The image is a vertical composition. The top half features a painting of a bright, glowing sun in a deep blue sky. Below the sky, a cityscape is depicted in a painterly style, showing buildings, a bridge, and a harbor. The bottom half of the image is a white background containing text and logos.

Sydney Harbour Federation Trust

Annual Report 09/10

harbourtrust



Australian Government
Sydney Harbour Federation Trust

Sydney Harbour Federation Trust
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Sydney Harbour Federation Trust

Cover illustration by Nick Hollo
Inside cover: 17th Biennale of Sydney, Cockatoo Island
Inside back cover: Serge Spitzer, *Molecular*,
17th Biennale of Sydney, Cockatoo Island



24 September 2010

The Honourable Tony Burke MP
Minister for Sustainability, Environment, Water, Population and 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 2010. The report complies with the provisions of section 70 of the *Sydney Harbour Federation Trust Act 2001* and section 9 of the *Commonwealth Authorities and Companies Act 1997*.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kevin McCann', with a long horizontal flourish extending to the right.

Kevin McCann AM Chair

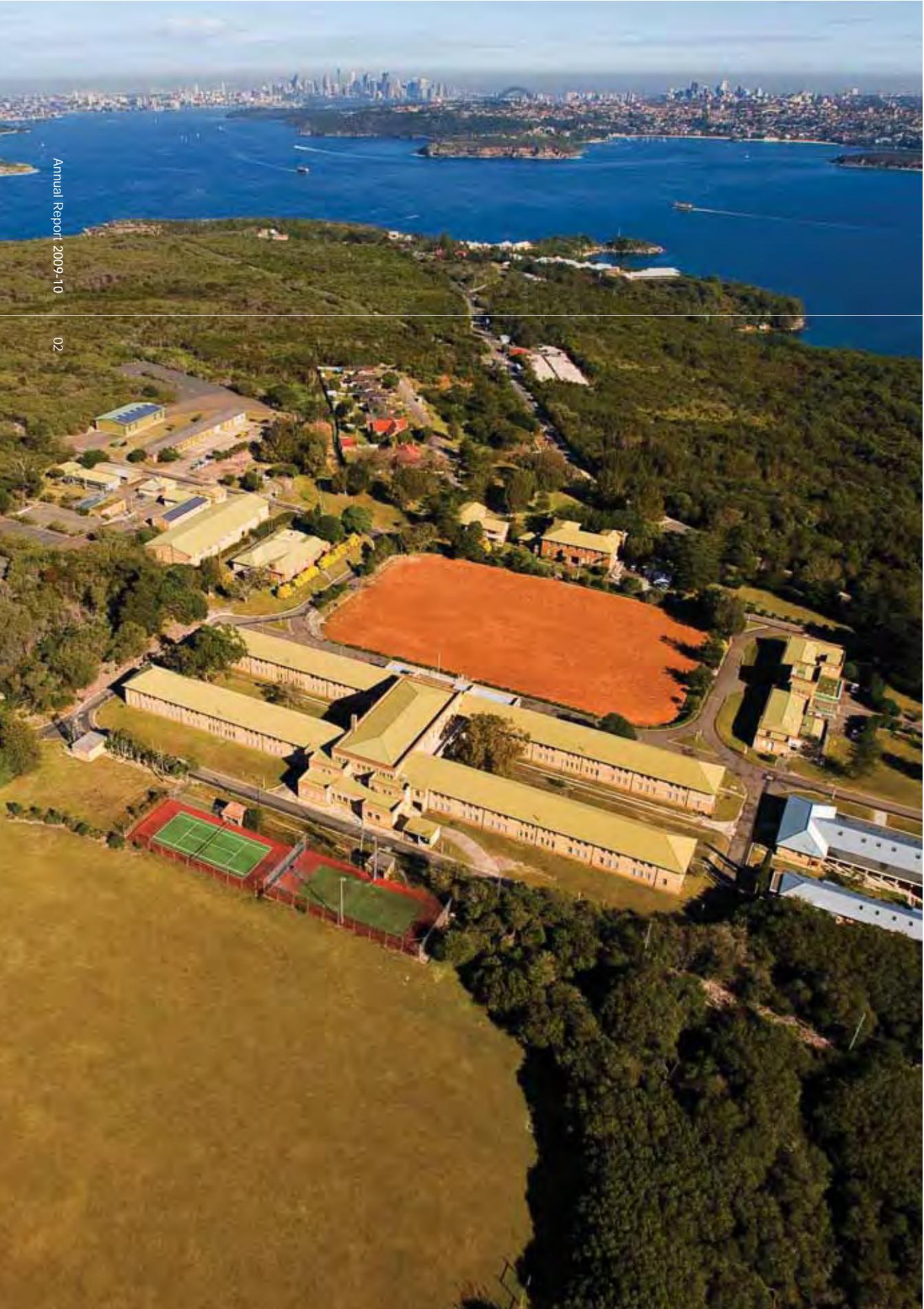


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Chair's Foreword

The Interim Board of the Sydney Harbour Federation Trust was established in March 1999 and next year it is the 10th anniversary of the formal creation of the Trust.

As this will be my last report before I retire as Chairman on 27 September this year, it is appropriate to reflect on our achievements over the past eleven years and briefly consider future challenges.

With the passage of time and a successful eleven years, it is easy to forget the challenges faced in 1997 and 1998 to establish the Trust. I well recall the widespread community anger when the Preferred Outcome for redundant defence lands at Middle Head and Georges Heights was announced, namely, the proposed sell off of foreshore land for residential development, and the construction of an inappropriate swimming pool and sporting facility on Georges Heights. The Defenders of Sydney Harbour Foreshores, a coalition of community groups, vigorously advocated that former defence lands around the harbour should remain in public ownership and that the Commonwealth should accept financial responsibility for decontamination of the land and the restoration of heritage buildings and degraded bushland areas on the sites.

The Bill to establish the Trust took over three years to pass in Parliament, because of the concerns of community groups over funding arrangements and the sale of land. Even so, after the passage of the legislation, the Trust had a challenge to gain the confidence of a sceptical community that the Comprehensive Plan for its lands would involve a genuine collaboration with them and that adaptive re-use of the buildings on the sites would not render the lands inaccessible.

Over the ensuing years, the Trust has forged a strong partnership with the community because of its consultative process. Also, the restoration of our lands has given the community use and enjoyment of them.

Headland Park (Mosman), Cockatoo Island, the former School of Artillery at North Head and Woolwich Dock, to take the larger of the land areas, have been transformed. Once off limits to the community and hazardous, the sites are now an integral part of local neighbourhoods and enjoyed by visitors from many parts of Australia and overseas.

Cockatoo Island has become part of Sydney's collective life. This harbour landmark is now a cultural venue with a string of high profile events to its credit – music and cultural festival, the Biennale of Sydney, the Sydney Festival, World's Funniest Island comedy festival, installations and exhibitions. Not so long ago, the island was a decrepit and forgotten relic of the industrial age with ghostly echoes of Sydney's convict past. Today, thousands of school children visit the island to learn about its layers of history as part of their curriculum studies.

With the anticipated World Heritage Listing of Cockatoo Island's convict remains, along with other convict sites around Australia, by UNESCO, the Trust's efforts to restore and interpret the island's convict heritage will take on added significance.

We have restored Headland Park to something resembling its natural state. The legacy of colonial and Commonwealth army bases remains, refurbished and adaptively re-used, yet the peninsula, plateaus, headlands and bays are connected by walking tracks through parkland, revegetated bushland and clusters of buildings leased to a wide variety of businesses including retail, restaurants and cafes. The park is a place of leisure and recreation and provides links to other foreshore walks and heritage defence sites.

Similarly, Woolwich Dock and Parklands includes a marine repair and service operation, restaurant and function centre, lookout and parkland. A walking track invites public access and connects the site to adjoining foreshore parks. At North Head, the former School of Artillery is gradually being positioned to become an ecological sanctuary and place of retreat. A network of walking tracks through the site introduces visitors to the natural environment of this remarkable headland.

With its historical buildings, bushland, opportunities for a wildlife sanctuary and spectacular views of Sydney Harbour, the Heads and the city, North Head remains a work in progress, awaiting future realisation of its potential for tourists and adaptive re-use.

The Trust has delivered on its rhetoric to weave its foreshore lands back into the life of the harbour and the city. The lands have been opened to the public with a diversity of uses responding to their natural and cultural environments.



Trust Members over the last ten years



It is a measure of our success that the term of the Trust was extended from 2011 to 2033 and that in 2009 the Commonwealth entrusted us with the task of decontaminating the former HMAS *Platypus* naval base at Neutral Bay. We expect that access to the site (which is now vested in the Trust), will be available on the completion of the works.

The Trust generated a surplus of \$2.1m for the 2010 financial year; a considerable improvement on the original budget forecast for the year. The Trust's revenue base withstood the global financial crisis, with higher than anticipated leasing and interest income contributing to the positive outcome. Operating surpluses are budgeted in forward years, although there is a downward trend in profitability as interest income reduces and forecast expenditure increases, particularly in repair and maintenance. As from 1 July 2010 the Trust receives no budget funding from Government for either operating or capital works, although it remains eligible for funding for special projects. It is therefore prudent for the Trust to maintain reserves sufficient to fund ongoing capital renewal of buildings and facilities and hold a cash buffer against unexpected expenditure or significant reductions in revenue.

Many buildings at Middle Head, North Head, Cockatoo Island and HMAS *Platypus* remain to be restored.

A challenge in the future for the Trust will be to generate sufficient revenue from leasing and licensing to fund the capital expenditure required for outstanding restoration. To assist in funding these projects, we established the Sydney Harbour Conservancy to act as a vehicle for community fund raising.

In the future, the Trust will place greater emphasis on becoming a manager and promoter of destinations, a provider of cultural and community activities on historic foreshore lands. This entails a transition from an organisation with a strong focus on planning, conservation and rehabilitation to one whose purpose includes the development of innovative content, marketing and collaborative arrangements with others. An instance of success to date, is our relationship with the Sydney Institute of Marine Science at Chowder Bay.

Of course, we are not without experience in this area. The Trust's public programs and the many cultural events on Trust lands, Cockatoo Island in particular, demonstrate our awareness of their potential to become integral to the cultural life of Sydney.

Over the past ten years or so, the Trust has relied on supportive Ministers to create the legislative framework under which we operate and provide the funds for our initial Operations and Capital Programs. I would like to thank them all for their interest in the Trust, their advocacy on our behalf and their readiness to provide advice.

It has been a pleasure to work with my fellow Trust members who have been a source of great support during my tenure as Chairman. They, too, have had the opportunity of being part of a once in a lifetime opportunity to return historic foreshore lands on Sydney Harbour to the Australian people. I thank them for their commitment to achieving the Trust's vision for its lands.

Executive Director, Geoff Bailey who has served on the Trust for 11 years, has created an organisation which articulated and then executed the vision for the lands in the Comprehensive Plan. All of this has been accomplished within the constraints of a modest budget. It has been a pleasure to work with him and the talented team he has assembled.

Thanks also to our volunteers and guides for their work and enthusiasm which have contributed to the success of the Trust. In the future they will play a greater role in the life of the Trust.

In conclusion, may I thank the community individually and collectively through its organisations, for its role in securing the establishment of the Trust. You are still needed to ensure that Government continues to appreciate and recognise the contribution which the Trust can make to the recreational amenity and well being of our community.

Kevin McCann AM



Executive Director's Summary

The Trust is now operationally self funding, making the leasing of refurbished buildings and facilities central to our capacity to implement the Comprehensive Plan and increase the public's access to lands around Sydney Harbour. Despite uncertainty caused by the global financial crisis over the past year, the Trust maintained close to full tenancy rates at two precincts of Headland Park and pleasing results at other sites.

At Chowder Bay, the leasing by the Sydney Institute of Marine Science of the last available building, the Sergeants' Quarters, and the opening of the Sergeants' Mess function centre signalled full occupancy of the precinct. Similarly, Georges Heights is almost fully leased following the refurbishment and letting of the former Golf Club House to a retail and café operator and the conversion of Building 2, a demountable building on Best Avenue, into a veterinary surgery. A new cafe opened in the former All Ranks Club building at Lower Georges Heights, replacing the previous operator.

At Woolwich Dock, construction of a waterfront function centre and café is close to completion and will complement the marine maintenance and repair business that has operated at the dock for over five years. North Head Sanctuary is home to a range of tenants, a number related to environmental and wildlife research. The Australian Wildlife Conservancy provides the Trust with research input and land management advice in relation to plans to create a sanctuary on the headland.

There has been strong demand for the Trust's residential properties, both long term tenancies at Headland Park and North Head Sanctuary and short term holiday homes on Cockatoo Island. The camp ground on the island is attracting some 20,000 visitors a year. In addition, commercial licensing for activities such as corporate events and wedding ceremonies continued to grow despite the restrained economic environment.

During the year, the Trust received a grant of \$861,500 from the Government's Green Precincts Fund, for high profile demonstration projects at North Head Sanctuary and Cockatoo Island. The projects aim to harvest rainwater at each site to replace 100 per cent of their non-potable water demand for toilet flushing and irrigation and to generate 20 per cent of their electricity needs through the construction of solar energy farms. The installation of new water tanks will enable the storage of at least 2 million litres of rainwater. Arrays of photovoltaic panels will generate some 148MWh of electricity per year.

This significant initiative signals the Trust's commitment to reduce its carbon footprint and to integrate energy and water saving technologies with the conservation and adaptive reuse of its building stock. Savings over time will benefit the Trust's operating costs.

In May, the Minister's approval of the Trust's plan for the former HMAS *Platypus* site at Neutral Bay was gazetted. The plan forms an amendment to the Trust's Comprehensive Plan and is the basis of the remediation strategy for the site.

The Trust has decided to adopt a two stage approach to the remediation of the former naval base. Stage 1 involves the removal of contaminated materials from all buildings, building demolition works and building dismantling works. A draft site management plan for the Stage 1 works is currently on exhibition for public comment. Tenders for Stage 1 works will be called early in the new financial year with site works planned to commence by mid September 2010.

Stage 2 works involve the treatment and/or removal of the contaminated waste material located below the ground floor slabs on the northern part of the site. These works are currently being planned by the Trust and following the conclusion of an expression of interest process, the works are planned to be tendered in November 2010 with site works to commence by mid 2011.



The remediation of the former HMAS *Platypus* site is funded from an allocation by the Department of Defence. Project work carried out on other sites during the year was funded from the Trust's capital grant.

Major work to conserve and refurbish the former Australian School of Pacific Administration at Middle Head commenced. The project includes upgrading of services, landscaping and the disposal of contaminants. Once completed, the precinct will be leased as office accommodation. Construction by Mosman Council of a new sports building at the Mosman Drill Hall precinct is well advanced. The Trust has leased the site to Council for 25 years. Middle Head Road was widened near the intersection with Cobbittee Street and encroachments onto Commonwealth land by residents were rectified by leasing arrangements. The Trust and Mosman Council agreed to the construction of an addition to the Georges Heights amenities block for a Men's Shed.

At Woolwich Dock, the construction of a function centre and café, remediation of the Horse Paddock and repairs to the seawall improved the public amenity of a site that is now well integrated into the fabric of Hunters Hill peninsula. The Trust prepared an amendment to the North Head Management Plan to take account of more detailed outcomes for the North Fort complex and to reflect the broad scope of plans to create a sanctuary on North Head.

