

Sydney Harbour Federation Trust

Annual Report 08/09



harbourtrust



Australian Government
Sydney Harbour Federation Trust

Sydney Harbour Federation Trust
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Australian Government
Sydney Harbour Federation Trust

Cover photograph: New Year's Eve, Cockatoo Island camping
Inside cover: Heritage holiday homes, Cockatoo Island
Inside back cover: Gunners' Walk, North Head Sanctuary



17 September 2009

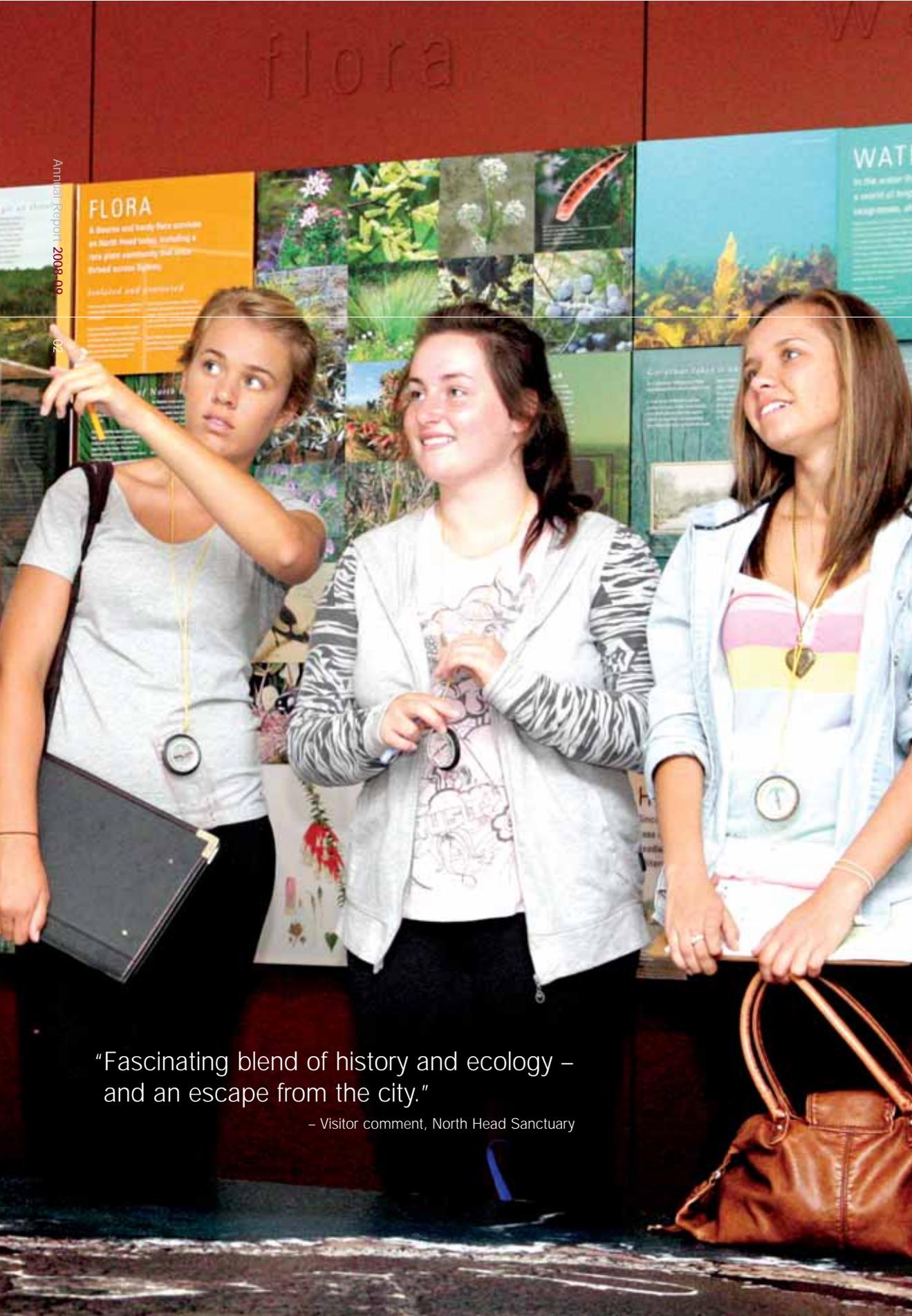
The Honourable Peter Garrett AM MP
Minister for the Environment, Heritage and the Arts
Parliament House
CANBERRA ACT 2600

Dear Minister

I present the report on the operations of the Sydney Harbour Federation Trust for the year ended 30 June 2009. 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

Kevin McCann AM Chair



"Fascinating blend of history and ecology –
and an escape from the city."

– Visitor comment, North Head Sanctuary

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Chair's Foreword

04

The year in review has been one of achievement and challenge for the Trust.

Our achievements to date give us cause for optimism. The community recognises that the restoration and preservation of Trust lands has been undertaken with creativity and sensitivity. We have progressed our goals of increasing the sense of public ownership of Trust lands, increasing the diversity of the visitors, and establishing a broad awareness of the Trust and the links between its lands.

Public awareness of the Trust lands has increased. Cockatoo Island is the site that exemplifies the trend. High profile cultural events such as the Biennale of Sydney, the Sydney Festival and New Year's Eve camping have elevated the island's profile significantly. In the last year over 143,100 people (an increase of 151% over Financial Year 2008) have visited the Island. In addition, the camping facilities offer families an opportunity to visit the Island and enjoy its amenity on the foreshores of Sydney Harbour at affordable cost.

Cockatoo Island is one site in a serial nomination of convict sites around Australia for World Heritage listing, which if successful, will give the site international recognition.

The creativity and originality of the Trust is also evident in the restoration work done at Headland Park in Mosman, which includes the precincts of Chowder Bay, Lower Georges Heights and Georges Heights, and also at Woolwich Dock and Parklands. Both these sites demonstrate how parkland, institutions and commerce can co-exist and bring life and vitality to these formerly inaccessible harbour foreshore sites.

The approval by the Minister for the Environment, Heritage and Arts of the Management Plan for Former HMAS *Platypus* and the Defence funding for the decontamination of the site, has enabled the Trust to commence the rehabilitation of this landmark area at Neutral Bay. The former submarine base is well placed to become a valuable asset for the community on the harbour foreshore.

A highlight of the year was our deepening collaboration with the Sydney Institute of Marine Science (SIMS), a body established by a group of Sydney metropolitan universities, to investigate marine life in the temperate coastal waters of the East Coast of Australia. The Australian Government Grant to SIMS of \$19.5 million for

capital programs will allow it to expand its facilities at Chowder Bay in Mosman. Another achievement was the completion of a new function centre at Chowder Bay, The Sergeants' Mess, which provides Sydney with an events facility in an unparalleled setting on Sydney Harbour.

The Trust was established on the premise that it would be operationally self-funding after Financial Year 2008 and that funding for restoration and rehabilitation by the Commonwealth would cease after Financial Year 2010. Accordingly, the impact of the global financial crisis has directly affected us.

I am pleased to be able to report that revenue for the year increased, and accompanied by a tight control of costs, the Trust produced a surplus of \$833,000 (compared to a loss of \$2,313,000 in Financial Year 2008) after allowance for depreciation and amortisation. Our financial challenges for the future are to generate sufficient revenue from the sites to fund our activities and provide for maintenance of the lands and buildings in the future, and to devise ways to fund the restoration and rehabilitation of unrestored lands and buildings not funded by the Government Capital Grants to date. In this regard, I note that considerable restoration work on land and buildings remains to be done at Cockatoo Island, North Head and Middle Head.

I would like to thank the Minister responsible for the Trust, the Hon Peter Garrett AM, Minister for the Environment, Heritage and the Arts, for his support during the year. The Minister launched the Cockatoo Island campground in September 2008 and attended the All Tomorrow's Parties event, part of the Sydney Festival, on the island in January 2009.

My fellow Trust members have worked conscientiously throughout the year to ensure the success of the organisation. Executive Director Geoff Bailey has provided sound and successful leadership in a difficult environment. We also have a committed staff who have contributed to our achievements in the past year. The contribution of the Trust's volunteers, teacher guides and tour guides was vital to the success of our public programs.

Finally, I thank the communities in which we operate for their continued support of our vision to create a foreshore park which enriches the amenity and cultural life of Sydney and Australia.

Kevin McCann AM



05



Photo: Nick Cave and the Bad Seeds at All Tomorrow's Parties, Cockatoo Island

Executive Director's Summary

Photo: North Head Sanctuary

The campground on Cockatoo Island was officially opened by the Hon Peter Garrett, the Minister for the Environment, Heritage and the Arts. Camping on the island has captured the popular imagination and benefited from national and international media attention. For the first time, Cockatoo Island hosted New Year's Eve camping. Some 2000 people camped on the island to view one of the highlights of Sydney's calendar of public events. New Year's Eve camping on Cockatoo Island is likely to become one of Sydney's most sought after activities to usher in the new year. During the year the renovated heritage holiday homes on the top of the island attracted strong bookings.

During the year, Cockatoo Island's profile as a cultural and event venue grew and attracted considerable media and public attention. The island was a major venue for the 2008 Biennale of Sydney and attracted over 86,000 visitors and extensive media coverage. The Trust and the Balnaves Foundation provided a free ferry service to the island during the Biennale and this was a factor in drawing large first time visitation to the island. One of the highlights of the Biennale, an installation by William Kentridge, is now on permanent exhibition on the island, courtesy of the Luca and Anita Belgioro-Nettis Foundation. Cockatoo Island will be a venue for the 2010 Biennale of Sydney.

In January, Cockatoo Island was also a major venue for the Sydney Festival. The island hosted the All Tomorrow's Parties music festival, headlined and curated by Nick Cave and the Bad Seeds. The event attracted approximately 12,000 people and built on the Trust's 2005 music and cultural festival on the island. Other events on Cockatoo Island included the extraordinary installation in the Turbine Shop by Ken Unsworth, one of Australia's great contemporary artists. The installation was in honour of Unsworth's late wife and comprised art galleries and a ballroom.

A highlight of the year was the ongoing work in relation to the nomination of Cockatoo Island as one of 11 properties around Australia nominated for World Heritage status. The properties are prominent examples of forced migration during the Enlightenment and include Port Arthur and Fremantle Prison. Convict remnants on Cockatoo Island include barracks, underground grain silos, residences, workshops and a dry dock. Their nomination underlines the Trust's responsibility to preserve this historic site and the importance of its archaeological program. Recently, excavation began of solitary cells under the convict barracks and preliminary work was undertaken to create a convict trail to interpret the island's convict heritage.

The blockbuster movie, 'X Men Origins Wolverine III', was partially filmed on Cockatoo Island and was launched on the island by the producer and star, Hugh Jackman. The launch was a spectacular display of showbiz pizzazz and highlighted the island's prominent place in Sydney Harbour. Cockatoo Island was the location for a segment of the popular television program *The Biggest Loser*, the entire series being filmed at North Head Sanctuary. There was strong demand for private licensed events on the island.

There was a range of project work undertaken on Cockatoo Island including the repair of the Parramatta Wharf, landscaping, remediation, provision of more lighting, shade and seating, and the upgrade of the sewerage and drainage systems.

A significant milestone during the year was the approval by the Minister of the Trust's management plan for Former HMAS *Platypus*, the former submarine base at Neutral Bay. The plan reflects comprehensive community consultation. With the allocation by the Department of Defence of funding for the decontamination of the site, work can now begin to return it to the public. Decontamination is expected to take up to two years.

Headland Park in Mosman is the most developed of the Trust's sites. Its various precincts are a model of how the adaptive re-use of buildings and facilities are able to sit comfortably with the natural and cultural heritage of the area.

At Chowder Bay, the community of tenants is now well-established. The last unoccupied building in the precinct, the former Sergeants' Quarters, was taken up by the anchor tenant, the Sydney Institute of Marine Science. The institute continues to grow. It received a grant of \$19.5m in the Budget to boost its equipment, facilities, and research training capacity.

