give a true and fair view of the matters required by the Finance Minister's Orders including the Sydney Harbour Federation Trust's financial position as at 30 June 2012 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office



Jocelyn Ashford
Executive Director
Delegate of the Auditor-General
Canberra
11 September 2012

Sydney Harbour Federation Trust Statement by Members, Executive Director and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2012 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, as amended.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Sydney Harbour Federation Trust will be able to pay its debts as and when they become due and payable.

This Statement is made in accordance with a resolution of the members.



Anthea Tinney
Chairperson



Geoff Bailey
Executive Director



Susan Culverston
Chief Financial Officer

Statement Of Comprehensive Income

for the year ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
EXPENSES			
Employee benefits	3A	5,702	5,224
Supplier	3B	8,942	5,510
Depreciation and amortisation	3C	2,028	1,723
Write-down and impairment of assets	3D	12	20
Total expenses		16,684	12,477
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	2,047	1,764
Fees and fines	4B	158	193
Interest	4C	4,350	4,473
Rental income	4D	10,508	9,206
Other revenue	4E	877	721
Total own-source revenue		17,940	16,357
Gains			
Sale of assets	4E	5	-
Total gains		5	-
Total own-source income		17,945	16,357
Net (contribution by) services		(1,261)	(3,880)
Surplus		1,261	3,880
OTHER COMPREHENSIVE INCOME			
Other comprehensive income		-	-
Total other comprehensive income		-	-
Total comprehensive income		1,261	3,880

The above statement should be read in conjunction with the accompanying notes.

Balance Sheet

as at 30 June 2012

	Notes	2012 \$'000	2011 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	13,785	9,625
Investments	5B	66,770	71,835
Trade and other receivables	5C	849	714
Total financial assets		81,404	82,174
Non-Financial Assets			
Land and buildings	6A	248,365	239,975
Infrastructure, plant and equipment	6B	12,202	11,417
Heritage and collections	6C	32,005	38,593
Intangibles	6E	87	124
Inventories	6F	54	51
Other non-financial assets	6G	159	175
Total non-financial assets		292,872	290,335
Total Assets		374,276	372,509
LIABILITIES			
Payables			
Suppliers	7A	2,904	1,948
Other payables	7B	3,530	3,989
Total payables		6,434	5,937
Provisions			
Employee provisions	8A	1,225	1,061
Other provisions	8B	34,793	33,948
Total provisions		36,018	36,009
Total Liabilities		42,452	41,946
Net Assets		331,824	330,563
EQUITY			
Contributed equity		257,735	257,735
Reserves		60,149	60,149
Retained surplus		13,940	12,679
Total Equity		331,824	330,563

The above statement should be read in conjunction with the accompanying notes.

Statement Of Changes In Equity

for the year ended 30 June 2012

	Retained Surplus		Asset Revaluation Reserve		Contributed Equity		Total Equity	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Opening balance								
Balance carried forward from previous year	12,679	8,798	60,149	60,149	257,735	275,735	330,563	326,682
Adjustment for rounding errors prior year	-	1	-	-	-	-	-	1
Adjusted opening balance	12,679	8,799	60,149	60,149	257,735	257,735	330,563	326,683
Comprehensive income								
Other comprehensive income	-	-	-	-	-	-	-	-
Surplus for the year	1,261	3,880	-	-	-	-	1,261	3,880
Total comprehensive income	1,261	3,880	-	-	-	-	1,261	3,880
Closing balance as at 30 June	13,940	12,679	60,149	60,149	257,735	257,735	331,824	330,563

The above statement should be read in conjunction with the accompanying notes.

Cash Flow Statement

for the year ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
OPERATING ACTIVITIES			
Cash received			
Sales of goods and services rendered		2,820	2,103
Rent		11,625	10,819
Interest		737	647
Other		224	727
Total cash received		15,406	14,296
Cash used			
Employees		(5,667)	(5,112)
Suppliers		(8,070)	(6,466)
Net GST paid		(1,734)	(1,731)
Total cash used		(15,471)	(13,309)
Net cash (used by)/from operating activities	9	(65)	987
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of assets		5	-
Investments		157,583	93,396
Total cash received		157,588	93,396
Cash used			
Investments		(148,879)	(95,000)
Purchase of property, plant and equipment		(10,484)	(16,608)
Total cash used		(159,363)	(111,608)
Net cash used by investing activities		(1,775)	(18,212)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		6,000	10,000
Total cash received		6,000	10,000
Net cash from financing activities			
Net increase (decrease) in cash held		4,160	(7,225)
Cash and cash equivalents at the beginning of the reporting period		9,625	16,850
Cash and cash equivalents at the end of the reporting period	5A	13,785	9,625

The above statement should be read in conjunction with the accompanying notes.

Schedule Of Commitments

as at 30 June 2012

	2012 \$'000	2011 \$'000
BY TYPE		
Commitments receivable		
Lease rental income ⁴	(38,358)	(37,819)
Total commitments receivable	<u>(38,358)</u>	<u>(37,819)</u>
Commitments payable		
Net GST Payable on commitments	180	2,881
Total net GST commitments payable	<u>180</u>	<u>2,881</u>
Capital commitments		
Project commitments ¹	34,607	4,953
Total capital commitments	<u>34,607</u>	<u>4,953</u>
Other commitments		
Operating leases ²	42	2
Other commitments ³	1,784	1,159
Total other commitments	<u>1,826</u>	<u>1,161</u>
Net commitments by type	<u>1,745</u>	<u>(28,824)</u>
BY MATURITY		
Other commitments receivable		
One year or less	(6,937)	(5,838)
From one to five years	(12,919)	(12,088)
Over five years	(18,502)	(19,893)
Total other commitments receivable ⁴	<u>(38,358)</u>	<u>37,819</u>
Commitments payable		
Net GST commitments		
One year or less	(2,676)	(26)
From one to five years	1,174	1,099
Over five years	1,682	1,808
Total net GST commitments	<u>180</u>	<u>2,881</u>
Capital commitments		
One year or less	23,000	4,953
From one to five years	11,607	-
Total capital commitments	<u>34,607</u>	<u>4,953</u>
Operating lease commitments		
One year or less	21	2
From one to five years	21	-
Total operating lease commitments	<u>42</u>	<u>2</u>
Other commitments		
One year or less	1,784	1,159
Total other commitments	<u>1,784</u>	<u>1,159</u>
Net Commitments by Maturity	<u>(1,745)</u>	<u>(28,824)</u>

NB: Commitments are GST inclusive where relevant.

Notes:

¹ Project commitments comprise contracts for rehabilitation and conservation works at Trust sites.

² Operating leases are motor vehicle leases. No contingent rentals exist.

³ Other commitments are amounts payable under supply contracts.

