



SYDNEY HARBOUR FEDERATION TRUST

138<sup>th</sup> MEETING OF THE TRUST

Held via videoconference

Meeting in Private

16 June 2020

MINUTES

True & Correct Record of the 138<sup>th</sup> Meeting of the Trust  
Sydney Harbour Federation Trust

Chair

Minutes of the 138<sup>th</sup> meeting of the Sydney Harbour Federation Trust held via videoconference at 9.00am on Tuesday 16 June 2020.

### Present

Mr Joseph Carrozzi	Chair
Ms Jean Hay AM	Deputy Chair
Mr Garth Callender	Member
Ms Sandra Hook	Member
Mr Tim James	Member
Ms Jessica Keen	Member
Mr Michael Rose AM	Member

### In Attendance

Ms Mary Darwell	Executive Director
Mr Justin Bock ( <i>partial attendance</i> )	Director Strategy, Finance & Operations
Ms Elyse Jeffress ( <i>partial attendance</i> )	Chief Legal & Risk Officer
Ms Kathryn Roberts ( <i>partial attendance</i> )	Director Marketing & Visitor Experience
Ms Rosemary Southcombe	Secretariat

### Apologies

Ms Josephine Cashman	Member
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The meeting commenced at 9.35am on Tuesday 16 June 2020.

The Members of the Trust:-

- RESOLVED to meet in private because of confidential budget matters on the Agenda.

Moved: Mr Joseph Carrozzi                      Seconded: Ms Jean Hay AM

## 1. Welcome

The Chair opened the meeting with an acknowledgement of the Traditional Custodians and Owners of the Harbour Trust lands and paid respects to Elders past, present and emerging.

Attendees were welcomed and the meeting was formally opened.

## 2. Introduction (Agenda Item 1)

The Chair:-

- NOTED there was a quorum of Members of the Trust in attendance.

a) Apologies: Ms Josephine Cashman (Member)

b) Declarations of Interest

The list of Declarations of Interest circulated with the papers for this meeting was:

- NOTED, with the following update –

Mr Garth Callender: Commanding Officer/Chief Instructor, University of NSW Regiment

Members of the Trust were requested to advise if other declarations of interest are required during the meeting.

- c) The following Circular Resolutions were passed since the previous meeting:
- (1) COVID-19 Leasing Sub-Committee establishment; Instrument of Delegation No. 5 of 2020; and rent relief/rent deferment principles
  - (2) Minutes of the 137<sup>th</sup> Meeting of the Trust held in private on 24 March 2020 (extraordinary meeting)
  - (3) Minutes of the 136<sup>th</sup> Meeting of the Trust held in private on 27 March 2020
  - (4) Instrument of Delegation No. 6 of 2020; and Instrument of Delegation No. 7 of 2020

The Members of the Trust:-

- NOTED the approvals of the Circular Resolutions with one amendment, Ms Cashman **approved** the Circulation Resolution No. 4 on 13 May 2020 (noted incorrectly as “n/a” in the report for this item).

### **3. Actions Items from Previous Meetings (Agenda Item 2)**

The list of action items was taken as read, and Ms Darwell spoke to it.

All items on the Action Items list are either in train or have been completed.

The Members of the Trust:-

- NOTED the Action Items.

### **4. Chair’s Report (verbal) (Agenda Item 3)**

The Chair highlighted the current major issues for the Harbour Trust -

- Awaiting the release of the report on the Independent Review of the Sydney Harbour Federation Trust. No formal advice has been received as to the date of the release.
- The Tenant Assistance Sub-Committee has been formed and is overseeing rent relief for Harbour Trust tenants impacted by COVID-19.
- Progress with planning for 10 Terminal, to be discussed in detail during the meeting (Agenda Item 7).

### **5. Executive Director’s Report (Agenda Item 4)**

The report was taken as read, and Ms Darwell spoke to it.

Ms Darwell reported that working arrangements for staff during COVID-19 have been effective. A staged return for staff to come back to the office is being planned. Some staff may want to continue to work from home so this issue will need to be assessed according to individual circumstances.

Staff have continued to reach out to the community during the COVID-19 period with creative use of digital platforms, e.g. Digitaltalks.

Ms Darwell reported that the Biennale of Sydney has reopened on Cockatoo Island.

The Members of the Trust:-

- NOTED the Executive Director’s Report

### **6. Harbour Trust Independent Review (Agenda Item 5)**

Timing for the release of the report on the Independent Review of the Harbour Trust remains unknown. Carolyn McNally (Reviewer) was on the agenda to attend the meeting in anticipation that the report may have been released prior to day’s Trust Meeting, however, as the report had not been released, Ms McNally did not attend the meeting for this item.