The former Sergeants' Mess at Chowder Bay was converted into a function centre and the precinct is now serviced by a public bus service. At the Middle Head precinct, the former Golf Club House was refurbished and the premises leased to a new retail/café tenant. An Expression of Interest process was held for the Australian School of Pacific Administration (ASOPA) and 10 Transport Terminal.

Over the year, the last stage of refurbishment began at the former Training Command precinct at Georges Heights, and several new businesses located themselves here. Established businesses in the precinct continued to trade well and the arts precinct at Lower Georges Heights remained fully occupied. The Georges Head lookout and the Landship have become popular event venues.

At North Head Sanctuary, the former School of Artillery, the Trust and the North Head Sanctuary Foundation established a native plant nursery for use in bush regeneration and education. Macquarie University established the Marine Mammal Research Centre to research migrating humpback whales and the North Head Respite Centre leased a house to provide respite accommodation for carers of people

with mental illness. These activities are directly aligned to the outcomes proposed for North Head in the Trust's Comprehensive Plan; to create an ecological sanctuary on this significant headland and a place of peace, recuperation and retreat.

The upgrade of the electrical infrastructure and other services at North Head Sanctuary were undertaken. Ongoing projects included bushfire risk management, feral animal management and bush regeneration. The site continues to be a popular location for filming.

Several large project works were completed at Woolwich Dock and Parklands including realignment of the entry road, the construction of a new car park and landscaping the Horse Paddock. The construction of the Lookout was completed and a new pontoon and wharf facility now serves as an embarkation point for Trust staff and contractors travelling to Cockatoo Island.

The Trust's financial position was examined closely during the year in the context of the global financial crisis. Operating costs were reduced and the Trust's program of capital works was restructured to take account of funding priorities. Fortunately, the Trust's tenant vacancy rate remained low during the year. This was a welcome outcome in a difficult economic environment. Demand for short-term activities and events increased, adding to revenue and advertising costs were reduced.

The Trust has demanded a good deal of its staff and volunteers throughout the year. They have risen to the challenge. The Trustees have provided guidance, good counsel and support. As ever, the Trust's team of volunteers, teacher guides and tour guides has made an invaluable contribution to the organisation's public programs.

Geoff Bailey

1 The Sydney Harbour Federation Trust

Photo: Artists' and supporters' party, Biennale of Sydney, Cockatoo Island

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
- 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
 - (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
- anything incidental to or conducive to the performance of its other functions.

“An entertaining, beautiful and moving site. I am glad this belongs to us as it is part of who we are and we can't afford to lose it.”

– Visitor comment, Cockatoo Island

The Sites



Legislation and Minister

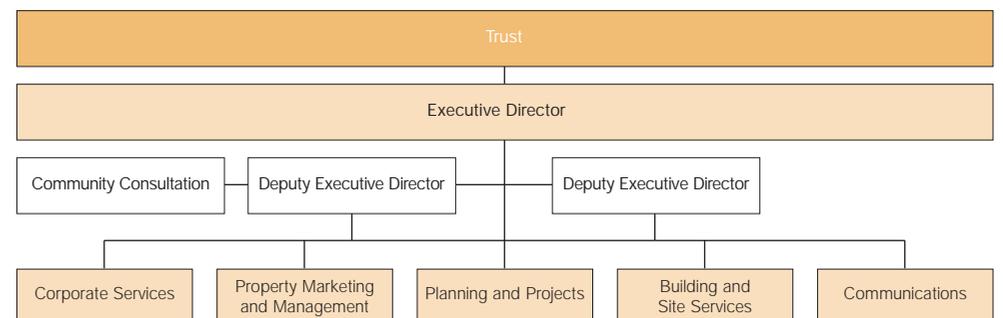
The Trust was established by section 5 of the *Sydney Harbour Federation Trust Act 2001* which commenced on 20 September 2001.

The Minister for the Environment, Heritage and the Arts, the Hon Peter Garrett AM, is the responsible minister.

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.



“Fantastic presentation and so informative.
The whole area has been beautifully preserved
and maintains that historical, magical feel.”

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



Photo: Former Marine Biological Station

Members

Mr Kevin McCann AM, Chair



Mr McCann is a non-executive director of the Trust. He is also a non-executive director of a number of leading Australian listed companies. He is Chairman of Origin Energy Limited; Lead Independent Director of Macquarie Group Limited; a director of Macquarie Bank Limited; and a director of BlueScope Steel Limited. Mr McCann is a member of the Takeovers Panel; Council Member of the National Library of Australia; Councillor of the NSW Division, Australian Institute of Company Directors (AICD) and Chairman of the Corporate Governance Committee of the AICD. 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 Master of Laws, 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 and Climate Change. 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 Authorities Council, and is a member of 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 the 1970's; the NSW Department of Planning; the Darling Harbour Authority; and now in the role of Executive 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 and residential development, particularly in the restoration of heritage projects. 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, and the Ensemble Theatre. He is a Member of the Planning Institute of Australia, and a Fellow of the Australian Property Institute. He was a Reserve Army officer. Mr Lowry is Chair of the Trust's Audit and Risk Management Committee and the Trust's Tenant Selection Committee.

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 former 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 is currently a Consultant to a leading law firm and an Adjunct Professor of law at Notre Dame University (Sydney). 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 has established a sub outcome under the Environment, Water, Heritage and the Arts Portfolio Outcome 1.

Environment, Water, Heritage and the Arts Portfolio Outcome 1

The environment, especially those aspects that are matters of national significance, is protected and conserved.

Trust Sub Outcome

Trust lands on Sydney Harbour are conserved and enhanced for the benefit of present and future generations of Australians.

The following outputs will facilitate achievement of the required outcomes:

Trust Plans

Management plans consistent with the Trust's Comprehensive Plan are prepared for Trust lands following community consultation.

Public Information

The public is informed of the environmental and heritage significance of the Trust lands and access to them.

Site Conservation

Trust lands are progressively rehabilitated, conserved and made publicly accessible.

2 Achievements and Initiatives

“Not only a unique place from which to experience Sydney Harbour, it provides a rare and sometimes moving insight into our industrial past”

– comment about Cockatoo Island in
Sydney Morning Herald's magazine, October 2008

Trust Plans

Performance Indicators

- Plans conform with best practice, have broad community support and reflect input from the consultative process
- Management plans are consistent with the Trust's Comprehensive Plan approved by the Minister
- Background studies or policies for significant heritage, environmental and transport matters affecting Trust lands are prepared
- Management plans are prepared and drafts exhibited
- The Community Advisory Committee and the broader community provide input into the planning process.

Comprehensive Plan

In May 2009 the Minister for the Environment, Heritage and the Arts approved the amendment to the Trust's Comprehensive Plan to include the former HMAS *Platypus* site, Neutral Bay. The plan provides a framework for the remediation, rehabilitation and adaptive re-use of the site to provide a sequence of new public waterfront spaces.

“Great to see Australia's history preserved, not torn down.”

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

Management Plans

The Management Plan for Georges Heights was approved by the Trust in December 2008. The plan proposes the conservation and interpretation of the site's heritage values and the integration of the precinct with adjoining lands as part of a unified Headland Park.

The planning team will be progressively amending the Trust's current management plans to satisfy the new requirements of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). A draft amendment to the Cockatoo Island Management Plan was publicly exhibited in September 2008, following which the draft plan was considered by the Australian Heritage Council. Minor changes recommended by the AHC have been incorporated into the draft plan which is now awaiting Ministerial endorsement.

To satisfy the requirements of the EPBC Act, work has begun on preparing an amended version of the Management Plan for the former defence lands at North Head, which comprise the School of Artillery and the North Fort complex. The amended plan will include more detailed outcomes for the North Fort complex, which is the home of the Royal Australian Artillery National Museum. The key aims of the draft plan for the former Defence lands at North Head will be to conserve and interpret historic and natural values, maximise public access, facilitate the adaptive re-use of buildings, and integrate the precinct with adjoining lands. A Planning Open Day for the general public was held in August 2008.

Background Studies

During the year a number of studies were commissioned by the Trust to inform the planning process. These included the preparation of conservation management plans for the School of Artillery, and the North Fort complex, North Head. A Parking Management Plan was commissioned to examine ways the Trust can effectively manage parking on Trust lands.

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 CAC met twice during the year to provide feedback on and input into a range of issues. One meeting included a tour of Cockatoo Island.

An Open Day was held for North Fort in August 2008. The day incorporated a site tour with an outline of proposed outcomes and opportunities to provide input into the management plan for the area.

The Trust received a development application from Mosman Council for the Mosman Drill Hall Sports Hall, which was placed on public exhibition at local libraries, council offices, the Trust's office in Mosman and on the website. Submissions from the community were considered in the assessment of the application.

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. The final hardcopy version of the CAC newsletter was issued in June, and will in future be combined with the Trust's new electronic newsletter which informs contacts and the public of plans and activities.

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

Public Information

Performance Indicators

- Sound communication methods are used to promote Trust lands, activities and values
- Community awareness of the Trust and its activities increase through the promotion of tours, events and open days
- 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
- Partnership programs with institutions, neighbours and others are developed to promote Trust lands and their significance
- Schools education program is planned and implemented.

Communication Program

The Trust implemented a communications program to increase awareness of sites and to promote their accessibility. As well as continuing activities already underway, the Trust implemented several new activities and events. Some of these, particularly events at Cockatoo Island such as the Biennale of Sydney, are expected to become part of a regular calendar of events. Six of the Trust's eight sites are now open to the public and attracting growing numbers of visitors, from an increasingly wide demographic mix. Media coverage increased significantly this year, attracting more visitors to the sites, with interest in the sites also now coming from international media. Feedback from visitors indicates that they particularly value the harbour location, history, free access, level of conservation, and sympathetic new uses of the sites.



Interpretation

The 'Hospital on the Hill' book of stories and historic photographs about the 21st Australian Auxiliary Hospital (21st AAH) at Georges Heights was produced. It provides a rare personal view of life for those injured during WWI and for those who cared for them. Research was done by voluntary researcher, Geoff Barnes, and the book forms part of a new display about the hospital in one of the former hospital wards at Georges Heights. It can also be downloaded from the Trust's website. A booklet on the life of Bungaree, an Aborigine associated with Governor Macquarie's farm for Aborigines at Middle Head, was completed and is now in production. An exhibition designer was selected and concepts are being considered for the Submarine Miners' Depot exhibition at Chowder Bay.

An information wall containing a short history of Cockatoo Island and graphics was produced for the wall of the locker facility near the visitor arrival point on the island. Planning began to turn Cockatoo Island's Muster Station into an orientation centre with maps, directions, an information counter, merchandise and interpretive displays, in preparation for the move of the café from this area. Sales of the Cockatoo Island audio tour grew steadily following its launch in July 2008, and the tour received excellent feedback from visitors and the media.

Events, Ceremonies and Open Days

Cockatoo Island became a major venue partner for the 2008 Biennale of Sydney (18 June – 7 September) and the event attracted over 86,000 visitors over its 12 week duration. The Biennale is Australia's major contemporary arts festival. Over 30 international and Australian artists exhibited works in buildings and spaces across the island, which also hosted the Artists' and Supporters' Party. The Trust's sponsorship of the Biennale was part of a strategy to promote Cockatoo Island as a Sydney Harbour landmark both for cultural events and general visitation. A free ferry service to the island was provided by the Trust and the Balnaves Foundation during the exhibition period to augment Sydney Ferries' service.

Minister for the Environment, Heritage and the Arts, the Hon Peter Garrett, officially launched Cockatoo Island Campground in September 2008 in front of an audience of former dockyard workers, school groups, travel media, and tourism contacts.

Over a weekend in January, Sydney Festival 2009 and All Tomorrow's Parties presented a music festival on Cockatoo Island curated by Nick Cave and the Bad Seeds. Visitation was approximately 12,000 people.

The first New Year's Eve camping event was held at Cockatoo Island with 2000 campers on 475 campsites. Feedback was extremely positive, and the event enjoyed substantial media coverage, including television national news and breakfast shows. Planning has begun for a similar event for New Year's Eve 2009.