A decision on the serial nomination for World Heritage status of 11 convict sites around Australia including Cockatoo Island is expected soon. During the year, a technical expert to the International World Heritage Committee visited the island. An elevated walkway was constructed between the Turbine Shop and southern cliff face to provide public access to convict-built grain silos. Stonework repairs were made to the Guardhouse and Mess Hall involving re-pointing, re-facing of weathered stone and the

removal of later accretions such as the verandah. Landscaping and the construction of paths associated with the convict trail around the island were commenced. The Trust appointed a curator to interpret the convict era of Cockatoo Island.

The island benefited from a range of improvements to its infrastructure and general amenity. A permanent connection to the sewer in Balmain was completed. The stormwater system was cleaned and remediated and is now fully operational. New underground services were installed on the southern apron and the precinct paved. The former Administration Building was refurbished for office and conference accommodation and the Muster Station converted into a more functional and welcoming visitors' centre after the re-location of the café to a fully refurbished building nearby.

One of the two slipways on the western point of the northern apron was cleaned and made ready for a swimming area. This greatly adds to the attraction of the camp ground over the summer months, as does precinct landscaping and plantings on the viewing mounds. Similarly, shade structures were constructed over two pieces of remnant machinery on the eastern apron, providing much needed shelter in hot weather. Stairs on the southern precinct were upgraded for public use and provide a section of the convict trail self guided walk. The Sutherland Dock caisson was retracted to allow for the future use of the dock for marine services.

Cockatoo Island was a major venue partner of the 17th Biennale of Sydney which opened in mid May. At the end of the reporting period, approximately 70,000 people had visited the island to view the exhibition of contemporary art by 56 artists. It is projected that visitor numbers to the island for the exhibition period will be in the order of 150,000. This is a large increase on the number of visitors to the island for the 2008 Biennale and highlights the growing reputation of the site as a

location for cultural events. The Trust's partnership with the Biennale of Sydney is a notable example of place and event coalescing to the benefit of both.

In October, the inaugural World's Funniest Island comedy festival was held on the island. The two day event was another good example of an event utilising Cockatoo Island's former industrial and convict buildings and facilities to positive effect. For the second year, camping on the island on New Year's eve was a sell-out, with some 2,000 people witnessing the fireworks from one of the city's best vantage points.

Other noteworthy events during the year were an outdoor concert at North Head Sanctuary, part of the Manly Surf Festival, and the launch by the Governor of New South Wales of *The Story of Bungaree*, a book published by the Trust on the life of a well known Aboriginal figure in the early days of colonial Sydney.

A number of members of the Trust will retire from the board early in the new financial year, including the Chairman, Kevin McCann. Membership of the board has been remarkably stable since the Trust's establishment as an interim body in 1999. The members have brought invaluable experience to the operation of the Trust, forged a productive working relationship with staff and consistently demonstrated commitment to and enthusiasm for the outcomes of the Comprehensive Plan. I would like publicly to thank them for their support and assistance over the past ten years.

As always, the Trust's staff, volunteers, teacher and tour guides have served the organisation with dedication and hard work.

Geoff Bailey

“Wonderful bushwalking, great ocean and city views. Really peaceful. Very helpful and supportive staff.”

Visitor comment, North Head Sanctuary



1 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 the nation.

Objectives

The objects of the Sydney Harbour Federation Trust as set out in the legislation 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;
- co-operate with other Commonwealth bodies that have a connection with any harbour land in managing that land; and
- co-operate with New South Wales, affected councils and the community in furthering the above objects.

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 objects, and performing other functions, of the Trust;
- rehabilitate, remediate, develop, enhance and manage Trust land, by itself or in co-operation with other institutions or persons, in accordance with the plans;
- make recommendations to the Minister on:
 - (a) plans; and
 - (b) 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 objects, and performing other functions, of the Trust; and
- anything incidental to or conducive to the performance of its other functions.

“A fabulous place for families, full of history and interesting facts. Really enjoyed it.”

– Visitor comment, Cockatoo Island



Photo: Cockatoo Island

The Sites



Legislation and Minister

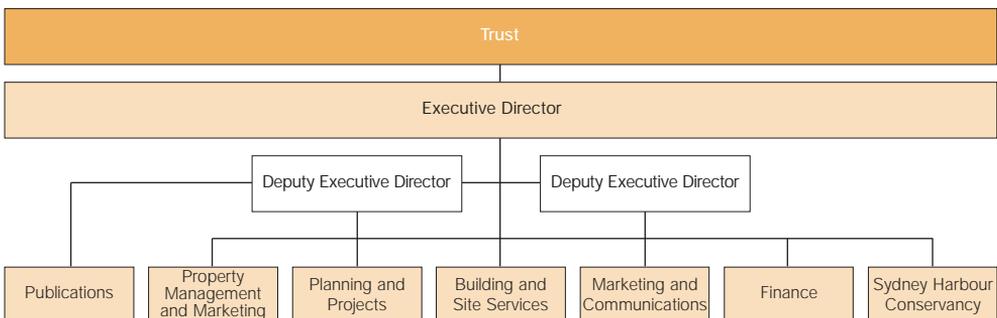
The Trust was established by section 5 of the *Sydney Harbour Federation Trust Act 2001* which commenced on 20 September 2001.

The Minister for Environment Protection, Heritage and the Arts, the Hon Peter Garrett AM, was the responsible minister for the reporting period.

Organisational Structure

The Trust is comprised of eight members appointed by the Minister. 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.



Members

Mr Kevin McCann AM, Chair



Mr McCann is a non-executive director of the Harbour Trust. He is also a non executive director of leading Australian listed companies. He is Chairman of Origin Energy Limited, lead independent director of Macquarie Group Limited and is a director of Macquarie Bank Limited and Blue Scope Steel Limited. He is a member of the Council of the National Library of Australia and fellow of the Senate of the University of Sydney. He practised in corporate and commercial law as a partner of Allens Arthur Robinson for 35 years and was chairman of the firm for 10 years. Mr McCann holds a Masters of Law, Bachelor of Laws and a Bachelor of Arts. He is experienced in finance and commercial matters.

Mr Robert Conroy



Mr Conroy is a non-executive director, nominated by the NSW Government. Mr Conroy is Executive Director, Park Management Division, NSW Department of Environment, Climate Change and Water. He holds a Master of Management, Bachelor of Arts and a Diploma in Environmental Studies. Mr Conroy is a Director of the Blue Mountains World Heritage Institute and of the Australasian Fire and Emergency Service Authorities Council and is a member of both the National Biosecurity Committee and the NSW Bush Fire Coordinating Committee. Mr Conroy has more than 30 years experience in managing protected areas.

Ms Diana Talty



Ms Talty is a non-executive director, nominated by the NSW Government. Ms Talty has wide ranging experience in urban and waterfront development through her employment in the Office of the Federal Minister for Urban and Regional Development in 1970s, the NSW Department of Planning, the Darling Harbour Authority and now in the role of Director, Strategic Developments for the Sydney Harbour Foreshore Authority. Ms Talty holds a Bachelor of Arts. In 2002 she was awarded the NSW Government Public Service Medal in recognition of her contribution to the Darling Harbour project.

Clr Susan Hoopmann



Clr Hoopmann is a non-executive director. Clr Hoopmann is popularly elected Mayor of Hunters Hill, a company director and chairs numerous boards, committees and organisations with wide-ranging responsibilities such as traffic, conservation, planning and education. Clr Hoopmann chairs the seven Councils Insurance Pools (Metropool), is Vice Chair of the Northern Sydney Region of Councils (NSROC) and is involved with various Local Government committees and charities. Clr Hoopmann is also a member of the Trust's Audit and Risk Management Committee.

Mr Peter Lowry OAM



Mr Lowry is a non executive director, a non-practising solicitor and is chairman of a number of companies involved in urban planning, residential housing and heritage conservation. His companies are also involved in the hospitality industry. He is a board member of the National Trust, the Planning Research Centre of the University of Sydney, the Planning Institute of Australia and the Ensemble Theatre. He was a Reserve Army Officer. Mr Lowry is Chair of the Trust's Audit and Risk Management and Tenant Selection Committees.



Photo: Governor of NSW, Marie Bashir, meets Kevin McCann (Chair) and John Moriarty (Member), Bungaree book launch

Dr John Moriarty AM



Dr Moriarty is a non-executive director. Dr Moriarty holds a Bachelor of Arts and was granted a Churchill Fellowship for overseas study on the history and culture of indigenous peoples. He is chairman and co-owner of Balarinji, the

country's leading indigenous art and design studio. Dr Moriarty has been in executive positions in the Departments of Aboriginal Affairs for Commonwealth and state governments, and has held board positions relating to indigenous issues. He was a member of the recent National Indigenous Council, an advisory body to the Commonwealth Government.

Brigadier Kevin O'Brien CSC (ret)



Brigadier O'Brien is a non-executive director who served at two of the Trust sites during his 30 years with the Australian Army. Brigadier O'Brien holds a Bachelor of Arts and a Diploma of Arts, Military Studies. He has studied the military

and defence history of Australia, and assisted in the restoration of heritage defence sites. He has advised on, and edited a book about, the defence of Sydney Harbour during World War II. Brigadier O'Brien was a Member of the Interim Sydney Harbour Federation Trust for 2½ years. He is also the Chair of the Trust's Defence History Steering Committee; a member of the Trust's Audit and Risk Management Committee, and the Members' representative on the Trust's Tender Review Committee .

The Honourable Barry O'Keefe, AM QC



The Hon Barry O'Keefe is a non executive director. He is a lawyer and until recently was a Judge of the Supreme Court of NSW. He was a member of Mosman Council from 1968 until 1991, Mayor for ten of those years and President of the

Local Government Association from 1986 until 1988. In 1993 he was appointed as Chief Judge of the Commercial Division and an Additional Judge of Appeal of the Supreme Court. In 1994 he was appointed Commissioner of the Independent

Commission Against Corruption for the maximum statutory term of five years, returning to judicial duties thereafter. Mr O'Keefe was President of the National Trust (NSW) for 15 years (1991-2006) and has extensive experience in heritage and environmental matters. He was a Member of the Interim Sydney Harbour Federation Trust for 2½ years before his appointment as a Trustee in 2001.

Outcome and Output Structure

The Trust is responsible for the following outcome for the Environment, Water, Heritage and the Arts portfolio: 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 following program contributes to the outcome.

Sydney Harbour Federation Trust Business

The objective of the program is the transformation of Trust sites into precincts and parklands that will enrich the cultural and historical values of the city, whilst conserving the environmental integrity and unique heritage of the sites. The major performance indicators are increased awareness and visitation, site improvement, rehabilitation and conservation activities, and financial sustainability including leasing and hiring to bring compatible activities to the sites.

The program is divided into three areas for reporting purposes:

- Land Restoration and Maintenance (including Environmental Performance)
- Public Awareness and Planning (including Environmental Assessments)
- Financial Sustainability

2 Achievements and Initiatives

Land Restoration and Maintenance

Performance Indicators

- Rehabilitation of land, buildings, infrastructure and equipment is consistent with conservation, environmental, heritage 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.
- Undertake repair and maintenance works at all sites and minimise further deterioration.
- Trust facilities are increasingly available for public access and business and community use.

Summary

The Trust continued its ongoing conservation, rehabilitation and maintenance program on most sites as part of the implementation of the Comprehensive Plan. Providing safe public access continued to be an ongoing focus of the program.

Recurrent work included building and grounds maintenance, bush regeneration, maintenance of fire protection systems and the management of site security through a contract security presence and Trust rangers.

A list of maintenance, heritage conservation and environmental management projects undertaken by the Trust in 2009-2010 is provided in Appendix 3.

North Head Sanctuary

North Head is one of Sydney's great landmarks, a tied island with a relatively intact ecosystem.

The former School of Artillery occupies the highest part of North Head and comprises two areas used as one functional unit, the Barracks complex and the North Fort complex. The former contains a collection of art deco buildings surrounding a parade ground, sporting facilities and a large area of remnant bushland. The latter contains the facilities of the Royal Australian Artillery National Museum. The site has two groupings of houses let as medium term tenancies. While many of the buildings of the former School of Artillery are generally structurally sound, deterioration of the building fabric is broadly evident.

External repair works were undertaken to the main structural elements of the former Barracks accommodation and Officers' Mess to improve their structural integrity and to slow the rate of fabric degradation. Full external refurbishment of nine houses was completed.

Renewal of the high voltage electrical infrastructure within the site was completed.

The first draft of a strategic services masterplan was completed to guide the future planning and upgrading of the remaining services including lighting, stormwater, sewer, communications and electrical.

A Greens Precinct Fund Grant was awarded to install photo-voltaics to a number of roofs and to establish a rainwater harvesting system. To date the photo-voltaics have been installed and the rainwater design has been tendered. It is anticipated that these systems will provide 20 per cent of the Trust's power and 100 per cent of the non-potable water supply to the site's toilet and irrigation systems.

Tenders were called for the refurbishment and services upgrade to the North Fort café to prepare the building for a future operator.

“Now [Cockatoo Island] is pulling the crowds again, as thousands set forth to see Ken Unworth’s *A Ringing Glass (Rilke)*, an elaborate tribute to his late wife...”

– John McDonald, *Sydney Morning Herald*, 11 July 2009

Middle Head, Georges Heights and Chowder Bay

Middle Head divides Middle Harbour and Sydney Harbour and is one of the major ‘green’ headlands that give the harbour its bushland character.

The Middle Head, Georges Heights and Chowder Bay precincts (Headland Park) feature former training facilities, fortifications, depots, barracks and housing surrounded by remnant Sydney Harbour bushland.

At Georges Heights, the site of the former Training Command precinct, one of the last buildings to be refurbished was converted into office accommodation. The refurbishment included associated landscaping and lighting. Landscaping works to the parade ground provided safe public access to the recently conserved Observation Post on the south eastern corner.

Landscape works were completed on the site of the former Commandos Headquarters, concluding a program of works that has transformed the precinct into a natural corridor from Rawson Park to Georges Heights oval. Viewing mounds, car park, lighting and street works have made the precinct accessible to the public. Tender documents were prepared for the re-roofing of the camouflage fuel tanks nearby. This project will remove the asbestos wall and roof sheeting.

At Lower Georges Heights, fabrication began on a pedestal to house a restored artillery gun at the site of the 1877 emplacement.

On Middle Head Road, tenders were called for internal and external refurbishment works on the Navy cottages, one of which was demolished. External refurbishment of three brick veneer houses on the southern side of the road was completed. Restoration and tenant fitout works were completed on the former Golf Club House and quarry car park. The road itself was upgraded and landscaped, and a public pathway constructed.

At Middle Head, works commenced on the conservation and refurbishment of the former Australian School of Pacific Administration (ASOPA) buildings, services infrastructure, and landscaping. The adjacent Obelisk car park was completed and documentation prepared for upgrading of the parade ground car park.

At Chowder Bay, refurbishment and tenant works converted the former Sergeants’ Mess and Barracks building into a function centre. External building maintenance was undertaken on a number of former historic Submarine Miners’ Depot buildings including joinery repairs, painting and the upgrading of balustrading and lighting to the existing stone stairs. The former timber barracks building was externally refurbished with a new roof and painting. Maintenance upgrades were also undertaken on two public amenities, Chowder Bay wharf and Building 12 toilet block.

Parking meters and associated signage were installed in a number of Headland Park car parks including the Golf Club House, Middle Head parade ground and Chowder Bay.

Woolwich Dock

Woolwich Dock is a fine example of some of the patterns that have shaped the harbour. The industrial character of the site, dating from the 1880s, influenced the growth of residential communities in the area and retail centres to service them. The exceptional dry dock was opened in 1901 and used for the repair and fitting-out of large ships.

The site contains parkland, sheds, hardstand, workshops and the former dry dock. The new wharf and pontoon, constructed by the Trust, serves as an embarkation point for Cockatoo Island by staff, contractors and consultants.

