



31 July 2020

The Hon. Sussan Ley MP  
Minister for the Environment  
House of Representatives  
Parliament House  
CANBERRA ACT 2600

Dear Minister Ley

On behalf of the Members of the Sydney Harbour Federation Trust (the Members), I am pleased to respond to your letter of 18 June 2020 (MB 20-000306) which outlined the Government's initial response to the recent Independent Review of the Sydney Harbour Federation Trust (Harbour Trust).

The recently released Independent Review Report provides the Harbour Trust with an opportunity to refine its priorities and its engagement with the community so that the objects of the legislation can be fully realised. The move from being a transitional entity to a permanent custodian of our significant historical harbourside sites – the key recommendation of the Independent Review - is a reorientation of the role and operations of the Harbour Trust which we welcome and will embrace to inform our future strategy.

I would like to commend you and the Government for the decision to establish the Independent Review of the Harbour Trust. I would also like to formally record my appreciation for your detailed involvement in the various community consultation processes which were established by the Reviewers. Your attendance at these sessions and your engagement with the community was noted and much appreciated by all.

The Members are also pleased that the Government "broadly accepts all other recommendations subject to more detailed planning and consultation". We believe that the Independent Review's recommendations will act as a turning point in the history of the Harbour Trust and enable us to move forward with greater certainty and enhanced capabilities.

In response to the direction to the Harbour Trust contained in your letter, we are pleased to reply as follows.

### **1. Harbour Trust's Reform Steering Committee**

Given the significant changes recommended by the Review, the Harbour Trust has established a dedicated program team to lead the implementation of actions recommended in the Review and in your letter. In order to ensure effective oversight and transparency on actions, we have established a Member Sub-Committee to act as a Reform Steering Committee to oversee implementation. The Harbour Trust will report to you, and publish a status update on progress, every quarter.

The Harbour Trust has developed a set of initial actions which are outlined in the **attachment**. The Harbour Trust believes that significant action on most of the recommendations can be achieved over the next year, with early results anticipated this year.

## **2. Legislative Reform**

The Harbour Trust has already commenced working to support the Department of Agriculture, Water and the Environment (the Department) in preparing amendments to our Act. We have also begun the review of our Regulations - which are due to sunset in October 2021 - to ensure alignment between the Act and Regulations. Throughout this work, the Harbour Trust will provide advice and support as requested, as well as put in place consultation and communication strategies to ensure the community is engaged in this important reform. We look forward to being updated on timing of the legislative reform by the Department.

Alongside this work, we will review our leasing policy, including a further process of engagement with the community. Several issues have been identified through the current consultation process as well as through the Review which will require further consideration. The timing of this consultation will have regard to the exhibition of the draft legislation, to ensure the community is fully informed of arrangements for leasing of Harbour Trust buildings.

## **3. Board Governance & Appointments**

In parallel with amendments being made to the Act, the Harbour Trust will review and update its existing skills matrix for Members of the Trust. We fully agree with the need to establish a skills matrix for the Members of Trust in considering the appointment of future Members. Such a matrix is used by the Harbour Trust to assess ongoing performance and we would be pleased to share our ideas with the Department in how it could be adapted to assist in the appointment of Members.

I will also embed a program for the annual review of the Trust's (i.e. the Board's) performance. Our first formal annual review was undertaken last year, and I will examine ways in which this process can be improved. We will share the key directional conclusions of this review with the Department so that it can inform future appointments to the Members of the Trust.

## **4. Collaboration with NSW Government & Local Councils**

The Harbour Trust is looking forward to strengthening our relationship with the New South Wales Government and exploring new opportunities for collaboration consistent with our Act, Plans and Policies.

Priority areas will be ensuring a 'whole of Harbour' approach and signature investments. Harbour Trust sites could be further activated through programs and events in consultation with the NSW Government. By so doing, the history of the sites could become a drawcard for students, tourists and the community generally. There are few places with such a significant and authentic layered history as our sites and by working with the State government pursuant to a Memorandum of Understanding, the outcomes for our community will be remarkable.

Similarly, we will implement measures to involve affected Local Councils so that we share our ambitions for the sites and so that we also understand Local Council views and desires to work with us in promoting our sites as part of connected and community-centred precincts.