Free architectural tours of Cockatoo Island were offered as part of the Sydney Architecture Festival on World Architecture Day in October.

The world-first media launch of the Fox Studios feature film 'X Men Origins Wolverine III', which was partly filmed on Cockatoo Island, was held on the island in April. During the launch, Nova's radio breakfast show was broadcast live from the island, and the film's star Hugh Jackman circled the crowd on the island's eastern apron by helicopter, before abseiling down into the crowd from the cliff walk. Interviews with Jackman by 80 international media were held around the island, and the event attracted wide media coverage.

Commencing in June, Cockatoo Island hosted a number of contemporary art exhibitions featuring work by Ken Unsworth, the National Art School and the South African artist, William Kentridge. 'A Ringing Glass' (Rilke), by Ken Unsworth consisted of art installations and footage from the invitation-only event held in the Turbine Shop to honour his late wife, Elisabeth Unsworth. The National Art School exhibition, 'On an Island', featured selections from the annual drawing week also held on the island. 'I am not me, the horse is not mine' by William Kentridge first premiered as part of the Biennale of Sydney 2008 on Cockatoo Island, and has now been loaned to the Trust for public exhibition by the Anita and Luca Belgiorio-Nettis Foundation.

Photo: Camping on Cockatoo Island

North Head was the venue for a performance by the Ironwood ensemble in the former ballroom in July.

The 'Hospital on the Hill' display in a former WW1 hospital ward at Georges Heights was officially opened on Armistice Day, which also commemorated the 90th anniversary of the end of WW1. The event in the former 21 Australian Auxiliary Hospital (AAH) precinct was attended by the local community, RSL, descendants of hospital staff and patients, and military historians.

The Trust held a joint reception with Mosman Council in December to open the new Mosman Drill Hall Sports Hall, which has been leased to the Council for community use, along with land on which the Council has constructed 3 all-weather netball training courts.

The Trust marked NAIDOC Week at Lower Georges Heights with a photographic exhibition of indigenous involvement in the defence forces, children's activities and a performance by Freshwater, an Aboriginal group.

An Anzac Day dawn service was held on the former parade ground at Georges Heights. Open days were held at Macquarie Lightstation and the former Marine Biological Station at Watsons Bay, including one held in conjunction with the Historic Houses Trust of New South Wales.

Partnerships

The Trust participated in Sydney Harbour Week and Seniors Week. A Chowder Bay open day during Harbour Week showcased the activities of the Sydney Institute of Marine Science and other Trust tenants. Tours of Macquarie Lightstation and the former Marine Biological Station were also featured in Harbour Week.

The National Art School conducted Drawing Week activities for 300 students on Cockatoo Island in February. 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 at Cockatoo Island.

Photo: Volunteering at North Head Sanctuary Visitor Centre

The 2008 Oxfam trailwalker walk, a team challenge to raise money for the organisation's programs to overcome poverty, concluded at the oval at Georges Heights.

Outreach activities included a familiarisation visit to Cockatoo Island by Tourism NSW staff, particularly to experience the campground, heritage houses restored as holiday homes, and the audio tour. This led to a substantial amount of media coverage as Tourism NSW now regularly include the island on their visiting media programs. Discussions also began with the newly-created Events NSW on use of our sites as venues, and particularly on Cockatoo Island's inclusion in the Crave Festival in October 2009, specifically to host the inaugural World's Funniest Island comedy festival.

Cockatoo Island is again set to be a major venue partner in the Biennale of Sydney 2010 (12 May-1 August)

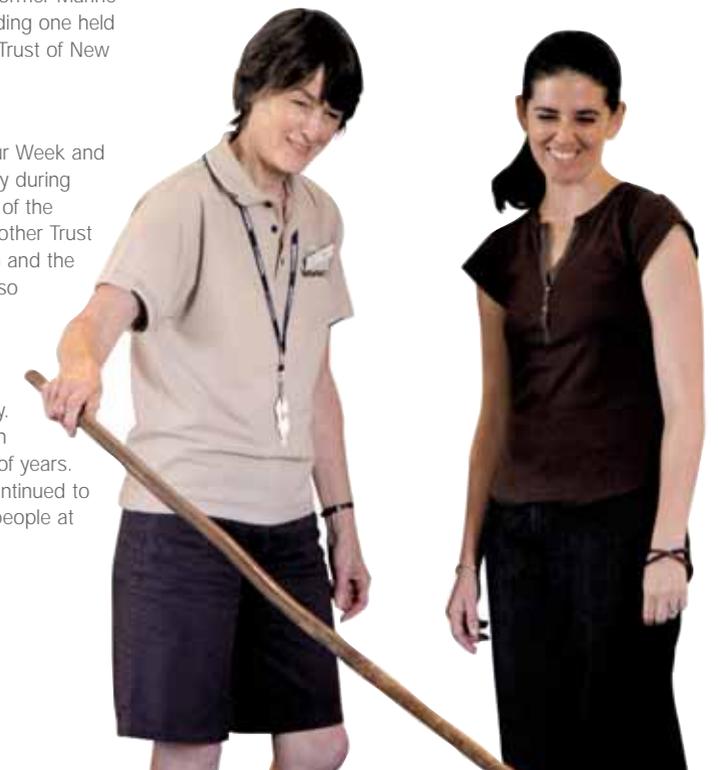




Photo: Cockatoo Island

Public Programs, Publications and Signage

The Trust's public programs encompass open days, events, tours, school excursions, displays, interpretive activities and the operation of information centres.

During the year, approximately 17 new volunteers were recruited. The Trust maintains a volunteer force of some 150 people. During the year, volunteer speakers made 108 presentations to community groups (with an audience of approximately 4500 people) about the Trust's sites and plans for their future uses. In addition to regular volunteer activities, such as staffing the visitor centres at Cockatoo Island and North Head, this year 25 volunteers assisted the Biennale of Sydney at Cockatoo Island. 10 gardening volunteers restored the heritage gardens around the newly restored heritage holiday homes on the island. Volunteers are now continuing gardening work around the cliff walk and tennis court. Also at Cockatoo Island, the volunteer industrial conservation team completed work on a mobile crane, now on display, and began the restoration of a fast motor boat associated with the aircraft carrier HMAS Sydney. Work has also started on restoring the island's oldest steam crane. Plans were made to expand this team and work 2 days a week, with new volunteers sourced from former dockyard workers familiar with the island and its machinery.

Two market research projects were undertaken. One evaluated visitor experience during the Biennale of Sydney exhibition at Cockatoo Island. The other project surveyed the 2300 people who had previously camped at Cockatoo Island, to evaluate their experience and gather data for development of the campsite. 4000 members of the public were also questioned about their expectations of camping and interest in camping on Cockatoo Island.

A number of the Trust's promotional publications were produced or revised. New publications included a Chowder Bay Visitor Guide; a brochure on things to see and do from Cockatoo Island; a brochure for the Cockatoo Island heritage holiday homes; and a brochure and map to accompany the Cockatoo Island audio tour. Self-guided tour brochures of North Head and Cockatoo Island were updated and reprinted, along with brochures promoting the campground and all-sites. The Story of Cockatoo Island sold steadily throughout the year. Trust brochures continue to be distributed through Tourism NSW, Sydney Harbour Foreshore Authority and other outlets in Sydney.

The final printed version of the Trust's Update newsletter was produced in June, and the first version of the new electronic newsletter was e-mailed to over 2,200 subscribers in April 2009. The e-newsletter will be quarterly, and also enables alerts to be e-mailed between newsletters to promote specific events and activities.



Photo: School excursion on Cockatoo Island

New signage towers were installed around Cockatoo Island giving directional signage and information about events. Directional signage for the 26 stops of the Cockatoo Island audio tour was also installed. Additional entry signage was produced for North Head. Interim signage was produced for events and projects throughout the year.

School Excursion Program and Kids' Program

Cockatoo Island attracted 104 educational visits from a variety of primary, secondary and tertiary institutions, with 18 per cent of institutions from beyond the Sydney metropolitan area. Over 5000 students explored the Island's diverse themes which include British Colonisation, Convicts, Australian History, Issues in Australian Geography and Heritage. The Trust's team of Teacher Guides continued to deliver quality, curriculum-aligned tours and activities in these areas.

While Cockatoo Island continues to be a popular excursion venue for History and Geography students, there is growing interest in the site from Visual Arts classes as a unique destination for drawing, painting and photography. This was inspired by the island's participation in the 2008 Biennale of Sydney and the growing number of art exhibitions held on the island.

A new self-guided 'Ships Ahoy Treasure Trail' map was introduced to Cockatoo Island in April 2009. This free trail interprets the shipbuilding history of Cockatoo Island. Over 300 maps were distributed during the April school holiday period. The self-guided kids' discovery trail at Macquarie Lighthouse continues to be a regular activity for children attending Macquarie Lighthouse open day events.

School excursion programs for senior geography students at North Head Sanctuary are now in their second year. The program is designed for the Stage 6 Biophysical Interactions topic of the Geography syllabus and incorporates fieldwork experimentation and observations of weather, plants, animals and soils. 137 participants from 8 schools attended these excursions.

The free kids' activities in the discovery room at the North Head Gatehouse Visitor Centre have been revamped. Children of all ages come to explore books, posters, maps, specimens and other material on the natural heritage of North Head.

Birthday Party activities at Headland Park Mosman and Macquarie Lighthouse continue to be popular, with the total number of programs doubling from the previous year. Across the two sites, 66 parties were held, attracting 1100 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.

Media Relations and Advertising

The Trust received wide and positive media coverage of its activities. Cockatoo Island campground and the newly restored heritage holiday homes attracted ongoing media coverage throughout the year. There was wide and positive coverage of major events at Cockatoo Island including the Biennale of Sydney; the Sydney Festival event All Tomorrow's Parties; the Trust's first New Year's Eve; the media launch of the film 'X Men Origins Wolverine III', and the Ken Unsworth art installation. The Trust maintains a good working relationship with both metropolitan and suburban media.

The Trust placed non-campaign advertising in metropolitan and suburban newspapers to promote events, the exhibition of management plans and open days.

Website

The Trust relaunched its corporate website in February 2009, with the focus now more on visitor information than planning and projects. The new website meets the Australian Government's online accessibility standards. In 2008-09, there were 142,524 visits to the Trust's corporate website (results based on 'new user sessions'). The Cockatoo Island website launched in October 2007 grew steadily in popularity, and now takes online bookings for camping at Cockatoo Island. In 2008-09, there were 129,538 visits to the Cockatoo Island website.



Photo: Hugh Jackman on Cockatoo Island for the media launch of the film 'X-Men Origins Wolverine III'.

Site Conservation

Performance Indicators

- Rehabilitation of land, buildings, infrastructure and equipment is consistent with conservation, environmental, heritage and cultural values and relevant standards
- Trust lands and facilities meet workplace and public safety standards
- Further deterioration of Trust assets is minimised
- Undertake maintenance works at all sites
- Prepare and implement repair, maintenance and public safety work programs
- Remove and/or dispose of structures in line with the Trust's Comprehensive Plan
- Trust facilities are increasingly available for public access and business and community use.

Maintenance and Heritage Conservation

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 has included building and grounds maintenance, bush regeneration, maintenance of fire protection systems and the management of site security.

Harbour Trust Rangers have replaced security staff during the day at Cockatoo Island, Middle Head and North Head.

A list of maintenance, heritage conservation and environmental management projects undertaken by the Trust in 2008-09 is provided in Appendix 3.

North Head Sanctuary

The former School of Artillery at North Head Sanctuary, contains a collection of buildings surrounding the parade ground, sporting facilities and a large area of remnant bushland. The site is mainly vacant and while many of the buildings are generally structurally sound, deterioration of the building fabric is broadly evident.

The conservation and refurbishment of the former medical and printing buildings was completed. A Plant Nursery was created within one of the former garage buildings for volunteers to propagate local species. Structural repair works to the main accommodation, known as Building 1, have been documented and tendered.

Renewal of the high voltage electrical infrastructure within the former School of Artillery is well advanced, along with ongoing replacement of the low voltage network and communications.

