

Annual Report 2013-2014



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Australian Government
Sydney Harbour Federation Trust

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Cover Shot: Interior staircase at Macquarie Lightstation.

Credit: Zakarij Kaczmarek.

Inside front cover: Water treatment. Credit: Sarah Nguyen.

Inside back cover: Water treatment. Credit: Sarah Nguyen.



Letter from Chair to the Parliamentary Secretary

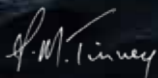
30 September 2014

Senator The Hon. Simon Birmingham
Parliamentary Secretary to the Minister for the Environment
Parliament House
CANBERRA ACT 2600

Dear Parliamentary Secretary,

I present the report on the operations of the Sydney Harbour Federation Trust for the year ended 30 June 2014. 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,



Anthea Tinney
Chair



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Chair's Foreword

It is pleasing to report that the Harbour Trust consolidated its position during the year reported. It places the organisation in a strong position as it looks forward to new opportunities in 2014-15 and beyond.

Cockatoo Island remains a focus of the organisation's attention in the new financial year. The opening of the convict solitary confinement cells and the *Shipyards Stories* exhibition will pay tribute to the island's fascinating historical legacy. With the completion of the refurbishment of new heritage houses, the renovation of the visitor centre and the campground upgrade, Cockatoo Island's accommodation offering will be greatly enhanced. The return of the Underbelly Arts Festival in 2015, along with other potential cultural collaborations, will ensure the island continues to be an important cultural venue in Sydney.

North Head Sanctuary, Manly also remains a key priority site for 2014-15. The new wayfinding and signage installation will commence in the second half of 2014. Once completed, it will improve the on-site visitor experience by making the site more accessible. Together with the opening of new walking tracks and bicycle paths and the activity generated by tenants, this initiative aims to transform North Head Sanctuary, Manly into a popular destination for locals and tourists alike.

The Harbour Trust's major remediation project is the decontamination and remediation of the Platypus site at Neutral Bay. It is hoped that all of the major remediation works on the site will be finished by the end of 2014. Once completed, the Platypus site has enormous potential to become a thriving harbourside precinct in Neutral Bay.

During the year reported, the Harbour Trust Board approved the adoption of two new strategic procedural documents: the Harbour Trust Reconciliation Action Plan and the Programming Vision. These two strategic documents will now provide the basis for the organisation's future marketing and programming across its sites.

I would like to acknowledge the support and encouragement through the year of Senator The Hon. Simon Birmingham, Parliamentary Secretary for the Environment. I would also like to pay tribute to my fellow Board members. It has been a pleasure working with them over the 2013-14 financial year and I look forward to our continued close working relationship.

Finally, I would like to acknowledge the Harbour Trust staff who continue to perform to a very high standard, as well as the dedicated Harbour Trust volunteers and those members of the community, both individually and collectively, who continue to support and take a keen interest in the Harbour Trust's work.



Anthea Tinney



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Executive Director's Summary

In its fifth year as a self-funding agency, it is satisfying to report that the Sydney Harbour Federation Trust once again posted an operating surplus. The organisation has continued to successfully balance sustainable economic and environmental heritage outcomes while realising some significant achievements during the year reported.

Cockatoo Island remained a popular destination and it was pleasing to record increased visitor numbers to the island in non-event periods for the second year in a row. Nonetheless, many people were also attracted to the island by events such as the 2013 International Fleet Review, the 19th Biennale of Sydney and the Underbelly Arts Lab and Festival. Campground occupancy increased by over 30% on the previous year and guided education visits increased by 26%.

In the second half of 2013, Universal Studios transformed parts of Cockatoo Island into a Japanese city, port and prisoner-of-war camp for Angelina Jolie's film *Unbroken*, which is due to be released in late 2014. The island continued to be a popular location for corporate venue hire events and a range of new commercial tenancies also helped to generate increased public activity.

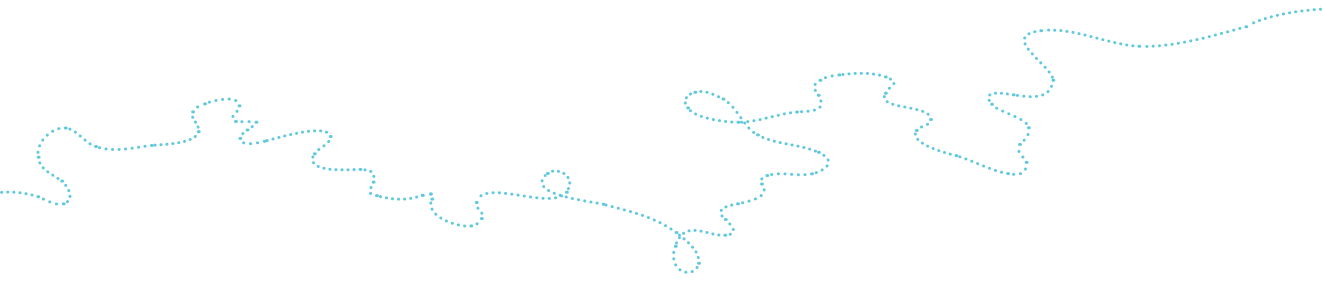
During the year reported, the Harbour Trust undertook initiatives to celebrate Cockatoo Island's unique legacy in Australia's maritime history. Planning and development took place for a new exhibition called *Shipyard Stories*, which will present the story of the island's dockyard and shipbuilding history. The Harbour Trust also published two new books by John Jeremy, CEO of the Cockatoo Island Dockyard (1981-91), documenting the island's shipbuilding and ship repair legacies respectively.

The Harbour Trust continued to focus on improving the visitor experience at North Head Sanctuary Manly. Work continued on the development of new signage and wayfinding and new walking tracks connecting Shelley Beach, Fairfax Lookout and the Quarantine Station with North Head Sanctuary were finished.

The Harbour Trust's leasing, venue and event hire and accommodation portfolios continued to perform strongly. Vacancy rates remained low and some important new tenants were welcomed at Cockatoo Island, Headland Park and North Head Sanctuary. The organisation continued to work with the preferred applicant proposals for marine facilities at Cockatoo Island and aged care facilities at Middle Head.

Important remediation, conservation and refurbishment works were undertaken in 2013-14. At the former HMAS *Platypus* site at Neutral Bay, the major remediation works are expected to be completed by August 2014 and the partial wharf demolition works should be finished by December 2014. A new walking track at Headland Park was finished, which opens up access and views to Sydney Harbour and the camouflaged fuel tanks. The Harbour Trust also completed its archaeological investigations of the historic defensive moat at Middle Head and landscaping of the site.