The final stage of remediation of the lower Horse Paddock was completed. The project included the construction of a public path, landscaping and reconstruction of the seawall.

The construction of a new function centre on the site of two demolished Army mess buildings was completed. The centre contains office and storage space for the use of the Trust. Associated works included foreshore landscaping and pathways.

Cockatoo Island

Cockatoo Island is the largest island in Sydney Harbour and modified through its uses as penal settlement and maritime industrial site. Originally only 12.9 hectares, 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.

The conservation and refurbishment of the island's building stock continued during the year. Stone conservation works on the historically significant Convict Guardhouse and Mess Hall were undertaken. The works included mortar re-pointing, re-facing of weathered stone, stabilisation of metal fixtures, reconstruction of stone flagged floors and the removal of later additions such as the courtyard verandah.

A Greens Precinct Fund Grant was awarded to install photo-voltaics to a section of the Turbine Shop complex and to establish a rainwater harvesting system. Works have commenced on the photo-voltaics and the water harvesting works have been tendered. It is anticipated that these systems will provide 20 per cent of the Trust's power and 100 per cent of non-potable water for the site's toilet and irrigation demand.

A number of components of the Convict Trail were completed including construction of the grain silo walkway and repairs to the southern access stairs. Other elements of the trail were commenced including the lift upgrade and landscaping works to Biloela, the former Superintendent's residence. The latter will provide greater public access to the surrounds of Biloela and another access link onto the cliff-top walkway.

Refurbishment of another residence, the former launch driver and coxswain's residence into short-term rental accommodation commenced, with completion due in October 2010. The accommodation comprises three suites.

The island's café was re-located from the Muster Station to a small stand alone former office building nearby, following refurbishment of the building. The Muster Station was upgraded to accommodate a visitors' centre and its interpretive contents refreshed.

Further repairs were undertaken on the island's main access point, the Parramatta wharf.

A number of public amenities were completed or upgraded. Slipway No.1 was converted into a public harbour swimming area and the surrounding area landscaped to provide further recreation space. A special group camping area including separate kitchen facilities was created adjacent to the main camp ground and new swimming area. Existing toilet facilities in the former Drawing Office (building 10) were upgraded for public use as was the former workers' latrine block on the plateau, near the Electrical Shop (building 15).

The Burma Road escarpment was stabilised and landscaped. Shade and seating structures were completed on the eastern apron.

Further archaeological investigation was undertaken into the convict solitary cells under the convict barracks (building 5) and designs are being developed to stabilise them as well as to provide safe public access.

The external and internal refurbishment of the former Administration Building (building 30) is nearing completion. The building will provide office and conference accommodation.

The Sutherland Dock caisson was retracted into its original housing which will allow the dock to be used by the Trust and future tenants for maritime activity in association with the southern apron infrastructure.

Extensive safety works were completed to increase public access and general safety around the island. Work included stabilising the plateau rock faces, the overhead services fittings and a steel water tower. Safety and trip hazard repairs were undertaken in license and event spaces, and structural work on crane safety commenced.

Services were upgraded in the area of the southern apron adjacent to the dry docks, followed by surface capping and paving. In conjunction with these works, the oldest crane on the island is being restored by a group of volunteers with expertise in engineering and industrial heritage. The volunteers also repaired the slipway within the Shipwrights' Shed (building 81). A number of buildings on the plateau were made both bird-proof and weather-proof.

Ongoing service repairs on the island included a new permanent sewer connection to the mainland, stormwater line clean-out and valve replacement. Low voltage reticulation has been installed in several of the newly refurbished buildings.

Snapper Island

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. A program of essential building repairs was commenced in order to make the buildings water tight 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. In 1883, a new lighthouse was built. No major works were carried out during the year.

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.

HMAS Platypus

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. The wharf was built to accommodate the berthing of submarines when the site was officially commissioned in 1967 as the base for the Navy's submarine fleet. No major works were carried out during the year.

Remediation

The Trust continued projects to manage and remediate contamination on its sites. On Cockatoo Island, a remediation validation report on the northern apron was prepared for the auditor's sign-off. At Woolwich, remediation works were completed on the lower Horse Paddock and sea wall.



Photo: Exploring Cockatoo Island

Photo: HMAS Platypus

At the former HMAS *Platypus* site, tenders were called for the first stage of remediation works which will include the removal of contaminated materials from the buildings and the dismantling of one of the historic buildings, the Retort House, to enable the second stage of the remediation phase to commence.

Tender documents are being prepared for soil remediation around Macquarie Lighthouse and the Head Keeper's and Assistant Keeper's houses.

Bushland Ecological Restoration

Ecological restoration works continued during the year at Headland Park, North Head Sanctuary, Woolwich Dock and Cockatoo Island. Works included extensive control of weeds over an area of 25 hectares, maintenance of approximately 4 kilometres of bush tracks, manual and mechanical bushfire hazard reduction, and revegetation of cleared areas using local provenance seedlings. Maintenance work by bushland contractors increased by 20 per cent over the previous year due to an increase in the area of revegetation.

Revegetation

Over 30,000 native trees, shrubs and ground covers were planted on Trust sites during the year:

- Ex-Commandos car park and viewing mounds Stage 2 – 3,000 plants
- Georges Heights oval and Dominion Crescent edges – 5,000 plants
- Georges Heights parade ground – 500 plants
- Middle Head Road landscaping– 12,200 plants
- Former naval cottages, Middle Head Road – 1,200 plants
- ASOPA, Middle Head – 4,300 plants
- Cockatoo Island – northern apron viewing mounds and new planter beds – 3,800 plants
- North Head infill planting – 500 plants
- Chowder Bay infill planting – 300 plants

A new volunteer program commenced at North Head Sanctuary with the North Head Sanctuary Foundation propagating local plants for revegetation of bare areas around the sanctuary. The foundation planted 1,500 native seedlings during the year.



Photo: Ranger Scott Pentland

Bushfire Risk Management

In 2009-2010, fuel reduction and slashing of fire breaks and trails continued adjacent to buildings and structures at North Head Sanctuary and Headland Park. A program of fuel reduction and selective clearance of woody vegetation continued within the Third Quarantine Cemetery. The Trust worked with neighbouring landholders through the statutory Manly-Mosman-North Sydney District Bushfire Management Committee and the North Head Stakeholder Group. The District Bush Fire Risk Management Plan was updated to provide a coordinated approach across land tenures. The Trust contributed to the joint stakeholder North Head Bushfire Management Strategy produced by the NSW Department of Environment, Climate Change and Water (DECCW). The Trust has submitted four proposals for small area burns at North Head Sanctuary and Headland Park to promote bushland regeneration and reduce the risk of wildfire to life, property and natural and cultural heritage assets.

Fauna Conservation and Feral Animal Management

The Trust is represented on the North Head Bandicoot and Penguin Population Recovery Teams to support the protection of these populations and works closely with the NSW Department of Environment, Climate Change and Water (DECCW) and other stakeholders. The Australian Wildlife Conservancy has been contracted to undertake research into the ecology of native fauna on North Head and make management recommendations. The Trust continued to work with Councils and DECCW in a co-ordinated approach to management of feral animals at North Head Sanctuary, Headland Park and the Horse Paddock, Woolwich. A Rabbit Calicivirus baiting program with follow-up shooting and monitoring was carried out in March 2010 to reduce the rabbit population. The Trust continued its involvement in the Northern Sydney Regional Fox Control Program with ongoing 1080 poison baiting. Fox controls were increased following a spate of attacks on bandicoots at North Head in mid 2009 and it appears the area has been generally free of foxes since. Fox control was carried out at Georges Heights and the Horse Paddock, Woolwich in June 2010 following fox sightings.

Environmental Education

The Trust hosted a guided walk of Eastern Suburbs Banksia Scrub for 30 members of the Australian Association of Bush Regenerators in September 2009. A TAFE training day for Conservation and Land Management students was carried out at North Head Sanctuary in March 2010.

Landscape Maintenance

The Trust carried out a range of landscape restoration and maintenance works during the year. The work generally consisted of regular mowing, edging, garden bed pruning, weeding, lawn rejuvenation works, and hazardous and formative tree pruning. At Headland Park and North Head Sanctuary, there was approximately a 30 per cent increase in works from the previous year due to new works and a 35 per cent increase on Cockatoo Island. In April 2010 at the former HMAS *Platypus* site, 60 cubic metres of weed biomass (primarily *Pennisetum setacea*) was treated and removed.

Public Access

Public access to Trust sites continued to increase significantly in the reporting period, notably at Cockatoo Island with a number of the components of the Convict Trail completed. This included the grain silo walkway and the southern access stairs. At Woolwich, paths were completed along the waterfront areas of the lower Horse Paddock and the Function Centre. At Headland Park, a path was constructed to the rear of the Cobbittee Street houses, which connects to the Middle Head Road – Balmoral Park walking track. Within the former Commandos Headquarters precinct, a large open public space was created with landscaped viewing mounds and links to the adjacent Council parklands.

Environmental Performance

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 per cent greenpower.
 - Subscribe to Greenfleet.
 - No increase in water consumption.
 - Increase recycling by 10 per cent.
 - Reduce greenhouse gas emissions by 30 per cent.
-

The principles of Ecologically Sustainable Development (ESD) constitute a key policy objective of the Trust, underpinning site rehabilitation, planning and public information activities and events. The Comprehensive Plan contains a commitment to ESD, and site specific Management Plans are formulated taking into account ESD outcomes. All Trust objectives and policies are considered fundamental to the achievement of ESD, including biodiversity conservation, bushland conservation, management of native and introduced animals, waste quality and catchment protection, transport management and air quality, bushfire management, Aboriginal and cultural heritage.

Site conservation and environmental projects are carried out to remediate environmental degradation and the impacts of past practice, to establish a sound basis for sustainable development and adaptive re-use.

The Trust is also committed to sustainable design principles and requires these to be incorporated into all building restoration projects. All opportunities to save energy and water must be considered, along with utilising building materials from sustainable sources that can be recycled at the end of their useful life, as well as using recycled materials where suitable, contextual and available.

During the 2009-2010 reporting period, the Trust:

- Renewed its membership of the Green Building Council of Australia;
- Continued to participate in the Greenhouse Challenge Plus;
- Purchased Greenfleet offsets for fleet vehicles;
- Continued to undertake metering and monitoring of the office's environmental performance.

2009-10 was the third year in which the Trust conducted a review of its office environmental performance to determine its impact on the environment, using the following Global Reporting Initiative Indicators as a guide:

- Energy Consumption (GRI Indicator EN3);
- Fuel Consumption (GRI Indicator EN3);
- Water Consumption (GRI Indicator EN8);
- Waste Consumption (GRI Indicator EN22);
- Greenhouse Gases (GRI Indicator EN16).

The results of each of the above environmental performance indicators is discussed in further detail below.

Energy Consumption – EN3

2009-2010 Energy Consumption Targets:

- Purchase 100 per cent Greenpower for the Trust's Office
- Purchase 20 per cent Greenpower for other Trust managed buildings

The Trust's energy usage has increased by 5 per cent for the 2009-2010 reporting period, as demonstrated in the table below. After two years of accurate data it is now possible for the Trust to set a measurable target for energy consumption. For the next financial year, the Trust aims to keep the annual office energy use level between 575 000MJ and 600 000MJ. Staff members will help to meet this target by undertaking small actions each day, such as turning off lights when they leave meeting rooms, turning off shared printers overnight and making the decision to turn off the automatic air-conditioning system when it is not required.

Total energy consumption

	08/09	09/10
Total Consumption:	571,709 MJ	600,725 MJ

The Australian Government "Energy Efficiency in Government Operations (EEGO) Policy" sets the strategy for Australian Government Agencies to achieve the target of 7,500 Megajoules (MJ)/person/annum for office light and power, and 400MJ/m² for office central services by 2011. The table below shows the Trust's performance for the past two years compared with the EEGO targets. During 2009-2010 the Trust was able to maintain its position well within the established targets.

Electricity consumption per staff member/m²

	EEGO Policy Target	Trust 08/09	Trust 09/10
Central Services (MJ/m ² /annum)	400	200	210
Office light and Power (MJ/person/annum)	7,500	5955	5562

Additional to meeting its 2009-2010 Energy Consumption targets, the Trust purchased 100 per cent Greenpower for the Trust Office and 20 per cent Greenpower for all other Trust managed buildings to June 2010. By purchasing Greenpower, the Trust will be able to reduce its overall greenhouse emissions. The results of this purchase will be monitored in the 2010-2011 reporting period.

Fuel Consumption – EN3

2009-2010 Fuel Consumption Targets:

- No increase in fuel consumption
- Encourage staff to make the hybrid Prius their first choice of car when available
- Investigate purchasing an office bicycle for local trips

The Trust fleet throughout the year consisted of one Toyota Prius (Hybrid electric/unleaded); one Ford Falcon Wagon (LPG); one Mitsubishi tip-tuck (diesel) for use on Cockatoo Island and two Toyota Hilux utes (LPG and unleaded), one of which was returned halfway through the financial year. Fuel use during the 2009-2010 reporting period was significantly less than the previous reporting period. The below table illustrates that there has been a reduction in annual fuel use of 1776 litres. In addition to achieving its target of not increasing fuel consumption, the Trust also purchased Greenfleet offsets to the value of 17.2 tonnes of CO₂, further reducing its carbon footprint.

	08/09	09/10
Total Unleaded	2470 Ltrs	1461 Ltrs
Total LPG	2859 Ltrs	1831 Ltrs
Total Diesel	722 Ltrs	983 Ltrs
Total Fuel	6051 Ltrs	4275 Ltrs

Water Consumption – EN8

2009-2010 Water Consumption Targets:

- No increase in water consumption

Water usage at the Trust remained low for the 2009-2010 reporting period at 279kL. This figure represents an increase of 0.7 per cent above the 2008-2009 water consumption amount of 277kL, reflecting fluctuations in staff and consultant numbers during the year.

	08/09	09/10
Total Consumption:	277kL	279kL
Average per meter square:	0.19kL/m ² /year	0.20kL/m ² /year



Waste Generation – EN22

2009-2010 Waste Generation Targets:

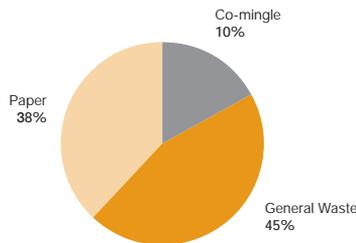
- Reduce waste by 10 per cent (possibly complemented by introducing composting)

The amount of waste produced at the Trust is calculated by estimation of total bins filled per week. Therefore the information presented is an approximation only. The table below indicates that there has been an estimated overall decrease of 12 per cent in the amount of waste produced in the 2009-2010 reporting period.

	08/09	09/10
Total general waste	5.3 tonnes	4.9 tonnes
Total Paper and Cardboard	5.7 tonnes	4.1 tonnes
Total Co-mingle (Bottles/cans)	1.3 tonnes	1.8 tonnes
Percentage Waste to landfill	43 per cent	55 per cent
Percentage Waste recycled	57 per cent	45 per cent

The chart below shows the percentage of waste by type and destination. Both paper and co-mingle waste are sent to recycling facilities. As such 55 per cent of all waste is recycled.

Percentage of Waste by Type



Greenhouse Gases – EN16

2009-10 Greenhouse gas emissions:

- No increase in gross emissions

The Trust has continued to participate in the Greenhouse Challenge Plus Program administered by the Department of Environment, Water, Heritage and the Arts. The table below summarises the total amount of greenhouse gases for the Trust office by source and amount. Total net emissions were 175.46T CO₂-e. The majority of gross emissions come from electricity (93 per cent). The 2009-2010 target for the Trust was to have no increase in gross emissions. However, there was a 2 per cent increase in gross emissions which is considered appropriate due to fluctuations in staff and consultant numbers during the year.

