



SYDNEY HARBOUR FEDERATION TRUST

156th MEETING OF THE TRUST

Meeting in Private held in the
Sydney Harbour Federation Trust Boardroom, Mosman and via videoconference

Wednesday 22 June 2022 at 9.30am – 3.00pm

MINUTES

True & Correct Record of the 156th Meeting of the Trust

Chair



Minutes of the 156th meeting of the Sydney Harbour Federation Trust held on Wednesday 22 June 2022.

Present

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| Mr Joseph Carrozzi AM | Chair |
| Ms Chantelle Fornari | Member |
| Prof. the Hon. Pru Goward | Member |
| Mr Bradley Manera | Member |
| Ms Carolyn McNally | Member |
| Ms Alison Page (<i>partial attendance</i>) | Member |
| Mr Michael Rose AM | Member |

In Attendance

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| Ms Janet Carding | Executive Director |
| Mr Justin Bock (<i>partial attendance</i>) | Director Strategic Reform |
| Mr Graham Izod (<i>partial attendance</i>) | Director Assets & Parklands |
| Mr Nick Lawry (<i>partial attendance</i>) | Chief Financial & Commercial Officer |
| Ms Rosemary Southcombe | Secretariat |

Apologies

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| Mr Steven Issa | Member |
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The meeting commenced at 9.30am and was held in private due to confidential matters on the agenda. The meeting was held in person and via videoconference.

1. Meeting Opening (Agenda Item 1)

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.

a) Apologies: Steven Issa

b) Declarations of Interest

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

2. Action Items from previous Trust Meeting (Agenda Item 2)

All action items from previous meetings have been completed or are in progress.

3. Chair's Verbal Update (Agenda Item 3)

The Chair held an *in camera* session with the Members of the Trust.

4. Executive Director's Report (Agenda Item 4)

Mr Justin Bock, Director Strategic Reform and Mr Graham Izod, Director Assets & Parklands, were in attendance for this item as they had each been in the role of Acting Executive Director for a two week period in May/June 2022 while Ms Carding was on annual leave.

The Executive Director's report was taken as read and Ms Carding spoke to it, highlighting the following matters of interest –

- The Harbour Trust's 'Hello Lamp Post' initiative has been relaunched. 'Hello Harbour Trust' enables the Harbour Trust to communicate and consult with visitors to our sites using a mix of interactive signs and AI technology. Visitors scan QR codes on distinctive signs across our sites that correspond with key objects. The initiative is an always-on source of information (including local history, wayfinding, and attractions) for visitors and a means for the Harbour Trust to measure visitor satisfaction. Improvements include conversation content and signate artwork.
- Bookings for education programs have been increasing and feedback from teachers has been very positive, with new content for students in Years 1 & 2 which meets the needs of the NSW Syllabus and the Australian Curriculum. Delivery of programs has been restricted by the industry-wide shortage of available casual guides resulting in several booking cancellations. Fortunately, though two new guides have recently been recruited.
- The Manager Volunteers role is still vacant, however recruitment for the role will be finalised soon. An important consideration for the new Manager Volunteers will be to look a succession planning as the majority of the Harbour Trust's current volunteers fall within an older demographic.
- The site for the Torpedo Factory Renewal Project at Sub Base Platypus has been successfully handed over to the contractor. There is a solid foundation in place on how tenants, immediate neighbours, local residents, precinct committees and the broader community will be informed of the works process.

There was discussion regarding the reference in the Executive Director's report to weather events that have affected Harbour Trust properties and it was confirmed there were no instances of major damage (damage was mainly in the form of minor leaking).

The Members of the Trust:-

- NOTED the Executive Director's report

5. Draft Corporate Plan (Agenda Item 5)

Mr Justin Bock, Director Strategic Reform, was in attendance and spoke to the report prepared for this agenda item.

Mr Bock advised that he was presenting the first draft of this year's Corporate Plan and discussed the main structural changes. Feedback from the Members of the Trust was requested, and included -

- Use the opportunity of the development of a new Corporate Plan to set the Harbour Trust up for what is happening next rather than reflecting on what has happened in the past - particularly now with a new Government, a new Minister and a new Department (Department of Climate Change, Energy, the Environment and Water).
- Review the wording of 'Our Purpose' (need to check with the Department as to whether this wording can be changed due to other reporting requirements).
- Highlight North Head Sanctuary; Cockatoo Island; the repointing of the organisation; placemaking and storytelling; better connection with all levels of government; and environmental outcomes.
- Remove Deregulation Agenda section.
- Include site-by-site focus – the organisation will be more reflective of site-specific needs and expectations, but also acknowledging the sites also carry risk.