It is always gratifying for the Harbour Trust and its staff to receive awards for their work. In May 2014, the organisation's heritage architect Libby Bennett received the Cathy Donnelly Memorial Award at the National Trust NSW Heritage Festival Awards. This award is presented to an individual female professional for her outstanding contribution to the conservation of our built heritage. Libby has an exceptional record of achievement at the Harbour Trust so the award was an important recognition of her outstanding heritage conservation work. Our Cockatoo Island Camping team were also acknowledged during 2013-14, being named as a finalist in the Unique Accommodation category of the 2013 NSW Tourism Awards and winning the Best Tourism Display at NSW Caravan & Camping Holiday Super Show.



Since 2007, the Harbour Trust has been reporting on its environmental performance using the Global Reporting Initiative's (GRI's) Sustainability Reporting Guidelines. The GRI is a non-profit sustainability organisation whose comprehensive sustainability reporting framework is used worldwide.

In 2013-14, the Harbour Trust recorded decreases in energy consumption, fuel consumption, water consumption and greenhouse gas emissions.

The organisation recorded its lowest amount of energy consumption and lowest level of potable water consumption since it began reporting on its environmental performance. As ecologically sustainable development is a key Harbour Trust policy, it is satisfying to report such good results.

Volunteers have played a crucial role in the development of the Harbour Trust since its inception. In 2013-14, they provided over 27,000 hours of enthusiastic and dedicated work, helping with Harbour Trust events and projects. An important volunteer initiative took place at North Head Sanctuary where our heritage restoration volunteers restored a 25lb field gun which is now on display in Manly. On behalf of the Harbour Trust, I would like to express our sincere gratitude to our volunteers.

Finally, I would also like to acknowledge our staff. At the Harbour Trust, we always have to adapt and evolve. Our work doesn't stay constant. Once again, our staff met the challenges of our ever-changing workplace with hard work, dedication, creativity and good humour and to them I am immensely grateful.



Geoff Bailey

The Sydney Harbour Federation Trust

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 nation.

Objectives

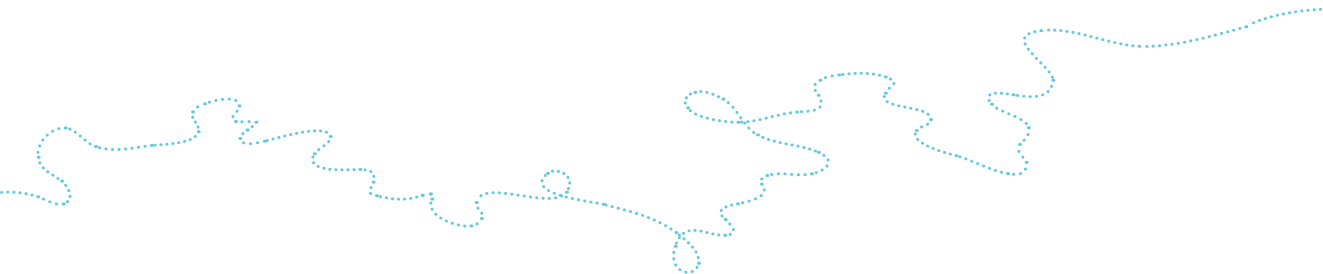
The objectives of the Sydney Harbour Federation Trust are:

- to ensure that management of Harbour Trust land contributes to enhancing the amenity of the Sydney Harbour region;
- to protect, conserve and interpret the environmental and heritage values of Harbour Trust land;
- to maximise public access to Harbour Trust land;
- to establish and manage suitable Harbour Trust land as a park on behalf of the Commonwealth as the national government;
- to co-operate with other Commonwealth bodies that have a connection with any harbour land in managing that land;
- to co-operate with the government of New South Wales, affected councils and the community in furthering the above objectives.

Functions

The functions of the Sydney Harbour Federation Trust are:

- to hold Harbour Trust land for and on behalf of the Commonwealth;
- to undertake community consultation on the management and conservation of Harbour Trust land;
- to develop draft plans in respect of Harbour Trust land and any other harbour land in furthering the objects, and performing other functions, of the Harbour Trust;
- to rehabilitate, remediate, develop, enhance and manage Harbour Trust land, by itself or in co-operation with other institutions or persons, in accordance with the plans;
- to make recommendations to the Minister on plans and the proposed transfer of any Harbour Trust land;
- to promote appreciation of Harbour Trust land, in particular its environmental and heritage values;
- to provide services and funding to other Commonwealth bodies in furthering the objects, and performing other functions, of the Harbour Trust;
- anything incidental to or conducive to the performance of its other functions.



The sites



Legislation and Minister

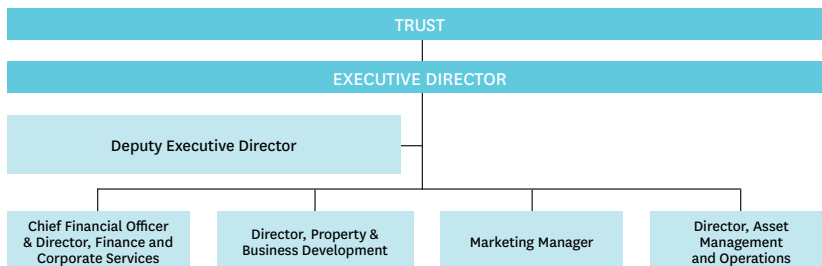
The Harbour Trust was established under section 5 of the *Sydney Harbour Federation Trust Act 2001* which commenced on 20 September 2001.

In the year reported, Senator The Hon. Simon Birmingham, Parliamentary Secretary to the Minister for the Environment, was responsible for the Harbour Trust.

Organisational structure

The affairs of the Harbour Trust are managed, subject to the directions of and in accordance with the policies of the Harbour Trust, by the Executive Director, Mr Geoff Bailey.

During the year, the Harbour Trust operated from its offices at Georges Heights, Mosman, Sydney.



The Sydney Harbour Federation Trust

Harbour Trust Board

The Harbour Trust Board meets regularly to discuss issues relating to all the sites, including planning, maintenance of buildings and structures, and the opening of sites to the public.

There are eight board members including the Chair, two members recommended by the NSW Government, one member representing the interests of indigenous people and one elected member from a council area containing a Harbour Trust site.

Board members

Chair



Ms Anthea Tinney

Ms Tinney is a member of the board of CRC CARE and Chair or independent member of a number of public sector audit committees. She is currently Chair of the Sydney Harbour Conservancy. Previously, Ms Tinney held a

number of positions including Chair of the Australian National Commission for UNESCO, Chair of Land and Water Australia, the inaugural independent Chair of the Steel Stewardship Forum and a member of the Australian Government's Independent Communications Committee. Ms Tinney was a deputy secretary in the federal environment portfolio and, prior to retiring from the Australian Public Service in 2008, she was appointed as the Interim CEO of the National Film and Sound Archive. During her public service career, she spent five years as the head of the Cabinet Office in the Department of Prime Minister and Cabinet and some years in the Treasury. Ms Tinney has wide experience in public policy advising and government administration. She holds a Bachelor of Economics degree and was awarded a Public Service Medal in 1995 for services to the Australian Cabinet system.