⁴ Commitments receivable consists of tenant lease payments due from the leasing of Trust buildings, plus GST receivable.

The above schedule should be read in conjunction with the accompanying notes.



Schedule Of Contingencies

as at 30 June 2012

There were no contingent assets or liabilities required to be disclosed as at 30 June 2012 (2011 - Nil).

Content of the Notes to the Financial Statements

- Note 1:** Summary of Significant Accounting Policies
- Note 2:** Events After the Reporting Period
- Note 3:** Expenses
- Note 4:** Income
- Note 5:** Financial Assets
- Note 6:** Non-Financial Assets
- Note 7:** Payables
- Note 8:** Provisions
- Note 9:** Cash Flow Reconciliation
- Note 10:** Members' Remuneration
- Note 11:** Remuneration of Senior Executives
- Note 12:** Remuneration of Auditors
- Note 13:** Financial Instruments
- Note 14:** Reporting of Outcomes
- Note 15:** Sydney Harbour Conservancy

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of Sydney Harbour Federation Trust (the "Trust" or "SHFT")

The Trust is an Australian Government controlled entity. The Trust is structured to meet one outcome:

Outcome 1: Enhanced appreciation and understanding of the natural and cultural values of Sydney for all visitors, through the remediation, conservation and adaptive re-use of, and access to, Trust lands on Sydney Harbour.

The continued existence of the Trust in its present form and with its present programs is dependent on Government policy.

1.2 Basis of Preparation of the Financial Statements

The financial statements are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* and are General Purpose Financial Statements.

The financial statements have been prepared in accordance with:

- Finance Minister's Orders (or FMOs) for reporting periods ending on or after 1 July 2011; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an Accounting Standard or the FMOs, assets and liabilities are recognised in the balance sheet when and only when, it is probable that future economic benefits will flow to the Trust or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an Accounting Standard.

Liabilities and assets that are unrecognised are reported in the schedule of commitments or the schedule of contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the statement of comprehensive income when, and only when, the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

Consolidation and associated company

The financial statements show information for the economic entity only; this reflects the consolidated results for the parent entity, the Sydney Harbour Federation Trust, and its wholly-owned controlled entity, Sydney Harbour Conservancy. The results of the parent entity do not differ materially from the economic entity and have therefore not been separately disclosed. The Sydney Harbour Conservancy is a Trust for which the Sydney Harbour Conservancy Limited (company limited by guarantee) is Trustee (refer to Note 15 for further details).

The accounting policies of the Sydney Harbour Conservancy are consistent with those of the Trust and its assets, liabilities and results have been consolidated with the parent entity accounts in accordance with the Accounting Standards. All internal transactions and balances have been eliminated on consolidation.

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Trust has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- The fair value of land has been taken to be the market value of similar properties as determined by an independent valuer. Buildings have been valued using depreciable replacement cost and therefore the valuer has provided an estimate with respect to the replacement cost.
- A provision for decontamination works at HMAS *Platypus* has been reflected in the Trust's balance sheet. The value of the provision in the balance sheet is based on funds provided by the Department of Defence to complete the works (including an additional \$6,000,000 (excluding GST) of funding provided by Defence in 2011-12). At the time of these statements the major remediation contract had been signed to complete the stage 2 works. Due to the nature of below ground remediation the full value of the works will not be known until a considerable part of the stage 2 works has been completed. The Trust is estimating that the full funding for the remediation

provided by the Department of Defence will be required to complete the agreed remediation works.

- The provision held for doubtful debts is based on overdue receivables greater than 90 days where an arrears agreement has not been finalised or where it has been assessed that the debt is unlikely to be recovered.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next reporting period.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. No new accounting standards, amendments to standards and interpretations issued by the Australian Accounting Standards Board that are applicable in the current period have had a material financial impact on the Trust.

Future Australian Accounting Standard Requirements

New standards, amendments to standards, and interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements, when effective, will have no material financial impact on future reporting periods, with the exception of AASB 1053 Application of tiers of Australian Accounting Standards. At reporting date, no decision had been made by the Department of Finance and Deregulation on whether and when to adopt.

1.5 Revenue

Revenue from the sale of goods is recognised when:

- The risks and rewards of ownership have been transferred to the buyer;
- The authority retains no managerial involvement nor effective control over the goods;
- The revenue and transaction costs incurred can be reliably measured; and
- It is probable that the economic benefits associated with the transaction will flow to the Trust.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- The amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- The probable economic benefits associated with the transaction will flow to the Trust.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method as set out in AASB 139

Financial Instruments: Recognition and Measurement.

Rental Income

Rental revenue for operating leases is recognised on a straight line basis over the term of the lease, except when an alternative basis is more representative of the pattern of service rendered through the provision of the leased premises. Lease incentives offered under operating leases are amortised on a straight line basis in the profit or loss.

1.6 Gains

Sale of Assets

Gains from disposal of non-current assets are recognised when control of the asset has passed to the buyer.

1.7 Employee Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of the reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting. The average sick leave taken in future years by employees of the Trust is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the Trust's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The Trust recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

Certain employees of the Trust are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS Accumulation Plan (PSSap).

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance and Deregulation's administered schedules and notes.

The Trust makes employer contributions to the employee superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government.

Employer superannuation contributions for employees who are not members of the CSS or PSS are expensed in the financial statements. There is no residual liability in respect of these contributions. The Trust accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

1.8 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

The Trust has no finance leases, and operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

1.9 Cash

Cash and cash equivalents include cash on hand and demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

1.10 Financial Assets

The Trust classifies its financial assets in the following categories:

- 'held to maturity investments'; and
- 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon 'trade date'.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial asset, or, where appropriate, a shorter period.

Income from investments is recognised on an effective interest rate basis.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Trust has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. The Trust has no loans. Receivables are included in current assets. Receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for impairment at each reporting period.

Financial assets held at amortised cost - if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

1.11 Financial Liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. Financial liabilities are recognised and derecognised upon trade date.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.12 Contingent Liabilities and Contingent Assets

Contingent Liabilities and Contingent Assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

1.13 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor authority's accounts immediately prior to the restructuring.

1.14 Infrastructure, Plant and Equipment

Asset Recognition Threshold

Purchases of infrastructure, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$2,000, which are expensed in the year of acquisition other than where they form part of a group of similar items which are significant in total.

Fair Value & Revaluations

Fair value for each class of asset equals the total of the most recent revalued amounts and capital expenditure at cost subsequent to the last valuation.