## **5. Ambition for Cockatoo Island and North Head**

The Harbour Trust is excited by the opportunity to revitalise and renew the unique public precincts of Cockatoo Island and North Head Sanctuary to reveal their stories and ensure a legacy now and for future generations.

UNESCO World Heritage listed and nestled in the western part of Sydney Harbour, Cockatoo Island is directly connected to Sydney city and is a gateway to Parramatta. Our vision is to weave Cockatoo Island into the life of our nation, creating a remarkable destination for our community. At North Head, our ambition is for this place of great wild beauty to be a place of sanctuary and discovery for all.

Specific themes and signature investments which we would like to progress in this regard include strengthening connections with First Nations communities and reflecting this relationship in the establishment of a First Nations space, on one or more of our sites. We would also like to develop a significant visitor and educational immersive experience on both North Head Sanctuary and Cockatoo Island. At North Head this would illustrate the military history of the site and include the network of fortifications and military tunnels that were central to Sydney's defence in WWII. Exploration of the establishment of environmental educational opportunities at North Head would also be considered. At Cockatoo Island, we would like to enable a fuller experience of this UNESCO listed site and its place in the story of Sydney.

An urgent priority for the Harbour Trust is the resolution of arrangements in relation to the North Head Sanctuary Deed of Agreement. We wish to resolve this matter in a timely fashion to enable us to move forward on the recommendations of the Review. As identified in the Review, the amended Deed will need to clarify long-term arrangements and provide a unified future vision for the site via the creation of a rehabilitation plan. The input of the community will be integral to this process.

## **6. Engaging with our community**

The Harbour Trust welcomes the significant priority attached to the recommendations in relation to reforming our organisation to focus on the future operational requirements of an ongoing entity and reforming our approach to stakeholder engagement.

Our Executive Team has started work on revitalising our arrangements for community consultation and engagement, recognising that this is an essential part of the broader reform necessary. We have commenced work to establish a Stakeholder Engagement Framework, which will strengthen and clarify community involvement in our work. It is anticipated that this work will be completed by the end of December 2020.

The Harbour Trust has dedicated, skilled staff and we will engage with them as we identify how best to shape our organisational structure to meet the priorities outlined by the Review. This work will take place over the next 6 months.

## **7. Financial Security**

The need to secure the ongoing sustainability of the Harbour Trust is the most significant aspect of the Review.

In reflecting on the future sustainability of the Harbour Trust, we believe that without the commitment of funding by the Commonwealth, the other matters noted above relating to our operating and governance processes will lack impact and purpose. We are charged with the obligation to consider the proper management of the sites and, as the Review concludes, we have reached the point where further works can only be completed with a secure balance sheet and funding.

We welcome the findings in the Review that the Harbour Trust should receive an immediate injection of funding and investment for planning and other works to be conducted on Cockatoo Island and North Head. We confirm that we are working with the Department to develop proposals for funding as part of the normal budgetary process.

We accept that the Harbour Trust should continue to assess possibilities to access private sector capital and operating revenue, through the proper leasing and adaptive reuse of our buildings. We will also seek to work with the NSW Government to develop opportunities for co-investment in the

activation of our sites which could enhance the attractiveness of our harbour sites for the benefit of the NSW tourism sector.

However, it is the view of the Members of the Trust that any such commercial or State government financial support and investment must - in all cases - not overwhelm the character of the sites as community sites, nor negate the Objects of our enabling legislation. The Review received many representations from the community to the effect that the Objects of the Harbour Trust should be protected and any commercial activity should not be detrimental to the character of Harbour Trust assets or sites.

The Review notes a number of potential funding scenarios for Government to consider. These are contained in Recommendation 21 of the Report and in further detail in Section 7 of the Report.

Clearly, the Review concludes that funding of over \$300 million is required to allow for the completion of the Comprehensive Plan. We understand that this is a significant investment, especially in the context of the current economic climate for the nation and the budgetary situation facing the Commonwealth.

We would welcome the opportunity to work with the Department on a long-term funding strategy – based on site specific plans - comprising Commonwealth commitments over a 10-year period, as well as State government commitments pursuant to an MOU, and the private sector/philanthropy. Without financial security we will not be able to deliver as expected by both our legislation and the Review recommendations.