Members



Ms Paula Braxton-Smith

Ms Braxton-Smith is a community relations and stakeholder engagement professional working in the field of sustainable planning. She is a non-executive director of the Harbour Trust and is also a member of the Aquaculture

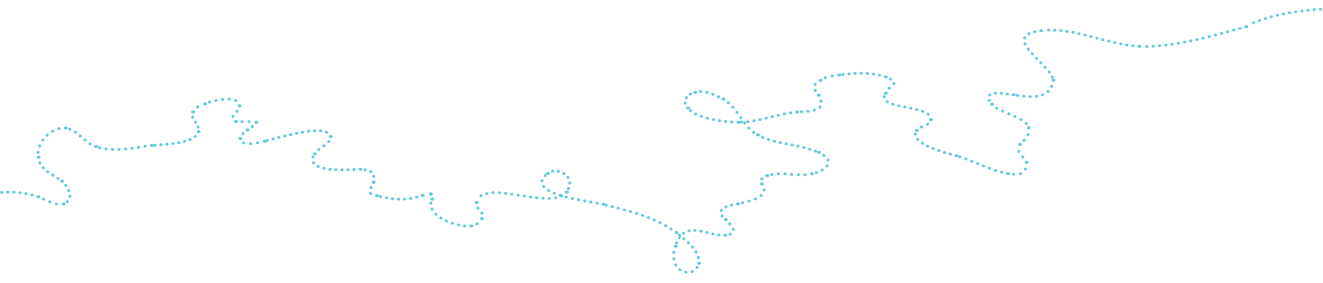
Tenure Allocation Board of South Australia. As a resident of Mosman, she is a regular user of Harbour Trust sites. Ms Braxton-Smith has extensive prior experience working in government as a policy adviser in the portfolio areas of Agriculture and Food; Industry and Trade; and Mineral Resources Development. She holds a Bachelor of Agricultural Science degree with honours in Animal Sciences.



Cllr Jean Hay AM

Councillor Jean Hay is a lifelong resident of Manly and was elected to Manly Council in 1987. Cllr Hay served as Mayor of Manly from 1999 to 2004 and 2008 to 2012. At the September 2012 Council elections, she was re-elected as

Mayor for a further four year term. She has served on all major Council Committees and numerous other Committees. In June 1998, Cllr Hay was awarded



Membership of the Order of Australia (AM) for service to the community through local government, community action and sporting groups, and fundraising for welfare and health education programmes. In 2001, she was awarded a Centenary Medal. Clr Hay has also been presented with numerous other awards including the 2010 NSW Ministers' Awards for Women in Local Government (Metropolitan Elected Representative). Clr Hay has played a major role in the realisation of Bear Cottage, the only children's hospice in the State. Her contribution to this project has resulted in Clr Hay being bestowed as Benefactor of the Children's Hospital Westmead.



Dr Elsie Heiss

Dr Heiss is a non-executive director. She was born into the Wiradjuri Nation and spent most of her early days in Cowra and Griffith, NSW. Dr Heiss has represented NSW on the National Aboriginal and Torres

Strait Islander Catholic Council since 1999 and is a former Chairperson. She joined the Aboriginal Catholic Ministry in 1989 and worked in Erskineville and La Perouse. In 1998, Dr Heiss was the Aboriginal representative at the Synod of Oceania in Rome. She was part of the welcome party for Pope Benedict XVI's visit to Sydney for World Youth Day in 2008 and she attended the canonisation of St Mary MacKillop in Rome in 2010. In 2003, Dr Heiss received the NAIDOC community award for her work within the church and for her contribution to health programs in the indigenous community. In 2009, Dr Heiss was the NAIDOC Elder of the Year and she received an Honorary Doctorate of Arts from the University of Notre Dame in 2010. Dr Heiss retired from the Aboriginal Catholic Ministry at the end of 2012 but is continuing to do voluntary work with them.



Ms Sandra Hook

Ms Hook is an experienced non-executive director and board advisor with over 20 years broad-based business acumen and extensive operational experience gained as a Group Executive and CEO managing large multi-

platform national and multi-national media businesses for News Ltd, Federal Publishing, Foxtel, Fairfax and Murdoch Magazines.

Since 2000, she has also served as a non-executive director on a number of Australian boards including private companies and government bodies. Ms Hook brings three main skills to Boards: digital leadership, having built Australia's largest digital lifestyle network; organisational transformation, especially in rapidly evolving industries; and a focus on strategy, having developed corporate, marketing and brand strategies for global and national brands across a wide variety of sectors. Along with her non-executive director responsibilities, Ms Hook is an investor and board advisor to digital businesses focused on disruptive technologies in categories across mobile devices and apps, big data, social media, AI and machine learning, image recognition and digital wallet technologies.



The Hon Leo McLeay

Mr McLeay is Chair of the Catholic Cemeteries Board which manages a number of Heritage Cemeteries in Sydney and he is a former Director of the Mary MacKillop Foundation.

Mr McLeay was a Member of the House of Representatives from 1979 until 2004. His parliamentary career included four years as Speaker of the House of Representatives. He also held the office of Deputy Speaker and Chief Government and Opposition Whip. He chaired a number of Parliamentary Committees.

The Sydney Harbour Federation Trust



Mr Rohan Jeffs

Mr Jeffs is a non-executive director of the Harbour Trust. He is a lawyer with over 35 years experience in major listed Australian companies in the areas of corporate and commercial law as well as in senior corporate roles responsible for governance, risk and compliance; human relations; procurement; industrial relations; superannuation; government, media and corporate relations. He is a Director and the recent past Chairman of the Retail Employees Superannuation Trust (REST), and is Chairman of the REST Strategy Review Committee and Human Relations and Remuneration Committee. Mr Jeffs is an Adjunct Professor of Law at the University of Queensland and he holds a Masters of Law, Bachelor of Law and a Bachelor of Arts from the University of Sydney. He has extensive experience in commercial, legal, governance and regulatory matters.



Mr Peter Lowry OAM

Mr Lowry is a non-executive director and has been a director since the Harbour Trust's inception in 2000. He has been Chair of the Tenant Selection Committee since then and was Chair of the Audit and Finance Committee until 26 September 2010. He is a company director and lawyer and is a director of the Ensemble Theatre, the Sydney Harbour Foreshore Authority and the Planning Research Centre of Sydney University. Mr Lowry is also a Board Member of NIDA (National Institute of Dramatic Arts) and the Chair of Transport Heritage NSW. He was a Reserve Army Officer.



Outcomes and output structure

Within the Environment portfolio, the Harbour Trust is responsible for the enhanced appreciation and understanding of the natural and cultural values of Sydney Harbour for all visitors, through the remediation, conservation and adaptive re-use of, and access to, Harbour Trust lands.