Fair values of each class of asset are determined as shown below:

Asset Class	Fair value measured at
Land	Market appraisal
Buildings exc. Leasehold improvements	Depreciated replacement cost
Leasehold improvements	Depreciated replacement cost
Infrastructure, plant and equipment	Depreciated replacement cost
Heritage and cultural assets	Market appraisal

Following initial recognition at cost, infrastructure, plant and equipment are carried at fair value less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable infrastructure, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Trust using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2012	2011
Buildings on freehold land	10 to 125 years	10 to 125 years
Infrastructure	10 to 50 years	10 to 50 years
Plant and equipment	3 to 20 years	3 to 20 years

Impairment

All assets were assessed for impairment at 30 June 2012. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Trust were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of infrastructure, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Heritage and Cultural Assets

The Trust owns and manages buildings, monuments and structures that have significant heritage and cultural value (with an aggregated fair value of \$32.005m (2011: \$38.593m)). The Trust has classified them as heritage and cultural assets as they were primarily used for purposes that relate to their cultural significance. The Trust has adopted appropriate curatorial and preservation policies for these heritage assets

and the items are deemed to have indefinite useful lives and hence are not depreciated. The Trust's curatorial and preservation policies are publicly available within the Trust's Management Plans at <http://www.harbourtrust.gov.au/about-us/planning/management-plans/index.html>.

1.15 Intangibles

The Trust's intangibles comprise software purchased externally for internal use. These assets are carried at cost less accumulated amortisation and impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Trust's software is 3 to 5 years (2010-11: 3 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2012.

1.16 Inventories

Inventories held for sale are valued at the lower of cost and net realisable value and consist of externally produced clothing, merchandise and publications.

Inventories acquired at no cost or nominal consideration are initially measured at current replacement cost at the date of acquisition.

1.17 Taxation

The Trust is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

Note 2: Events After the Reporting Period

Section 21 of the *Sydney Harbour Federation Trust Act 2001* provides for the Minister for Sustainability, Environment, Water, Population and Communities to specify that other harbour land that is a Commonwealth place is to vest in the Trust. As at the reporting date the Minister was proposing that Snapper Island vest in the Trust.

At the time of this report, vesting of Snapper Island had not occurred.

There are no other events that have occurred after the reporting period that would have an effect on the Trust's 2011-12 financial statements other than those that are already reflected in the financial statements.

Note 3: Expenses

	2012 \$'000	2011 \$'000
Note 3A: Employee benefits		
Wages and salaries	4,752	4,445
Superannuation	484	470
Leave and other entitlements	361	209
Separation and redundancies	81	85
Other employee costs	24	15
Total employee benefits	5,702	5,224
Note 3B: Suppliers		
Goods and services		
Corporate Overheads	951	650
Marketing, Programming & Events	3,022	764
Management of Environment	782	632
Site Maintenance & Planning	997	784
Security	696	671
Accommodation Management	518	483
Property Management	1,851	1,432
Total goods and services	8,817	5,416
Goods and services are made up of:		
Provision of goods – related entities	-	15
Provision of goods – external parties	740	1,517
Rendering of services – related entities	335	329
Rendering of services – external parties	7,742	3,555
Total goods and services	8,817	5,416
Other supplier expenses		
Operating lease rentals - external parties	33	47
Workers compensation premiums	92	47
Total other supplier expenses	125	94
Total supplier expenses	8,942	5,510

The Trust has provided resources free of charge to the Sydney Harbour Conservancy amounting to \$4,246 during the year ending 30 June 2012 (2011: \$76,447).

Note 3C: Depreciation and amortisation

	2012 \$'000	2011 \$'000
Note 3C: Depreciation and amortisation		
Depreciation:		
Infrastructure, plant and equipment Buildings	600	417
Total depreciation	1,290	1,147
Intangibles:		
Computer Software	37	44
Lease Incentives	101	115
Total amortisation	138	159
Total depreciation and amortisation	2,028	1,723
Note 3D: Write-down and impairment of assets		
Asset Write-Downs from impairment on financial assets		
	12	20
Total write-down and impairment of assets	12	20

The financial asset write-down is in relation to a provision for doubtful debts associated with the Trust's trade debtors.

Note 4: Income

	2012 \$'000	2011 \$'000
Own-Source Revenue		
Note 4A: Sale of goods and rendering of services		
Provision of goods – external parties	35	19
Rendering of services – external parties	2,012	1,745
Total sale of goods and rendering of services	2,047	1,764
Note 4B: Fees and fines		
Infringements	158	193
Total fees and fines	158	193
Note 4C: Interest		
Deposits	4,350	4,473
Total interest	4,350	4,473
Note 4D: Rental income		
Property rentals and short-term hire	10,508	9,206
Total rental income	10,508	9,206
Note 4E: Other revenue and gains		
Fees, Sponsorship & Infrastructure contribution	653	176
Grants – DSEWPAC & NSW Department of Planning	224	545
Total other revenue	877	721
Gains		
Note 4E: Sale of assets		
Infrastructure, plant and equipment		
Proceeds from sale	5	1
Carrying value of assets sold	-	(1)
Net gain from sale of assets	5	-

Note 5: Financial Assets

	2012 \$'000	2011 \$'000
Note 5A: Cash and cash equivalents		
Cash at bank	13,783	9,623
Cash on hand	2	2
Total cash	13,785	9,625
Note 5B: Investments		
Term deposits	66,770	71,835
Total investments	66,770	71,835
Cash at bank and investments include funding quarantined for the decontamination of HMAS <i>Platypus</i> (\$34.793m) and the sale of Markham Close properties (\$23.000m), as well as the Trust's ongoing capital works and capital renewal.		
Note 5C: Trade and other receivables		
Goods and services		
Goods and services related entities	-	170
Goods and services external parties	469	294
Total receivables for goods and services	469	464
Other receivables		
GST receivable from the Australian Taxation Office	260	137
Interest receivable	42	68
Other receivables	107	65
Total other receivables	409	270
Total trade and other receivables (gross)	878	734
Less impairment allowance account:		
Goods and services	(5)	(5)
Fees and fines	(24)	(15)
Total trade and other receivables (net)	849	714

All receivables are expected to be recovered in no more than 12 months.

	2012	2011
	\$'000	\$'000
Receivables are aged as follows:		
Not overdue	409	270
Overdue by:		
Less than 30 days	268	350
31 to 60 days	139	93
61 to 90 days	13	4
More than 90 days	49	17
Total trade and other receivables (gross)	878	734
The impairment allowance account is aged as follows:		
Not overdue	-	-
Overdue by:		
Less than 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	(29)	(20)
Total impairment allowance account	(29)	(20)

Receivables for Goods & Services

Credit terms are net 30 days (2011: 30 days), except for sales of property which are due on settlement.