The Corporate Plan needs to be published by the end of August.

The Members of the Trust:-

- NOTED the next version of the Draft Corporate Plan 2022-26 will be presented at the next Meeting of the Trust.

6. Draft Budget – 2022-23 (Agenda Item 6)

Mr Nick Lawry, Chief Financial & Commercial Officer joined the meeting and spoke to the report prepared for this agenda item.

Mr Lawry reported that the draft internal budget is well progressed and is focused on what is needed moving forward and for long term financial sustainability.

An operating loss of \$11.5 million for the 2022-23 financial year was approved by the previous Finance Minister as part of the March 2022 Federal Budget. The focus of the draft internal budget is on delivering an underlying operating deficit within the parameters of the approved loss.

Following discussion, the Members of the Trust requested that Management do further work on the draft operational budget to provide more clarity and to finalise the expenditure trade-offs required to deliver the operating budget, whilst identifying and right-sizing the ongoing programs to deliver a balanced budget (before depreciation) in future years.

The Members of the Trust agreed to form a Finance and Risk subcommittee to oversee the preparation and audit of the annual financial statements and the preparation of the budget. It was noted that prior to the formation of the current Portfolio Audit Committee structure, the Harbour Trust had a Finance and Audit subcommittee comprising a subset of Members of the Trust. It was agreed that reinstating the subcommittee would strengthen the engagement of the Members of the Trust in key financial and risk issues facing the Harbour Trust. Mr Joseph Carrozzi AM and Ms Carolyn McNally volunteered to be members of the subcommittee, and the Chair agreed to speak with Mr Steven Issa. It was agreed the first meeting would be held within the next 2-3 weeks.

The Members of the Trust:-

- REQUESTED Management do further work on the draft budget.
- APPROVED the formation of a Finance and Risk sub-committee and membership (Mr Joseph Carrozzi AM, Ms Carolyn McNally and Mr Steven Issa (to be confirmed)).

7. New Lease for Tenancy 2.03, Sub Base Platypus (Agenda Item 9)

Mr Nick Lawry, Chief Financial & Commercial Officer, was in attendance and spoke to the report prepared for this agenda item.

A proposed lease for Tenancy 2.03, Building 2, Submarine School, Sub Base Platypus has been recommended by the Harbour Trust's Tenant Selection Committee (TSC) for approval by the Members of the Trust.

The proposed term of the lease is for five years (with two five-year options). As the rent over the initial five-year term exceeds the Executive Director's delegation, this requires Trust Members' approval.

Further, taking into consideration the option periods (i.e. two five-year options), the total value of the lease will exceed \$5 million and therefore requires Ministerial approval (under section 64 of the *Sydney Harbour Federation Trust Act 2001*).

Following discussion the Members of the Trust approved the lease.

The Members of the Trust:-

- APPROVED the new lease for Tenancy 2.03, Sub Base Platypus.
- NOTED that Ministerial approval is also required under section 64 of the of the *Sydney Harbour Federation Trust Act 2001*).

8. Enterprise Agreement Progress Report (Agenda Item 7)

The report prepared for this agenda item was taken as read.

The Harbour Trust's Enterprise Agreement nominally expires on 30 June 2022 but will continue until a new Enterprise Agreement is approved. The Harbour Trust has held 5 meetings to date with steady progress being made.

The change of government following the Federal election in May 2022 has, however, affected the parameters in which bargaining can occur as the Australian Public Service Commission (APSC) has provided guidance/direction that there can be no agreement on any proposed wage or financial changes until the new Workplace Relations Policy is published.

The Members of the Trust:-

- NOTED the progress of the Enterprise Agreement negotiations.

9. Post-Election Update (Agenda Item 8)

The report prepared for this agenda item was taken as read.

The Members of the Trust were pleased to note that the new Minister for the Environment and Water, the Hon. Tanya Plibersek MP, who was sworn in on Wednesday 1 June 2022, visited the majority of Harbour Trust sites on Monday 6 June 2022.