Sydney Harbour Federation Trust Business Program

The Harbour Trust's programs aim to transform Harbour Trust sites into precincts and parklands that enrich the cultural and historical values of the city, while conserving the environmental integrity and unique heritage of the sites. Our major performance indicators are:

- increased awareness, appreciation and enjoyment of sites.
- restoration and maintenance of sites.
- financial sustainability of ongoing management and operations, including leasing and hiring to bring compatible activity to the sites.



1. Planning, Land Restoration and Maintenance

Performance indicators

- Rehabilitation of land, buildings, infrastructure and equipment is consistent with conservation, environmental and cultural values and relevant standards, the Harbour Trust's Comprehensive Plan and Portfolio Budget Statement outcomes
 - Harbour Trust lands and facilities meet workplace and public safety standards
 - Repairs and maintenance of all sites to minimise further deterioration
 - Harbour Trust facilities are increasingly available for public access and business and community use
-

Convict courtyard, Convict Precinct, Cockatoo Island.
Credit: Zakarj Kaczmarek.





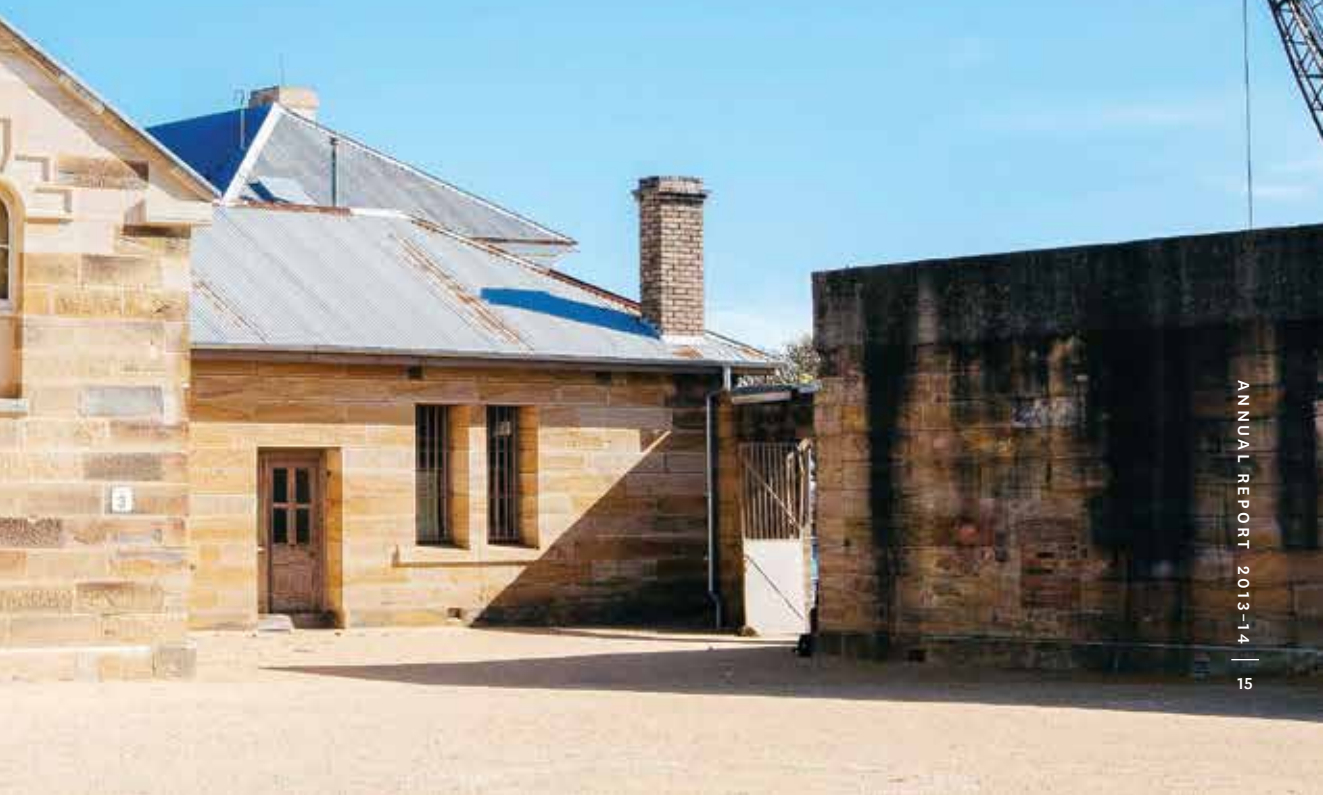
2013–14 snapshot

The Harbour Trust continued its ongoing conservation, rehabilitation and maintenance program on most sites. Enhancing safe public access was an ongoing focus of the program.

Activities included building and grounds maintenance, bushfire hazard reduction, bush regeneration, building repairs, and construction of new paths at North Head Sanctuary and Headland Park.

See Appendix 3 for a list of the Harbour Trust's maintenance, heritage conservation and environmental management projects in 2013–14.

Planning approval was granted to a range of works and activities undertaken by the Harbour Trust and tenants, including the establishment of a school, function centre and various building modifications.



Sites

North Head Sanctuary, Manly

North Head Sanctuary is one of Sydney's great landmarks, home to a delicate ecosystem. The former School of Artillery occupies the highest part of North Head and comprises the Barracks complex and the North Fort complex. The Barracks complex contains a collection of art deco buildings with a parade ground, service areas, sheds and a large area of remnant bushland.

The Harbour Trust's land at North Head Sanctuary includes 28 houses that were originally used to accommodate officers of the former School of Artillery. The majority of the houses are leased to medium-term residential tenants and one has been converted to a café (Bella Vista Café at the entrance to North Fort). Many of the other buildings at North Head Sanctuary are leased for a variety of purposes including education, health, fitness and well-being, childcare, the arts, a function centre and a plant nursery.

In the year reported, the Harbour Trust repaired and refurbished many of the buildings at the former School of Artillery. While these buildings are structurally sound, they are vulnerable to deterioration due to their exposure to the marine environment.

Works and new tenants for North Head Sanctuary

Defence of Sydney Grant

The Harbour Trust was awarded a grant of \$23,500 from the Commonwealth Government's Your Community Heritage fund to establish The Defence of Sydney Museum Trail at North Fort. This involved minor refurbishment works to Building 238 at North Fort to improve the display of artefacts.

Gatehouse School

In January 2014, a Montessori primary school for children aged 6-12 years opened in the Gatehouse (Building 6) following minor alterations to the building by the Harbour Trust and the tenant. The intake for 2014 was between 5-10 children. Harbour Trust works comprised repairs to the building's brickwork and the installation of new roofing, gutters and drainpipes. The tenant undertook minor fit-out works and landscaping.

Karree Fitness

Following minor refurbishment works to Building 2 by the tenant, a fitness training and coaching service commenced operation in October 2013.

Sergeants' Mess

Minor internal refurbishment works were undertaken on the former Sergeants' Mess by North Head Catering Company and the building is now operating as a function centre.