	08/09	09/10
Total Greenhouse Gas Emissions: Tonnes CO ₂ -e	170.9	175.46

Photo: Robert MacPherson, panel from Chitters: A wheelbarrow for Richard, 156 paintings, 156 Signs, 17th Biennale of Sydney, Cockatoo Island

Carbon Footprint

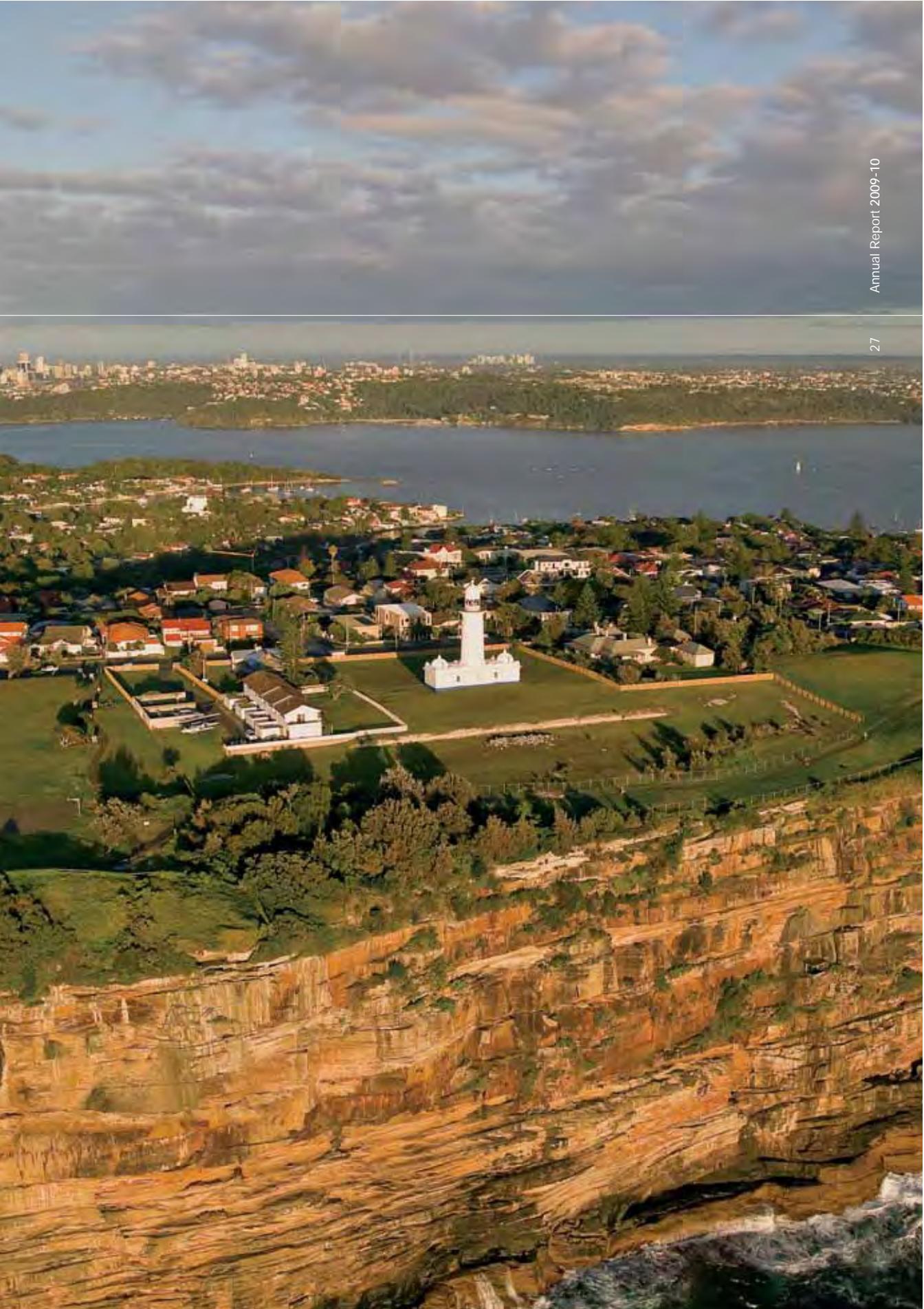
Fuel/process	08/09	CO ₂ -e (Tonnes)	09/10	CO ₂ -e (Tonnes)
Electricity	158,808 kWh	169.6	166,868 kWh	178.22
Petrol/Gasoline	2.47 kL	6.4	1.46 kL	3.80
LPG-transport	2.85 kL	5.1	1.83 kL	3.29
Diesel – transport	0.72 kL	2.0	0.98	2.94
Waste to landfill	5.3 kL	5.0	4.9 kL	4.41
Total gross emissions	-	188.1	-	192.66
Offsets	Greenfleet	-17.2 tonnes	Greenfleet	-17.2 tonnes
Total net emissions		170.9 tonnes		175.46
			Total % increase	2 per cent

Targets for 2010/2011

- No increase in overall gross emissions;
- No increase in waste;
- No increase in fuel consumption;
- No increase in water consumption;
- Investigate installing solar cells/solar hot water for the Trust office.

“The Trust’s program is one of the best around in terms of overall management, communication and satisfaction”

– Trust volunteer



Public Awareness and Planning

Public Awareness

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.
- 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.

Public Awareness Program

The Trust's public programs encompass open days, events, tours, school excursions, displays, interpretive activities and the operation of information centres. The accessibility of Trust lands challenges the Trust's public programs to be relevant and engaging. As a self funding organisation, there is a balance to be struck between the provision of formal and informal educational and interpretive programs, and activities that have the potential to contribute to operating costs. Major events on Cockatoo Island have highlighted the island's growing reputation as a landmark cultural site.

Interpretation, Signage and Publications

The Trust appointed a curator to assist in the interpretation of Trust sites, particularly Cockatoo Island. The curator managed the signage and content components of the refit of the Muster Station following the decision to move the café to a new location and to convert the Muster Station into a more comprehensive visitors' centre. The interpretive content of the Muster Station was refreshed with the intention to provide a general introduction and welcome to the island. Other projects undertaken by the curator included content and design for grain silos signage on the elevated walkway and temporary signage for the isolation cells under the convict barracks and the refurbishment of Biloea, the Superintendent's residence. The curator is researching the content for a proposed exhibition on the convict history of Cockatoo Island, scheduled for 2011.

Also on Cockatoo Island, a number of old interpretive signs were replaced during the year and a major building signage program implemented. The audio tour of the island was amended to include information on the isolation cells and grain silos. A self-guided tour brochure on the convict history of Cockatoo Island and a brochure on things to see and do from Cockatoo Island were produced.

The Story of Bungaree, a book produced by the Trust, was launched by the Governor of New South Wales. The book's publication coincided with commemorations to celebrate the bicentenary of the commencement of Governor Lachlan Macquarie's tenure as Governor of New South Wales in 1810. The illustrated book describes the life of Bungaree, a significant Aborigine in the early years of the colony. In 1815, Macquarie placed Bungaree in charge of a farm for Aborigines at Georges Heights. The book will form the basis of an exhibition on Bungaree to be held to celebrate NAIDOC Week 2010. A self-guided tour brochure on Headland Park and its military heritage was produced during the year and interpretive signage was installed at the refurbished Golf Club House. Weather damaged interpretive signage at Georges Head lookout and other locations at Headland Park was replaced.

Photo: Guests, Bungaree book launch

The Trust's e-newsletter was distributed five times during the year. In addition, four event notices were electronically distributed to the e-newsletter database. The first HMAS *Platypus* Remediation e-newsletter was distributed in June 2010.

A number of site brochures were updated and reprinted. Interim signage was produced for events and projects throughout the year.

Events, Ceremonies and Open Days

Cockatoo Island was a major venue partner of the 17th Biennale of Sydney (12 May-1 August 2010). The Biennale is Australia's major contemporary arts festival. Some 56 international and Australian artists exhibited 120 works in buildings and spaces across the island which also hosted the Artists' and Supporters' Party. As of the end of June 2010, approximately 70,000 people had visited the Biennale on Cockatoo Island. The Trust's sponsorship of the festival was part of a strategy to promote Cockatoo Island as a Sydney Harbour landmark both for cultural events and general visitation. The Trust was a major venue partner of the 2008 Biennale of Sydney, attracting approximately 86,000 visitors.

The island hosted an inaugural comedy festival called *World's Funniest Island* on a weekend in October. The festival featured international and Australian comedy acts and attracted an estimated audience of 4,000 people per day. Planning is underway to hold the second festival in October 2010. Like the Biennale, the comedy festival is an important component of the Trust's calendar of high profile events on Cockatoo Island.

For the second year, the island's camp ground was fully booked by Sydneysiders and others to watch Sydney's spectacular New Year's Eve fireworks from one of the best vantage points on the harbour. Some 2,000 campers occupied 475 campsites to herald in the new year. Planning has begun for New Year's Eve 2010.

Ken Unsworth's art installation in the Turbine Shop closed in July 2009, the exhibition period having been extended. *A Ringing Glass (Rilke)* was a major project featuring kinetic sculpture, video and installations in honour of Unsworth's wife. Another significant art installation, William Kentridge's *I am not me, the horse is not mine* first premiered on Cockatoo Island as part of the 2008 Biennale of Sydney and was generously loaned to the Trust by the Anita and Luca Belgiorno-Nettis Foundation until March 2010.

On North Head, the former School of Artillery hosted an outdoor concert featuring the cult surf film *Morning of the Earth* to the accompaniment of a live performance of the soundtrack, as part of the inaugural Manly Festival of Surfing in November. The concert/film attracted over 900 people.

The Trust marked NAIDOC Week at Lower Georges heights with an exhibition of contemporary art by Indigenous women and a performance by Freshwater, an Aboriginal group.

An Anzac day dawn service was held on the former parade ground at Georges Heights. Six open days were held at Macquarie Lightstation. A ceremony was held to mark the unveiling of a plaque commemorating the contribution of the Headland Preservation Group in the creation of Headland Park.



Partnerships

The National Art School conducted Drawing Week (1-4 March) activities for 300 students on Cockatoo Island. The school and its students have had an association with the Trust for a number of years. The National Institute of Dramatic Art continued to conduct filmmaking courses for young people on the island. Urban Islands, an international architectural studio/workshop organised by faculty members of the school of architecture, University of Sydney, the University of Technology and the University of New South Wales was also held on the island for the third year. Students of Lidcombe TAFE held an exhibition on the island showcasing potential uses of the island's buildings and facilities.

The Trust participated in Seniors' Week by staging an exhibition of paintings depicting life on Cockatoo Island by former worker, Bill Nix. Other Seniors' Week activities on the island included a talk by Tom Uren on his love of Sydney Harbour and a number of tours conducted by John Jeremy, former Chief Executive Officer of Cockatoo Dockyard. Tours of North Head sanctuary by horticulturalist and TV presenter Graham Ross were also a part of the Trust's contribution to Seniors' Week.

Discussions on possible partnerships were held with a number of organisations throughout the year including Legs on the Wall physical theatre company, the Sydney Writers' Festival and the Mardi Gras.

The Trust maintained its links with Tourism NSW and Sydney Ferries on media and transport issues respectively and was a member of a committee of Sydney-based tourism, park and other agencies formed to discuss Sydney Harbour becoming a designated National Landscape.

Volunteers

The Trust's public programs are supported by a team of some 155 volunteers. The recruitment and training of volunteers is an ongoing task in order to keep resources at a level sufficient to staff visitors' centres and provide support for exhibitions, open days and events.

During the year, volunteer speakers made 99 presentations to community groups (an audience of approximately 5,485 people) about the Trust and its progress conserving the natural and cultural values of its lands around Sydney Harbour.

On Cockatoo Island, volunteers continued to operate the visitors' centre in the Muster Station, the key function of which is to welcome visitors, explain activities available on the island and sell merchandise. A team of 8 volunteer gardeners is maintaining a number of newly established gardens, occasionally with the assistance of corporate volunteer groups. The industrial heritage volunteer team works three days a week on an impressive program of restoration including cranes and a launch.

At North Head Sanctuary, volunteers operate the Gatehouse Visitor Centre and run monthly tours of the site. Volunteers also run regular tours at Headland Park and Macquarie Lightstation.

Volunteers continue to support Trust-organised events such as NAIDOC Week, Seniors' Week and New Year's Eve camping, and other events such as the Biennale of Sydney.

“Cockatoo Island is the best event venue in Sydney.”

– Biennale visitor comment

Tours

The Trust operated regular guided tours on four sites during the year. The table below records the numbers of participants.

Cockatoo Island	Headland Park	North Head Sanctuary	Macquarie Lightstation
Guided Tours: 2,237	Guided Tours: 468	Guided Tours: 180	Guided Tours: 815
Audio Tours: 3,753			

As part of Archaeology Week, the Trust conducted a tour of archaeological investigations into the convict remains. The nomination for World Heritage listing of the convict precinct as part of serial listing of 11 convict sites around Australia will be determined by the UNESCO review committee in July 2010.

School Excursion and Children's Program

Cockatoo Island attracted 130 education visits from primary, secondary and tertiary institutions in the Sydney metropolitan area and beyond. Some 6,000 students and teachers explored the island's diverse themes to enhance their study of a range of subjects including history, geography, visual arts and design and technology. New programs are currently in development, responding to the environmental sustainability programs on the island and utilising the island as a site for multi-disciplinary creative arts programs.

In response to growing interest in the island from visual arts teachers and students following the island's participation in the 2008 Biennale of Sydney, new visual arts programs were developed and implemented on the island. The Trust worked with the Biennale to introduce education programs for primary and secondary students visiting the 2010 Biennale of Sydney on the island. Over ten visits, 227 students participated in the Trust's Biennale education programs to the end of June, with a further 600 students visiting in a self-guided capacity. Programs exploring the island as a site for practical art-making are currently in development for both primary and secondary students.

A new self-guided activity has been developed for children exploring the convict heritage of Cockatoo Island. *Convict Clues* helps children engage with the island's convict stories by completing a range of activities in key convict sites across the island. The *Ships Ahoy Treasure Trail* continues to be successful on the island, with over 3,500 copies being

distributed during the year. The self-guided kids' discovery trail at Macquarie Lighthouse continues to be a regular activity for children attending Macquarie Lighthouse open day events.

At North Head Sanctuary, 156 geography students and teachers participated in the biophysical interactions program. Partnerships are being developed with key stakeholders at North Head, such as the Australian Wildlife Conservancy, to assist with the implementation of new environmental education programs for primary and secondary students. The free kids' activities in the discovery room at the North Head Gatehouse Visitor Centre are well utilised, with children of all ages coming to explore books, posters, maps, specimens and participate in a range of art and craft activities related to the natural heritage of North Head. A new self-guided activity trail, *The North Head Nature Hunt* has been developed to assist children to engage with the native flora and fauna of the sanctuary.

Vacation care programs are another area of growth, with new programs implemented at Cockatoo Island and North Head in the April school holidays. Thirty four programs were held at Cockatoo Island, North Head, Macquarie Lighthouse and Headland Park, with 1,204 children and carers participating.

Birthday party programs at Headland Park, Cockatoo Island and Macquarie Lighthouse are popular. Thirty nine parties were held, attracting 676 participants. The parties allow children to explore the underground military fortifications at Lower Georges Heights, and to climb to the top of Macquarie Lighthouse to imagine the life of a lighthouse keeper.