The Members of the Trust:-

- NOTED the Post-Election Update report.

10. Finance Report (Agenda Item 10)

The report prepared for this agenda item was taken as read.

The YTD Q3 2021-22 report on the Harbour Trust's financial performance presented to the meeting of the Portfolio Audit Committee on 15 June 2022 was included.

The financial result to the end of May 2022 has recently been finalised. Based on the YTD May result, the full year result is expected to be close to the FY22 Budget, which is pleasing given the impact of COVID-19 on most of the Harbour Trust's revenue streams.

The Members of the Trust:-

- NOTED the Finance report.

11. Strategic Risk Register Report (Agenda Item 11)

Mr Nick Lawry, Chief Financial & Commercial Officer, was in attendance and spoke to the report for this agenda item.

KPMG was engaged in March 2022 to assist the Harbour Trust in identifying the key strategic and operational risks facing the organisation and to facilitate the development of a refreshed strategic risk register. Following on from workshops with the management team and Members of the Trust, and the survey conducted by KPMG, a Draft Strategic Risk Register has been outlined in the KPMG report included in the papers for this agenda item.

The Members of the Trust queried some issues in the Draft Strategic Risk Register including the methodology used; the definition of 'likelihood' when rating the risks; and the need for some commentary about mitigation of residual risks. Ms Carding suggested that a next step would be for the management team to review and add further detail to the mitigation controls and any control gaps, prior to bringing forward the Draft Strategic Risk Register for approval.

The Members of the Trust requested Management to undertake a further review of the Draft Strategic Risk Register taking into account the feedback provided at this meeting.

The Members of the Trust:-

- NOTED the Draft Strategic Risk Register and KPMG's report.
- REQUESTED Management to do further work on the Draft Strategic Risk Register and bring it back to the meeting scheduled for September 2022.

12. WHS Quarterly Report (Agenda Item 12)

Mr Nick Lawry, Chief Financial & Commercial Officer, was in attendance for this agenda item.

The WHS Quarterly Report was taken as read and Mr Lawry spoke to it.

Mr Lawry reported that the information provided in the quarterly WHS reports is collated manually. It was hoped that the Harbour Trust would be able to 'piggyback' on the (former) Department of Agriculture, Water and the Environment's WHS system, SIRUS. This is now in doubt as the department has been split into two separate departments. Analysis of other WHS systems is underway.

The Members of the Trust:-

- NOTED the WHS Quarterly Report

13. Internal Audit Report (provided to Portfolio Audit Committee) (Agenda Item 13)

Mr Nick Lawry, Chief Financial & Commercial Officer, was in attendance and spoke to the report for this agenda item.

The Internal Audit Report was provided to the Portfolio Audit Committee for the meeting held on 15 June 2022 and outlines the Harbour Trust's Internal Audit activity completed and planned.

The Members of the Trust:-

- NOTED the Internal Audit Report.

14. Independent Review Recommendations Implementation update (Agenda Item 14)

Mr Justin Bock, Director Strategic Reform, was in attendance and spoke to the report prepared for this agenda item.

The Members of the Trust highlighted the following issues during discussion -

- It was noted that the implementation update table listing the 'in progress' recommendations was as at 31 March 2022 and this raised the query as to whether some of the items in the table flagged as 'on track' for completion by 30 June 2022 would in fact be completed by 30 June 2022 (i.e. the week following this meeting).

It was agreed that a more current version of the table would be provided to the Members of the Trust.

- Recommendation 11 from the Independent Review of the Sydney Harbour Federation Trust (the Review) related to commercial leasing and the Leasing Policy. Management was requested to prioritise finalising the work on the Revised Draft Leasing Policy, Protocols and Subsidy Policy for circulation to Members of the Trust for approval for public consultation with the aim of community consultation in August/September.

- Another priority identified by the Members of the Trust was finalising the work on changes to the organisational design. The Members of the Trust requested that the Executive Director finalises this by the end of August and bring forward to the Members of the Trust for approval prior to implementation.
- Recommendation 20 from the Review stated that the Harbour Trust should seek to lease out the accommodation facilities to a commercial operator. Market sounding had been completed and indicated that leasing out the facilities was a viable option. The Members of Trust requested Management to progress their work on this option.