New Pedestrian Tracks

In May 2014, the Harbour Trust completed the construction of new walking tracks partially funded by the NSW Government's Sharing Sydney Harbour Access Program (SSHAP). The tracks provide new connections between Shelley Beach, Fairfax Lookout and the Quarantine Station in Sydney Harbour National Park.

North Fort

In 2014, the Harbour Trust undertook repairs to Building 229 at North Fort, which was damaged by a storm in November 2013. Following completion of the works in June 2014, it is intended that the building will house the library of the Royal Australian Artillery Historical Company.

Landscaping

Landscape renewal works for the former School of Artillery continued through this reporting period. Local provenance plant species were propagated on site and are being planted at the entry precinct, oval, core buildings and other locations. Volunteers have assisted the Harbour Trust by undertaking regular clearing in the Third Quarantine Cemetery.

Headland Park

Headland Park comprises Middle Head, Georges Heights and Chowder Bay and features former training facilities, fortifications, depots, barracks and housing surrounded by remnant Sydney Harbour bushland. Most of the buildings are now leased for a range of purposes including education, dining, offices, function centre, childcare, residential accommodation, creative arts, health and fitness and retail.

Excavation of Defensive Moat, Middle Head

Archaeological investigations into the historic defensive moat at Middle Head and landscaping of the site have now been completed. Excavation of the moat has been partially funded by the NSW Government's Sharing Sydney Harbour Access Program (SSHAP) and will enable visitors to appreciate the military heritage of Middle Head.

New Walking Track, Georges Heights

In May 2014, the Harbour Trust completed a new walking track partially funded by the NSW Government's Sharing Sydney Harbour Access Program (SSHAP). The walk connects Rawson Park to the Georges Head Lookout and opens up access and views to Sydney Harbour and the camouflaged fuel tanks.

Gunners' Barracks, Georges Head

In 2014, significant stonework repairs to the Tea Rooms were undertaken following damage to the building's front facade caused by a vehicle.

Master Gunners Cottage

Minor internal refurbishment works were undertaken on the former Master Gunners Cottage by the Harbour Trust and a new tenant has occupied the building.

Gunshot Alley

The Harbour Trust undertook internal refurbishment works including carpentry and repainting to the commercial suites at Gunshot Alley.



4 Imperial Avenue

In April 2014, the Harbour Trust commenced refurbishment works to the former Defence Housing property at 4 Imperial Avenue, Georges Heights. This project included design layout changes and a new kitchen, bathroom and laundry. Following completion of the works in mid-2014, the property will be offered for residential lease.

Submarine Mine Cable Pit, Chowder Bay

Following modification of the former submarine mine cable pit at Chowder Bay, the Sydney Institute of Marine Science (SIMS) is now using the facility as an outdoor experimental area. Tanks holding sea-water have been placed within the cable pit by SIMS to facilitate marine research.

Building 7B (Submarine Miners' Depot), Chowder Bay

In May 2014, minor internal works to Building 7B (Submarine Miners' Depot) were started by a new tenant to provide a furniture and homewares store with small bar. Works are expected to be completed in July 2014.

Woolwich Dock and Parklands

Woolwich Dock and Parklands, located on the Hunter's Hill peninsula, has a rich maritime history. In 1898, Morts Dock and Engineering Company constructed a new sandstone dry dock that was used for repairing ships during both World Wars. Today, the site's dry dock links to parklands, walkways, workshops and a function centre.

Left Cockatoo Island gardening volunteers at work.
Right Biennale Boot Camp. 2014 Biennale of Sydney, Cockatoo Island.
Credit: Zakarij Kaczmarek.



New Parking Area, Margaret Street

The construction of a new parking area for 31 cars and 28 boat trailers in Margaret Street was completed in December 2013. The works were undertaken by Hunter's Hill Council and funded by a grant from NSW Roads & Maritime Services. The car park complements recent improvements to the existing public boat-ramp in Margaret Street, which is managed by Hunter's Hill Council.

Deckhouse Restaurant

Minor upgrade works were carried out by the tenant to the back-of-house areas of the Deckhouse restaurant to improve facilities.

Building 6

Woolwich Dock Pty Ltd carried out internal alterations to Building 6 to create individual offices in the eastern half of the building.

Cockatoo Island

Cockatoo Island is the largest island in Sydney Harbour and has been modified and used as a penal settlement and maritime industrial site. Originally only 12.9 hectares, the island has been greatly altered from its natural state. It contains remnants of an imperial convict prison, two dry docks, wharves, slipways, maritime buildings, residences, a powerhouse, cranes, water towers and tunnels. Approved current uses on Cockatoo Island include holiday accommodation and a campground, cafe, marine research, offices, marine centre and retail. The Harbour Trust is working closely with the public ferry operator to continually improve the level of service to the Island.

Works and new tenants on Cockatoo Island

Underwater Sydney, Fitzroy Dock

The Sydney Institute of Marine Science is trialling the use of the Fitzroy Dock as a potential marine habitat entitled "Underwater Sydney". The trial is expected to be completed by November 2014.

Building 21

Originally constructed as an attached pair of residences, the Harbour Trust undertook works to modify and refurbish the building and maintain its use as two dwellings. When works are completed in mid-2014, one unit will provide a permanent residence for the Cockatoo Island accommodation managers and the second unit will be used for short-term holiday accommodation.

Building 15, The Nest

In December 2013, the Harbour Trust and tenant started the remediation and fit-out works to Level 1 of Building 15 to enable its use as a furniture showroom. Harbour Trust works comprised replacement of existing windows and the roof. The tenant completed internal fit-out works. The showroom is expected to open in the 2014-2015 financial year.

Convict Solitary Confinement Cells

In 2013-2014, conservation works continued on the former Convict Solitary Confinement Cells. Interpretation signage will be installed in the 2014-2015 financial year.

Campground Works

The first stage of an upgrade to the Cockatoo Island Campground commenced in the year reported. Timber decks were installed beneath tents to improve drainage. Detailed design for landscaping has been finalised and works are expected to commence in August 2014.



Volunteers' Workshop

The Harbour Trust's heritage restoration volunteers have established a joinery workshop in the former Joiners Shop to enable them to undertake woodwork projects. Recent projects completed by the volunteers include the creation of a room to store and display artefacts securely and the restoration of a timber seat on the Parramatta Wharf.

Heritage Cranes

The Harbour Trust has undertaken a survey of the external cranes at Cockatoo Island. The survey will inform the maintenance and restoration program for the cranes which will commence in the 2014-2015 financial year.

Snapper Island

Yet to be formally handed over by the Department of Finance and Deregulation to the Harbour Trust, Snapper Island is Sydney Harbour's smallest island, part of a grouping with Cockatoo and Spectacle Islands. The island was a rarely-visited rocky outcrop until World War I when it was leased to Cockatoo Island Dockyard for storage. It comprises simple buildings, slipways, boat storage and jetties. The Department of Finance and Deregulation has engaged a consultant to prepare a Heritage Management Plan for the Island. This is expected to be completed in the 2014-2015 financial year.

