



**THE HON SUSSAN LEY MP
MINISTER FOR THE ENVIRONMENT
MEMBER FOR FARRER**

MS19-900113

Mr Joseph Carrozzi
Chairman
Sydney Harbour Federation Trust
Building 28, Best Ave
MOSMAN NSW 2088

Dear Mr Carrozzi

Statement of Expectations for the Sydney Harbour Federation Trust

Given the Australian Government's (the Government) recent decision in the 2019-20 Budget process to provide additional capital funding to the Sydney Harbour Federation Trust (the Trust) and undertake a review of your organisation, I thought it was timely to write to you to outline my expectations.

Statements of Expectation are common practice in the governance of Commonwealth statutory authorities. This statement outlines the Government's expectations for the Trust in the coming 12 months, while also respecting your status as a Commonwealth corporate entity, with statutory functions and powers under the *Sydney Harbour Federation Trust Act 2001* (SHFT Act) and subordinate instruments.

The Government acknowledges the valuable work undertaken by the Trust to rehabilitate former Defence sites on Sydney Harbour and open them for public access. I note that a significant proportion of the land and buildings (with the potential for adaptive re-use) have been opened for public access since the Trust was formerly enacted in 2001. Through this process the organisation has developed an extensive set of capabilities to rehabilitate, manage and enable the sensitive commercial use of Trust sites supported through engagement with local communities and stakeholders.

The Government's commitment to undertake a review of the Trust is consistent with the Commonwealth's Governance Structures Policy, which states that statutory authorities should be periodically reviewed to ensure they remain appropriate and fit for purpose.

The review is also necessary in light of the legislative and financial impediments which are making it difficult for the Trust to achieve its mandate. This will include consideration of how Trust sites will be managed in the long term, noting that the SHFT Act currently assumes the Trust will be wrapped up after 2033. The review will be the mechanism through which the Government canvasses stakeholder views, and takes decisions, on how best to address these challenges.

In this context, I expect the Trust will:

- Work actively and constructively with the reviewers and my Department to ensure that the full range of issues and options are properly considered during the review process.
- Continue to undertake its day-to-day-work, including consultation on the future of Cockatoo Island, while being mindful of the ongoing Review, such that the two processes ultimately support one another.

In this regard, I expect the Trust will work towards improving its financial sustainability, in a way that is cognisant of the Government's commitment to Budget repair and sound fiscal management. In the context of the Review, this includes moving closer towards the founding objective when the Trust was established that, over time, it would become self-funding. In this context, I expect particular attention be given to:

- Conducting further work on the Strategic Asset Management Plan to inform the rehabilitation of Trust sites.
- Developing commercial strategies for Trust sites to maximise revenue in a way that is consistent with the broader public access and amenity objectives of the SHFT Act.
- Continuing to seek opportunities to partner, and share costs, with private and philanthropic entities for the rehabilitation and ongoing management of Trust sites.

I expect the Government's \$21.4 million commitment made in the 2019-20 Budget, for works at Headland Park and Sub base Platypus supports the Trust's broader commercial strategies while increasing public amenity. The aim should be to substantially complete rehabilitation of both sites, moderating plans and leveraging co-funding from other sources, where practicable.

Finally, I am aware that the Australian National Audit Office has recently audited the effectiveness of board governance at the Trust, and I welcome the positive findings. I ask that you actively and constructively identify actions to respond to the recommendations and findings of the audit, working with the department as necessary.

I look forward to working with you in the coming months to achieve these objectives.

Yours sincerely

SUSSAN LEY

Cc: Chief Executive Officer, Sydney Harbour Federation Trust, Ms Mary Darwell,
Secretary, the Department of the Environment and Energy, Mr Finn Pratt AO PSM