As Chair, on behalf of the Members of the Trust, we are committed to implementing this Statement of Intent as a matter of priority. Your support of the Harbour Trust, and commitment to the community is greatly appreciated.

Yours sincerely



Joseph Carrozzi  
**Chair**

Enc.: Review Recommendations Report – 1 August 2020

## Review Recommendations Report - 1 August 2020

#	Independent Review Report Recommendation	Next steps	Target date
1	The objects of the Harbour Trust set out in the Sydney Harbour Federation Trust Act 2001, which focus on public access and amenity, and the protection, conservation and interpretation of environmental and heritage values, should remain unchanged.	<ul style="list-style-type: none"> <li>The Harbour Trust will provide advice and support to the Australian Government in amending the <i>Sydney Harbour Federation Trust 2001 Act</i>, including supporting consultation communications with the community when the exposure draft is exhibited. When reviewing the Act, the Harbour Trust is also considering changes arising from the Regulations which are currently due to sunset in October 2021.</li> </ul>	Time frame to be advised by the Department
2	The Harbour Trust sites should remain in public hands. Existing protections to achieve this, such as s.24 of the Sydney Harbour Federation Trust Act 2001, should be maintained.	<ul style="list-style-type: none"> <li>See Recommendation 1 response.</li> </ul>	Time frame to be advised by the Department
3	Whilst Snapper Island is included in the Harbour Trust's Comprehensive Plan, any handover of this site or transfer of any other new sites to the Harbour Trust will need to be accompanied with sufficient funding to allow for remediation and ongoing maintenance and management of the site.	<ul style="list-style-type: none"> <li>The Harbour Trust has provided an estimated cost of remediating Snapper Island to the Department to inform an assessment of the funding required to enable transfer to occur.</li> </ul>	Cost advice provided to Department by 30 July 2020 - <b>Completed</b>
4	<p>The Harbour Trust sites should remain with the Commonwealth. The transfer of any sites to New South Wales would be premature at this time.</p> <p>The Review considers that collaboration between the two levels of government should be strengthened and welcomes the proposal from New South Wales that a significantly closer relationship between the Commonwealth, the Harbour Trust and the New South Wales Government is needed.</p>	<ul style="list-style-type: none"> <li>The Harbour Trust agrees that closer collaboration with NSW is desirable, noting that as the accountable authority, the Trust is responsible for ensuring the management of sites in accordance with the Act, Plans and Policies. The Harbour Trust will support the Australian Government in negotiating a Memorandum of Understanding (MoU) with the NSW Government and will explore, under this mechanism, opportunities to leverage existing relationships and develop new ones.</li> </ul>	Time frame to be advised by the Department
5	<p>The Harbour Trust should operate as an ongoing entity:</p> <p>a) The Sydney Harbour Federation Trust Act 2001 should be amended to remove Part 10 and other provisions related to the scheduled repeal of the Act.</p> <p>b) The Harbour Trust's legislative, financial and operational framework and capabilities should reflect its role as an ongoing entity.</p>	<ul style="list-style-type: none"> <li>See Recommendation 1 response.</li> <li>The Harbour Trust will implement a review of our organisational and operating framework within 6 months.</li> </ul>	<ul style="list-style-type: none"> <li>Time frame to be advised by the Department</li> <li>30 January 2021</li> </ul>

#	Independent Review Report Recommendation	Next steps	Target date
6	<p>Membership of the Harbour Trust's Board should reflect the skills and expertise required for the future:</p> <p>a) The Sydney Harbour Federation Trust Act 2001 should be amended to further specify that the appointment of each member of the Harbour Trust should be based on their expertise in one or more of the following areas: law, finance, asset management, commercial leasing, architecture, public administration, Indigenous engagement, heritage, environment, tourism and marketing.</p> <p>b) When an appointment is made to the Board, an explanation of how these competency requirements have been considered and addressed should be published.</p> <p>c) The Board should maintain a skills matrix and conduct regular reviews of its capacity and performance.</p> <p>d) Representational positions for the New South Wales Government and Local Councils should be retained. These positions should be filled by senior officials with appropriate expertise from the relevant jurisdiction.</p> <p>e) There should continue to be one member of the Harbour Trust who represents the views and interests of Indigenous Australians. This position should be filled in consultation with the Harbour Trust's Aboriginal and Torres Strait Islander Advisory Group.</p>	<ul style="list-style-type: none"> <li>• See Recommendation 1 response.</li> <li>• An explanation of how competency requirements have been met by Trust Members will be implemented upon appointment to the position. Information on current Trust Members' backgrounds and capabilities are currently published on the Harbour Trust's website.</li> <li>• The Harbour Trust will further refine its skills matrix, which will be reviewed at the September 2020 Trust Meeting. An annual internal review of Trust Members (i.e. Board) capacity and performance to be undertaken by Chair.</li> <li>• The Harbour Trust notes that the Department is responsible for advice to the Government on appointments, and the Harbour Trust will provide assistance and support as requested.</li> </ul>	<ul style="list-style-type: none"> <li>• Time frame to be advised by the Department</li> <li>• 30 September 2020 in relation to skills matrix.</li> </ul>