Macquarie Lightstation

Macquarie Lightstation is Australia's first and longest-operating navigational light. Built in 1818, the original lighthouse was designed by convict Francis Greenway and constructed of sandstone quarried on site. Following construction of a new lighthouse (designed by James Barnet) in 1883, the original Greenway lighthouse was demolished.

Works to refurbish and re-landscape the existing townhouses adjoining Macquarie Lightstation were completed in August 2013. All four townhouses are now leased to residential tenants.

Former Marine Biological Station

The former Marine Biological Station is a residential house at 31 Pacific Street in Watsons Bay. The station includes a public foreshore park connecting suburban streets with Camp Cove beach. No major works were carried out during the year reported.

HMAS *Platypus* remediation project

The former HMAS *Platypus* naval base is a waterfront industrial site in one of Sydney's quiet bays, a reminder of the harbour's maritime heritage. Sitting amid Neutral Bay's waterfront residential properties and foreshore parks, the former gasworks facility and Royal Australian Navy (RAN) base contains buildings and workshops adapted and used by the RAN since 1942. In 1967, the existing concrete wharf was built for the RAN's Oberon class submarine fleet. The Navy closed HMAS *Platypus* in 1998.

The Harbour Trust took over management of the site in 2005 and began planning for major remediation works. In 2013-14, the remediation works at *Platypus* included the excavation and treatment of around 20,000 tonnes of gasworks contaminated fill and bedrock material. The Harbour Trust contracted specialist remediation company Thiess Services Pty Ltd to undertake these works. All remediation contract works are expected to be completed by August 2014. Partial wharf demolition works are expected to be completed by December 2014.

Bushland management

Ecological restoration works continued during the year at Headland Park, North Head Sanctuary and pockets of remnant bushland and revegetation areas at Woolwich Dock, Cockatoo Island and Macquarie Lightstation. The works included extensive control of weeds over an area of 45 ha, maintenance of over 10 km of bush tracks, roads and access trails, manual and mechanical bushfire hazard reduction around built assets, and revegetation of previously cleared areas using local provenance seedlings. The amount of maintenance work required by bushland contractors continued to increase due to the expansion in newly vegetated areas on Harbour Trust sites.

Bushfire risk management

Fuel reduction and slashing of fire breaks and trails adjacent to buildings and structures at North Head Sanctuary and Headland Park continued throughout 2013-14.

At Headland Park, a program of fuel reduction and selective clearance of woody vegetation was carried out. At North Head Sanctuary, this program continued within the Third Quarantine Cemetery, the Sheds Precinct, near the Childcare Centre and adjacent to the heritage sandstone wall at North Fort.

In 2013-14, the Harbour Trust carried out preparations for future prescribed burns at North Fort Road (North Head), the camouflaged fuel tanks (Georges Heights), Cobblers Beach (Middle Head) and Chowder Bay Road. The latter two burns will be on both Harbour Trust and NSW National Parks and Wildlife Service (NPWS) lands.

The Harbour Trust worked with neighbouring landholders through the Manly-Mosman-North Sydney District Bushfire Management Committee and the North Head Stakeholder Group to manage bushfire risk. In 2013-2014, the Harbour Trust engaged Travers Bushfire and Ecology to prepare Bushfire Management Plans for Headland Park and North Head Sanctuary.

Native and pest fauna management

To support and protect bandicoot and penguin populations at North Head Sanctuary, the Harbour Trust is represented on the North Head Bandicoot and Penguin Population Recovery Teams. Over the year reported, the teams worked closely with the NSW Office of Environment & Heritage (OEH), NPWS and other stakeholders. The Australian Wildlife Conservancy, with assistance from the University of Sydney, undertook research into the ecology of native fauna on North Head Sanctuary.

The Harbour Trust continued to work with neighbouring landholders and the OEH to manage feral animals on its sites. Calicivirus was released at North Head Sanctuary and Headland Park in March 2013, which resulted in over 50% reduction in rabbit numbers. Continuing its involvement in the Northern Sydney Regional Fox Control Program, the NPWS carried out regular poison baiting at North Head Sanctuary and Headland Park on behalf of the Harbour Trust. In collaboration with Hunter's Hill Council, foxes were also controlled at the Horse Paddock, Woolwich.

Landscape maintenance

The Harbour Trust continued a regular program of ongoing landscape restoration and maintenance works throughout all of its sites in 2013-14. The works generally consist of regular mowing and edging of lawns, and pruning, weeding, mulching and infill planting of garden beds.

Pedestrian traffic sight line clearance works were carried out on Harbour Trust roads and footpaths. Eroded sections of the Harbour Trust's network of walking tracks were also repaired at North Head Sanctuary, Woolwich Dock and Parklands, Chowder Bay and Georges Heights. Extensive tree works were also carried out on Harbour Trust sites including maintenance pruning and removal of hazardous dead wood, formative tree pruning and storm-damage works.

Revegetation

Over 25,000 trees, shrubs, grasses and groundcovers were planted on Harbour Trust sites during the year. More than 23,000 of these plants were propagated from local provenance native species, and over 2,000 ornamental natives and exotics were planted within cultural landscapes. The Cockatoo Island gardening volunteers planted over 300 plants on the island, the North Head Sanctuary Foundation propagated and planted over 4,000 native plants around the sanctuary and corporate volunteers from American Express planted over 1,000 plants at Woolwich Dock and Parklands. Weeds were removed from around the former Quarry at Macquarie Lightstation and over 600 new plants were planted.

Parking Management

During the year reported, the Harbour Trust undertook two surveys of car parking demand across Headland Park. As a result of the surveys, a number of short-stay parking spaces will be introduced at Georges Heights to improve turnover in high-demand locations.

Harbour Trust plans and environmental assessments

Performance indicators

- Plans conform with best practice, are publicly exhibited, have broad community support and reflect input from the consultative process.
- Management Plans are consistent with the Harbour Trust's Comprehensive Plan which was approved by the Minister.
- Management Plans conform with the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act).
- Background studies or policies for significant heritage, environmental and transport matters affecting Harbour Trust lands are prepared.
- Environmental Assessments are in line with the *Sydney Harbour Federation Trust Act 2007*, Harbour Trust Plans, and the EPBC Act.
- The Community Advisory Committee and the broader community have input into the planning process.

Management plans

In October 2013, the Harbour Trust exhibited a Draft Amendment to the existing Management Plan for the Middle Head Precinct. The Draft Plan Amendment proposed the replacement of the two-storey barracks with new buildings, and the modification of building envelopes and new controls for the 10 Terminal buildings. The Draft Plan Amendment will be considered by the Board later in 2014.