A services Masterplan has been commenced to strategically plan the upgrade of the remaining services including lighting, stormwater, sewer, communications and electrical.

Middle Head, Georges Heights and Chowder Bay

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

The last stage of refurbishment to the barracks buildings within the former Training Command precinct, Georges Heights, was completed. This work also included associated landscaping, paths and public lighting. The original Observation Post was stabilised and conserved to allow safe public access. Also, the ongoing restoration of underground services continued with the renewal and restoration of many sewer lines within Training Command. At the site of the former Commandos Headquarters precinct, the earth mounds were landscaped and works have now commenced on the Commandos carpark, adjacent street works and lighting.

"Thank you so much for a journey to the island to contemplate, be moved, and inspired."

– Visitor comment, Ken Unsworth exhibition, Cockatoo Island



At Chowder Bay, the base building works to transform the former Sergeants' Mess and Barracks building into a function centre were completed, and tenant fitout commenced. A new path was also constructed to allow safe public access between the carpark and the main building precinct. Public lighting was installed to the main public access paths throughout the site. A common garbage store and additional parking spaces were also constructed.

At Middle Head, conservation and refurbishment works were completed on the former Golf Club House and Quarry carpark, ready for tenant fitout. Tenders were called for the refurbishment works to the former Australian School of Pacific Administration (ASOPA) buildings and associated car park, services and landscaping. The upgrade to Middle Head Road was commenced, with completion due later in 2009.

Woolwich Dock

Woolwich Dock contains parkland, sheds, hardstand, workshops and the former dry dock. The Trust uses the site as an embarkation point for journeys to and from Cockatoo Island by staff, contractors and consultants.

The realignment of the entry road to the site and the adjacent carpark were completed. This project also included the interpretation of the archaeological evidence found of the former foundry and furnaces. The Horse Paddock was remediated and landscaped to create an open parkland and outdoor amphitheatre. The final stage of this project is the repair to the seawall and adjacent path, which has been tendered.

Construction was completed on the new wharf and docking facilities on the eastern apron. Fencing was installed and the final planting completed on the Lookout.

Cockatoo Island

Cockatoo Island is the largest island in Sydney Harbour and greatly modified through its uses as penal settlement and maritime industrial site. The island 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 has continued. The Edwardian residential duplexes were completed and made available for holiday lettings, with the interiors furnished and the gardens landscaped. The campground office works and its adjoining locker structure have been completed. The relocation of the café is underway.

Refurbishment of Building 30 and the Muster Station is in design development, and repair of the Parramatta wharf is due to commence shortly. The provision of additional seating and shading on the island is progressing in stages, with the first stage, the installation of a shade sail to the existing northern apron gantry structure, completed.

Archaeological investigation was completed into the former convict courtyard, water cistern, solitary cells, water tanks, and lumber yard. Further investigation is now being undertaken due to the discovery of substantial evidence of the solitary cells beneath the north western end of the convict barracks.

Extensive safety works are currently underway, including landscape works, the remediation of the cliff tops and measures to mitigate against gull invasion. Completion of the cliff-top walkway is now to include various works associated with encompassing the new Convict Trail project, currently in the masterplanning process. This project will include an elevated Grain Silo walkway, conservation work to the convict buildings, refurbishment of Biloela, emptying of the Fitzroy dock, the exposing of the western façade of the Convict Workshops, and a number of linking paths.

A new special-group camping area is being created due for delivery in July. Associated with these works, the Burma Road escarpment has been landscaped, and completion of the western end of the Northern Apron is in design development. A swimming and recreation area is being planned for the campground.

Civil works are ongoing and have now commenced on the Southern Apron, where remediation works are being followed up by surface capping and pavement re-establishment. Renewal of underground services is pushing ahead of this program, which will render the whole precinct ready for maritime services tenants. Investigations are well underway to enable the Sutherland Dock to be used as a marina, and for the Fitzroy Dock to be emptied as part of the Convict Trail interpretation project.

In conjunction with the Southern Apron works, the oldest crane on the island is currently being restored by an active volunteer group, who will be expanding their operations to include the restoration of the two 1880's Sutherland Dock twin cranes.

Ongoing service repairs included sewer pipe relining, stormwater line clean-out and pit and valve replacement. Low voltage reticulation has been completed to several of the newly refurbished buildings, and precinct lighting is currently in design development. General services provision for the whole island is currently being masterplanned.

Applications have been made for grants for stormwater harvesting and solar energy production, as well as heritage works. The nomination for World Heritage listing of the convict precinct as part of serial listing of 11 convict sites around Australia, has been accepted for review by UNESCO delegates in August 2009.

Snapper Island

Snapper Island is Sydney Harbour's smallest island and comprises simple buildings, slipways, boat storage and jetties. No major works were carried out during the year.

Macquarie Lightstation

Macquarie Lightstation is prominently situated on the harbour's southern headland and is still used as a navigational aid. Internal and external conservation works were carried out by Australian Maritime Safety Authority (AMSA). No major works were carried out during the year.

Photo: Ken Unsworth with an installation from his work 'A Ringing Glass (Rilke)' at Cockatoo Island. Photography by Paul Green

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.

Former HMAS *Platypus*

The Former HMAS *Platypus* 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.

Environmental Management

Remediation

The Harbour Trust continued projects to manage and remediate contamination on its sites.

On Cockatoo Island, the remediation of the North East Apron was completed and landscaped. Some of the previously remediated plateau areas were landscaped and are now ready for final audit.

At Woolwich, remediation works were carried on the Horse Paddock, and planning undertaken for the remediation of the lower Horse Paddock and sea wall.

Contaminated land audits were completed for Georges Heights.

At North Head, hazardous materials surveys and management plans were completed for various buildings on site, prior to refurbishment and leasing.

Review of remediation requirements at HMAS *Platypus* continued in preparation for the formal transfer of this site and the allocation of project funding.

Bushland Management

Contract bushland management continued at Middle Head, Georges Heights, Chowder Bay, Woolwich and North Head throughout the year. Works included extensive control of noxious and other bushland weeds, bush track maintenance, bushfire hazard reduction and revegetation of cleared areas using local provenance seedlings. Regular bandicoot surveying by NSW National Parks and Wildlife Service (NPWS) continued across North Head.

“A fantastic walk – easy to do with children.
Discovery Centre was also great for kids.
Well done. ”

– Visitor comment, North Head Sanctuary



The volunteer bushcare program continued fortnightly at Artillery Drive, North Head until December 2008, but due to lack of volunteers was discontinued in 2009. The Trust hosted a TAFE training day for bushcare volunteers and organised a Banksia Scrub botanical walk at North Head in September 2008.

Revegetation

Over 40,000 native trees, shrubs and groundcovers were planted on Trust land during the year at the following sites:

Headland Park Mosman:

- Ex-Commandos mounds and new pathway
- Georges Heights between Suakin Drive and Crane Crescent car park
- Georges Heights Parade Ground and adjacent slopes
- Middle Head Golf Club House
- Chowder Bay Infill

and:

- Cockatoo Island - Burma Road slopes and cliff-top edges throughout the island
- North Head - Gunners Road
- Woolwich Dock Car Park, Horse Paddock and new Lookout.

Bushfire Risk Management

In the 2008-09 fire season, fuel reduction and slashing of fire breaks and trails continued adjacent to buildings and structures at the North Head and Headland Park Mosman bushland sites. A program of fuel reduction and selective clearance of woody vegetation continued within the Third Quarantine Cemetery at North Head. The Trust continued working with neighbouring landholders through the statutory Manly-Mosman-North Sydney District Bushfire Management Committee and the North Head Stakeholder Group. Committee members are finalising the District Bush Fire Risk Management Plan to provide a coordinated approach across land tenures. The Trust is proposing to carry out a series of small area burns to assist in regeneration of Eastern Suburbs Banksia Scrub, and reduce the risk of fire adjacent to life and property.

Feral Animal Management

The Trust continued to work with local Government and NPWS to provide a co-ordinated approach to management of feral animals at the North Head and Headland Park Mosman sites. A Pindone poison baiting program was carried out to reduce the rabbit populations with follow-up shooting and monitoring. The Trust continued its involvement in the Northern Sydney Regional Fox Control Program with NPWS coordinating a six-monthly 1080 poison baiting program. Additional fox controls were carried out in May and June 2009 following a spate of attacks on bandicoots during this period. Feral cats and chickens were also targeted at North Head this year.

Public Access

Public access to Trust sites increased significantly in the reporting period, notably with the further development of Cockatoo Island, especially as a campsite and as a venue for events. The inclusion of the island on a second Sydney Ferries route (the Balmain/Woolwich/Greenwich route) increased the number and regularity of ferries stopping at the island, making the journey much easier for visitors. The planned Convict Trail should increase visitation further.

The State Transit Authority's 244 bus service, which was extended to include Chowder Bay in 2007, has been well patronised and as a result the timetable is now to be extended and will include weekends.

Planning and project activity continued to reflect the importance of public access in the implementation of the Comprehensive Plan.

Leasing and Licensing

Although new demand from businesses and community users to lease harbourside property from the Trust was, as predicted, lower this year than last year, demand for short-term activities and events increased significantly. While global economic conditions caused a notable reduction in leasing interest, the Trust's vacancy rate remains well below the market average. The Trust's high tenant retention rate is testament to the unique quality and appeal of the sites.

Headland Park in Mosman remains a popular location as the park becomes better known and businesses seek to take advantage of lifestyle opportunities. Stage Four leasing at Georges Heights proved highly successful and the park became the new home of a gymnasium, advertising agency, historian, naturopath and graphic designer. Work commenced on the last building on site, with part of premises pre-leased to a new veterinary practice.

The arts precinct at Lower Georges Heights remains 100% occupied with the addition of the School of Fine Arts. The Landship is now available for hire for functions and events, and has hosted 6 public art exhibitions this year. The Barn Café continues to trade well and a weekly organic produce stall is set to join the precinct soon.

At Georges Head, Sally's Place childcare centre is one of the most popular long day care centres in Sydney, and The Tea Room Gunners' Barracks continues to offer high quality restaurant and function services. It will soon be complemented by the Sergeants' Mess function centre at Chowder Bay, which will cater for larger events and conferences from August 2009. Strong advance bookings give an early indication of the likely demand for this venue. The Georges Head Lookout and Harbour View Lawn have become popular wedding locations hosting over 50 ceremonies this year, and the re-opening of the Suakin Drive tennis court has improved public sporting facilities in the park.

Chowder Bay is now a well established harbourside community with Ripples, Bacino Kiosk, Plunge Diving, Lands Edge, Leading Initiatives Worldwide and others offering a broad range of services to visitors. The future of the Sydney Institute of Marine Science has been cemented with the recent announcement of over \$19.5m of grant funding from state and federal governments. The institute will be investing a significant part of these funds in upgrading its research facilities at Chowder Bay. Included in the institute's capital expenditure plans is a \$3m refurbishment of the Sergeants' Quarters, the last unoccupied building at Chowder Bay, to create a public visitors centre dedicated to marine science.

Photo: Visitor Centre, North Head Sanctuary

Refurbishment works to the former Golf Club House at Middle Head were completed this year with the building leased to Burnt Orange, a boutique retailer selling a range of home wares and clothing, complemented by a small food hall. The extensive verandahs and terraces will accommodate a day-time bistro and a take-away kiosk will serve park and beach users. Burnt Orange will open in September 2009. An Expression of Interest process was undertaken for the ASOPA and 10 Terminal sites on Middle Head and, whilst the current economic climate meant leasing interest was markedly reduced compared with public leasing processes of previous years, the Trust is optimistic about the long term outcomes for these sites.

At Woolwich Dock, the waterfront café and function centre is under construction and the new car park, look-out and wharf will complement existing facilities. Murlan Noakes continues to host, amongst others, Sydney to Hobart yacht race winner Wild Oats and is diversifying its vessel maintenance services.