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7	<p>The organisational capabilities and structure of the Harbour Trust management and staff should be updated to reflect the expertise and focus the organisation needs into the future, including by:</p> <p>a) Establishing a dedicated site manager and staff for complex and work-intensive sites - in particular North Head Sanctuary and Cockatoo Island.</p> <p>b) Reorienting the structure of the Harbour Trust towards three key streams of activity:</p> <ul style="list-style-type: none"> <li>• place-based management;</li> <li>• finance, asset management and commercial operations; and</li> <li>• heritage, tourism and site activation.</li> </ul> <p>c) Refocusing staff capabilities and skills to better match future operational requirements, including place-based planning; strategic planning; stakeholder engagement; asset management; financial management and accounting; environment; heritage; tourism; visitor services; and precinct and site activation.</p>	<ul style="list-style-type: none"> <li>• See response to Recommendation 5.</li> <li>• The Harbour Trust will undertake an analysis of organisational capabilities to ensure it is well placed to fulfil its role as an ongoing entity within 6 months.</li> </ul>	30 January 2021
8	<p>Community involvement in the work of the Harbour Trust should be strengthened by:</p> <p>a) Greater use of Technical Advisory Committees, to supplement the expertise of the Harbour Trust when dealing with complex tasks or issues.</p> <p>b) Reconstituting and refocusing the Community Advisory Committees as consultative forums so that they are more directly involved in priority-setting by the Harbour Trust. This should include the attendance of at least one Harbour Trust Board member at each meeting.</p> <p>c) Establishing a dedicated annual budget for community, volunteer and Indigenous projects aimed at increasing site visitation, enhancing the visitor experience or improving public access.</p> <p>d) More active engagement by the Harbour Trust Board and management with volunteers, community groups and others at a site-by-site level.</p>	<ul style="list-style-type: none"> <li>• The Harbour Trust will develop a new Stakeholder Engagement Strategy &amp; Governance Framework Plan. Reform to engagement processes will be implemented as soon as practicable.</li> </ul>	31 December 2020

#	Independent Review Report Recommendation	Next steps	Target date
9	<p>Collaboration and partnerships need to be strengthened across strategic, management and operational levels, and across all levels of government, to establish a stronger 'whole of Harbour' approach to planning of the Sydney Harbour foreshore.</p> <p>The Commonwealth Government should therefore establish a formal taskforce or partnership with the New South Wales Government that fosters collaboration and joint planning, supported by a Memorandum of Understanding that includes:</p> <ol style="list-style-type: none"> <li>The inclusion of Harbour Trust sites in the development of a wider Sydney Harbour vision;</li> <li>The development of a joint visitor and tourism program of year-round activity that includes financial contributions from the New South Wales Government, recognising that this will provide long term economic benefits for New South Wales; and</li> <li>Opportunities for further enhancing and interpreting the Indigenous values of the sites.</li> </ol>	<ul style="list-style-type: none"> <li>See response to Recommendation 4.</li> <li>The Harbour Trust will explore, under this mechanism opportunities to leverage existing relationships and develop new ones. Where possible, specific projects will be developed.</li> </ul>	Time frame to be advised by the Department
10	The Harbour Trust should consult appropriately and facilitate a more joined up approach to the management of contiguous public lands and facilities held by neighbouring Local Councils and explore opportunities for additional collaboration, such as a joint calendar of community events on Harbour Trust sites.	<ul style="list-style-type: none"> <li>See response to Recommendation 8. The Stakeholder Engagement Strategy &amp; Governance Framework Plan will include strategies to improve the Harbour Trust's engagement and collaboration with Local Councils.</li> </ul>	31 December 2020
11	The Harbour Trust should strengthen its capability in commercial leasing and consider realigning its Leasing Policy to adopt a separate approach for each site, with additional detail on maintenance requirements, lease renewal and sub-leasing.	<ul style="list-style-type: none"> <li>The Harbour Trust will develop a new Leasing Policy in consideration of the community feedback obtained from the recent exhibition of the current draft Leasing Policy, as well as to incorporate requirements necessary due to amendments to the Act. The new Leasing Policy will be exhibited to gather further community feedback before finalisation.</li> </ul>	Aligned with legislation review timing
12	The requirement for the Minister to approve contracts of greater than \$1 million should be revised to a \$5 million threshold.	<ul style="list-style-type: none"> <li>See response to Recommendation 1.</li> </ul>	Time frame to be confirmed by Department