The Members of the Trust:-

- NOTED the Independent Review Recommendations Implementation update report.
- REQUESTED Management to provide a more recent update on the Review recommendations implementation; and to focus on progressing work in relation to the Leasing Policy, organisational design, and leasing out the Cockatoo Island accommodation.

15. Employee Survey (Agenda Item 15)

Mr Justin Bock, Director Strategic Reform, was in attendance and spoke to the report prepared for this agenda item.

Korn Ferry's report on the staff engagement survey they conducted in April/May 2022 was included with the paper for this agenda item. The results of the survey have yet to be presented to the staff – this will happen at the All Staff Meeting scheduled for 5 July 2022.

There have been a number of improvements in staff perceptions since the previous survey which was undertaken in 2019, but also areas of decline including, for example, in relation to customer experience; organisation structure; and internal communication.

The Members of the Trust requested that Management work with their teams to look deeper into what is driving these responses.

The Members of the Trust:-

- NOTED the Employee Survey report.
- REQUESTED Management to undertake a deep dive to understand staff perceptions in more detail and develop an action plan to address the issues driving their concerns.

16. Assets & Parklands Update (Agenda Item 16)

Mr Graham Izod, Director Assets & Parklands was in attendance for this agenda item.

The Assets & Parklands Update report was taken as read and Mr Izod spoke to it.

The report provided a comprehensive update on the Capital Works portfolio: Backlog Program; Repairs and Maintenance Program; Sub Platypus Stage 2 Project; and 10 Terminal & Parklands Project.

Updates on the business-as-usual activities of Building & Site Services and the Rangers were also provided.

There was discussion about the Torpedo Factory Renewal project and confirmation that the project is on target for completion in March 2023. Mr Izod confirmed that the Harbour Trust is liaising closely with North Sydney Council and Ms Carding advised that she has had a positive initial discussion with the new Mayor of North Sydney.

Ms Carding reported that the Harbour Trust and NSW National Parks & Wildlife Service had discussions about the potential to collaborate on a digital walking tour of Middle Head.

The Members of the Trust:-

- NOTED the Assets & Parklands Update report.

17. Community Advisory Committee Update (Agenda Item 17)

The report prepared for this agenda item was taken as read.

The report provided a summary of the key sentiments from the following meetings –

- Sub Base Platypus Community Advisory Committee meeting, 23 February 2022
- General Community Advisory Group meeting, 4 May 2022

The notes from the meetings were also provided the Members of the Trust.

The Members of the Trust:-

- NOTED the Community Advisory Committee Update report

18. Trust Members Meeting Planner (Agenda Item 18)

The planner prepared for this agenda item was taken as read.

The Members of the Trust:-

- NOTED the meeting planner.

19. Other Business

During the course of the meeting, Ms Carding had a telephone discussion with Ms Lyn O’Connell, Deputy Secretary of the Department of Climate Change, Energy and the Environment. Ms Carding reported that Ms O’Connell had advised that positive feedback had been received from the Minister’s office in relation to the Minister for the Environment and Water’s (the Hon. Tanya Plibersek MP) visit to Harbour Trust sites on Monday 6 June 2022.

Ms O’Connell suggested it would be prudent for the Harbour Trust to have a follow-up discussion with the Minister and her advisers about expectations for the future, but there would be challenges with getting into a new Minister’s diary. It is understood that the Hon. Rob Stokes MP (NSW Government) will be reaching out to Minister Plibersek in relation to North Head, so the Minister will need to be fully briefed about the Harbour Trust’s site at North Head Sanctuary.

Ms Carding advised she had raised the issue of the direction of the Corporate Plan with Ms O’Connell (in reference to the discussion that took place earlier at Agenda Item 5) and Ms O’Connell confirmed that the Corporate Plan needs to be forward-looking.

In relation to the Machinery of Government changes following the federal election, Ms O’Connell advised that the Assistant Secretary from the former Department of Agriculture, Water and the Environment will be able to provide support to the Harbour Trust for a few more weeks, including working on a draft Statement of Intent. It is yet to be determined who the Deputy Secretary will be for the division of the Department the Harbour Trust comes under.

Meeting Closed – 3.00pm (followed by Meeting in Public)