Photo: Artwork by Choi Jeong Hwa,
17th Biennale of Sydney,
Cockatoo Island

School Excursion and Childrens' Program (1 July 2009 – 30 June 2010)

School Excursions	No. Programs Run	Students	Adults	No. Participants
Cockatoo Island (Guided)	65	3781	324	4105
Cockatoo Island (Self-guided)	33	786	21	807
Cockatoo Island Biennale Program (Guided)	10	227	23	250
Cockatoo Island Biennale (Self-guided)	22	600	39	639
North Head Sanctuary Excursion	8	131	25	156
Total No. Participants				5957
Vacation Care Program	No. Programs Run	Children	Adults	No. Participants
Headland Park	7	275	42	317
Macquarie Lighthouse	3	34	7	41
Cockatoo Island (Guided activity)	6	167	21	188
Cockatoo Island (Self-guided 'Ships Ahoy')	18	651	7	658
Total No. Participants				1204
Birthday Party Program	No. Programs Run	Children	Adults	No. Participants
Headland Park	34	478	117	595
Macquarie Lighthouse	4	47	24	71
Cockatoo Island	1	9	1	10
Total No. Participants				676
Ships Ahoy Map				Total
Estimated uptake by visitors				3500

Media and Advertising

The Trust received positive media coverage of its activities throughout the reporting period. Coverage continued of the camp ground and holiday houses on Cockatoo Island with both Australian and international travel, tourism and leisure journalists visiting the island and 'road testing' the accommodation options. The discovery of solitary punishment cells in the convict precinct was reported in the *Sydney Morning Herald* and by ABC radio. Events on Cockatoo Island attracted widespread coverage including the Ken Unsworth installation, the inaugural World's Funniest Island comedy festival and the 2010 Biennale of Sydney. Suburban newspapers regularly covered the Trust's activities or that of tenants and stakeholders, for example, concerning the closure of the café at North Fort and the *Morning of the Earth* concert (*Manly Daily*), the activities of the Sydney Harbour Institute of Marine Science and the organic market at Lower Georges Heights (*Mosman Daily*) and New Year's Eve on Cockatoo Island (*Inner West Courier*).

The Trust placed non-campaign advertising in metropolitan, suburban and regional newspapers to promote events, the exhibition of plans, open days and accommodation. Market research was undertaken of users of the camp ground. More broadly, Trust sites were used by magazines and television production companies for fashion shoots, the making of a pilot TV program, the filming of a TV reality program and TV advertisements.

Website

In 2009-2010 there were 62,199 visits to the Trust's corporate website www.harbourtrust.gov.au. This figure is lower than the previous year's visits and reflects the use of a more accurate web analytics program.

In 2009-2010 there were 162,036 visits to the Cockatoo Island website www.cockatooisland.gov.au. This is a 24 per cent increase on the previous year's visits. Spikes in monthly visits occurred before and after the new year period in December 2009 and January 2010 and in the lead-up to the Biennale of Sydney. Booking for all forms of accommodation on the island (camping and the holiday houses) is now possible via the website.



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.
- New or revised Management Plans also meet the requirements of the *Environmental 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 undertaken in accordance with the Trust's Act, Trust Plans, and the EPBC Act.
- The Community Advisory Committee and the broader community provide input into the planning process.

Management Plans

The planning team commenced amending current management plans to satisfy the requirements of the *Environmental Protection and Biodiversity Conservation Act 1999* (EPBC Act).

The Minister approved the Management Plan for the former HMAS *Platypus* site by way of notice in the Australian Government Gazette. The plan officially took effect in May 2010 and forms an amendment to Part B of the Trust's Comprehensive Plan.

The Minister also approved the Management Plan for Cockatoo Island in June 2010. The plan was the Trust's first to be prepared in accordance with the requirements of the EPBC Act relating to the Commonwealth Heritage List and National Heritage List. The Minister determined the plan is consistent with the EPBC Act and the Commonwealth and national heritage management values of the site.

Photo: North Fort complex, bushland and harbour, North Head

Work has continued on the preparation of an amended version of the Management Plan for the School of Artillery, North Head. The amendment will be re-titled the 'Management Plan for North Head Sanctuary' in recognition of the Trust's consideration of the former School of Artillery and other North Head lands holistically. The amended plan will include more detailed outcomes for the North Fort complex. The key aims of the draft plan for the North Head Sanctuary will be to conserve and interpret the site's cultural and natural values, maximise public access, facilitate the adaptive re-use of buildings, and integrate the precinct with adjoining lands. It is anticipated that a draft Plan will be placed on public exhibition in mid-2010.

Environmental Assessments

The planning team is responsible for undertaking environmental assessments of actions proposed on Trust lands, to determine whether the proposals are consistent with Trust Plans and to satisfy the requirements of the EPBC Act.

In the past year the planning team determined assessments for 18 proposed actions. The most noteworthy of these assessments was for the proposed remediation works (Stage 1) at the former HMAS *Platypus* site. The proposed works include the dismantling of the historically significant Retort House to facilitate the remediation of contaminated materials located beneath the building. The Retort House will be re-erected following the completion of site remediation. Given the heritage significance of the Retort House, and the element of risk involved in its dismantling, the proposed works have been reviewed by the Department of the Environment, Water, Heritage and the Arts for consistency with the EPBC Act.

In addition, an indoor sports hall at Drill Hall Common was approved in September 2009. The hall is adjacent to three outdoor sports courts on Cross Street and is the result of collaboration between the Trust and Mosman Council. Scheduled to open in late 2010, the hall will be used for a variety of sports including netball, basketball, wheelchair basketball, volleyball, futsal and indoor hockey.



Background Studies

A number of studies commissioned by the Trust to inform the planning process were completed in the reporting period including:

- Conservation Management Plans (CMPs) for the former School of Artillery and the North Fort complex at North Head. These CMPs have assisted in the preparation of the draft North Head Sanctuary Management Plan; and
- A Sediment and Port Bed Clearance Assessment of the marine environment near Woolwich Dock. The results of the assessment will be used by the Trust to ascertain the condition of the Woolwich Dock sea bed.

The Trust commissioned studies to inform the assessment of the remediation works at the former HMAS *Platypus* site:

- Terrestrial and aquatic flora and fauna;
- Construction traffic management;
- Noise and vibration;
- Hazardous materials assessment.

Community Consultation

The Trust continued to consult communities and liaise with key stakeholders on the planning and rehabilitation of its sites. Consultation activities ranged from formal committee meetings to workshops, open days, presentations, discussions and the exhibition of plans. The Community Advisory Committee (CAC) provided advice in support of the planning process. The whole CAC met once during the year to provide feedback on and input into a range of issues. The CAC for the former HMAS *Platypus* site was expanded to include additional local residents during the *Platypus* Remediation Project and met five times. In addition there were two open days accompanied by site tours at the former HMAS *Platypus* site and an exhibition of the draft site management plan for Stage 1 remediation works.

The Trust held and attended numerous formal and informal meetings with key stakeholder groups, government agency staff, councils, local members, community organisations and individuals to discuss issues concerning the planning for, and the rehabilitation of its sites.

Current membership of the Community Advisory Committee is provided in Appendix 2.



Photo: Exploring Cockatoo Island

“Compared to some other volunteer programs,
the Trust is a well oiled machine”

– Trust volunteer

Financial Sustainability

Leasing, Licensing and Accommodation

Performance Indicators

- Leasing and licensing of buildings and facilities are consistent with the Trust's Comprehensive Plan and Portfolio Budget Statement outcomes.
- Leasing, licensing, camp ground and residential accommodation revenue increase consistent with with Portfolio Budget Statement outcomes.

Leasing

In a financial year where commercial property vacancy rates in Sydney's CBD and North Sydney rose significantly in difficult economic conditions, the Trust's refurbished properties at Headland Park are almost fully leased. Tenants continue to be attracted by the lifestyle and facilities offered by the park, and a broad range of small businesses have now chosen to establish themselves or relocate there. It is common for Trust tenants seeking to expand to do so within the park. Over 50 per cent of new leasing enquiries come from existing tenant recommendations. The Trust is now dealing with a range of property management issues associated with the site's success including signage and car parking. New paid parking schemes were introduced at Chowder Bay and Middle Head and a new asset management system is being introduced to deal with the growing repair and maintenance demands of leased heritage properties.

Two new cafés within the park opened during the year – Burnt Orange and Shot Café. Burnt Orange also offers a range of specialist retail food and home wares which have proved very popular, whilst the Shot Café forms part of the artist precinct at Lower Georges Heights. The artists continue to host regular exhibitions and events in the Landship, also now home to the Headland Park Organic Food Market every Thursday. In partnership with Mosman Council, the Trust finalised the location of the Mosman Men's Shed at Georges Heights oval. This future facility will be a welcome addition to the Headland Park community.

Chowder Bay is another Trust site with full occupancy. Leasing terms were agreed this year with the Sydney Institute of Marine Science for the Sergeants' Quarters, the last available building at Chowder Bay. The institute is due to begin works on this and other buildings at Chowder Bay shortly as part of a major upgrade to its research, laboratory, education and visitor facilities. The state-of-the-art Sergeants' Mess function centre at Chowder Bay opened in August 2009 and has quickly become a sought-after venue for weddings and corporate functions. Plunge Diving now offers kayak hire in addition to diving and snorkelling, whilst Ripples at Chowder Bay, Leading Initiatives Worldwide and Lands Edge continue to support the Trust in its aim to create a diverse harbourside community with the broadest possible public access.

Middle Head is the final Trust site in Mosman to be leased, and the former ASOPA precinct will be the first group of buildings to become available for lease in this precinct at the end of 2010. Strong demand is anticipated for these buildings, which will include uses that promote public access as well as offices.



At Woolwich Dock, the waterfront Deckhouse Function Centre and Cafe was constructed. Due to open in July 2010, it will provide an important amenity to tenants, visitors and residents and should open up this special place on the harbour to new audiences. "Canteen" is the new café on Cockatoo Island operated by Belinda Franks Catering. Relocated to a dedicated and more prominent building, the café offers a broad range of catering services not just to island visitors but also campers, holiday-makers and event-goers.

In 2009-2010, commercial leasing commenced at the former School of Artillery at North Head after a number of years of short-term licensing activity pending resolution of land title and planning matters. Earthwatch offers short-term environmental and wildlife research programs to the corporate and private sectors and is now based at the Gatehouse, whilst Charles Sturt University established a small presence to support local course management. The Australian Wildlife Conservancy has an office at North Head to support its research for the North Head Sanctuary, and whale research volunteers under the direction of Macquarie University use the Gatehouse as a base for their seasonal whale-watching activities. The Trust will be seeking to identify additional uses at North Head in the health, wellbeing and accommodation sectors under the umbrella of North Head Sanctuary. Control of the North Fort Café was passed from the Department of Defence to the Trust to seek a new operator. The Trust has embarked on a refurbishment program for the café that improves the suitability of this residential building for commercial use and integrates it more successfully into its natural surroundings.

As in previous years, demand for the Trust's residential properties has been strong. These properties have in the past been made available for lease via residential agents to the general public. The Trust is however increasingly seeking to find uses for these properties that increase public access as well as supporting site objectives. Two such initiatives have been put in place at North Head in partnership with the Schizophrenia Fellowship and the Rotary Club of Manly.

Licensing

Short-term commercial licensing is an important way of promoting access to Trust sites to a broad audience including regional, interstate and overseas markets. Whilst corporate events, filming and photography licenses declined in number during the year as economic conditions constrained these activities, ceremonies (in particular weddings) and sporting events increased compared to last year. The net effect was an overall increase in commercial licenses of 17 per cent compared to last year.

The media exposure arising from many of these events is significant and helps the Trust to broaden awareness of its activities and sites. A case in point is Channel Ten/Fremantle Media's *The Biggest Loser Couples* series which was filmed at the former School of Artillery for a second year. Audiences for this TV show are often in excess of 1 million viewers per episode, and the Trust works closely with the program's producers to ensure that the site itself is appropriately and sensitively featured. Other corporate clients hosted during the year included Channel Ten's season launch on Cockatoo Island, Microsoft, Blackberry and Nintendo. The Oxfam Trailwalker event also returned to Headland Park in 2009. In 2010-2011 the Trust will be further developing its conferencing and meeting facilities at Middle Head and Cockatoo Island.

Accommodation

Cockatoo Island Camping was the Trust's first short-term accommodation product launched in 2008. It has met with great success as probably the only city centre camp ground in the world. The camp ground receives close to 20,000 campers a year, many of whom take advantage of tents and camping equipment supplied by the Trust to undertake their first camping trip or renew a former interest in camping. The site is also very popular with school, corporate and private groups, supported by the creation of dedicated group camping facilities during the year. On New Year's Eve 2009 the camp ground hosted its second annual camping and fireworks event attended by 2,000 people. Tickets for this event are hotly contested. A broader range of catering options was available this year and feedback from campers was very positive. This is likely to become a regular feature in Sydney's event calendar.

Two heritage holiday homes overlooking the Parramatta River, each sleeping up to 10 people, were added to Cockatoo Island's accommodation mix in 2009. These homes reached just under 80 per cent occupation in their first financial year of operation despite limited advertising. This successful debut has encouraged the Trust to restore additional houses on Cockatoo Island. A third house with three accommodation units will be added in 2010. The Trust will undertake further short-term accommodation initiatives when funds become available. The conversion of heritage properties into short-term accommodation is another good example of how the Trust uses its property portfolio to promote public access to its sites and build awareness of Sydney's cultural, industrial and natural heritage.

Interim Leasing of Trust Sites

2009-2010	Use								Number of Licences	number of Visitors
	Filming	Photography	Sporting	Conference	Ceremony	Event	Exhibition	Storage		
Headland Park	1	2	7	4	56	6	6	0	82	10,488
Cockatoo Island	1	7	0	8	1	8	0	0	25	2,822
North Head	3	1	0	7	0	2	0	1	14	1,688
Macquarie Lighthouse	2	2	0	0	2	0	0	0	6	280
Platypus	2	0	0	0	0	0	0	1	3	25
Number of Licences	9	12	7	19	59	16	6	2	130	
Total People per Event Type	355	173	4,521	1,035	4,852	3,852	500	15		15,303



3 Operational Aspects

Corporate Governance

The affairs of the Trust are managed by the Executive Director subject to the directions of the Trust and in accordance with the policies determined by the Trust.

Members' Meetings

There were seven meetings of the Trust in the 2009-2010 financial year, two of which were open to the public. Under the Trust's enabling legislation the Trust must meet at least four times a year and at least two of the meetings have to be open to the public. Members attended as follows:

Member	Number of meetings attended
Mr K McCann, Chair	7
Mr R Conroy	4
Ms D Talty	6
Clr S Hoopmann	4
Mr P Lowry	7
Dr J Moriarty	6
Brigadier K O'Brien	7
The Hon B O'Keefe	6

Audit and Risk Management Committee

The functions of the Audit and Risk Management Committee include:

- Assisting the Trust to comply with its statutory obligations;
- Providing a forum for communications between the Trust, the Executive Director, senior managers and internal and external auditors; and to oversee:
 - 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.

The members of the Audit and Risk Management Committee during the 2009-2010 financial year were:

Mr P Lowry

Trust member and Chair of the committee.

Clr Susan Hoopmann

Trust member.

Brigadier Kevin O'Brien (ret.)

Trust member.



There were four Audit and Risk Management Committee meetings held during the 2009-2010 financial year with members attending as follows:

Member	Number of meetings attended
Mr P Lowry, (Chair)	4
Brigadier K O'Brien (ret)	4
Clr Sue Hoopmann	3

As a result of a selective tender process, Protiviti was appointed for three years as the Trust's internal auditor.