In partnership with the Trust, the North Head Sanctuary Foundation established a native plant nursery at the former School of Artillery, providing a valuable education and bush regeneration resource. In its first year of operation, the North Head Respite Centre accommodated 170 carers of people with mental illness at the sanctuary. Macquarie University also established the Marine Mammal Research Centre at the Gatehouse to examine the effects of commercial whale watching vessels on the behaviour and migration patterns of humpback whales. The Trust continues to pursue a number of long-term leasing options for uses complementary to the site's sanctuary designation, including activities with an educational, research, environmental, artistic or hospitality emphasis. In the meantime, North Head has proved to be a popular filming location, with the top-rating TV series 'The Biggest Loser' increasing exposure to the site by calling it home in 2009. The Australian Institute of Police Management continues to occupy a number of buildings on a licence basis pending the refurbishment of its existing facilities at its neighbouring site.

Cockatoo Island received high levels of publicity this year following the establishment of Sydney's first urban campground, the refurbishment of two heritage houses as holiday homes and the hosting of a large number of community and corporate events. The campground has proved a popular weekend destination for Sydneysiders with an average of 563 camp sites occupied per month over summer, and the heritage houses have met with strong demand for weekend get-aways. The Trust launched an Expressions of Interest process for restaurant, bar and café operators at several Trust sites this year, and short-listed a number of applicants to lease a new café kiosk to replace the Muster Station Café. The new café will be better located for visitors with a larger outdoor seating area and the capacity to cater for events on the island. These new attractions combined with a much improved ferry service connecting the island with the CBD, Parramatta, North Shore and Inner West has resulted in a solid increase in public visitation.

Interim Leasing of Trust Sites

2008-2009	Use							Number of Licences	Approx. number of Visitors
	Filming	Photography	Sporting	Ceremony	Event	Exhibition	Storage		
Headland Park	2	0	1	54	4	5	0	66	6,988
Cockatoo Island	8	4	2	1	17	0	4	36	7,982
North Head Sanctuary	3	0	0	0	3	1	0	7	2,770
Macquarie Lighthouse	0	0	0	2	0	0	0	2	160
Number of Licences	13	4	3	57	24	6	4	111	-
Approx. number of Visitors	360	45	1,431	4,712	7,815	3,500	37	-	17,900

Licensing activity has been very strong during the year with the Trust entering into over 100 short-term licences, representing a 40% increase on last year's record and attracting nearly 18,000 visitors to Trust lands. The table below contains a summary of licensing activity. Notable activities during the year included over fifty wedding ceremonies and high-profile corporate events by Calvin Klein, Macquarie Bank, Panasonic and Fox Australia, including the launch of the feature film 'X-Men Origins: Wolverine III', partly filmed on Cockatoo Island last year. The island's unique facilities continue to attract private events, conferences and commercial photography shoots. North Head Sanctuary has also proved to be a popular location for filming with TV series by Fremantle Media and Southern Star filmed there this year.

The Trust's residential portfolio remains fully leased in a robust residential leasing market, with a rolling program of refurbishment planned for the future.

Photo: Geography field trip, North Head Sanctuary



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 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 impacts of past practices to establish a sound basis for sustainable development and adaptive re-use.

The Trust is also committed to environmentally 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 using 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.

The Trust has continued to work towards becoming an environmentally sustainable organisation, and continued to implement the ESD Principles outlined in the Comprehensive Plan. In 2008-09 the Trust also undertook a number of initiatives in order to reduce its carbon footprint. These include:

- Joining the Green Building Council of Australia
- Participating in the Greenhouse Challenge Plus to record our commitment to reducing greenhouse gas emissions
- Purchasing Greenfleet offsets for the Trust lease vehicles
- Sustainability training for all staff
- Removing personal waste bins to encourage correct disposal of waste and improve recycling
- Converting the Trust newsletter to an e-newsletter saving some 5,000 sheets of paper and envelopes
- Replacing outdoor halogen lights with compact fluorescent lights saving 63% of energy use and 38 Tonnes of CO₂ annually
- Purchasing 60% recycled paper for office use
- Undertaken metering and monitoring of Trust office energy consumption to encourage less use of air-conditioning.

2008-09 was the second year in which the Trust conducted a review of its office environmental performance using the following Global Reporting Indicators as a guide:

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



Photo: Macquarie Lightstation

Energy (Electricity) – EN3

	07/08	08/09
Total Consumption:	913,525MJ	571,709 MJ
Target: Reduce energy consumption by 20%	Target: 730,820 MJ	Reduced by 37%
Target: Purchase at least 20% Greenpower		From 2009-10, 100% Greenpower will be purchased for the Trust Office

During the 2007/08 reporting year, the Trust office was not separately metered. As such, the results were calculated on a per meter square basis for all buildings that were included on the meter. The total electricity consumption for the Trust was estimated at 913,525 MJ/annum and a 20% reduction target was set.

The Trust has in fact achieved a remarkable 37% reduction in electricity consumption for the 08-09 year. This is mainly due to staff education and reduction in use of office lighting and air-conditioning.

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/annum for office central services by 2011.

The table below shows the Trust performance for the past 2 years compared with the EEGO targets. This illustrates that due to the significant decrease in consumption there has been an excellent improvement in the Trust's performance against the EEO policy criteria and therefore well within both targets

Electricity consumption per staff member/m²

	EEGO Policy Target	Trust 07/08	Trust 08/09
Central Services (MJ/m ² /annum)	400	319	200
Office light and Power (MJ/person/annum)	7,500	8956	5955

Energy (Fuel) – EN 3

	07/08	08/09
Total Unleaded:	3265 Ltrs	2470 Ltrs
Total LPG:	2822 Ltrs	2859 Ltrs
Total Diesel	Records unavailable	722 Ltrs
Total Fuel:	6087 Ltrs	6051 Ltrs
Target:	No Increase in Fuel Consumption	Target achieved. Continue as an ongoing target in 2009-10.
Target:	Subscribe to Greenfleet	Greenfleet offsets purchased to value of 17.2T CO ₂

The Trust fleet throughout the year consisted of one Toyota Prius' (Hybrid electric/unleaded); one Falcon Wagon (LPG) and two Toyota Hilux Utes (LPG and Unleaded) and a Mitsubishi tip-truck for use on Cockatoo Island. Fuel use was marginally less than in the preceding year, and equated to a 5% reduction in greenhouse gas emissions. As well as 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.



Water Consumption – EN 8

	07/08	08/09
Total Consumption:	307.37kL	277kL
Average per meter square:	0.22kL/m ² /year	0.19kL/m ² /year
Target:	No Increase in water consumption	14% water consumption decrease

Water usage within the Trust office has remained low at 277kL. The target was to have no increase in water consumption, but in fact there was a 14% decrease for this reporting period. This low consumption rate is largely due to two 5,000L rainwater water tanks installed to the Trust's office building incorporating an automatic "Rainbank" controller and pump. The system automatically depends on the rainwater tanks via a pump for toilet flushing, however if the tanks become empty the Sydney Water mains can be used as back-up.

Waste Production – EN22

	07/08	08/09
Total General Waste:	6.9 Tonnes	5.3
Total Paper and Cardboard:	9.2 Tonnes	5.7
Total Co-mingle (Bottles/Cans):	1.6 Tonnes	1.3
Percentage Waste to landfill:	39%	43%
Percentage Waste recycled:	61%	57%
Target:	Reduce Waste by 10%	Reduced waste by 23%
Target:	Increase recycling by 10%	Reduced recyclable paper waste by 38% & recyclable co-mingle by 19%, but total recycled slightly reduced, by 4% overall

Photo: Geography field trip, North Head Sanctuary

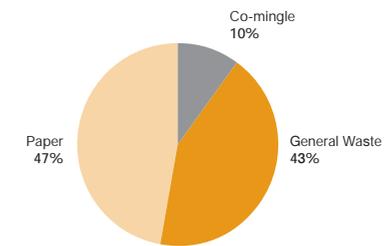
The amount of waste produced at the Harbour Trust is calculated by reviewing invoices from the waste contractor, therefore providing an estimate only.

This year general waste bins were removed from staff desk areas and replaced with more recycling bins in order to encourage diversion of recyclable waste out of general waste bins, helping achieve a 23% reduction in general waste, 38% in paper waste and 19% in co-mingle waste over the previous year.

A waste assessment carried out during the year identified that the large (1100L) general waste and paper bins were not being filled prior to being emptied, and that the paper recycling bins were collected twice weekly. As it was assumed the bin is full when collected, the amount of waste recorded during the 07/08 year was likely to be an overestimation. The bins were therefore changed to 3240L bins and paper collection was reduced to once a week. The resulting reductions in general waste and recycling possibly reflect the change in bin size rather than actual waste reduction.

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 57% of all waste is recycled.

Percentage of Waste by Type



Greenhouse Gas Emissions – EN16

	07/08	08/09
Total Greenhouse Gas Emissions: Tonnes CO ₂ -e	290.81	170.9
Target:	Reduce Greenhouse Gas emissions by 30%	Reduced Greenhouse Gas emissions by 35%

The Trust has joined 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 total amount. Total net emissions were 170.9 T CO₂-e. The majority of gross emissions come from electricity (90%). The aim of the Trust over 2008-09 was to reduce Greenhouse Gas Emissions from office operations by 30%. The actual reduction has been 35% which has mainly been through the reduction in the use of air-conditioning, reduction in waste and through purchasing Greenfleet offsets.

Carbon Footprint

Fuel/process	2007/2008	CO ₂ -e (Tonnes)	2008/2009	CO ₂ -e (Tonnes)
Electricity	253757 kWh	271.01	158,808 kWh	169.6
Petrol/Gasoline	3.26 kL	8.5	2.47 kL	6.4
LPG - transport	2.82 kL	5.10	2.85 kL	5.1
Diesel – Transport	0	0	0.72 kL	2.0
Waste to landfill	6.9 T	6.2	5.3T	5.0
TOTAL GROSS EMISSIONS	-	290.8	-	188.1
OFFSETS			Greenfleet fuel offsets	-17.2 tonnes
			Total Net Emissions	170.9 tonnes
		Total percentage Reduction		35%

Targets for 2009/2010

The Trust made substantial headway in 2008-09, reducing the carbon footprint of its office operations by 35%. Given this significant stride forward there are now fewer opportunities for further reductions in the Trust's footprint through improvements to operational efficiency. Notwithstanding this, the Trust will continue to implement measures to reduce consumption wherever possible. However, the area that offers the greatest opportunity for further reducing the Trust's carbon footprint will be to increase the level of offsets for carbon emissions. Therefore, in the coming year, the Trust will purchase 100% Greenpower, while continuing to implement practical measures to minimise emissions, as outlined in the following targets for the Trust office for 2009-10:

- No increase in gross emissions
- Purchase of 100% Greenpower for the Trust office
- Purchase of 20% Greenpower for all other Trust-managed buildings
- No increase in fuel consumption
- Encourage staff to make the hybrid Prius their first choice of car when available
- Reduce waste by 10% (possibly complemented by introducing composting)
- No increase in water consumption
- Investigate purchasing an office bicycle for local trips.



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 2008-2009 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	5
Ms D Talty	7
Clr S Hoopmann	6
Mr P Lowry	7
Dr J Moriarty	6
Brigadier K O'Brien	6
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 2008-2009 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 3 Audit and Risk Management Committee meetings held during the 2008-2009 financial year with members attending as follows:

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

Walter Turnbull conducted four internal audits during the reporting period:

- Records Management
- Legislative Compliance
- Lease Management
- Tendering & Procurement.

Aboriginal Issues Committee

The Committee did not meet during the reporting period.

Community Advisory Committee

The Community Advisory Committee met twice during the reporting period. 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 18 tenders during the reporting period.

Defence History Steering Committee

The committee met 3 times during the reporting period.

North Head Scientific Committee

The Committee did not meet 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 2008-2009.



Photo: Volunteering at North Head Sanctuary Visitor Centre

"Now the Sydney dream is a whole lot cheaper. Waterfront addresses with million-dollar views up the Parramatta River and down to the Harbour Bridge have been released on the harbour's largest island – each with trifling two-figure asking prices"

– Sydney Morning Herald, Cockatoo Island article, April 2008

Photo: The Hon Peter Garrett AM, Minister for the Environment, Heritage and the Arts launching the Cockatoo Island campground, September 2008.