Reconciliation of the impairment allowance account:

Movements in relation to 2012

	Goods and services	Other receivables	Total
	\$'000	\$'000	\$'000
Opening balance	(5)	(15)	(20)
Decrease recognised in net surplus	-	(9)	(9)
Closing balance	(5)	(24)	(29)

Movements in relation to 2011

	Goods and services	Other receivables	Total
	\$'000	\$'000	\$'000
Opening balance	-	-	-
Amounts written off	(5)	(15)	(20)
Closing balance	(5)	(15)	(20)

Note 6: Non-Financial Assets

Note 6A: Land and buildings

	2012	2011
	\$'000	\$'000
Freehold land		
- at fair value	176,590	173,797
- work in progress	-	1,154
Total freehold land	176,590	174,951
Buildings on freehold land:		
- at fair value	74,212	66,171
- accumulated depreciation	(2,437)	(1,147)
Total buildings on freehold land	71,775	65,024
Total land and buildings	248,365	239,975

The Trust has completed the majority of decontamination works to its current sites. The cost of the remaining decontamination and remediation works has been taken into account in arriving at the fair values. No land or buildings are expected to be sold or disposed of within the next 12 months.

Note 6B: Infrastructure, plant and equipment

	2012	2011
	\$'000	\$'000
Infrastructure, plant and equipment:		
- at cost	14,263	8,637
- work in progress	-	4,241
- accumulated depreciation	(2,061)	(1,461)
Total infrastructure, plant and equipment	12,202	11,417

No indicators of impairment were found for infrastructure, plant and equipment. No infrastructure, plant and equipment is expected to be sold or disposed of within the next 12 months.

Note 6C: Heritage and collections

	2012	2011
	\$'000	\$'000
Heritage assets:		
- at fair value	32,005	31,169
- work in progress	-	7,424
Total heritage assets	32,005	38,593

No heritage assets or collections are expected to be sold or disposed of within the next 12 months. In line with FMO guidance note 37.2 the Trust has reclassified commercially leased heritage building assets from the heritage classification to the building classification. This accounting policy change has been reflected as a \$7.730m reclassification transfer from heritage to buildings. Valuations were conducted by an independent valuer (Colliers International Consultancy and Valuation Pty Ltd) in 2010. Subsequent to this valuation the directors of the Trust deemed the valuation to be fair. All revaluations were conducted in accordance with the revaluation policy stated at Note 1.

Note 6: Non-Financial Assets

Note 6D: Analysis of infrastructure, plant, equipment and intangibles

TABLE A – Reconciliation of the opening and closing balances of infrastructure, plant, equipment and intangibles (2011-12)

	Land \$'000	Buildings on Freehold Land \$'000	Total Land & Buildings \$'000	Infrastructure, Plant & Equipment \$'000	Heritage & Collections \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2011							
Gross book value	174,951	66,171	241,122	12,878	38,593	286	292,879
Accumulated depreciation/ amortisation	-	(1,147)	(1,147)	(1,461)	-	(162)	(2,770)
Net book value 1 July 2011	174,951	65,024	239,975	11,417	38,593	124	290,109
Additions:							
By purchase	1,639	311	1,950	1,385	1,142	-	4,477
Revaluations and impairments through equity	-	-	-	-	-	-	-
Reclassification	-	7,730	7,730	-	(7,730)	-	-
Depreciation/amortisation expense	-	(1,290)	(1,290)	(600)	-	(37)	(1,927)
Net book value 30 June 2012	176,590	71,775	248,365	12,202	32,005	87	292,659
Net book value as of 30 June 2012 represented by:							
Gross book value	176,590	74,212	250,802	14,263	32,005	286	297,356
Accumulated depreciation/ amortisation	-	(2,437)	(2,437)	(2,061)	-	(199)	(4,697)
	176,590	71,775	248,365	12,202	32,005	87	292,659

TABLE A – Reconciliation of the opening and closing balances of infrastructure, plant, equipment and intangibles (2010-11)

Item	Land \$'000	Buildings on Freehold Land \$'000	Total Land & Buildings \$'000	Infrastructure, Plant & Equipment \$'000	Heritage & Collections \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2010							
Gross book value	175,369	63,020	238,389	6,419	35,377	214	280,399
Accumulated depreciation/ amortisation	-	-	-	(1,049)	-	(118)	(1,167)
Net book value 1 July 2010	175,369	63,020	238,389	5,370	35,377	96	279,232
Additions:							
By purchase	2,480	732	3,212	3,567	5,635	72	12,486
Revaluations and impairments through equity	-	-	-	-	-	-	-
Reclassification	(2,898)	2,419	(479)	2,898	(2,419)	-	-
Depreciation/amortisation expense	-	(1,147)	(1,147)	(417)	-	(44)	(1,608)
Disposals:							
Other disposals	-	-	-	(1)	-	-	(1)
Net book value 30 June 2011	174,951	65,024	239,975	11,417	38,593	124	290,109
Net book value as of 30 June 2011 represented by:							
Gross book value	174,951	66,171	241,122	12,878	38,593	286	292,879
Accumulated depreciation/ amortisation	-	(1,147)	(1,147)	(1,461)	-	(162)	(2,770)
	174,951	65,024	239,975	11,417	38,593	124	290,109

	2012	2011
	\$'000	\$'000
Note 6E: Intangible assets		
Computer software at cost:		
Externally developed – in use	286	286
Total computer software	286	286
Accumulated amortisation	(199)	(162)
Total intangibles	87	124

No intangibles are expected to be sold or disposed of within the next 12 months.
No indicators of impairment were found for intangible assets.

Note 6F: Inventories

Finished goods at cost	54	51
Total inventories	54	51

Note 6G: Other non-financial assets

Lease incentives	145	175
Prepayments	14	-
Total other non-financial assets	159	175

Other non-financial assets expected to be settled:

No more than 12 months	99	93
More than 12 months	60	82
Total other non-financial assets	159	175

Note 7: Payables

Note 7A: Suppliers

	2012	2011
	\$'000	\$'000
Trade creditors	2,409	1,302
Contract retentions	495	646
Total supplier payables	2,904	1,948

Supplier payables expected to be settled within 12 months:

External parties	2,825	1,943
Related entities	79	5
Total supplier payables	2,904	1,948

Settlement is usually made within 30 days.