An internal audit review of the payroll and contractor payment process was undertaken by Protiviti in the reporting period.

Community Advisory Committee

The Community Advisory Committee met once during the reporting period. The former HMAS *Platypus* Community Advisory Committee met five times. The names of the members are provided in Appendix 2.

Tender Review Committee

The Trust nominated Brigadier Kevin O'Brien as the members' representative on the committee which is convened as required. Mr Peter Lowry is also a representative when required. The committee, which considers tenders estimated to be in excess of \$80,000, reviewed 15 tenders during the reporting period.

Fraud Control

The Trust has in place appropriate fraud risk assessment and control mechanisms which are overseen by the Audit and Risk Management Committee, in accordance with the Commonwealth Fraud Control Guidelines.

Indemnities and Insurance Premiums for Officers

The Trust has taken out Directors and Officers' liability insurance with Comcover, the Trust's insurers.

The Trust did not provide any indemnities to directors or officers in respect of liabilities or claims against them during 2009-2010.



Photo: Volunteer Joy Breed

Financial Performance

The 2009-2010 budget was developed in a period of high financial uncertainty. Against this background revenue estimates were deliberately conservative, the Trust's revenue base, however, appears to have withstood the financial crisis with a year-end surplus of \$2.1m. The major drivers for the improvement in the projected year-end result are higher than anticipated leasing and interest income and funding received under the Green Precincts Fund that was not anticipated at the start of the financial year. Operating surpluses are maintained in forward years although there is a downward trend in profitability as interest income reduces and forecast expenditure increases. The Trust's forward year forecasts demonstrate a sound financial basis for the Trust in the short to medium term and provide some confidence in the Trust's capacity to be fully self-sufficient.

Financial Outcomes

Operating Outcome

During the financial year 2009-2010, total operating income was \$13.634m and operating expenses were \$11.511m resulting in an operating surplus of \$2.123m.

Income

Total income of \$13.634m was \$0.853m above the previous year's income. Income was generated from the rental of Trust properties, licensing for the hire of Trust sites and facilities, accommodation and campground, merchandising, tour fees and interest income. Operating funding of \$0.025m was appropriated from government during 2009-2010. Funding from government will cease in 2010-2011.

Equity

The Trust's total equity increased by \$52.044m to \$326.682m mainly as a result of the upward revaluation of the Trust's property assets.

Assets

The value of total assets increased by \$90.466m to \$373.335m during 2009-2010 primarily as a result of building works undertaken during the year and the revaluation of the Trust's property assets. Cash reserves increased during the year as a result of funding from the Department of Defence for the remediation of HMAS *Platypus*.

Liabilities

Total liabilities increased to \$46.653m with \$38.850m of this increase being as a result of the vesting of HMAS *Platypus* with the Trust and its related remediation works planned over the next couple of years.



Photo: Heritage assessment, convict precinct, Cockatoo Island



Photo: Peter Hennessey, My Hubble, 17th Biennale of Sydney, Cockatoo Island

Purchasing

The Trust's Purchasing Guidelines and Financial Instructions for the purchase of goods and services are consistent with the Commonwealth Procurement Guidelines. Consideration is given to energy efficient and recycled and recyclable products when making purchasing decisions.

Consultants and Competitive Tendering and Contracting

The Trust engaged 60 consultants with a total value of \$1,296,540 to provide specialist advice on planning, business matters, community consultation, archaeology, conservation, design, environmental, finance and risk management, historical research and interpretation, communications and other technical aspects relating to the sites. The nature of the sites, buildings and equipment means that it is not possible to employ staff with the wide variety of specialist skills that are required.

Staffing

Staff of the Trust are engaged under section 48 of the *Sydney Harbour Federation Trust Act 2001*.

Staff are engaged on terms and conditions contained in Trust's Enterprise Agreement of 2009 that are similar to those in public sector certified agreements. The Trust's staffing level for the year was 56 comprising 48 full-time, 7 part-time, with a total of 8 staff leaving during 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	8		4	4	0
Executive Level 2	7	4	8	3	5	6	0
Executive Level 1	4	6	9	1	3	7	0
Level 6	1	4	4	1	2	3	0
Level 5	3	5	7	1	2	6	0
Level 4	4	2	5	1	0	6	0
Level 3	4	3	7	0	0	7	0
Level 1-2	0	0	0		0	0	0
Total	29	27	49	7	16	40	0

“As a surgeon, I found your museum particularly interesting. Thank you.”

– Visitor comment, ‘Hospital on the Hill’ display at former 21st Australian Auxiliary Hospital at Georges Heights

Staff Training

Training sessions or workshops involving all or significant numbers of Trust staff were conducted as follows:

- First Aid Awareness;
- Defibrillator and CPR;
- Occupational Health and Safety Awareness;
- Report Writing and Interpretation of Regulations (Rangers);
- Customer Service Training (Rangers);
- Project Management;
- AS4000;
- Effective Writing and Communications.

Access and Safety

Risk Assessment and Management

The Trust has developed an overall risk management framework. This was reviewed in February 2010 with the appointment of the Trust’s new internal auditor Protiviti. Risk assessment is an integral part of all new projects and events that the Trust undertakes.

Occupational Health and Safety

The Trust has an Occupational Health and Safety Committee which monitors occupational health and safety and risk management within the Trust. The following actions were undertaken during the year:

- Staff undertook health training (good hygiene practices, particularly related to reducing the impact of epidemics, particularly N1H1 influenza);
- Staff, volunteers and consultants undertook first aid training, where required;
- Regular site safety inspections carried out;
- Risk assessments conducted for all events.

There were 23 recorded OH&S incidents in the reporting period, one of which was a compensable injury. In addition, St John’s Ambulance reported 14 incidents for the New Year’s Eve camping event on Cockatoo Island. The Trust reviews all incidents to identify and implement relevant preventative action.

Providing Access to People With Disabilities

The Trust is implementing the Commonwealth Disability Strategy in its day-to-day operations and as part of the Comprehensive Plan for its sites. It is an important consideration in designing roads, paths, car parks and providing access.

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 the financial statements) or reports by a parliamentary committee.

Effects of Ministerial Directions

The Sydney Harbour Federation Trust Act 2001 requires that the annual report must include “the text of all directions, and reasons for 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.



Independent Audit Report



Australian National Audit Office
 GPO Box 707
 CANBERRA ACT 2601
 19 National Circuit
 BARTON ACT 2600
 Phone (02) 6203 7300
 Fax (02) 6203 7777

To the Minister for Environment Protection, Heritage and the Arts

Scope

I have audited the accompanying financial statements of the Sydney Harbour Federation Trust (the Trust) for the year ended 30 June 2010, which comprise: the Statement by the Directors, Chief Executive and Director Finance; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; Schedule of Asset Additions; and Notes to the Financial Statements, including a Summary of Significant Accounting Policies.

The Members' Responsibility for the Financial Statements

The Members are responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards (which include the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit 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 and fair presentation of the financial statements 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 the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Members, 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 the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Auditor's 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 2010 and 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
3 September 2010

Financial Statements

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Statement by Directors, Chief Executive and Director Finance

In our opinion, the attached financial statements for the year ended 30 June 2010 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*.

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.

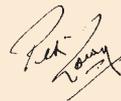
This Statement is made in accordance with a resolution of the directors.

Signed



Kevin McCann
Chairperson
3 September 2010

Signed



Peter Lowry
Director
3 September 2010

Signed



Geoff Bailey
Executive Director
3 September 2010

Signed



Catherine Sullivan
Director Finance
3 September 2010

Statement of Comprehensive Income

for the year ended 30 June 2010

	Notes	2010	2009
	\$'000	\$'000	
EXPENSES			
Employee benefits	3A	4,674	4,880
Suppliers expenses	3B	5,363	5,410
Depreciation and amortisation	3C	1,474	1,327
Write-down and impairment of assets	3D	-	331
Total expenses		11,511	11,948
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	1,165	738
Interest	4B	3,809	3,570
Rental income	4C	8,269	7,051
Other revenue	4D	366	1,398
Total own-source revenue		13,609	12,757
Gains			
Sale of assets	4E	-	-
Total Gains		-	-
Total own-source income		13,609	12,757
Net (contribution by) services		(2,098)	(809)
Revenue from Government	4F	25	24
Surplus		2,123	833
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation reserves		53,421	(140)
Total other comprehensive income		55,544	693
Total comprehensive income		55,544	693

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

Balance Sheet

as at 30 June 2010

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	Notes	2010 \$'000	2009 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	16,850	34,651
Investments	5B	66,407	37,199
Trade and other receivables	5C	10,560	1,481
<i>Total financial assets</i>		<u>93,817</u>	<u>73,331</u>
Non-Financial Assets			
Land and buildings	6A	238,389	179,831
Infrastructure, plant and equipment	6B	5,370	3,342
Heritage and collections	6C	35,377	25,987
Intangibles	6E	96	72
Inventories	6F	38	34
Other non-financial assets	6G	248	272
<i>Total non-financial assets</i>		<u>279,518</u>	<u>209,538</u>
Total Assets		<u>373,335</u>	<u>282,869</u>
LIABILITIES			
Payables			
Suppliers	7A	2,913	2,727
Other payables	7B	3,921	4,725
<i>Total payables</i>		<u>6,834</u>	<u>7,452</u>
Provisions			
Employee provisions	8A	969	779
Other provisions	8B	38,850	-
<i>Total provisions</i>		<u>39,819</u>	<u>779</u>
Total Liabilities		<u>46,653</u>	<u>8,231</u>
Net Assets		<u>326,682</u>	<u>274,638</u>
EQUITY			
Contributed equity		257,735	261,235
Reserves		60,149	6,728
Retained surplus		8,798	6,675
		<u>326,682</u>	<u>274,638</u>
Total Equity		<u>326,682</u>	<u>274,638</u>
Current Assets		93,860	73,373
Non-Current Assets		279,475	209,496
Current Liabilities		18,145	4,457
Non-Current Liabilities		28,508	3,774

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

Statement of Changes in Equity

for the year ended 30 June 2010

	Accumulated Results		Asset Revaluation Reserves		Contributed Equity/Capital		Total Equity	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Opening Balance								
Balance carried forward from previous period	6,675	5,840	6,728	6,868	261,235	208,820	274,638	221,528
Adjustment for rounding errors prior year	-	2	-	-	-	1	-	3
Adjusted Opening Balance	6,675	5,842	6,728	6,868	261,235	208,821	274,638	221,531
Comprehensive income								
Other comprehensive income	-	-	53,421	(140)	-	-	53,421	(140)
Surplus (Deficit) for the period	2,123	833	-	-	-	-	2,123	833
Total comprehensive income	2,123	833	53,421	(140)	-	-	55,544	693
Contributions by Owners								
Appropriation (equity injection)	-	-	-	-	16,500	42,980	16,500	42,980
Transfers	-	-	-	-	(20,000)	-	(20,000)	-
Other (assets transferred in):								
Land and buildings	-	-	-	-	-	6,194	-	6,194
Heritage and collections	-	-	-	-	-	3,240	-	3,240
Sub-total transactions with owners	-	-	-	-	(3,500)	52,414	(3,500)	52,414
Closing balance at 30 June	8,798	6,675	60,149	6,728	257,735	261,235	326,682	274,638

Cash Flow Statement

for the year ended 30 June 2010

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	Notes	2010 \$'000	2009 \$'000
OPERATING ACTIVITIES			
Cash received			
Goods and services		1,130	738
Revenue from Government		25	24
Rents		8,961	10,068
Interest		404	1,071
GST received from ATO		-	1,352
Other		2,421	2,618
<i>Total cash received</i>		<u>12,941</u>	<u>15,871</u>
Cash used			
Employees		(4,568)	(4,730)
Suppliers		(5,116)	(6,377)
GST paid to the ATO		(2,009)	-
<i>Total cash used</i>		<u>(11,693)</u>	<u>(11,107)</u>
Net cash from/(used by) operating activities	9	<u>1,248</u>	<u>4,764</u>
INVESTING ACTIVITIES			
Cash received			
Investments		94,276	43,483
<i>Total cash received</i>		<u>94,276</u>	<u>43,483</u>
Cash used			
Investments		(120,103)	(58,000)
Purchase of property, plant and equipment		(19,722)	(16,423)
<i>Total cash used</i>		<u>(139,825)</u>	<u>(74,423)</u>
Net cash used by investing activities		<u>(45,549)</u>	<u>(30,940)</u>
FINANCING ACTIVITIES			
Cash received			
Contributed equity		26,500	42,980
<i>Total cash received</i>		<u>26,500</u>	<u>42,980</u>
Net cash from financing activities		<u>26,500</u>	<u>42,980</u>
<i>Net increase (decrease) in cash held</i>		<u>(17,801)</u>	<u>16,804</u>
Cash and cash equivalents at the beginning of the reporting period		34,651	17,847
Cash and cash equivalents at the end of the reporting period	5A	<u>16,850</u>	<u>34,651</u>

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

Schedule of Commitments as at 30 June 2010

	2010 \$'000	2009 \$'000
BY TYPE		
Commitments receivable		
Lease rental income ⁴	(38,091)	(19,519)
<i>Total commitments receivable</i>	<u>(38,091)</u>	<u>(19,519)</u>
Commitments payable		
Net GST Payable on commitments	2,651	1,114
<i>Total net GST commitments payable</i>	<u>2,651</u>	<u>1,114</u>
Capital commitments		
Project commitments ¹	8,324	5,878
<i>Total capital commitments</i>	<u>8,324</u>	<u>5,878</u>
Other commitments		
Operating leases ²	10	35
Other commitments ³	543	1,317
<i>Total other commitments</i>	<u>553</u>	<u>1,352</u>
Net commitments by type	<u>(26,563)</u>	<u>(11,175)</u>
BY MATURITY		
Other commitments receivable		
One year or less	(5,108)	(4,212)
From one to five years	(11,244)	(8,591)
Over five years	(21,739)	(6,716)
<i>Total other commitments receivable⁴</i>	<u>(38,091)</u>	<u>(19,519)</u>
Commitments payable		
Net GST commitments		
One year or less	(347)	(277)
From one to five years	1,022	780
Over five years	1,976	611
<i>Total net GST commitments</i>	<u>2,651</u>	<u>1,114</u>
Capital commitments		
One year or less	8,324	5,878
<i>Total capital commitments</i>	<u>8,324</u>	<u>5,878</u>
Operating lease commitments		
One year or less	10	26
From one to five years	-	9
<i>Total operating lease commitments</i>	<u>10</u>	<u>35</u>
Other commitments		
One year or less	543	1,317
<i>Total other commitments</i>	<u>543</u>	<u>1,317</u>
Net Commitments by Maturity	<u>(26,563)</u>	<u>(11,175)</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 statement should be read in conjunction with the accompanying notes.

Schedule of Contingencies as at 30 June 2010

There were no contingencies required to be disclosed for the year ended 30 June 2010 (2008/09 - Nil).

Schedule of Asset Additions for the year ended 30 June 2010

The following non-financial non-current assets were added in 2009-10

	Land & Buildings \$'000	Plant & Equipment \$'000	Heritage & Cultural \$'000	Intangibles \$'000	Total \$'000
By purchase - Government funding	9,996	2,283	5,557	91	17,927
Total additions	9,996	2,283	5,557	91	17,927

The following non-financial non-current assets were added in 2008-09

	Land & Buildings \$'000	Plant & Equipment \$'000	Heritage & Cultural \$'000	Intangibles \$'000	Total \$'000
By purchase - Government funding	14,089	882	763	-	15,734
From acquisition of entities or operations (including restructuring)	6,194	-	3,240	-	9,434
Total additions	20,283	882	4,003	-	25,168

Contents of the Notes to the Financial Statements

Note	Description
Note 1:	Summary of Significant Accounting Policies
Note 2:	Events after the Balance Sheet Date
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:	Executive Remuneration
Note 12:	Remuneration of Auditors
Note 13:	Financial Instruments
Note 14:	Reporting of Outcomes
Note 15:	Sydney Harbour Conservancy

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

Note 1: Summary of Significant Accounting Policies

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

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 and notes 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 and notes have been prepared in accordance with:

- Finance Minister's Orders (or FMOs) for reporting periods ending on or after 1 July 2009; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

The financial statements have been prepared on an accrual basis and in accordance with historical cost convention, except for certain assets 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 agreements equally proportionately unperformed 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 company limited by guarantee.