Environmental assessments

The planning team prepares environmental assessments of actions proposed on Harbour Trust lands, ensuring proposals are consistent with Harbour Trust Plans and the *Environment Protection and Biodiversity Conservation Act 1999*. In the past year, the team completed environmental assessments of 31 proposals. In addition to the completed projects listed in the Sites section of this report, other completed environmental assessments included:

- Modification of the boatshed at Chowder Bay to enable marine research.
- Establishment of a cafe, chandlery, boat hire business and boat storage facility in the Dockyard Precinct of Cockatoo Island.
- Minor upgrade works by existing tenants to improve facilities in various buildings.
- Replacement of existing sewer and potable water lines between Balmain and Cockatoo Island.
- Demolition of part of the concrete wharf at the former HMAS *Platypus*.

Community consultation

The Harbour Trust continued to consult with communities and liaise with key stakeholders on planning and rehabilitating its sites. This ranged from formal Community Advisory Committee meetings to workshops, open days, presentations, discussions, exhibiting plans and newsletters.

The Community Advisory Committee met twice to discuss various Harbour Trust projects. In addition, the CAC met at Middle Head to discuss a proposal for an aged care facility at 10 Terminal.

The wider community was encouraged to learn more about the proposal through an information session at Middle Head, numerous letter box drops, direct notification and advertisements in the *Mosman Daily*. Consultation included a six week public exhibition period from October-December 2013 and this was followed by a further two-week exhibition period in April 2014.

The Harbour Trust held and its representatives attended many formal and informal meetings with key stakeholder groups, government agency staff, councils, local members, community organisations and individuals to discuss issues on planning and rehabilitating its sites.

The Community Advisory Committee for the former HMAS *Platypus* site met four times throughout the year to discuss remediation project issues and project progress.

See Appendix 2 for a list of the Community Advisory Committee members.



Environmental performance

Ecologically sustainable development is a key policy of the Harbour Trust

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 100% GreenPower.
- Subscribe to Greenfleet.
- No increase (staff average) in energy, fuel and water consumption, waste generation and greenhouse gas emissions.
- Investigate reducing energy consumption, such as improvements to office lighting.
- A new system that accurately measures the amount of waste generated.

Ecologically sustainable development

Ecologically sustainable development is fundamental to the Harbour Trust's planning, rehabilitation and use of its sites, public information activities and events. It is an objective of the Harbour Trust's Comprehensive Plan and all our site management plans.

These principles inform our approach to biodiversity conservation, bushland conservation, management of native and introduced animals, waste quality and catchment protection, transport management and air quality, bushfire management, and Aboriginal and cultural heritage.

In line with this, our site conservation and environmental projects aim to remediate environmental degradation and the impacts of past practice, and establish a sound basis for sustainable development and adaptive re-use.

This section of the Annual Report examines the environmental performance of the Harbour Trust's direct operations, measuring the Harbour Trust office's energy and water consumption, and the generation of waste and carbon dioxide. Information is also provided about the Harbour Trust's initiatives at Cockatoo Island and North Head Sanctuary to produce electricity from renewable sources.

Reduction of carbon footprint

In 2013-14, Harbour Trust initiatives to reduce its carbon footprint included:

- Encouraging staff to reduce air conditioning use.
- Purchasing Greenfleet carbon dioxide offsets.
- Including environmental sustainability measures in Induction Programs for new staff.
- Recycling kitchen waste and greenwaste.
- Subscribing to Greenfleet.
- Introduction of SPIRE, a paperless document management system.

Global reporting initiative indicators

The report below follows the Global Reporting Initiative's (GRI's) Sustainability Reporting Guidelines. The GRI is a non-profit organisation that promotes economic, environmental and social sustainability and its comprehensive sustainability reporting framework is used worldwide.

The guidelines provide environmental performance indicators, which we have used to measure the Harbour Trust's performance on inputs (for example, energy and water) and outputs (for example, emissions and waste).

2013-14 was the seventh year the Harbour Trust reviewed its office environmental performance using the Global Reporting Initiative indicators.

The table below illustrates the targets for 2013-14 which the Harbour Trust set for measuring these indicators:

Global Reporting Initiative Indicators	Trust Targets 2013-14
Energy consumption (GRI Indicator EN3)	No increase in energy consumption
Fuel consumption (GRI Indicator EN3)	No increase in fuel consumption
Water consumption (GRI Indicator EN8)	No increase in water consumption
Waste generation (GRI Indicator EN22)	No increase in waste generated
Greenhouse gases (GRI Indicator EN16)	No increase in overall gross emissions

The following sections detail the Harbour Trust's environmental performance against each of these targets.

Energy consumption – EN3

2013-14 Energy Consumption Target: No increase in energy consumption

Result: An 18% decrease in energy consumption

Total energy consumption

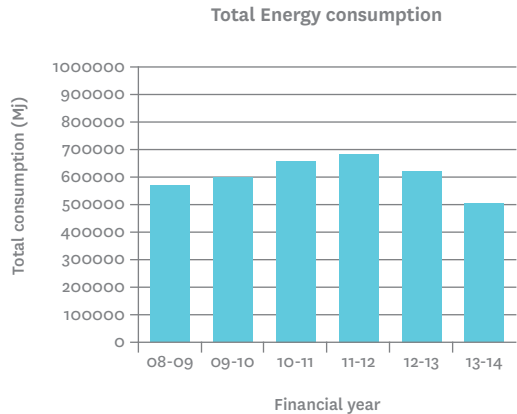
Year	Total consumption (MJ)
2012-13	618,752
2013-14	507,719
% Change	-18%

The target for this financial year was for no increase in energy consumption. The Harbour Trust exceeded this target and reduced energy consumption by 18%. This is the lowest amount of energy consumption recorded since the Harbour Trust began reporting.

In 2013-14, the Harbour Trust applied a tinted film on its office's north-facing windows to help reduce glare and heat from the sun. Staff members continued to make a conscious effort to turn off the automatic air-conditioning system when not required, which has significantly contributed to this year's reduction in energy consumption. The air conditioning system is serviced regularly in order to maximise its efficient operations. The Harbour Trust also continued to encourage staff members to reduce office energy consumption with other small actions. The Harbour Trust includes environmental sustainability issues in Induction Programs for new staff members.



A comparison of total energy consumption over the past six reporting periods is below:



Top Entrance to new Headland Park Walkway. Credit: Stephen Fabling.
 Bottom Left Convict Mess Hall, Cockatoo Island. Credit: Grant Turner.
 Bottom Right Entrance to new Headland Park Walkway. Credit: Stephen Fabling.



1. Planning, Land Restoration and Maintenance

Government energy efficiency guidelines

The Harbour Trust's energy use in 2013–14 was well within the Australian Government's Energy Efficiency in Government Operations (EEGO) guidelines.

Despite a slight increase in the number of staff at the Harbour Trust, the introduction of a more energy-efficient computer operating system and turning off the automatic air-conditioning system when not required resulted in reduced electricity consumption. This, in turn, led to a reduction in the average energy consumption per staff member.