Note 7B: Other Payables

Salaries and wages	148	153
Accrued expenses	97	52
Bonds and security deposits	430	363
Prepayments received	2,855	3,421
Total Other Payables	3,530	3,989

Other payables expected to be settled:

No more than 12 months	1,055	920
More than 12 months	2,475	3,069
Total Other Payables	3,530	3,989

Note 8: Provisions

	2012 \$'000	2011 \$'000
Note 8A: Employee provisions		
Leave	1,225	1,061
Total employee provisions	1,225	1,061
Employee provisions are expected to be settled in:		
No more than 12 months	973	776
More than 12 months	252	285
Total employee provisions	1,225	1,061
Note 8B: Other provisions		
Provision for remediation - Platypus	34,793	34,768
Provision for advanced grant payment - Biloela	-	180
Total other provisions	34,793	34,948
Other provisions are expected to be settled in:		
No more than 12 months	23,000	9,948
More than 12 months	11,793	25,000
Total other provisions	34,793	34,948

In accordance with the Memorandum of Understanding between the Trust and the Department of Defence signed on 5 June 2009, the Trust is entitled to claim specific decontamination costs incurred by the Trust in relation to HMAS *Platypus* from the Department of Defence.

Note 9: Cash Flow Reconciliation

	2012 \$'000	2011 \$'000
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Cash and cash equivalents as per:		
Cash Flow Statement	13,785	9,625
Balance Sheet	13,785	9,625
Difference	-	-
Reconciliation of net contribution of services to net cash from operating activities:		
Net contribution by services	1,261	3,880
Adjustments for non-cash items		
Depreciation /amortisation	2,028	1,723
Investment activity	(3,639)	(3,824)
Changes in assets/liabilities		
(Increase) / decrease in receivables	(134)	(153)
(Increase) / decrease in inventories	(3)	(13)
(Increase) / decrease in prepayments	(14)	5
Increase / (decrease) in employee provisions	164	92
Increase / (decrease) in employee payables	(5)	56
Increase / (decrease) in supplier payables	956	(965)
Increase / (decrease) in other provisions	(180)	180
Increase / (decrease) in security deposits	67	106
Increase / (decrease) in prepayments received	(566)	(100)
Net cash from / (used by) operating activities	(65)	987

Note 10: Members' Remuneration

	2012	2011
The number of non-executive members of the Trust included in these figures are shown below in the relevant remuneration bands:		
less than \$30,000	5	13
\$30,000 - \$59,999	2	-
Total number of members of the Trust	7	13

Total remuneration received or due and receivable by members of the Trust	\$176,351	\$62,112
---	-----------	----------

The Members of the Trust are appointed on a part-time basis under section 12 of the *Sydney Harbour Federation Trust Act 2001*. The Members during the year were:

Ms A M Tinney (Chair) (continuing)
 Mr R K S Jeffs (continuing)
 Clr E M McCaffery (term expired 24 May 2012)
 Ms E M Heiss (term expired 24 May 2012)
 The Hon Leo McLeay (continuing)
 Mr P Lowry OAM (appointed 6 December 2011)
 Ms S Hook (appointed 6 December 2011)

There were no loans to members or related parties during the year.

Note 11: Remuneration of Senior Executives

	2012	2011
	\$	\$
Note 11A: Actual Remuneration Paid to Senior Executives		
Short-term employee benefits:		
Salary	1,182,430	1,427,291
Annual leave accrued	4,486	23,039
Performance bonuses	37,085	34,398
Total short-term employee benefits	1,224,001	1,484,728
Post-employment benefits:		
Superannuation	142,874	177,332
Total post-employment benefits	142,874	177,332
Other long-term benefits:		
Long-service leave	62,469	47,791
Total other long-term benefits	62,469	47,791
Total	1,429,344	1,709,851

Notes:

- Note 11A was prepared on an accruals basis (therefore the performance bonus expense disclosed above may differ from the cash bonus paid in Note 11B).
- Note 11A excludes acting arrangements and part-year service where remuneration expensed for a senior executive was less than \$150,000.

Note 11B: Average Annual Reportable Remuneration Paid to Senior Executives During the Reporting Period

Average annualised remuneration packages for Senior Executives employed:

Average annual reportable remuneration ¹	2012					
	Senior Executive	Reportable Salary ²	Contributed Superannuation ³	Reportable Allowances ⁴	Bonus Paid ⁵	Total
	No.	\$	\$	\$	\$	\$
Total remuneration (including part-time arrangements):						
less than \$150,000	2	90,919	35,978	-	-	126,896
\$150,000 - \$179,999	2	156,936	18,097	-	-	175,032
\$180,000 - \$209,999	-	-	-	-	-	-
\$210,000 - \$239,999	2	197,643	28,746	-	-	226,390
\$240,000 - \$269,999	-	-	-	-	-	-
\$270,000 - \$299,999	1	192,437	70,137	-	37,085	299,660
Total	7					

Average annual reportable remuneration ¹	2011					
	Senior Executive	Reportable Salary ²	Contributed Superannuation ³	Reportable Allowances ⁴	Bonus Paid	Total
	No.	\$	\$	\$	\$	\$
Total remuneration (including part-time arrangements):						
less than \$150,000	1	116,747	17,047	-	-	133,794
\$150,000 - \$179,999	5	128,571	25,205	-	-	153,776
\$180,000 - \$209,999	3	169,493	32,848	-	-	202,342
\$210,000 - \$239,999	-	-	-	-	-	-
\$240,000 - \$269,999	-	-	-	-	-	-
\$270,000 - \$299,999	1	212,530	41,603	-	34,398	288,531
Total	10					

Notes:

¹ This table reports senior executives who received remuneration during the period. Each row is an averaged figure based on headcount for individuals in the band.

² Reportable salary¹ includes the following: a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column); b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and c) exempt foreign employment income.

³ The 'contributed superannuation' amount is the average actual superannuation contributions paid to senior executives in that reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per the individuals' payslips

⁴ Reportable allowances¹ are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries

⁵ Bonus paid¹ represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.

⁶ Various salary sacrifice arrangements were available to senior executives including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.

Note 12: Remuneration of Auditors

Remuneration to the Auditor-General for auditing the financial statements for the reporting period.

Audit of financial statements

Assurance services – Grant audits

	2012	2011
	\$'000	\$'000
	49	50
	3	2
	52	52

No other financial services were provided by the auditors of the financial statements.

Note 13: Financial Instruments

	2012 \$'000	2011 \$'000
13A Categories of financial instruments		
Financial Assets		
Held to maturity		
Investments		
Total	66,770	71,835
Loans and receivables		
Cash at bank	13,783	9,623
Cash on hand	2	2
Receivables for goods and services	469	464
Interest receivable	42	68
Other receivables	107	65
Total	14,403	10,222
Carrying amount of financial assets	81,173	82,057
Financial Liabilities		
At amortised cost		
Trade creditors	2,409	1,302
Contract Retentions	495	646
Salaries and wages	148	153
Accrued Expenses	97	52
Bonds and security deposits	430	363
Carrying amount of financial liabilities	3,579	2,516
13B Net income and expense from financial assets		
Held to maturity		
Interest revenue (see note 4C)	3,639	3,824
Net gain held to maturity	3,639	3,824
Loans and receivables		
Interest revenue (see note 4C)	711	649
Net gain loans and receivables	711	649
Net gain from financial assets	4,350	4,473

13C Net income and expense from financial liabilities

There was no net income or expense from financial liabilities for the year ended 30 June 2012 (2011 - Nil).