## 7. Major Capital Program (Agenda Item 7)

Mr Michael Pender (Development Advisor) and Mr Justin Bock joined the meeting.

As reported at the Trust Meeting held in March, the 10 Terminal project and the Sub Base Platypus project are being overseen by one Project Control Group (PCG). The projects will be divided into key stages and each gate will be critical for controlling the scope, cost, and timing of the projects.

Mr Pender spoke to his presentation on the current status of the two projects.

### 10 Terminal

The project has been considered at Gate 1. Three models of "intensity" had been examined by the PCG and discussed with the CAC.

Trust Members discussed the feedback from the CAC, noting that there was a variety of views in relation to the building, however, there appeared to be a recognition that high intensity uses (hotel/single user) was not preferred, even though they could provide a distinctive use. It was noted that a single user would require significant investment from the partner and possibly a long lease. At \$10m careful management of investment would be required.

Having regard to community input and analysis, 'Model 2' (medium intensity) was considered to be the preferred model. This would see the base build work being undertaken by the Harbour Trust with a mix of uses, i.e. small commercial offices (following the ASOPA model) and the exploration of some community - possibly education focused - opportunities. It was noted that there had been many aspirations for community uses for the 10 Terminal building - including as a museum, interpretative centre, education centre, veterans' services facility; and that a mixed use proposal had been developed some time ago by Headland Preservation Group.

Trust Members agree the mixed use, medium intensity approach was appropriate; and that it was critical that appropriate, commercial uses should be achieved for a proportion of the buildings and agreed that management should further explore subsidised/public use for part of the building. It was noted that not all aspirations for public use of the building could be met.

Trust Members noted that the program will include the demolition of the barracks (subject to heritage analysis), landscaping works, HAZMAT removal, services and infrastructure upgrade and adaptive reuse of buildings. Public domain works would comprise the significant public benefit of this project along with interpretation. It was noted that the use of digital experiences rather than static displays was valuable. Trust Members noted that the next steps would be to develop an Expressions of Interest (EOI) process and provide opportunity for CAC input into the design brief and discussions around appropriate public use, likely education focused opportunities.

There was discussion about the need to view the site with a post-COVID-19 lens; the need for well-balanced and wide community consultation; and the need for EOI to be dealt with carefully.

### Sub Base Platypus

The preliminary Gate meeting was held last week. The Gate is "closed" pending discussion with Trust Members.

The funding allocation for the site is \$11.4m. As the current proposal for the project (Option A) has been estimated to cost between \$19m-\$20m, there is a significant shortfall in the budget. In view of this shortfall, further options (Options B) have been developed which were outlined in Mr Pender's presentation.

Trust Members reviewed and discussed each option and it was agreed that focus could pivot from Option A to Option B which involves some part demolition of the Torpedo Factory. This option would require an amendment to the Management Plan. If the Harbour Trust were to proceed with this option, the anticipated completion date would be early 2022.

Trust Members discussed a number of issues in relation to the project including: the challenges of COVID-19 on delivery timeframes and expectations; the importance of community consultation, the need to carefully consider intensity of use and the costs/benefits; the need for a strong and binding narrative for the site, including respect for the site's submarine base heritage and Indigenous heritage. There was a discussion also of the lack of sporting facilities on the North Shore.

Trust Members noted that the design directions would be discussed with the CAC, and following their feedback on further consideration, including scope validation costs, heritage studies and investigation of Management Plan.

Trust Members thanked Mr Pender for his presentation and Mr Pender left the meeting.

The Members of the Trust:-

- ENDORSED the recommended direction 10 Terminal (Gate 1)
- NOTED the progress, issues and next steps for Sub Base Platypus Stage 2

## 8. Budget 2020/21 (Agenda Item 6)

Mr Bock was in attendance for this item and spoke to the presentation included with the report. The following issues were highlighted -

- Prior to the COVID-19 pandemic, revenue had already been negatively impacted due to the bushfires over the summer period as poor air quality resulted in lower revenue for tours and accommodation. COVID-19 caused the closure of Cockatoo Island so there has been no revenue from the Island since 24 March 2020.
- Labour expenses were discussed, including the need to encourage staff to take leave.
- Mr Bock reported that \$1m of operational expense savings have been identified, including significant reduction in advertising spend; reduction in site opex; no entertainment of note, including savings in relation to the Chair's Christmas Party.
- Cockatoo Island events:
  - Biennale of Sydney: reopening will require additional security and cleaning due to COVID-19. There was discussion regarding the cost to the Harbour Trust in accommodating the Biennale on Cockatoo Island. The Biennale does bring visitation to Cockatoo Island, however, this needs to be reviewed and will be brought back to the Trust Members as part of an events strategy.
  - Dance Rites at Sydney Opera House three year partnership - dancers will be accommodated on Cockatoo Island.
  - An ICOMOS youth forum event was to be held on Cockatoo Island this year but it has now been cancelled due to COVID-19.
  - Review of whether to undertake a New Year event – the budget assumes no event is being run.
- Rent relief has been provided to eligible tenants.
- Capital funding envelope was discussed, noting that project approved required business case and PCG approval.