"It has to be one of the finest experiences a Sydneysider can have, to pitch a tent in the centre of our working Harbour and contemplate the history that made it what it is today"

- Daily Telegraph, April 2008



Photo: New Year's Eve, Cockatoo Island camping

Financial Performance

The 2008-09 year was a challenging year for the Trust. The Trust ended the previous financial year with an operating loss of \$2.3m. Forecasts at the commencement of the 08/09 financial year indicated similar results, highlighting the Trust's financial vulnerability in the longer term. Accordingly, the Trust's revenue and expenses were reviewed in an effort to ensure the Trust's ongoing financial self-sufficiency. Expenses were reduced by 8% over last year and revenue from Trust operations increased by 21%, to \$12.8m. As a result the Trust's financial position at the end of this year is sound with a year-end operating surplus of \$.833m, a pleasing result given the adverse economic environment.

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. The challenge facing the Trust in the longer-term is its capacity to fund major capital renewal works and complete its capital works program.

Financial Outcomes

Operating Outcome

During the financial year 2008-2009, total operating income was \$12.781m and operating expenses were \$11.948m, resulting in an operating surplus of \$0.833m.

Income

Total income of \$12.781m was \$2.187m above previous year's income. Income was generated from the rental of Trust properties, licences for the hire of Trust sites and facilities, accommodation, merchandising, tour fees and interest income. Revenue from government reduced by \$0.542m to \$.024m.

Equity

The Trust's total equity increased by \$53.110m to \$274.638m. This increase was mainly as a result of the transfer to the Trust of Macquarie Lighthouse, decontamination funding for Former HMAS *Platypus* from Department of Defence, and the Trust's capital injection appropriation of \$22m.

Assets

The value of Trust assets increased by \$55.932m to \$282.869m primarily due to building works undertaken during the year, transfer of Macquarie Lighthouse to the Trust and an increase in cash held.

Total Liabilities

The Trust's total liabilities for trade creditors and prepayments increased by \$2.745m from the previous year to \$7.452m. \$2m of this increase related to a GST payment associated with funding received from Department of Defence.

"Evocative, historic, beautiful.
A perfect setting for Biennale too."

- Cate Blanchett & Andrew Upton comment on Cockatoo Island in 'Cate and Andrew's Sydney' in the *Sydney Morning Herald's* magazine

Photo: Biennale of Sydney at Cockatoo Island



Cashflow Statement

Overall, there was an increase in the Trust's cash balance of \$33.804m to \$71.651m as at 30 June 2009. \$20m of this increase relates to the funding received from Department of Defence for the decontamination works to be undertaken at Former HMAS *Platypus*.

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.

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 Determination No.1 of 2006 that are similar to those in public sector certified agreements. The Trust's staffing level for the year was 49 comprising 37 full-time, 12 part-time, with a total of 12 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	2	7	0	4	3	0
Executive Level 2	7	4	6	5	5	6	0
Executive Level 1	3	4	6	1	3	4	0
Level 6	1	2	2	1	2	1	0
Level 5	3	3	6	0	2	4	0
Level 4	4	3	5	2	0	7	0
Level 3	3	2	4	1	0	5	0
Level 1-2	0	2	0	2	0	2	0
Total	27	22	37	12	16	33	0

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
- Communications Skills
- Project Management
- AS4000.

Access and Safety

Risk Assessment and Management

The Trust has developed an overall risk management framework. Risk assessment is now an integral part of all new projects and events that the Trust undertakes.

Occupational Health and Safety

The Trust appointed 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 received training in manual handling and workplace safety
- Staff members undertook first aid training
- Regular site safety inspections carried out
- Risk assessments conducted for all events.

There were 25 recorded OH&S incidents in the reporting period, mainly arising from the 86,000 visitors who attended the Biennale of Sydney at Cockatoo Island. There were no compensable injuries. The Trust reviews all incidents to identify and implement relevant preventative action. The lost time injury frequency and the medical treatment injury frequency rates were both zero.

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 a key 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.

Photo: Filming of 'The Biggest Loser' on Cockatoo Island



Independent Audit Report



Australian National Audit Office
PO Box A456
Sydney South NSW 1235
135 Elizabeth Street
SYDNEY NSW
Phone (02) 9367 7100
Fax (02) 9367 7102

To the Minister for Environment, 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 2009, which comprise: a Statement by Directors, Chief Executive and Finance Director; Income Statement; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; and Notes to the Financial Statements, including a summary of significant accounting policies.

The Responsibility of the Trust for the Financial Statements

The members of the Trust are responsible for the preparation and fair presentation of the financial statements in accordance with Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including Australian Accounting Standards, which include 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 conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate 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 controls relevant to the Trust's preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trust, 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 Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, and 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 2009 and of its financial performance and its cash flows for the year then ended.

Australian National Audit Office

P Hinchey
Senior Director
Delegate of the Auditor-General

Sydney
2 September 2009

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 2009 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.

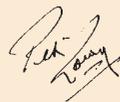
This Statement is made in accordance with a resolution of the directors.

Signed



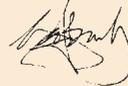
Kevin McCann
Chairperson
2 September 2009

Signed



Peter Lowry
Director
2 September 2009

Signed



Geoff Bailey
Executive Director
2 September 2009

Signed



Catherine Sullivan
Director Finance
2 September 2009

Income Statement

for the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
INCOME			
Revenue			
Revenue from Government	3A	24	566
Sale of goods and rendering of services	3B	738	149
Interest	3C	3,570	2,750
Rental income	3D	7,051	5,483
Other revenue	3E	1,398	1,652
Total revenue		12,781	10,600
Gains			
Sale of assets	3F	-	(6)
Total gains		-	(6)
Total Income		12,781	10,594
EXPENSES			
Employee benefits	4A	4,880	5,100
Suppliers	4B	5,410	7,078
Depreciation and amortisation	4C	1,327	729
Write-down and impairment of assets	4D	331	-
Total Expenses		11,948	12,907
Surplus (Deficit)		833	(2,313)

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

Balance Sheet

as at 30 June 2009

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	Notes	2009 \$'000	2008 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	71,651	37,847
Trade and other receivables	5B	1,680	3,318
Total financial assets		73,331	41,165
Non-Financial Assets			
Land and buildings	6A	179,831	128,949
Infrastructure, plant and equipment	6B	3,342	2,670
Heritage and collections	6C	25,987	53,671
Intangibles	6E	72	111
Inventories	6F	34	34
Other non-financial assets	6G	272	337
Total non-financial assets		209,538	185,772
Total Assets		282,869	226,937
LIABILITIES			
Payables			
Suppliers	7A	2,727	1,394
Other payables	7B	4,725	3,313
Total payables		7,452	4,707
Provisions			
Employee provisions	8	779	702
Total provisions		779	702
Total Liabilities		8,231	5,409
Net Assets		274,638	221,528
EQUITY			
Contributed equity		261,235	208,820
Reserves		6,728	6,868
Retained surplus		6,675	5,840
		274,638	221,528
Total Equity		274,638	221,528
Current Assets		73,373	41,165
Non-Current Assets		209,496	185,772
Current Liabilities		4,457	3,427
Non-Current Liabilities		3,774	1,982

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

Statement of Changes in Equity

for the year ended 30 June 2009

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	Accumulated Results		Asset Revaluation Reserves		Contributed Equity/Capital		Total Equity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Opening Balance								
Balance carried forward from previous period	5,840	8,153	6,868	6,868	208,820	186,820	221,528	201,841
Adjustment for rounding errors prior year	2	-	-	-	1	-	3	-
Adjusted Opening Balance	5,842	8,153	6,868	6,868	208,821	186,820	221,531	201,841
Income and expenses								
Surplus (Deficit) for the period	833	(2,313)	-	-	-	-	833	(2,313)
Total income and expenses	833	(2,313)	-	-	-	-	833	(2,313)
Asset revaluations	-	-	(140)	-	-	-	(140)	-
Contributions by Owners								
Appropriation (equity injection)	-	-	-	-	42,980	22,000	42,980	22,000
Other (assets transferred in):								
Land and buildings	-	-	-	-	6,194	-	6,194	-
Heritage and collections	-	-	-	-	3,240	-	3,240	-
Sub-total transactions with owners	-	-	(140)	-	52,414	22,000	52,274	22,000
Closing balance at 30 June	6,675	5,840	6,728	6,868	261,235	208,820	274,638	221,528

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

Cash Flow Statement for the year ended 30 June 2009

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	Notes	2009 \$'000	2008 \$'000
OPERATING ACTIVITIES			
Cash received			
Goods and services		738	37
Revenue from Government		24	566
Rents		10,068	6,048
Interest		3,554	2,758
GST received from ATO		1,352	3,194
Other		2,618	-
Total cash received		18,354	12,603
Cash used			
Employees		(4,730)	(5,163)
Suppliers		(6,377)	(11,462)
Total cash used		(11,107)	(16,625)
Net cash from/(used by) operating activities	9	7,247	(4,022)
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment		(16,423)	(29,315)
Total cash used		(16,423)	(29,315)
Net cash used by investing activities		(16,423)	(29,315)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		42,980	22,000
Total cash received		42,980	22,000
Net cash flows from financing activities		42,980	22,000
Net increase or (decrease) in cash held		33,804	(11,337)
Cash and cash equivalents at the beginning of the reporting period		37,847	49,184
Cash and cash equivalents at the end of the reporting period	5A	71,651	37,847

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

Schedule of Commitments as at 30 June 2009

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	2009 \$'000	2008 \$'000
BY TYPE		
Commitments receivable		
Lease rental income ⁴	(19,519)	(10,752)
Total commitments receivable	(19,519)	(10,752)
Capital commitments		
Project commitments ¹	5,878	8,827
Total capital commitments	5,878	8,827
Other commitments		
Operating leases ²	35	55
Other commitments ³	1,317	3,337
Total other commitments	1,352	3,392
Net commitments by type	(12,289)	1,467
BY MATURITY		
Other commitments receivable		
One year or less	(4,212)	(3,708)
From one to five years	(8,591)	(6,212)
Over five years	(6,716)	(832)
Total other commitments receivable⁴	(19,519)	(10,752)
Commitments payable		
Capital commitments		
One year or less	5,878	8,827
Total capital commitments	5,878	8,827
Operating lease commitments		
One year or less	26	33
From one to five years	9	22
Total operating lease commitments	35	55
Other Commitments		
One year or less	1,317	3,337
Total other commitments	1,317	3,337
Net Commitments by Maturity	(12,289)	1,467

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 2009

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There were no contingencies required to be disclosed for the year ended 30 June 2009 (2007/08 - Nil).

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:	Income
Note 4:	Expenses
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

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Notes to and forming part of the Financial Statements

for the year ended 30 June 2009

Note 1: Summary of Significant Accounting Policies

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

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

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

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 2008; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

The financial report has been prepared on an accrual basis and is 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 Report is 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 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.

Unless alternative treatment is specifically required by an accounting standard, revenues and expenses are

recognised in the Income Statement when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.2 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, there are no significant impacts on the amounts recorded in the financial statements.

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.

1.3 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.

1.4 Revenue

Revenue from the sale of goods is recognised when:

- The risks and rewards of ownership have been transferred to the buyer;
- The seller 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 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 provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions 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.

1.5 Gains

Sale of Assets

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

1.6 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.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Australian Government Agency or Authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

1.7 Employee Benefits

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

Liabilities for 'short-term employee benefits' (as defined in AASB 119) 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.

All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

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, 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.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2009

Separation and Redundancy

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

Superannuation

Certain employees of the Trust are members of the Commonwealth Superannuation Scheme (CSS) 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.

1.8 Leases

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

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

1.9 Cash

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

1.10 Financial assets

The Trust classifies its financial assets in the following categories:

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

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 nominal amount.

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 nominal amount.

Impairment of financial assets

Financial assets are assessed for impairment at each balance date.