13D Fee income and expense

There was no fee income or expense arising from financial instruments for the year ended 30 June 2012 (2011 - Nil).

13E Fair value of financial instruments

	Carrying amount 2012 \$'000	Fair value 2012 \$'000	Carrying amount 2011 \$'000	Fair value 2011 \$'000
FINANCIAL ASSETS				
Cash at bank	13,783	13,783	9,623	9,623
Cash on hand	2	2	2	2
Investments	66,770	66,770	71,835	71,835
Receivables for goods and services	469	469	464	464
Interest receivable	42	42	68	68
Other receivables	107	107	65	65
Total	81,173	81,173	82,057	82,057
FINANCIAL LIABILITIES				
Trade creditors	2,409	2,409	1,302	1,302
Contract retentions	495	495	646	646
Salaries and wages	148	148	153	153
Accrued expenses	97	97	52	52
Bonds and security deposits	430	430	363	363
Total	3,579	3,579	2,516	2,516

13F Credit risk

The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables (2012: \$878,000 and 2011: \$734,000). The Trust has assessed the risk of the default on payment and has allocated \$29,000 in 2012 (2011: \$20,000) to an impairment allowance account.

The Trust manages its credit risk by undertaking background and credit checks prior to allowing a debtor relationship. In addition, the Trust has policies and procedures that guide employees debt recovery techniques that are to be applied.

The Trust holds amounts on deposit and bank guarantees to mitigate against credit risk. Credit quality of financial instruments not past due or individually determined as impaired:

	Not Past Due Nor Impaired 2012 \$'000	Not Past Due Nor Impaired 2011 \$'000	Past due or impaired 2012 \$'000	Past due or impaired 2011 \$'000
Cash at bank	13,783	9,623	-	-
Cash on hand	2	2	-	-
Investments	66,770	71,835	-	-
Receivables for goods and services	-	-	469	464
Interest receivable	42	68	-	-
Other receivables	107	65	-	-
Total	80,704	81,593	469	464

Ageing of financial assets that are past due but not impaired for 2012

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Receivables for goods and services	268	139	13	49	469
Total	268	139	13	49	469

Ageing of financial assets that are past due but not impaired for 2011

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Receivables for goods and services	350	93	4	17	464
Total	350	93	4	17	464

13G Liquidity risk

The Trust's financial liabilities are payables and accruals.

The exposure to liquidity risk is based on the notion that the Trust will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The following tables illustrate the maturities for non-derivative financial liabilities:

30 June 2012	On demand 2012 \$'000	Within 1 year 2012 \$'000	1 to 5 years 2012 \$'000	> 5 years 2012 \$'000	Total 2012 \$'000
Trade creditors	-	2,409	-	-	2,409
Contract retentions	-	495	-	-	495
Salaries and wages	-	148	-	-	148
Accrued expenses	-	97	-	-	97
Bonds and security deposits	-	430	-	-	430
Total	-	3,579	-	-	3,579

30 June 2011	On demand 2011 \$'000	Within 1 year 2011 \$'000	1 to 5 years 2011 \$'000	> 5 years 2011 \$'000	Total 2011 \$'000
Trade creditors	-	1,302	-	-	1,302
Contract retentions	-	646	-	-	646
Salaries and wages	-	153	-	-	153
Accrued expenses	-	52	-	-	52
Bonds and security deposits	-	363	-	-	363
Total	-	2,516	-	-	2,516

The Trust manages its budget to ensure it has adequate funds to meet payments as they fall due.

In addition, the Trust has policies in place to ensure timely payments are made when due and has no past experience of default.

The Trust had no derivative financial liabilities in either the current or prior year.

13H Market risk

Market risk is defined as 'the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices' and includes interest rate risk, currency risk and 'other price risk'. The Trust is not exposed to 'currency risk' or 'other price risk'. The Trust holds basic financial instruments that are exposed to interest rate risk. The Trust's exposure to the risk of changes in market interest relates primarily to bank accounts with floating interest rates. The table below demonstrates the interest rate sensitivity analysis of the Trust at the reporting date, holding all other variables constant. A 150 basis point change is deemed to be reasonably possible and is used when reporting interest rate risk.

At reporting date, if interest rates decreased/(increased) by 1.5%, with all other variables held constant, operating results and equity would have been:

Risk variable	Change in risk variable	Effect on		Effect on	
		Profit and loss	Equity	Profit and loss	Equity
	%	2012 \$'000	2012 \$'000	2011 \$'000	2011 \$'000
Interest rate risk	Interest	+1.5	207	144	144
Interest rate risk	Interest	-1.5	(207)	(144)	(144)

Note 14: Reporting of Outcomes

Note 14A: Net Cost of Outcome Delivery

	Outcome 1		Total	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Expenses	16,684	12,477	16,684	12,477
Income from non-government sector				
Activities subject to cost recovery	12,713	11,163	12,713	11,163
Total costs recovered	12,713	11,163	12,713	11,163
Other own-source income				
Interest	4,350	4,473	4,350	4,473
Other	882	721	882	721
Total own-source income	5,232	5,194	5,232	5,194
Net (contribution) of outcome delivery	(1,261)	(3,880)	(1,261)	(3,880)

The Trust has one outcome:

Enhanced appreciation and understanding of the natural and cultural values of Sydney for all visitors, through the remediation, conservation and adaptive re-use of, and access to, Trust lands on Sydney Harbour.

The net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome. Outcome 1 is describe in Note 1.1.



Note 15: Sydney Harbour Conservancy

As disclosed at Note 1 'Consolidation and associated company', The Sydney Harbour Conservancy (the 'Conservancy'), a Trust for which the Sydney Harbour Conservancy Ltd is Trustee, was established on 10th December 2009 and is controlled by the Sydney Harbour Federation Trust.

The objectives of the Conservancy are to:

- Preserve the natural environmental value of the SHFT sites including activities such as weed and feral animal control, waste minimisation, revegetation of native flora, protection of native biodiversity, the conservation of habitat, soil stabilisation and erosion control;
- Encourage and promote enjoyment of recreation and activity within natural surrounds of SHFT sites;
- Recognise and appreciate the natural and historical significance of SHFT sites; and
- Provide information, education and research about the natural environment.