#	Independent Review Report Recommendation	Next steps	Target date
13	<p>The Minister should have the authority to approve leases of between 25 and 35 years on Harbour Trust sites.</p> <p>Leases of longer than 35 years should remain possible but subject to the following controls:</p> <p>a) The site management plans and/or the commercial leasing policy should identify buildings or areas for which 35-year leases or longer are potentially available.</p> <p>b) The Harbour Trust must publish a statement of reasons outlining why the grant of the lease is consistent with the objects of the Sydney Harbour Federation Trust Act 2001.</p> <p>Leases of longer than 35 years should continue to be subject to Parliamentary disallowance.</p> <p>The Harbour Trust should retain authority to enter into leases of less than 25 years.</p>	<ul style="list-style-type: none"> <li>See response to Recommendations 1 and 11. The controls for the approval of leases longer than 35 years will be considered as part of the legislative review and the Harbour Trust will reflect this approach in the updated Leasing Policy in Recommendation 11.</li> </ul>	Aligned with legislation review timing
14	<p>The Harbour Trust should establish a partnership with the Environment and Engineering Branch in the Estate and Infrastructure Group of the Department of Defence, to support the interpretation of the Harbour Trust sites in respect of their military history.</p>	<ul style="list-style-type: none"> <li>The Harbour Trust will seek to finalise a partnership with the Environment and Engineering Branch in the Estate and Infrastructure Group of the Department of Defence.</li> </ul>	31 December 2020
15	<p>Indigenous heritage of Harbour Trust sites should be recognised and celebrated through improved signage, storytelling and the provision of information at the sites, particularly Headland Park, North Head Sanctuary and Cockatoo Island.</p>	<ul style="list-style-type: none"> <li>The Harbour Trust will consult with First Nations groups on key interpretative elements for Harbour Trust sites and develop a strategy / program to address gaps identified through the consultation process. We expect this to be influenced by our other consultation reform and master planning work, and aim to have completion by June 2021.</li> </ul>	30 June 2021
16	<p>The Harbour Trust should employ a Development Manager to work with its existing volunteer network, engage with Indigenous, military and veterans' organisations to promote the heritage of the sites, encourage visitation and a greater interest in activating sites, progress relevant projects from the dedicated community fund and encourage relevant sponsorship and philanthropic investment for the Indigenous and other historical activities on the sites.</p>	<ul style="list-style-type: none"> <li>See response to Recommendations 5 and 7.</li> </ul>	30 January 2021

#	Independent Review Report Recommendation	Next steps	Target date
17	The Commonwealth and New South Wales should convene a working group of senior officials to collaboratively identify a shared long-term vision and way forward for North Head Sanctuary.	<ul style="list-style-type: none"> <li>The Harbour Trust will work with the Department and NSW Government to finalise arrangements for the Deed of Agreement including in relation to rehabilitation priorities.</li> <li>The North Head Sanctuary Management Plan, which has been subject to extensive community consultation, provides a good basis for further discussions. Further consultation with the community and Local Government will be undertaken.</li> </ul>	Preliminary discussion with NSW officials held; time frames to be agreed
18	The existing Deed of Agreement for the North Head Sanctuary should be amended to include an agreed rehabilitation plan, with particular emphasis on the School of Artillery complex.	<ul style="list-style-type: none"> <li>See response to Recommendation 17.</li> </ul>	See response to recommendation 17
19	<p>The amended Deed of Agreement for North Head Sanctuary should:</p> <ol style="list-style-type: none"> <li>remove the requirement for New South Wales to approve leasing arrangements that extend beyond 1 January 2032;</li> <li>clarify long term arrangements for the site – that is, whether the site is to be transferred back to New South Wales, and the preconditions and processes for doing so;</li> <li>agree on the objectives for the future state of the site, including appropriate site activation;</li> <li>identify the pathways for achieving the shared objectives, including funding requirements; and</li> <li>be developed with community input.</li> </ol>	<ul style="list-style-type: none"> <li>See response to Recommendation 17.</li> </ul>	See response to recommendation 17