The Trust's financial assets consist of cash and cash equivalents, and receivables, and are held at their fair value. Provisions are made where indications of impairment exist.

Comparative Year

The above policies are consistent with the comparative year. For receivables, amounts were recognised and carried at original invoice amount less a provision for doubtful debts based on an analysis of receivables at year end.

1.11 Financial Liabilities

Supplier and other payables

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.12 Contingent Liabilities and Contingent Assets

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

1.13 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

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

recognised in the transferor authority's accounts immediately prior to the restructuring.

1.14 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, 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, property 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

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for the year ended 30 June 2009

previously recognised through operating result. Revaluation decrements for a class of assets are recognised directly through operating result 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.

Reclassification

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 \$31.548m reclassification transfer from heritage to buildings.

The Trust also reviewed the useful life for all commercially leased heritage buildings as a result of the new guidelines. The useful life selected for these assets was based on the remaining life provided by the 30 June 2007 Colliers valuation report, factoring in the extension to remaining life as a result of the Trust's preservation strategies.

Depreciation

Depreciable property 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:

	2009	2008
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

As a result of the Trust's preservation strategies, the useful life of Buildings has been extended by 25 years.

Impairment

All assets were assessed for impairment at 30 June 2009. 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.

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 4C.

1.15 Intangibles

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

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 (2007-08: 7 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2009.

1.16 Inventories

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

1.17 Taxation

The Trust is exempt from all forms of taxation except fringe benefits tax (FBT) and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST:

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

Note 2: Events after the 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 and HMAS *Platypus* vest in the Trust.

The Trust signed an MOU with the Department of Defence on 5 June 2009 with respect to the vesting of HMAS *Platypus* in the Trust. Under the MOU, the Department of Defence has agreed to fund the costs incurred by the Trust for remediating contaminated land. In line with the requirements of the MOU the Department of Defence completed a cash equity transfer of \$20.0m to the Trust during June 2009. The vesting of HMAS *Platypus* in the Trust occurred on 1 July 2009. The building assets and the liability for remediating the contaminated land were transferred to the Trust on vesting. The MOU requires the Department of Defence to complete further cash equity transfers of \$10.0m in 2009-10 and 2010-11 with the final cash equity transfer in 2011-12 to cover the cost of the balance of the remediation project.

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 2008-09 financial statements other than those that are already reflected in the financial statements.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2009

	2009 \$'000	2008 \$'000
Note 3: Income		
<i>Revenue</i>		
Note 3A: Revenue from Government		
Departmental outputs	24	566
Total revenue from Government	<u>24</u>	<u>566</u>
Note 3B: Sale of goods and rendering of services		
Provision of goods - external parties	14	7
Rendering of services - external parties	724	142
Total sale of goods and rendering of services	<u>738</u>	<u>149</u>
Note 3C: Interest		
Deposits	3,570	2,750
Total interest	<u>3,570</u>	<u>2,750</u>
Note 3D: Rental income		
Property rentals and short-term hire	7,051	5,483
Total rental income	<u>7,051</u>	<u>5,483</u>
Note 3E: Other revenue		
Other revenue	15	24
Other revenue from Department of Defence	1,383	1,628
Total other revenue	<u>1,398</u>	<u>1,652</u>
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.		
<i>Gains</i>		
Note 3F: Sale of assets		
Infrastructure, plant and equipment		
Proceeds from sale	-	10
Carrying value of assets sold	-	(16)
Net gain from sale of assets	<u>-</u>	<u>(6)</u>

	2009 \$'000	2008 \$'000
Note 4: Expenses		
Note 4A: Employee benefits		
Wages and salaries	4,083	4,265
Superannuation:	433	463
Leave and other entitlements	160	113
Separation and redundancies	184	247
Other employee costs	20	12
Total employee benefits	<u>4,880</u>	<u>5,100</u>
Note 4B: Suppliers		
Provision of goods – related entities	4	12
Provision of goods – external parties	1,627	3,863
Rendering of services – related entities	378	430
Rendering of services – external parties	3,272	2,670
Operating lease rentals	47	52
Workers compensation premiums	82	51
Total supplier expenses	<u>5,410</u>	<u>7,078</u>
Note 4C: Depreciation and amortisation		
Depreciation:		
Infrastructure, plant and equipment	210	149
Buildings	948	451
Total depreciation	<u>1,158</u>	<u>600</u>
Intangibles:		
Computer Software	38	6
Lease Incentives	130	123
Total amortisation	<u>169</u>	<u>129</u>
Total depreciation and amortisation	<u>1,327</u>	<u>729</u>
Note 4D: Write-down and impairment of assets		
Asset Write-Downs from		
impairment on financial assets	331	-
Total write-down and impairment of assets	<u>331</u>	<u>-</u>

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 2009

	2009 \$'000	2008 \$'000
Note 5: Financial Assets		
Note 5A: Cash and cash equivalents		
Cash at bank	71,649	37,846
Cash on hand	2	1
Total cash	71,651	37,847
Cash at bank includes funding quarantined for the decontamination of HMAS <i>Platypus</i> , as well as the Trust's ongoing capital works and capital renewal.		
Note 5B: Trade and other receivables		
Goods and services related entities	1,521	2,603
Goods and services external parties	247	266
GST receivable from the Australian Taxation Office	-	222
Interest receivable	241	225
Other receivables	2	2
Total receivables (gross)	2,011	3,318
Less impairment allowance account:		
Goods and services	3	-
Other	328	-
Total receivables (net)	1,680	3,318
All receivables are current.		
Receivables (gross) are aged as follows:		
Not overdue	243	449
Overdue by:		
Less than 30 days	1,648	139
31 to 60 days	9	38
61 to 90 days	3	39
More than 90 days	108	2,653
Total trade and other receivables (gross)	2,011	3,318
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	-

Receivables for Goods & Services

Credit terms are net 30 days (2008: 30 days, except for sales of property which were due on settlement).

	2009 \$'000	2008 \$'000
Note 6: Non-Financial Assets		
Note 6A: Land and buildings		
Freehold land		
- at fair value	133,933	123,203
Total freehold land	133,933	123,203
Buildings on freehold land:		
- at fair value	47,298	6,197
- accumulated depreciation	(1,400)	(451)
Total buildings on freehold land	45,898	5,746
Total land and buildings	179,831	128,949
Valuations were conducted by an independent valuer (Colliers International Consultancy and Valuation Pty Ltd) in 2007. Subsequent to this valuation the directors of the Trust deemed the valuation to be fair.		
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.		
Note 6B: Infrastructure, plant and equipment		
Infrastructure, plant and equipment:		
- at cost	4,136	3,254
- accumulated depreciation	(794)	(584)
Total infrastructure, plant and equipment	3,342	2,670
Note 6C: Heritage and Collections		
Heritage assets:		
- at fair value	25,987	53,671
Total heritage assets	25,987	53,671

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 \$31.548m reclassification transfer from heritage to buildings. (See Note 6D).

Notes to and forming part of the Financial Statements

for the year ended 30 June 2009

Note 6D: Analysis of property, plant and equipment

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

Item	Land \$'000	Buildings on Freehold Land \$'000	Total Land & Buildings \$'000	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 capital works	6,129	7,960	14,089	882	763	-	15,734
from acquisition of entities or operations (including restructuring)	5,500 (899)	694	6,194	-	3,240	-	9,434
Reclassification	-	32,447 (949)	31,548 (949)	- (210)	(31,548)	-	-
Depreciation/amortisation expense	-	-	-	-	-	(39)	(1,198)
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 (1,400)	181,231 (1,400)	4,136 (794)	25,987	123	211,477
Accumulated depreciation/amortisation	-	45,898	179,831	3,342	-	(51)	(2,245)
	<u>133,933</u>				<u>25,987</u>	<u>72</u>	<u>209,232</u>

Note 6D: Analysis of property, plant and equipment

TABLE A – Reconciliation of the opening and closing balances of property, plant, equipment and intangibles (2007-08)

Item	Land \$'000	Buildings on Freehold Land \$'000	Total Land & Buildings \$'000	Plant & Equipment \$'000	Heritage & Collections \$'000	Intangibles \$'000	TOTAL \$'000
As at 1 July 2007							
Gross book value	106,128	6,098	112,226	1,602	43,186	21	157,035
Accumulated depreciation/amortisation	-	-	-	(446)	-	(6)	(452)
Net book value 1 July 2007	<u>106,128</u>	<u>6,098</u>	<u>112,226</u>	<u>1,156</u>	<u>43,186</u>	<u>15</u>	<u>156,583</u>
Additions:							
by capital works	17,075	99	17,174	1,680	10,485	102	29,441
Depreciation/amortisation expense	-	(451)	(451)	(138)	-	(6)	(595)
Disposals:							
Other disposals	-	-	-	(28)	-	-	(28)
Net book value 30 June 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>
Net book value as of 30 June 2008 represented by:							
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)
	<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>

Notes to and forming part of the Financial Statements

for the year ended 30 June 2009

	2009 \$'000	2008 \$'000
Note 6E: Intangible Assets		
Computer software at cost:		
Externally developed – in use	123	123
Total Computer Software	123	123
Accumulated amortisation	(51)	(12)
Total intangibles	72	111
Note 6F: Inventories		
Finished goods at cost	34	34
Total inventories held for sale	34	34
Inventories held for distribution	-	-
Total inventories	34	34
Note 6G: Other non-financial assets		
Lease Incentives	264	337
Prepayments	8	-
Total other non-financial assets	272	337
All prepayments are current assets.		
Note 7: Payables		
Note 7A: Suppliers		
Trade creditors	2,589	1,120
Contract Retentions	138	274
Total supplier payables	2,727	1,394
All supplier payables are current. Settlement is usually made net 30 days.		
Note 7B: Other Payables		
Salaries and wages	117	42
Accrued expenses	587	1,220
Bonds and Security deposits	316	173
Prepayments received	3,705	1,878
Total Other Payables	4,725	3,313
Other payables are represented by:		
Current	1,169	1,543
Non-current	3,556	1,770
Total Other Payables	4,725	3,313

	2009 \$'000	2008 \$'000
Note 8: Provisions		
Note 8: Employee provisions		
Leave	779	702
Total employee provisions	779	702
Employee provisions are represented by:		
Current	561	490
Non-current	218	212
Total employee provisions	779	702
Note 9: Cash flow reconciliation		
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Cash at year end per Cash Flow Statement	71,651	37,847
Balance Sheet items comprising above cash:	71,651	37,847
Financial Asset - Cash and cash equivalents		
Reconciliation of operating result to net cash from operating activities:		
Operating result	833	(2,313)
Depreciation /amortisation	1,327	729
Loss on disposal of assets	-	6
(Increase) / decrease in receivables	1,638	(1,664)
(Increase) / decrease in inventories	1	22
(Increase) / decrease in prepayments	(8)	3
Increase / (decrease) in employee provisions	77	(53)
Increase / (decrease) in employee payables	75	13
Increase / (decrease) in supplier payables	1,333	(762)
Increase / (decrease) in security deposits	143	81
Increase / (decrease) in prepayments received	1,827	(84)
Net cash from / (used by) operating activities	7,247	(4,022)

Notes to and forming part of the Financial Statements

for the year ended 30 June 2009

	<u>2009</u> Number	<u>2008</u> Number
Note 10: Members' Remuneration		
The numbers 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	2	2
Total number of members of the Trust	<u>8</u>	<u>8</u>
	<u>\$</u>	<u>\$</u>
Total remuneration received or due and receivable by members of the Trust	<u>205,948</u>	<u>197,259</u>
The Members of the Trust are appointed on a part-time basis under section 12 of the <i>Sydney Harbour Federation Trust Act 2001</i> . 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)		
	<u>2009</u>	<u>2008</u>
Note 11: Remuneration of Senior Executives		
The number of senior executives who received or were due to receive total remuneration of \$130,000 or more:		
• \$130,000 to \$144,999	2	1
• \$145 000 to \$159 999	1	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	1
Total	<u>7</u>	<u>5</u>
	<u>\$</u>	<u>\$</u>
The aggregate amount of total remuneration of senior executives shown above.	<u>1,278,785</u>	<u>1,094,082</u>
The aggregate amount of separation and redundancy payments during the year to executives shown above.	-	126,753

	<u>2009</u> \$'000	<u>2008</u> \$'000
Note 12: Remuneration of Auditors		
Remuneration to the Auditor-General for auditing the financial statements for the reporting period.	46	44
	<u>46</u>	<u>44</u>
No other services were provided by the Auditor-General during the reporting period.		
Note 13: Financial Instruments		
13A Categories of financial instruments		
Financial Assets		
Loans and receivables financial assets		
Cash at bank	71,649	37,846
Cash on hand	2	1
Receivables for goods and services	1,437	2,869
GST receivable from the Australian Taxation Office	-	222
Interest receivable	241	225
Other receivables	2	2
Carrying amount of financial assets	<u>73,331</u>	<u>41,165</u>
Financial Liabilities		
Other Financial Liabilities		
Trade creditors	2,589	1,120
Contract Retentions	138	274
Salaries and wages	117	42
Accrued Expenses	587	1,220
Bonds and security deposits	316	173
Prepayments received	3,705	1,878
Carrying amount of financial liabilities	<u>7,452</u>	<u>4,707</u>
13B Net income and expense from financial assets		
Loans and receivables		
Interest revenue (see note 3C)	3,570	2,750
Net gain loans and receivables	<u>3,570</u>	<u>2,750</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 2009.		
13D Fee income and expense		
There is no fee income or expense arising from financial instruments in the year ending 30 June 2009.		