The financial position of the Conservancy (Gift Fund) is as follows:

	2012	2011
Opening balance at 1 July	1,518	700
Revenue: Donations	-	1,000
	<u>1,518</u>	<u>1,700</u>
Less expenses: Suppliers	150	182
Closing balance at 30 June	<u>1,368</u>	<u>1,518</u>
Represented by:		
Cash at bank	<u>1,368</u>	<u>1,518</u>
	1,368	1,518

Appendix 1

Appendix 2

Freedom of information

The *Freedom of Information Act 1982* gives everyone access to documents that Commonwealth agencies hold, subject to certain exemptions.

Document categories

- Administration matters including personnel and recruitment, accounts, purchasing and registers.
- Planning, architecture and environmental matters including reports and studies commissioned by the Trust, research, drawings and concept proposals.
- Minutes of meetings of the Trust and meetings of the community advisory committees.
- Reference materials including press clippings, survey and research materials, documents relating to conferences and seminars.
- Legal matters including legal documents, opinions, advice and representations.

Requests

Any person can lodge a request. A request for a document must be in writing and provide such information concerning the document requested as is reasonably necessary to enable the agency to identify the document. There is no application fee for a freedom of information request. There are no processing charges for requests for access to documents containing personal information about you. However, processing charges may apply to other requests. For more information visit www.harbourtrust.gov.au/about-us/policies/foi/index.html

Requests should be sent to:

Freedom of Information Officer
Sydney Harbour Federation Trust
PO Box 607
MOSMAN NSW 2088

Reporting

The Trust received one application under the Act during the 2011–12 financial year.

Reforms to Freedom of Information legislation

From 1 May 2011, agencies subject to the *Freedom of Information Act 1982* must publish information to the public as part of the Information Public Assistance Scheme (IPS). This replaced the previous requirement to publish a section 8 statement in an annual report. An agency plan showing the information the Trust can publish under IPS requirements is available on the Trust's website.

For more on the Information Publication Scheme, visit the Office of the Australian Information Commissioner www.oaic.gov.au

Community Advisory Committee members

Cockatoo and Snapper Islands

Clr Damian Cobley-Finch
Mr Peter Conroy
Clr Angelo Tsirekas
Mr Gary Sawyer
Mr Joe Glascott
Mr Tony Hardy
Mr James Morton
Mr Terry Ryan

Middle Head

Clr Denise Wilton
The Hon Tony Abbott MP
Mrs Jillian Skinner MP
Commander Michael Hickey
Mr Ian Henderson
Mr Stewart Reed

North Head

Mr Mike Baird MP
Ms Jennie Minifie
Col John Platt
Ms Judy Reizes
Mr Douglas Sewell
Mr Ian Freeman
Mr Walt Graham
Ms Sue Halmagyi

Woolwich

Mr Barry Smith
The Hon Joe Hockey
Clr Peter Astridge
Mr Philip Jenkyn OAM
Ms Peta Lewis
Mr Austin Driscoll

Woollahra

Mr Allan Coker
Ms Susan Wynne
Mr Peter Poland
Mr Michael Rolfe
Dr Robin Derricourt

HMAS Platypus

The Hon Joe Hockey
Mrs Jillian Skinner MP
Ms Genia McCaffery
Ms Penny Holloway
Ms Carole Baker
Mr Brian Evesson
Capt. Chris Skinner
Mr Denny Linker
Mrs Zena O'Connor
Mr Oliver Irving
Ms Belinda York
Mr Neil Schafer
Mr Paul Forward
Ms Adrienne Sallay
Mr Stewart Reed
Mr Ken Williams

Appendix 3

Maintenance, heritage conservation and environmental management projects

<i>All sites</i>	<ul style="list-style-type: none"> Grounds maintenance General building maintenance Services maintenance Fire systems maintenance Pest management
<i>Former School of Artillery, North Head</i>	<ul style="list-style-type: none"> Landscaping works to the main precinct including the parade ground and entry Photovoltaics and rainwater harvesting under the Green Precincts Grant Maintenance to the houses Restoration of historic military equipment by the volunteers Replacement and upgrading of services including electricity, water, fire services, telephone and sewer to the former School of Artillery and North Fort Cultivation and harvesting of local species Fire hazard reduction Contract and volunteer bush regeneration Feral animal control program
<i>Chowder Bay Miners'</i>	<ul style="list-style-type: none"> Ongoing external building maintenance on several historic Submarine Depot buildings Bush regeneration Feral animal control program Bushfire hazard reduction
<i>Lower Georges Heights</i>	<ul style="list-style-type: none"> Ongoing maintenance to the houses Contract bush regeneration Feral animal control program Bushfire hazard reduction

<i>Georges Heights</i>	<ul style="list-style-type: none"> Internal and external refurbishment of a house at 7 Commonwealth Avenue Ongoing maintenance to the houses Contract and volunteer bush regeneration Feral animal control program Bushfire hazard reduction
<i>Middle Head</i>	<ul style="list-style-type: none"> Middle Head car park and associated landscaping Design of the Middle Head café (underway)
<i>Woolwich Dock</i>	<ul style="list-style-type: none"> Stabilisation works to cliff faces and crib retaining wall
<i>Cockatoo Island</i>	<ul style="list-style-type: none"> Stone conservation works to the former Superintendent's house, Biloela Removal of loose lead paint to a number of buildings Conservation and reconstruction of solitary cells Resurfacing of the convict courtyard Public safety works including stabilising of rock faces and walls, stabilising lead-based paint and removing hazardous materials Finalisation of photovoltaics and rainwater harvesting under the Green Precincts Grant Restoration of historic machinery by volunteers. Ongoing replacement and upgrading of services including electricity, water, fire services, telephone and sewer
<i>Snapper Island</i>	<ul style="list-style-type: none"> Basic external repairs including water and bird-proofing of buildings
<i>Macquarie Lightstation</i>	<ul style="list-style-type: none"> No major works were carried out during the year
<i>Former Marine Biological Station</i>	<ul style="list-style-type: none"> No major works were carried out during the year
<i>Former HMAS Penguin</i>	<ul style="list-style-type: none"> Main soil remediation works began on site

Compliance Index

Compliance

The table below shows this report's compliance with the Commonwealth Authorities and Companies (Report of Operations) Orders 2005, issued by the Minister for Finance and Administration in June 2005.

It has also been compiled with selected regard to Requirements for Annual Report for Department, Executive Agencies and FMA Act Bodies, approved by the Joint Committee of Public Accounts and Audit under subsections 63(2) and 70(2) of the *Public Service Act 1999*, June 2008.