The Members of the Trust:-

- APPROVED the operational budget for 2020/21, noting that management will likely propose a re-forecast at the end of the first quarter.
- APPROVED the capital budget
- NOTED the risks around delivery of the budget
- NOTED that Department of Finance deficit approval for 2020/21 is pending

Moved: Mr Garth Callender

Seconded: Ms Sandra Hook

The Trust Members thanked Mr Bock for his work on the budget particularly in view of the difficult circumstances due to the impact of the COVID-19 pandemic and not having yet received the outcomes of the Independent Review.

Mr Bock left the meeting.

### **9. Amendments to Harbour Trust Policies (Agenda Item 8)**

The report was taken as read, and Ms Darwell spoke to it.

The Fraud Control Policy and the Risk Management Policy have been amended to reflect changes to position titles.

Amendments to the Transport for NSW DRIVES24 Policy were discussed. The review of this policy focused on ensuring consistency with the proposed terms of the new agreement with Transport for NSW and reflecting learnings from the recent audit in the policy.

The Members of the Trust:-

- APPROVED the revisions to the Fraud Control Policy
- APPROVED the revisions to the Risk Management Policy
- APPROVED the revisions to the DRIVES24 Policy

Moved: Mr G. Callender

Seconded: Ms S. Hook

### **10. Discrimination Policy (Agenda Item 9)**

The report was taken as read, and Ms Darwell spoke to it.

A review of Harbour Trust policies is currently underway and this review highlighted the need for a stand-alone Discrimination Policy as anti-discrimination information had previously been addressed across several HR policies.

The new Discrimination Policy has been developed in accordance with Australian Human Rights Commission requirements.

The Members of the Trust:-

- APPROVED the revisions to the Discrimination Policy

Moved: Mr J. Carrozzi

Second: Mr M. Rose AM

### **11. Draft Leasing Policy 2020 (Agenda Item 10)**

Ms Jeffress joined the meeting for this item.

The report was taken as read, and Ms Jeffress spoke to it.

Ms Jeffress updated the Trust Members on the progress of the public consultation in relation to the Draft Leasing Policy and advised there have been some additional submissions received.

Ms Jeffress advised she would be meeting with community stakeholders to go through their feedback in relation to the draft policy. Trust Members discussed the interaction of the review and the leasing policy and agreed further work should take place in light of the Review recommendations.

There will be no decision in relation to the Draft Leasing Policy until the outcomes of the Review are known.

The Members of the Trust:-

- NOTED the report

Moved: Ms J. Hay AM

Seconded: Ms S. Hook

## **12. Delegations & Procurement (Agenda Item 17)**

The report was taken as read and Ms Jeffress spoke to it.

Members of the Trust were informed of the exercise of delegated powers over the past 6 months; and the instances of the exercise of the Executive Director's discretion.

The Members of the Trust:-

- NOTED the report

## **13. Audit & Risk – Portfolio Audit Committee Papers (Agenda Item 18)**

The report was taken as read, and Ms Jeffress spoke to it.

The Harbour Trust was required to submit the following papers to the PAC Secretariat for the PAC Meeting scheduled for 25 June 2020 –

- COVID-19 Update
- Finance Report
- Fraud Control Report
- Internal Audit Report: Mr Chris Grant from Proviti joined later in the meeting to speak to the Contractor Management 2020 section of this item.
- Performance Report
- Risk Report: Ms Jeffress advised that the Strategic Risk Register has been updated to reflect the COVID-19 environment. There was discussion about reputational risk and whether the Harbour Trust's risk framework adequately covers reputational risk. Ms Jeffress advised she would raise this with PAC for discussion.
- Work Health & Safety Report: Ms Jeffress advised that there is increasing awareness amongst staff in relation to WHS issues and reporting. The Harbour Trust's focus is on preventative planning.

The Members of the Trust:-

- NOTED the report

Ms Jeffress left the meeting.

## **14. Tenant COVID-19 Support update (Agenda Item 11)**

Mr Bock joined the meeting for this item and spoke to the report for this item.

The Tenant Assistance Sub-Committee has been established and terms of reference and rental relief principles are in place. The Minister for the Environment and the Minister for Finance have been formally advised of the Harbour Trust's approach to rental relief for tenants.

The appropriate delegation is in place to allow the Executive Director to approve rent relief for tenants who meet the requirements within the established principles.