#	Independent Review Report Recommendation	Next steps	Target date
20	<p>A fresh look at Cockatoo Island is required, including:</p> <ul style="list-style-type: none"> <li>a) an immediate injection of funding to address the backlog of critical repairs and maintenance works to ensure at least current levels of public access are retained and significant heritage assets are not damaged beyond repair (note this funding is included in recommendation 21);</li> <li>b) the development of a masterplan should be undertaken in consultation with all stakeholders, including the New South Wales Government, together with a refresh of the Comprehensive Plan if necessary;</li> <li>c) an audit of buildings and structures on the island to determine heritage value, suitability for future use and required investment, to be conducted by individuals with expertise in heritage architecture, quantity surveying, building evaluation and Indigenous heritage;</li> <li>d) appointment of a site manager to supervise the development of the masterplan and audit, identify and address priority works, and develop a site-specific approach for leasing and rehabilitation;</li> <li>e) consideration of the role of Cockatoo Island in a broader New South Wales Government vision for Sydney Harbour, and nearby sites such as Goat Island (Me- mel), as part of a wider Harbour tourism experience;</li> <li>f) keeping a range of activities on the site to maximise public access and the opportunities for different kinds of visitor experiences;</li> <li>g) seeking to lease out the glamping/camping/accommodation facilities to a commercial operator;</li> <li>h) a staged approach to rehabilitation over time; and</li> <li>i) tasking and resourcing the Harbour Trust's Aboriginal and Torres Strait Islander Advisory Group with developing options for an Indigenous engagement strategy for the island.</li> </ul>	<ul style="list-style-type: none"> <li>• The Harbour Trust will work with the Department on funding matters.</li> <li>• Subject to funding the Harbour Trust will develop a masterplan in consultation with stakeholders and undertake an audit of buildings and structures for Cockatoo Island. Considered through this process will be directions set out in the recommendations and review report, including operational matters, First Nations engagement and visitor opportunities.</li> <li>• Further advice on next steps will be provided following the resolution of the budget position for the Harbour Trust.</li> </ul>	<p>Detailed time frame to be settled.</p> <p>To be undertaken in 2021.</p>

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21	<p>The Government should provide immediate additional funding to the Harbour Trust to supplement the revenue it generates.</p> <p>a) This should include urgent funding of \$47 million across the forward estimates commencing in financial year 2021 for maintenance and upkeep of the sites, including addressing a backlog of repairs and maintenance.</p> <p>b) Immediate one-off funding of \$3 million should be provided to the Harbour Trust to enable the development of the masterplan for Cockatoo Island, an asset audit for Cockatoo Island and a rehabilitation plan for North Head Sanctuary, providing a basis for site-specific capital plans.</p> <p>c) The Harbour Trust should engage with the New South Wales government, along with the private sector, to identify opportunities for additional funding for the activation of plans for North Head Sanctuary and Cockatoo Island.</p> <p>d) Further funding for major rehabilitation should then be based on the processes contemplated by Recommendations 17-20 and, in particular, site-specific capital plans which set out the heritage significance of each building, works to be undertaken, the cost of those works and options for adaptive reuse.</p>	<ul style="list-style-type: none"> <li>• The Harbour Trust will work with the Department to support a submission to Government for an immediate funding injection as part of the normal budgetary process.</li> <li>• Through the processes set out in recommendations 19 and 20 the Harbour Trust will work with other Stakeholders including the NSW Government, to determine the direction for North Head and Cockatoo Island, including opportunities for investment.</li> </ul>	Time frame to be confirmed by Department