Letter of transmittal	1
Aids to access	
Table of contents	3
Compliance index	107
Alphabetical index	108
Contact officer	Inside front cover
Internet address for report	Inside front cover
Enabling legislation	9
Review of operations and future prospects	4-7
Review of performance	16-54
Organisational overview	
Role and functions	8
Organisational structure	9
Trust members	11-14
Outcome and output structure	15
Corporate governance	
Members' meetings	56-58
Senior Management Committee	58
Fraud control	58
Financial performance	
Financial outcomes	58-59
Consultants and competitive tendering and contracting	60
Financial statements	71-101
External scrutiny	
Judicial decisions and reviews	61
Independent auditor's report	62-63
Human resources management	
Staffing	60
Staff training	60
Access and safety	61
Other	
Freedom of information	102

Index

A

accommodation, 7, 50, 55
Aerial Adventure Park proposal, 28
The Amazing Race Australia, 52
Ambush Gallery, 44
As I Crossed the Bridge of Dreams, 6, 47
Audit, Risk and Compliance Committee, 56, 58
audit report, 62–101
Australian School of Pacific Administration, 7, 50, 54, 58
Australian Stencil Art Prize, 44
Australia's Next Top Model, 52
awards, 43

B

Bathurst Regional Gallery, 44
The Biggest Loser, 52
Biloela House, 7, 28, 29, 48
board
meetings, 56
members, 11–13
brand, 40
'Burma Rail' inclinator, 19
bushland management, 25
business development, 52–3
business program, 14

C

carbon footprint reduction, 31, 34, 36, 37
Chair, forward, 4
Charles Sturt University, 18
childcare centre, North Head, 7, 27, 54
Chowder Bay, 19, 25, 54
Cockatoo Calling music residency project, 6, 47
Cockatoo Institute (Film and Television), 6
Cockatoo Island, 23, 24, 25, 26, 27
accommodation, 55
Aerial Adventure Park proposal, 28
Biloela House, 7, 28, 29, 48
brand identity, 6, 40–1
commercial partners, 53
convict courtyard, 7, 29

education programs, 6, 38, 39, 48
events, 4, 6, 28, 39, 42–3, 45, 53, 54
film festival, 4, 6, 41, 45
food and beverage, 53
As I Crossed the Bridge of Dreams, 6, 47
maritime and arts businesses, 54
marketing, 38, 39, 40, 41, 42–3
music residency project, 47
Outpost 2011, 4, 6, 7, 23, 28, 39, 42–5, 48, 50, 53
Red Bull X-Fighters 2011 International Motocross Series Grand Final, 4, 6, 23, 28, 39, 53
Superintendent's House, 28
Underbelly Arts Festival, 6, 39, 46
visitation numbers, 49
volunteers, 48
way finding, 41

Cockatoo Island Film Festival, 4, 6, 41, 45
commercial partners, 53
Commonwealth Authorities and Companies Act 1997, 1, 62
Commonwealth Procurement Guidelines, 59
Community Advisory Committee, 26, 29, 58
members, 103
community consultation, 8, 29
Comprehensive Plan, 17
consultants, 60
contracting, 60
corporate governance, 56–8
corporate partnerships, 7, 42, 44
cultural partnerships, 6, 42, 44

D

Department of Defence, School of Artillery, 18

E

e-news, 46
ecologically sustainable development, 31
energy consumption, 32–3, 37
Environment Protection and Biodiversity Conservation Act 1999, 26, 27, 28
environmental assessments, 26, 27

environmental performance, 30–7
executive, 14
executive director, 6–7, 14, 56

F

financial performance, 58–60
food and beverage, 53
fraud control, 58
freedom of information, 102
Freedom of Information Act 1982, 102
fuel consumption, 34, 37
functions, 8

G

Georges Heights, 4, 9, 19, 20, 25, 28, 54
Global Reporting Initiative indicators, 32
Greenfleet, 30, 31, 34, 36
greenhouse gas emissions target, 36
GreenPower, 33, 37, 59
guided tours, 48
Gunner's Barracks, Headland Park, 27

H

health and wellbeing businesses, 54
HMAS *Platypus* naval base, 24–5, 29
human resources, 60

I

indemnities, 58
insurance, 58
International College of Management, Sydney., 18

L

land restoration and maintenance, 16
landscape maintenance, 25
leasing, 7, 54
leasing income (commercial), 7
legislation, 9
Lighting Guide, 33

M

Macquarie Lightstation, 24, 48, 52
management plans, 26
map of sites, 9
Marine Biological Station, Watsons Bay, 24, 48
marketing, 38, 40
media, 45–6
media licensing profile, 52
Middle Head, 19, 20, 27, 46, 54
minister, 9
Morts Dock and Engineering Company, 20
Mosman Drill Hall works, 19
Mosman Men's Shed, 7, 27, 28

N

National Gallery of Australia, 44
native fauna management, 25
North Fort, 18, 48, 54
North Fort Café, 18
North Head Sanctuary, 4, 6, 7, 18, 25, 26, 29, 40, 46, 48, 52, 54
North Head Sanctuary Foundation Nursery, 18

O

objectives, 8
Oi You! Collection, 44
online management, 6, 39, 43, 45, 46. see also social media; websites
operating surplus, 7
organisational structure, 9
outcomes, 15
Outpost 2011, 4, 6, 7, 23, 28, 39, 42–5, 48, 50, 53
outputs, 15

P

performance indicators

- awareness, appreciation and enjoyment, 14, 38
- environment, 30, 32
- environmental assessments, 26
- financial sustainability, 50
- planning, land restoration and maintenance, 16
- Trust plans, 26

pest fauna management, 25

projects, 104-5

purchasing, 59

Q

Quartermasters Store, 27

R

rangers, 7, 17, 48

Red Bull X-Fighters 2011 International Motocross Series

Grand Final, 4, 6, 23, 28, 39, 53

residential rental income, 7

revegetation, 25

S

School of Artillery, 18

sites, 18-25

Skateboarding Australia Pro Am Series Grand Final, 2011,

44

Snapper Island, 24, 48

social media, 6, 39, 43, 46

staff training, 60

staffing, 60

Superintendent's House, 28

Sustainability, Environment, Water, Population and Communities portfolio, 15

Sydney Harbour Federation Trust Act 2001, 1, 9, 26, 60, 77

Sydney Regional Fox Control Program, 25

T

Tender Review Committee, 58

tendering, 60

Trust plans, 26

U

Underbelly Arts Festival, 6, 39, 46

V

venue hire, 7, 39, 44, 50, 52

vision, 8

volunteers, 4, 7, 25, 44, 45, 48

W

waste generation, 31, 36

waste recycling, 36

water consumption, 34-5

websites, 43, 46

Woolwich Dock and Parkland, 20, 25, 48



- Woolwich Dock & Parklands
- Platypus Neutral Bay
- Georges Heights
- Middle Head
- North Head Sanctuary Manly
- Marine Biological Station
- Macquarie Lightstation
- Snapper Island
- Cockatoo Island
- Chowder Bay