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.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

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 accounting period.

1.4 New 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 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 balance date. 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*.

Revenues from Government

Funding received or receivable from agencies (appropriated to the agency as a CAC Act body payment item for payment to the Trust) is recognised as Revenue from Government unless they are in the nature of an equity injection.

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 Transactions with the Government as Owner

Equity injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) are recognised directly in Contributed Equity in that year.

1.8 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) and termination benefits due within twelve months of balance date 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 and 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.

Superannuation

Certain employees of the Trust are members of the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation Scheme (PSS).

The CSS and PSS are defined benefit schemes.

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 by the Department of Finance and Deregulation as an administered item.

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 of the superannuation entitlements of the Trust's employees.

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.

1.9 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.

1.10 Cash

Cash and cash equivalents includes 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.

1.11 Financial assets

The Trust classifies its financial assets in the following categories:

- 'held to maturity investments',
- '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'.

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

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 liability, or, where appropriate, a shorter period.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

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Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the group 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 balance date.

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.

1.12 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, including borrowings, 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).

1.13 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.

1.14 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.

1.15 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.

Revalued amounts for 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 & 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.

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:

	2010	2009
Buildings on freehold land	10 to 125 years	10 to 100 years
Infrastructure	3 to 100 years	3 to 100 years
Plant & Equipment	3 to 20 years	3 to 20 years

All heritage and cultural assets have indefinite useful lives and are not depreciated.

Certain buildings held by the Trust have been classified as Heritage Assets. As there is no foreseeable limit to the period over which these assets will be held or used they are not depreciated. The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 3C.

Impairment

All assets were assessed for impairment at 30 June 2010. 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.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

1.16 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 7 to 10 years (2008-09: 7 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2010.

1.17 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.

1.18 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 Balance Sheet Date

Section 21 of the *Sydney Harbour Federation Trust Act 2001* provides for the Minister for the Environment, Heritage and the Arts 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 balance date that would have an effect on the Trust's 2009-10 financial statements other than those that are already reflected in the financial statements.

	2010 \$'000	2009 \$'000
Note 3: Expenses		
Note 3A: Employee benefits		
Wages and salaries	3,955	4,083
Superannuation:	433	433
Leave and other entitlements	202	160
Separation and redundancies	64	184
Other employee costs	20	20
Total employee benefits	4,674	4,880
Note 3B: Suppliers		
Goods and services		
Building and grounds maintenance	1,633	1,576
Security	592	557
Cleaning	454	395
Other	2,601	2,753
Total goods and services	5,280	5,281
Goods and services are made up of:		
Provision of goods – related entities	12	4
Provision of goods – external parties	1,526	1,627
Rendering of services – related entities	318	378
Rendering of services – external parties	3,424	3,272
Total goods and services	5,280	5,281
Other supplier expenses		
Operating lease rentals - external parties	32	47
Workers compensation premiums	51	82
Total other supplier expenses	83	129
Total supplier expenses	5,363	5,410
The Trust has provided resources free of charge to the Sydney Harbour Conservancy amounting to \$25,755 during the year ending 30 June 2010 (2009:Nil)		
Note 3C: Depreciation and amortisation		
Depreciation:		
Infrastructure, plant and equipment	254	210
Buildings	1,026	948
Total depreciation	1,280	1,158
Intangibles:		
Computer Software	67	38
Lease Incentives	127	131
Total amortisation	194	169
Total depreciation and amortisation	1,474	1,327
Note 3D: Write-down and impairment of assets		
Asset Write-Downs from impairment on financial assets		331
Total write-down and impairment of assets	-	331
The financial asset write-down is in relation to a provision for doubtful debts associated with the Trust's trade debtors.		

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

	2010 \$'000	2009 \$'000
Note 4: Income		
<i>Revenue</i>		
Note 4A: Sale of goods and rendering of services		
Provision of goods - external parties	23	14
Rendering of services - external parties	1,142	724
Total sale of goods and rendering of services	<u>1,165</u>	<u>738</u>
Note 4B: Interest		
Deposits	3,809	3,570
Total interest	<u>3,809</u>	<u>3,570</u>
Note 4C: Rental income		
Property rentals and short-term hire	8,269	7,051
Total rental income	<u>8,269</u>	<u>7,051</u>
Note 4D: Other revenue		
Other revenue	36	15
Other revenue from Department of Defence	-	1,383
Grants - DEWHA	330	-
Total other revenue	<u>366</u>	<u>1,398</u>
<p>In accordance with the Memorandum of Understanding between the Trust and the Department of Defence signed on 1 July 2003, the Trust is entitled to claim specific decontamination costs incurred by the Trust in relation to Georges Heights, Middle Head, Chowder Bay and Woolwich Dock from the Department of Defence.</p>		
<i>Gains</i>		
Note 4E: Sale of assets		
Infrastructure, plant and equipment		
Proceeds from sale	-	-
Carrying value of assets sold	-	-
Net gain from sale of assets	<u>-</u>	<u>-</u>
Revenue From Government		
Note 4F: Revenue from Government		
Department of Environment, Water, Heritage & the Arts		
CAC Act body payment item	25	24
Total revenue from Government	<u>25</u>	<u>24</u>

	2010 \$'000	2009 \$'000
Note 5: Financial Assets		
Note 5A: Cash and cash equivalents		
Cash at bank	16,848	34,649
Cash on hand	2	2
Total cash	16,850	34,651
Note 5B: Investments		
Term Deposits	66,407	37,199
Total Investments	66,407	37,199
Cash at bank and investments includes funding quarantined for the decontamination of HMAS <i>Platypus</i> , as well as the Trust's ongoing capital works and capital renewal. It is anticipated that funding for capital works will be fully expended in 2010-11.		
Note 5C: Trade and other receivables		
Goods and Services		
Goods and services related entities	5	1,521
Goods and services external parties	157	247
Total receivables for goods and services	162	1,768
Other receivables		
GST receivable from the Australian Taxation Office	294	-
Interest receivable	67	42
Other receivables	10,037	2
Total other receivables	10,398	44
Total trade and other receivables (gross)	10,560	1,812
Less impairment allowance account:		
Goods and services	-	(3)
Other	-	(328)
Total trade and other receivables (net)	10,560	1,481
All receivables are expected to be recovered in no more than 12 months.		
Receivables are aged as follows:		
Not overdue	10,398	44
Overdue by:		
Less than 30 days	56	1,648
31 to 60 days	10	9
61 to 90 days	-	3
More than 90 days	96	108
Total trade and other receivables (gross)	10,560	1,812
The impairment allowance account is aged as follows:		
Not overdue	-	(328)
Overdue by:		
Less than 30 days	-	-
31 to 60 days	-	(3)
61 to 90 days	-	-
More than 90 days	-	-
Total Impairment allowance account	-	(331)

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

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Note 5C: Trade and other receivables (continued)**Receivables for Goods & Services**

Credit terms are net 30 days (2009: 30 days, except for sales of property which were due on settlement).

Reconciliation of the Impairment allowance account:

Movements in relation to 2010

	Goods and services \$'000	Other receivables \$'000	Total \$'000
Opening balance	(3)	(328)	(331)
Amounts written off	3	328	331
Closing balance	-	-	-

Movements in relation to 2009

	Goods and services \$'000	Other receivables \$'000	Total \$'000
Opening balance	-	-	-
Decrease recognised in net surplus	(3)	(328)	(331)
Closing balance	(3)	(328)	(331)

	2010 \$'000	2009 \$'000
Note 6: Non-Financial Assets		
Note 6A: Land and buildings		
Freehold land		
– at fair value	174,148	133,933
– work in progress	1,221	-
Total freehold land	175,369	133,933
Buildings on freehold land:		
– at fair value	62,856	47,298
– work in progress	164	-
– accumulated depreciation	-	(1,400)
Total buildings on freehold land	63,020	45,898
Total land and buildings	238,389	179,831

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

Infrastructure, plant and equipment:		
– at cost	4,788	4,136
– work in progress	1,631	-
– accumulated depreciation	(1,049)	(794)
Total infrastructure, plant and equipment	5,370	3,342

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

Heritage assets:		
– at fair value	31,227	25,987
– work in progress	4,150	-
Total heritage assets	35,377	25,987

No heritage assets or collections are expected to be sold or disposed of within the next 12 months.

In line with FMO guidance note 37.75, 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 \$1.690m reclassification transfer from heritage to land & buildings. (See Note 6D).

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.

Revaluation increments of \$13,664,744 for buildings on freehold land (2009: Nil), \$5,523,532 for heritage assets (2009: a decrement of \$140,000) and \$34,232,958 for land (2009: Nil) were credited to the asset revaluation reserve by asset class and included in the equity section of the balance sheet.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

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

TABLE A – Reconciliation of the opening and closing balances of infrastructure, plant, equipment and intangibles (2009-10)

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 2009							
Gross book value	133,933	47,298	181,231	4,136	25,987	123	211,477
Accumulated depreciation/amortisation	-	(1,400)	(1,400)	(794)	-	(51)	(2,245)
Net book value 1 July 2009	133,933	45,898	179,831	3,342	25,987	72	209,232
Additions:							
by purchase	7,199	2,797	9,996	2,283	5,557	91	17,927
Revaluations and impairments through equity	34,233	13,665	47,898	-	5,523	-	53,421
Reclassification	4	1,686	1,690	-	(1,690)	-	-
Depreciation/amortisation expense	-	(1,026)	(1,026)	(255)	-	(67)	(1,348)
Disposals:							
Other disposals	-	-	-	-	-	-	-
Net book value 30 June 2010	175,369	63,020	238,389	5,370	35,377	96	279,232
Net book value as of 30 June 2010 represented by:							
Gross book value	175,369	63,020	238,389	6,419	35,377	214	280,399
Accumulated depreciation/amortisation	-	-	-	(1,049)	-	(118)	(1,167)
	175,369	63,020	238,389	5,370	35,377	96	279,232

Note 6D: Analysis of property, plant and equipment

TABLE A – Reconciliation of the opening and closing balances of infrastructure, plant, equipment and intangibles (2008-09)

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 2008							
Gross book value	123,203	6,197	129,400	3,254	53,671	123	186,448
Accumulated depreciation/amortisation	-	(451)	(451)	(584)	-	(12)	(1,047)
Net book value 1 July 2008	<u>123,203</u>	<u>5,746</u>	<u>128,949</u>	<u>2,670</u>	<u>53,671</u>	<u>111</u>	<u>185,401</u>
Additions:							
by purchase	6,129	7,960	14,089	882	763	-	15,734
from acquisition of entities or operations (including restructuring)	5,500 (899)	694 32,447	6,194 31,548	- -	3,240 (31,548)	-	9,434 -
Reclassification	-	(949)	(949)	(210)	-	(39)	(1,198)
Depreciation/amortisation expense	-	-	-	-	-	-	-
Disposals:							
Other disposals	-	-	-	-	(140)	-	(140)
Net book value 30 June 2009	<u>133,933</u>	<u>45,898</u>	<u>179,831</u>	<u>3,342</u>	<u>25,987</u>	<u>72</u>	<u>209,232</u>
Net book value as of 30 June 2009 represented by:							
Gross book value	133,933	47,298	181,231	4,136	25,987	123	211,477
Accumulated depreciation/amortisation	-	(1,400)	(1,400)	(794)	-	(51)	(2,245)
	<u>133,933</u>	<u>45,898</u>	<u>179,831</u>	<u>3,342</u>	<u>25,987</u>	<u>72</u>	<u>209,232</u>

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

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	2010 \$'000	2009 \$'000
Note 6E: Intangible Assets		
Computer software at cost:		
Externally developed – in use	214	123
Total Computer Software	214	123
Accumulated amortisation	(118)	(51)
Total intangibles	96	72
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	38	34
Total inventories held for sale	38	34
Inventories held for distribution	-	-
Total inventories	38	34
Note 6G: Other non-financial assets		
Lease Incentives	243	264
Prepayments	5	8
Total other non-financial assets	248	272
Other non-financial assets expected to be settled:		
No more than 12 months	5	8
More than 12 months	243	264
Total other non-financial assets	248	272

	2010 \$'000	2009 \$'000
Note 7: Payables		
Note 7A: Suppliers		
Trade creditors	2,294	2,589
Contract Retentions	619	138
Total supplier payables	2,913	2,727
Supplier payables expected to be settled within 12 months:		
External parties	2,677	616
Related entities	236	2,111
Total	2,913	2,727
Total supplier payables	2,913	2,727
Settlement is usually made within 30 days.		
Note 7B: Other Payables		
Salaries and wages	96	117
Accrued expenses	47	587
Bonds and Security deposits	257	316
Prepayments received	3,521	3,705
Total Other Payables	3,921	4,725
Other payables expected to be settled:		
No more than 12 months	672	1,169
More than 12 months	3,249	3,556
Total Other Payables	3,921	4,725
Note 8: Provisions		
Note 8A: Employee provisions		
Leave	969	779
Total employee provisions	969	779
Employee provisions are expected to be settled in:		
No more than 12 months	710	561
More than 12 months	259	218
Total employee provisions	969	779
Note 8B: Other provisions		
Provision for remediation - Platypus	38,850	-
Total other provisions	38,850	-
Other provisions are expected to be settled in:		
No more than 12 months	13,850	-
More than 12 months	25,000	-
Total other provisions	38,850	-

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

	2010 \$'000	2009 \$'000
Note 9: Cash flow reconciliation		
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Cash and cash equivalents as per:		
Cash Flow Statement	16,850	34,651
Balance Sheet	<u>16,850</u>	<u>34,651</u>
<i>Difference</i>	<u>-</u>	<u>-</u>
Reconciliation of net contribution of services to net cash from operating activities:		
Net contribution by services	(2,098)	(809)
Add revenue from Government	25	24
Adjustments for non-cash items		
Depreciation /amortisation	1,474	1,327
Investment activity	(3,381)	(2,655)
Changes in assets/liabilities		
(Increase) / decrease in receivables	920	1,811
(Increase) / decrease in inventories	(4)	1
(Increase) / decrease in prepayments	3	(8)
Increase / (decrease) in employee provisions	190	77
Increase / (decrease) in employee payables	(21)	75
Increase / (decrease) in supplier payables	186	1,333
Increase / (decrease) in security deposits	(59)	143
Increase / (decrease) in prepayments received	(184)	1,827
Net cash from / (used by) operating activities	<u>1,248</u>	<u>4,764</u>

Note 10: Members Remuneration

	<u>2010</u>	<u>2009</u>
The number of members of the Trust included in these figures are shown below in the relevant remuneration bands:		
\$15,000 - \$29,999	6	6
\$30,000 - \$44,999	<u>2</u>	<u>2</u>
Total number of members of the Trust	<u>8</u>	<u>8</u>
Total remuneration received or due and receivable by members of the Trust	\$211,664	\$205,948

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:

Mr H K McCann AM (Chair) (re-appointed 27 September 2007)
 Mr R Conroy (re-appointed 13 March 2008)
 Ms D Talty (re-appointed 13 March 2008)
 Clr S Hoopmann JP (re-appointed 27 September 2007)
 Mr P Lowry OAM (re-appointed 27 September 2007)
 Dr J Moriarty AM (re-appointed 27 September 2007)
 Brigadier K O'Brien CSC, (Retd) (re-appointed 27 September 2007)
 The Hon Barry O'Keefe AM QC (re-appointed 27 September 2007)

Note 11: Remuneration of Senior Executives

	<u>2010</u>	<u>2009</u>
Note 11A: Actual Remuneration Paid to Senior Executives		
The number of senior executives who received:		
less than \$145 000	1	2
\$145 000 to \$159 999	2	1
\$160 000 to \$174 999	1	-
\$175 000 to \$189 999	-	1
\$190 000 to \$204 999	1	1
\$205 000 to \$219 999	1	1
\$265 000 to \$279 999	-	1
\$280 000 to \$294 999	<u>1</u>	<u>-</u>
Total	<u>7</u>	<u>7</u>
Total expense recognised in relation to Senior Executive employment	<u>\$</u>	<u>\$</u>
Short-term employee benefits		
Salary (including annual leave taken)	1,116,458	1,105,031
Changes in annual leave provisions	(26,558)	(29,936)
Performance Bonus	33,500	30,876
Superannuation	<u>141,772</u>	<u>129,103</u>
	<u>1,265,172</u>	<u>1,235,074</u>
Other long-term benefits	<u>39,261</u>	<u>43,711</u>
	<u>1,304,433</u>	<u>1,278,785</u>

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

Note 11B: Salary Packages of Senior Executives

Average annualised remuneration packages for substantive Senior Executives employed:

	As at 30 June 2010			As at 30 June 2009		
	no. SES	Base Salary (including annual leave)	Total Remuneration package ¹	no. SES	Base Salary (including annual leave)	Total Remuneration package ¹
Total remuneration:		\$	\$		\$	\$
less than \$145,000	1	120,990	135,637	2	124,532	138,095
\$145,000 - \$159,999	2	133,676	156,690	2	129,003	151,496
\$160,000 - \$174,999	1	148,065	167,308			
\$175,000 - \$189,999				1	144,061	177,224
\$190,000 - \$204,999	1	176,871	201,497	1	174,050	204,788
\$205,000 - \$219,999	1	180,505	205,406	1	175,624	205,699
\$220,000 - \$234,999				1	166,983	260,914
\$235,000 - \$249,999						
\$250,000 - \$264,999						
\$265,000 - \$279,999						
\$280,000 - \$294,999						
Total 7	1	171,992	281,204	1		
						Total 8

¹ Non-Salary elements available to Senior Executive include:

- a) Performance Bonus
- b) Superannuation

	2010 \$'000	2009 \$'000
Note 12: Remuneration of Auditors		
Remuneration to the Auditor-General for auditing the financial statements for the reporting period.	48	46
	<u>48</u>	<u>46</u>

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

Note 13: Financial Instruments

13A Categories of financial instruments

Financial Assets

Loans and receivables

Cash at bank	16,848	34,649
Cash on hand	2	2
Investments	66,407	37,199
Receivables for goods and services	162	1,437
Interest receivable	67	42
Other receivables	10,037	2

Carrying amount of financial assets

<u>93,523</u>	<u>73,331</u>
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Financial Liabilities

At amortised cost

Trade creditors	2,294	2,589
Contract Retentions	619	138
Salaries and wages	96	117
Accrued Expenses	47	587
Bonds and security deposits	257	316

Carrying amount of financial liabilities

<u>3,313</u>	<u>3,747</u>
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13B Net income and expense from financial assets

Loans and receivables

Interest revenue (see note 4B)	3,809	3,570
Net gain loans and receivables	<u>3,809</u>	<u>3,570</u>

13C Net income and expense from financial liabilities

There is no net income or expense from financial liabilities not at fair value through profit or loss in the year ending 30 June 2010.

13D Fee income and expense

There is no fee income or expense arising from financial instruments in the year ending 30 June 2010.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

13E Fair value of financial instruments

	Carrying amount 2010 \$'000	Fair value 2010 \$'000	Carrying amount 2009 \$'000	Fair value 2009 \$'000
Financial Assets				
Cash at bank	16,848	16,848	34,649	34,649
Cash on hand	2	2	2	2
Investments	66,407	66,407	37,199	37,199
Receivables for goods and services	162	162	1,437	1,437
Interest receivable	67	67	42	42
Other receivables	10,037	10,037	2	2
Total	93,523	93,523	73,331	73,331
Financial Liabilities				
Trade creditors	2,294	2,294	2,589	2,589
Contract retentions	619	619	138	138
Salaries and wages	96	96	117	117
Accrued expenses	47	47	587	587
Bonds and security deposits	257	257	316	316
Total	3,313	3,313	3,747	3,747

13F Credit risk

The Trust is exposed to minimal credit risk as the majority of loans and receivables are cash or funding made under law (which guarantees fixed amounts of funding that the entity can drawdown as required). 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 (2010: \$10,560,000 and 2009: \$1,812,000). The Trust has assessed the risk of the default on payment and has allocated \$0 in 2010 (2009: \$331,000) 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 2010 \$'000	Not Past Due Nor Impaired 2009 \$'000	Past due or impaired 2010 \$'000	Past due or impaired 2009 \$'000
Cash at bank	16,848	34,649	-	-
Cash on hand	2	2	-	-
Investments	66,407	37,199	-	-
Receivables for goods and services	-	-	162	1,768
Interest receivable	67	42	-	-
Other receivables	10,037	2	-	-
Total	93,361	71,894	162	1,768

Ageing of financial assets that are past due but not impaired for 2010

	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	56	10	-	96	162
Total	56	10	-	96	162

Ageing of financial assets that are past due but not impaired for 2009

	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	1,648	6	3	108	1,765
Total	1,648	6	3	108	1,765

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

13G Liquidity risk

The Trust's financial liabilities are payables and employee provisions such as annual and long service leave. 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 appropriation funding and mechanisms available to the Trust, and 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 financial liabilities:

	On demand	within 1 year	1 to 5 years	> 5 years	Total
30 June 2010	2010	2010	2010	2010	2010
	\$'000	\$'000	\$'000	\$'000	\$'000
Trade creditors	-	2,294	-	-	2,294
Contract retentions	-	619	-	-	619
Salaries and wages	-	96	-	-	96
Accrued expenses	-	47	-	-	47
Bonds and security deposits	-	257	-	-	257
Total	-	3,313	-	-	3,313
30 June 2009	2009	2009	2009	2009	2009
	\$'000	\$'000	\$'000	\$'000	\$'000
Trade creditors	-	2,589	-	-	2,589
Contract retentions	-	138	-	-	138
Salaries and wages	-	117	-	-	117
Accrued expenses	-	587	-	-	587
Bonds and security deposits	-	316	-	-	316
Total	-	3,747	-	-	3,747

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.

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 result and equity would have been

Risk variable	Change in risk variable %	Effect on		Effect on		
		Profit and loss 2010 \$'000	Equity 2010 \$'000	Profit and loss 2009 \$'000	Equity 2009 \$'000	
Interest rate risk	Interest	+1.5	6	6	14	14
Interest rate risk	Interest	-1.5	(6)	(6)	(14)	(14)

Note 14: Reporting of Outcomes

Note 14A: Net Cost of Outcome Delivery

	Outcome 1		Total	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Expenses	11,511	11,948	11,511	11,948
Income from non-government sector				
Activities subject to cost recovery	9,434	7,789	9,434	7,789
<i>Total costs recovered</i>	9,434	7,789	9,434	7,789
Other own-source income				
Interest	3,809	3,570	3,809	3,570
Other	366	1,398	366	1,398
<i>Total own-source income</i>	4,175	4,968	4,175	4,968
Net (contribution) of outcome delivery	(2,098)	(809)	(2,098)	(809)

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.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

80 Note 14B: Major classes of Expenses, Income, Assets and Liabilities by Outcomes

	Outcome 1		Total	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Expenses:				
Employees	4,674	4,880	4,674	4,880
Suppliers	5,363	5,410	5,363	5,410
Depreciation and Amortisation	1,474	1,327	1,474	1,327
Write-down of Assets	-	331	-	331
Total	11,511	11,948	11,511	11,948
Income:				
Income from government	25	24	25	24
Sale of Goods and Services	9,434	7,789	9,434	7,789
Interest	3,809	3,570	3,809	3,570
Other	366	1,398	366	1,398
Total	13,634	12,781	13,634	12,781
Assets				
Cash and cash equivalents	16,850	34,651	16,850	34,651
Investments	66,407	37,199	66,407	37,199
Trade and other receivables	10,560	1,481	10,560	1,481
Land and Buildings	238,389	179,831	238,389	179,831
Property, Plant and Equipment	5,370	3,342	5,370	3,342
Heritage and collections	35,377	25,987	35,377	25,987
Intangibles	96	72	96	72
Inventories	38	34	38	34
Other Non-Financial Assets	248	272	248	272
Total	373,335	282,869	373,335	282,869
Liabilities				
Suppliers	2,913	2,727	2,913	2,727
Other payables	3,921	4,725	3,921	4,725
Employee provisions	969	779	969	779
Other provisions	38,850	-	38,850	-
Total	46,653	8,231	46,653	8,231

Outcome 1 is describe in Note 1.1.

Note 15: Sydney Harbour Conservancy

The Sydney Harbour Conservancy, a Company Limited by Guarantee, was established in December 2009 and is controlled by the Trust and senior management of the Sydney Harbour Federation Trust

The objectives of the Foundation are to:

- Preserve the preservation of the natural environmental value of the SHFT sites including activities such as weed and feral animal control, waste minimisation, revegetation of native fauna, 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 is as follows:

	2010	2009
	\$	\$
Opening balance at 1 July	0	0
Revenue: Interest	2	0
Revenue: Donations	750	0
	<u>752</u>	0
Less expenses: Suppliers	50	0
Closing balance at 30 June	702	0
Represented by:		
Cash at bank	700	0
Receivables	2	0
	<u>702</u>	0



Photo: Visitors to the 17th Biennale of Sydney, Cockatoo Island

Appendix 1

Freedom of Information

The *Freedom of Information Act 1982* gives everyone the right of access to documents held by Commonwealth Government agencies, subject to certain exemptions.

Categories of Documents

- 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, be accompanied by a \$30 application fee and provide such information concerning the document requested as is reasonably necessary to enable the agency to identify the document.

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 reporting period.

Appendix 2

Community Advisory Committee Members

Cockatoo and Snapper Islands

Damian Cobleby-Finch
Peter Conroy
Joe Glascott
Tony Hardy
Ted Moore
James Morton
Terry Ryan
Gary Sawyer
Angelo Tsirekas

Middle Head

Tony Abbott MP
Anne Connon
Edward Elsom
Don Goodsir
Ian Henderson
Michael Hickey Cmdr RAN
Stewart Reed
Jillian Skinner MP

North Head

David Baird MP
Ian Freeman
Walt Graham
Jennie Minifie
John Platt
Judy Reizes
Douglas Sewell

Woolwich

Peter Astridge
Austin Driscoll
Joe Hockey MP
Philip Jenkyn
Peta Lewis
Barry Smith

South Head

Allan Coker
Peter Debnam MLA
Dr Robin Derricourt
Peter Poland
Michael Rolfe

HMAS *Platypus*

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

Appendix 3

Maintenance, Heritage Conservation and Environmental Management Projects

All Sites	<ul style="list-style-type: none"> Grounds maintenance General building maintenance Services maintenance Fire systems maintenance Pest management
Former School of Artillery, North Head	<ul style="list-style-type: none"> External structural repair works completed to the former Barrack, Building 1 and Officers' Mess Green Precincts Fund grant for the installation of photo-voltaics and rainwater harvesting. Photo-voltaics have been installed and the design for the rainwater harvesting completed Full external refurbishment of nine houses Renewal of high voltage electricity supply within the former School of Artillery site First draft of services masterplan Fire hazard reduction Contract and volunteer bush regeneration Feral animal control program Ongoing replacement and upgrading of services including electricity, water, fire services, telephone and sewer
Chowder Bay	<ul style="list-style-type: none"> Refurbishment of the former Sergeants' Mess into a function centre External building maintenance on the former historic Submarine Miners' Depot buildings, 10, 11, 17 Public safety repairs to the existing stone steps with new lighting and balustrading External refurbishment of the former timber barracks, Building 2 External maintenance works to public amenities; Building 12 toilet block and Chowder Bay wharf Installation of parking meters and associated signage Bush regeneration Feral animal control program Bushfire hazard reduction
Lower Georges Heights	<ul style="list-style-type: none"> Installation of directional signage Full external refurbishment of three houses Construction commenced on the gun pedestal for the restored artillery gun Contract bush regeneration Feral animal control program Bushfire hazard reduction
Georges Heights	<ul style="list-style-type: none"> Commandos car park, landscaping and roadworks Completion of parade ground landscaping Internal and external refurbishment of demountable building Contract and volunteer bush regeneration Feral animal control programs Bushfire hazard reduction

Appendix 3 Continued...

Middle Head	<p>Restoration of buildings and car park within the former ASOPA precinct including new toilets, air conditioning, repainting, landscaping, path and planting substantially complete</p> <p>Restoration of the former Golf Club House, and construction of an associated carpark, paths and lighting</p> <p>Upgrade of Middle Head Road and the construction of a pedestrian path and associated landscaping</p> <p>Installation of parking meters and associated signage</p>
Woolwich Dock	<p>Woolwich Function centre and adjacent landscaping and public pathway</p> <p>Remediation, stabilisation and reconstruction of the lower Horse Paddock and seawall including an adjacent public path and landscaping</p> <p>Horse and Goat Paddock track repairs, weed control and revegetation</p>
Cockatoo Island	<p>Stone conservation works to the Convict Guardhouse and Mess Hall</p> <p>Green Precincts Fund grant for the installation of photo-voltaics and rainwater harvesting</p> <p>New café completed</p> <p>Upgrade of the Visitors Centre in the former Muster Station</p> <p>Refurbishment of Edwardian duplex, Building 23 commenced along with adjacent landscaping and public paths substantially complete</p> <p>Cranes restoration program has commenced</p> <p>Retraction of the Sutherland caisson</p> <p>External joinery repairs to office and workshop buildings 10, 12 and 15</p> <p>Installation of a suspended walkway to enable viewing of the convict silos</p> <p>Formalising of the Convict Trail for public access</p> <p>Elevated grain silo walkway complete</p> <p>Public safety works including stabilising of rock faces, overhead structures and fittings and path repairs</p> <p>Remediation, services upgrade, and re-asphalting of the southern apron</p> <p>Seating and shade structures to the eastern apron</p> <p>Creation of group camping area with associated amenities</p> <p>Upgrade of public amenities including three toilet blocks</p> <p>Establishment of a swimming area within existing slipway including adjacent landscaping</p> <p>Structural repairs to public access stairs</p> <p>Remediation validation report completed for the northern apron</p> <p>Upgrade of the main wharf access – the Parramatta wharf</p> <p>World Heritage visit</p> <p>Ongoing replacement and upgrading of services including electricity, water, fire services, telephone and sewer</p>
Snapper Island	<p>Basic external repairs including water and bird proofing of buildings</p>
Macquarie Lightstation	<p>No major works were carried out during the year</p>
Former Marine Biological Station	<p>No major works were carried out during the year</p>
Former HMAS <i>Penguin</i>	<p>No major works were carried out during the year</p>

Compliance Index

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

The table has also been compiled with regard to Requirements for Annual Reports for Departments, 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.

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