It was noted that one of the commercial tenants who applied for rent relief is a related party to the Chair. Rent relief for this tenant was approved by the Executive Director without any advice to or input from the Chair under the Executive Director's delegation.

The rent relief period will cover 6 months and 3 days – i.e. 24 March 2020 to 27 September 2020.

The Harbour Trust has waived rent for 8 months for a new community service providing accommodation, e.g. provision of accommodation for people who are at risk due to domestic violence.

The Members of the Trust:-

- NOTED the report

Mr Bock left the meeting.

#### **15. Community Advisory Committee update (Agenda Item 12)**

Ms Kathryn Roberts joined the meeting and spoke to the report for this item.

Ms Roberts advised that two additional community advisory meetings had taken place since the report was prepared, i.e. a Sub Base Platypus CAC meeting on 3 June 2020; and an out of session General CAC meeting on 11 June 2020.

Since meetings have been held via videoconference due to COVID-19, there has been a higher attendance rate.

The General CAC was engaged to provide feedback into the early stages of the 10 Terminal project and the feedback was included in the report for the Major Capital Program report (Agenda Item 7).

The three CACs were invited to provide feedback on the effectiveness of the committees and to identify areas for improvement. The results of the engagement survey were included in the report for this item. The main issues which emerged from the survey were overloaded meeting agendas, using the expertise of CAC members more effectively and seeking better engagement with the Trust Members.

Trust Members discussed the importance of ensuring a productive and constructive relationship with the CAC and the broader community, and noted Management would be taking action to address the concerns identified in the survey. It was agreed that having reviewed current arrangements to ensure a transparent framework for engagement was a valuable first step.

Following discussion, it was agreed an out of session meeting with CAC after the Independent Review report is released would be appropriate. There was a suggestion of using newsletters for information sharing which would assist with the issue of overloaded agendas. It was also agreed that Management should continue to work towards improving engagement strategies with the CACs and to ensure good communication with Management as the primary mechanism.

There needs to be an understanding that from time to time the Trust and Management need to make decisions that may not be in accord with some CAC members' views.

Ms Darwell advised that she felt engagement with the CACs had improved over the past few years and acknowledged that there could be better engagement with the First Nations Advisory Group. One significant issue that needs to be addressed is the insufficient Indigenous interpretation, activity and contemporary connection with Harbour Trust sites.

Ms Roberts updated the Trust Members about the Reconciliation Action Plan which is currently with Reconciliation Australia for review.

The Members of the Trust:-

- NOTED the report

Ms Roberts left the meeting.

#### **16. Audit & Risk - Contractor Management 2020 audit report (Agenda Item 18)**

Ms Jeffress joined the meeting for this item.

Mr Chris Grant from Proviti joined the meeting via videoconference to discuss the Contractor Management 2020 audit report included in the papers for this item.

Mr Grant and Ms Jeffress both spoke to the report findings including those identified areas for improvement such as in relation to quality assurance measures.

The Members discussed the audit findings and next steps.

The Chair thanked Mr Grant for his attendance at the meeting and Mr Grant left the meeting.

The Members of the Trust:-

- NOTED the Contractor Management 2020 audit report

Ms Jeffress left the meeting.

### **17. Draft Corporate Plan (Agenda Item 13)**

Mr Bock joined the meeting for this item and provided an update on the progress of the Harbour Trust's Draft 2020-2024 Corporate Plan.

The Corporate Plan forms the basis for reporting performance through the Annual Performance Statements that are included within the Annual Report. The Harbour Trust is required to provide the Corporate Plan to the Minister for the Environment and the Minister for Finance before it is published on the Harbour Trust website, which must occur by the end of August.

It was noted the draft Corporate Plan will be updated when the outcomes and recommendations from the Independent Review are known.

It was further noted that references in the draft Corporate Plan could focus on the value of green spaces, particularly during the COVID-19.

### **18. Labour Cost Reduction Initiatives (Agenda Item 16)**

The report setting out the labour cost initiatives discussed at previous meetings to respond to the impact of COVID-19 restrictions on the Harbour Trust, and now being implemented, was taken as read.

The Members of the Trust:-

- NOTED that Directors have committed to a waiver of Directors fees to 30 June 2020 and the Executive Director has voluntarily committed to waive her bonus entitlement for 2019/20
- NOTED Directors fees have ceased from 1 April; Director's fees to recommence from 1 July 2020
- NOTED that the Executive Director's bonus has been removed from the forecast for 2019/20
- NOTED a wage freeze for SES officers until 31 December 2020 and a wage freeze for non SES staff until 31 December 2020 (excluding those staff with mandated pay progressions) is implemented
- NOTED Minister Ley would be advised of these of arrangements in the next COVID-19 update

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Due to time constraints, an in camera session was not held

Meeting closed at 3.00pm