Notes to and forming part of the Financial Statements

for the year ended 30 June 2009

13E Fair value of financial instruments

	Carrying amount 2009 \$'000	Fair value 2009 \$'000	Carrying amount 2008 \$'000	Fair value 2008 \$'000
Financial Assets				
Cash at bank	71,649	71,649	37,846	37,846
Cash on hand	2	2	1	1
Receivables for goods and services	1,437	1,437	2,869	2,869
GST receivable from the Australian Taxation Office	-	-	222	222
Interest receivable	241	241	225	225
Other receivables	2	2	2	2
Total	73,331	73,331	41,165	41,165
Financial Liabilities				
Trade creditors	2,589	2,589	1,120	1,120
Contract retentions	138	138	274	274
Salaries and wages	117	117	42	42
Accrued expenses	587	587	1,220	1,220
Bonds and security deposits	316	316	173	173
Prepayments received	3,705	3,705	1,878	1,878
Total	7,452	7,452	4,707	4,707

13F Credit risk

The Trust is exposed to minimal credit risk as the majority of loans and receivables are cash, appropriations made under law (which guarantees fixed amounts of funding that the entity can drawdown as required) or amounts owed by the Australian Taxation Office in the form of a GST refund. 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 (2009: \$2,011,000 and 2008: \$3,318,000). The Trust has assessed the risk of the default on payment and has allocated \$331,000 in 2009 (2008: Nil) 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 risk of financial instruments not past due or individually determined as impaired:

	Not Past Due Nor Impaired 2009 \$'000	Not Past Due Nor Impaired 2008 \$'000	Past due or impaired 2009 \$'000	Past due or impaired 2008 \$'000
Cash at bank	71,649	37,846	-	-
Cash on hand	2	1	-	-
Receivables for goods and services	-	-	1,768	2,869
GST receivable from the Australian Taxation Office	-	222	-	-
Interest receivable	241	225	-	-
Other receivables	2	2	-	-
Total	71,894	38,296	1,768	2,869

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	1,320	6	3	108	1,437
Total	1,320	6	3	108	1,437

Ageing of financial assets that are past due but not impaired for 2008

	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	139	38	39	2,653	2,869
Total	139	38	39	2,653	2,869

Notes to and forming part of the Financial Statements

for the year ended 30 June 2009

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 illustrates the maturities for financial liabilities:

	On demand	within 1 year	1 to 5 years	> 5 years	Total
	2009	2009	2009	2009	2009
	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2009					
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
Prepayments received	-	3,705	-	-	3,705
Employee provisions	-	561	218	-	779
Total	-	8,013	218	-	8,231
	On demand	within 1 year	1 to 5 years	> 5 years	Total
	2008	2008	2008	2008	2008
	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2008					
Trade creditors	-	1,120	-	-	1,120
Contract retentions	-	274	-	-	274
Salaries and wages	-	42	-	-	42
Accrued expenses	-	1,220	-	-	1,220
Bonds and security deposits	-	173	-	-	173
Prepayments received	-	1,878	-	-	1,878
Employee provisions	-	490	212	-	702
Total	-	5,197	212	-	5,409

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 short term investments with floating interest rates. The Trust's interest rate risk arises from the investment in short term cash with fixed and floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant.

At 30 June 2009, if interest rates decreased/(increased) by 1.0%, with all other variables held constant, operating result and equity would have been

30 June 2009	Carrying amount	Change in risk variable	Effect on	
			Profit and loss	Equity
	\$'000	%	2009	2009
			\$'000	\$'000
Financial Assets				
Australian cash deposits and short-term securities	71,651	-1.0	(717)	(717)
Australian cash deposits and short-term securities	71,651	+1.0	717	717
30 June 2008	Carrying amount	Change in risk variable	Effect on Profit and loss	Equity
	\$'000	%	2008	2008
			\$'000	\$'000
Financial Assets				
Australian cash deposits and short-term securities	17,847	-1.0	(178)	(178)
Australian cash deposits and short-term securities	17,847	+1.0	178	178

Note 14: Reporting of Outcomes

Note 14A: Departmental Revenues and Expenses by Output Groups and Outputs

	Outcome 1								
	Output 1.1		Output 1.2		Output 1.3		Outcome 1 Total		
	2009	2008	2009	2008	2009	2008	2009	2008	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Operating expenses									
Employees	606	419	2,246	1,879	2,028	2,802	4,880	5,100	
Suppliers	671	582	2,490	2,607	2,249	3,889	5,410	7,078	
Depreciation	-	-	697	293	630	436	1,327	729	
Write-down of assets	-	-	-	-	331	-	331	-	
Total operating expense	1,277	1,001	5,433	4,779	5,238	7,127	11,948	12,907	
Funded by:									
Revenues from Government	3	47	11	208	10	311	24	566	
Goods and services	-	-	738	149	7,051	5,477	7,789	5,626	
Interest	-	-	-	-	3,570	2,750	3,570	2,750	
Other	-	-	-	-	1,398	1,652	1,398	1,652	
Total operating revenue	3	47	749	357	12,029	10,190	12,781	10,594	

The Trust has one outcome:

Trust lands on Sydney Harbour are conserved and enhanced for the benefit of present and future generations of Australians.

There are three outputs identified for the Outcome:

Output 1.1: Management plans consistent with the Harbour Trust's Comprehensive Plan are prepared for Harbour Trust lands following community consultation.

Output 1.2: The public is informed of the environmental and heritage significance of the Harbour Trust lands and has access to them.

Output 1.3: Harbour Trust lands are progressively rehabilitated, conserved and made publicly accessible.

The costs of administrative and operating overheads have been attributed to outputs in proportion to the relative costs of each output.

The net costs shown include intra-government costs that would be eliminated in calculating the actual Budget outcome.

Note 14B: Net Cost of Outcome Delivery

	Outcome 1		Total	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Expenses				
Total expenses	11,948	12,907	11,948	12,907
	11,948	12,907	11,948	12,907
Costs recovered from provision of goods and services to the non government sector				
Total costs recovered	7,789	5,632	7,789	5,632
	7,789	5,632	7,789	5,632
Other external revenues				
Interest	3,570	2,750	3,570	2,750
Other - from related entities	1,398	1,652	1,398	1,652
Total other external revenues	4,968	4,402	4,968	4,402
Net cost of outcome	(809)	2,873	(809)	2,873

Notes to and forming part of the Financial Statements

for the year ended 30 June 2009



Photo: Ken Unsworth with an installation from his work 'A Ringing Glass (Rilke)' at Cockatoo Island. Photography by Paul Green

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. Access to one document was granted under the Act, however access was refused under s39, s41, s42 and s43 to a number of other documents held.

Appendix 2

Community Advisory Committee Members

Cockatoo and Snapper Islands

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

Middle Head

Tony Abbott MP
 Bryce Bridges
 Edward Elsom
 Don Goodsir
 Sue Halmagyi
 Ian Henderson
 Michael Hickey Cmdr RAN
 Stewart Reed
 Jillian Skinner MP
 Denise Wilton

North Head

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

Woolwich

Peter Astridge
 Austin Driscoll
 Susan Gorst
 Joe Hockey MP
 Phillip Jenkyn
 Peta Lewis
 Margie Powell
 Barry Smith
 Adam South

South Head

Allan Coker
 Peter Debnam MLA
 Dr Robin Derricourt
 Keri Huxley
 Will Jones
 Peter Poland
 Michael Rolfe

Former HMAS *Platypus*

Carole Baker
 Diana Davidson
 Brian Evesson
 Joe Hockey MP
 Penny Holloway
 Denny Linker
 Genia McCaffery
 Zena O'Connor
 Alick Osborne
 Merryn Pearse
 Chris Skinner
 Jillian Skinner MP
 Peter Smith
 Robert Tearne

Whole of Harbour

Anthony Iacona
 Jennifer McMonnies

Appendix 3

Maintenance, Heritage Conservation and Environmental Management Projects

All Sites

- Grounds Maintenance
- General building maintenance
- Services maintenance
- Fire systems maintenance.

North Head Sanctuary

- Heritage restoration of former medical and printing buildings
- Structural repair documentation complete for Building 1
- Establishment of plant nursery
- Raising of section of walking track in wetland area
- Renewal of high voltage electricity supply within the former School of Artillery site
- Services Masterplan commenced
- Fire hazard reduction
- Contract and volunteer bush regeneration
- Feral animal control program.

Chowder Bay

- Base buildings works to Sergeants' Mess completed
- New public pathway and lighting
- Common garbage room constructed
- Bush regeneration
- Feral animal control program
- Bushfire hazard reduction.

Lower Georges Heights

- Contract bush regeneration
- Restoration of significant artillery gun
- Ongoing establishment of sculptures as part of sculpture trail
- Feral animal control program
- Bushfire hazard reduction.

Georges Heights

- Restoration of remaining barracks buildings within the former Training Command precinct including construction of new toilets, air conditioning, repainting, landscaping, public paths and lighting.
- Observation post conserved
- Decontamination of precinct complete
- Ongoing replacement and upgrading of services including electricity, water, fire services, telephone and sewer
- Contract and volunteer bush regeneration
- Rainwater recycling submission completed
- Commandos landscape earth mounds and associated landscaping completed
- Feral animal control programs
- Bushfire hazard reduction.

Middle Head

- Conservation and refurbishment works completed on the former Golf Club House and Quarry carpark
- Middle Head Road works commenced
- Headland Park Traffic Management study.

Appendix 3 Continued...

Woolwich Dock

- Completion of the road realignment, carpark and wharf facility
- Decontamination of the Horse Paddock and the upper lookout area including landscaping
- Goat Paddock track repairs, weed control and revegetation.

Cockatoo Island

- Edwardian duplexes were refurbished and furnished
- Café relocation commenced
- Stage One archaeological investigation into convict remains substantially complete
- Further investigations have commenced on evidence of the former solitary cells
- Installation of shading to the Northern Apron
- Safety works to cliff areas, landscaping and rock stabilisation
- Design of new Convict Trail
- Works to new group camp area commenced
- Civil works and services renewal to the southern apron
- Restoration commenced on the 'African Queen' crane
- Ongoing services repairs; sewer relining and low voltage reticulation
- Civil works to the north east apron complete
- Rainwater recycling submission completed
- World Heritage nomination submitted
- Ongoing public safety works.

Snapper Island

- No major works were carried out during the year.

Macquarie Lightstation

- No major works were carried out during the year.

Former Marine Biological Station

- No major works were carried out during the year.

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 selected 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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