In 2014-15, the Harbour Trust will investigate potential improvements that could be introduced to help further reduce energy consumption.

Electricity consumption per staff member/m²

	EEGO Policy Target	2012–13	2013–14
Central services (MJ/m ² /annum)	400	217	178
Office light and power (MJ/person/annum)	7,500	4,834	3,846



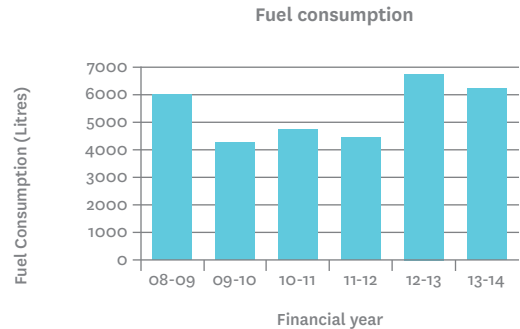
Fuel consumption – EN3

2013-14 Fuel Consumption Target: No increase in fuel consumption

Result: A decrease of fuel consumption by 5%.

The Harbour Trust vehicle fleet comprises two cars (unleaded); one ute (LPG/unleaded); one Tipper Truck (diesel) and two boats (unleaded). In January 2014, the Harbour Trust replaced its two cars with two newer vehicles that are smaller, produce lower carbon emissions and are more energy efficient.

The Harbour Trust's fuel usage for boats and vehicles during 2013-14 was 6,325 litres, 5% less than the previous year. Despite the increased use of fuel by the Harbour Trust's two boats, the introduction of smaller, more fuel-efficient cars during the year contributed to the overall improved performance of the fleet. The Harbour Trust will encourage car-and boat-pooling amongst staff to continue the downward trend in fuel usage.



Total vehicle fuel consumption (cars and boats)

Fuel Consumption	2012-13 (Litres)	2013-14 (Litres)	% Change
Vehicles			
Unleaded	4219	3009	
LPG	82	299	
Diesel	244	271	
Total Vehicles	4545	3579	- 21%
Total Boats (unleaded)	2122	2746	+ 29%
Total Fuel	6667	6325	- 5%

Note: The 2012-13 report stated an incorrect (lower) amount of fuel used by boats, which is corrected in this report.

1. Planning, Land Restoration and Maintenance

Water Consumption – EN8

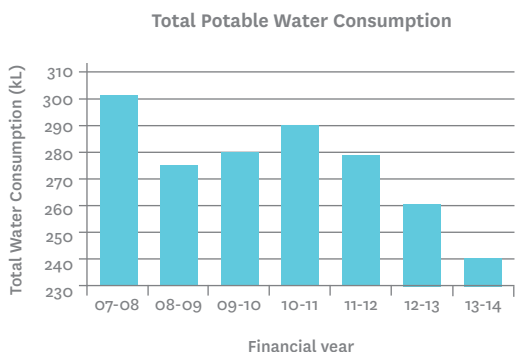
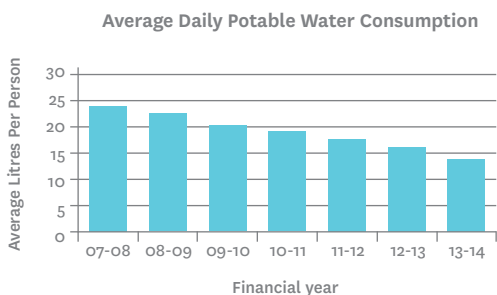
2013-14 water consumption target: No increase in water consumption

Result: An 11% decrease in water consumption.

The Harbour Trust’s use of potable water remains low at 235kL. This is because the Harbour Trust collects rainwater in two 5000L tanks and only uses Sydney Water mains as a back-up. The 2013-14 reporting period shows the lowest level of potable water consumption since the Harbour Trust began recording water usage in 2007.

The table below shows the average daily use of potable water per person in the Harbour Trust office. The daily average is based on 255 working days per year, taking weekends and public holidays into account.

It is difficult to give an exact daily average per person for a number of reasons including staff turnover, part-time hours and leave. However, it is clear that the average amount of water consumed per person per day has decreased every financial year since the 2007-08 reporting period.



Water consumption

	2012-13	2013-14
Total office consumption (litres)	265,000	235,000
Daily office consumption (average)(litres)	1,039	922
Daily average per person (litres)	16	14

Waste Generation – EN22

2013-14 waste generation targets: No increase in waste generated

Result: No increase in waste generated

The Harbour Trust measures its waste production by the number of bins that are collected by its waste collection contractor. As the bins are shared with tenants, it does not accurately reflect the waste the Harbour Trust generates exclusively. Nevertheless, there has not been an increase of overall bin collections so waste generation has remained consistent.

In 2013-14, the Harbour Trust continued to encourage staff to separate waste and recycle whenever possible. Both paper and co-mingled waste were sent to recycling facilities. The Harbour Trust continued its ink recycling program by returning ink cartridges to the manufacturer for disposal, and also continued to recycle old mobile phones, batteries and accessories.

The worm farms purchased for the Harbour Trust office in 2011-12 helped reduce the amount of organic waste going to landfill. The Trust volunteers continued to use worm juice generated by food wastes at Headland Park to fertilise garden beds on Cockatoo Island.

In June 2014, staff commenced using SPIRE (a paperless data management system) and it is anticipated that this will result in a significant reduction of paper waste generated.

Waste generation

	2012-13	2013-14
Total general waste (tonnes)	4.9	4.9
Total paper and cardboard (tonnes)	4.1	4.1
Total co-mingle (tonnes)	1.8	1.8
Waste to landfill	45%	45%
Waste recycled	55%	55%

Left Cockatoo Island campground. Credit: Zakarij Kaczmarek.
Right View to Sydney Heads, Macquarie Lightstation. Credit: Zakarij Kaczmarek.



Greenhouse Gases – EN16

2013–14 greenhouse gas emissions target: No increase in gross emissions of CO₂

Result: A 17% decrease in gross emissions of CO₂.

The Harbour Trust's amount of CO₂ (greenhouse gases) gross emissions is the lowest since the Harbour Trust began reporting its environmental performance in 2007-08, which is largely attributable to a decrease in electricity consumption. In June 2014, the Harbour Trust purchased Greenfleet to offset emissions of 20.1 tonnes of CO₂ (Greenfleet plants native trees in Australia to reduce carbon footprint). Once offsets are taken into account, the Harbour Trust's total net CO₂ emissions increased by 67.8 tonnes compared to 2012-13. While gross emissions were lower than last year, the Harbour Trust's net emissions have increased. This increase in net CO₂ emissions is due to the Harbour Trust's decision at the end of the 2012-13 financial year to discontinue the purchase of Greenpower to offset electricity usage.

The table below summarises the total gross amount of greenhouse gases generated by the Harbour Trust:

Energy generated from renewable sources

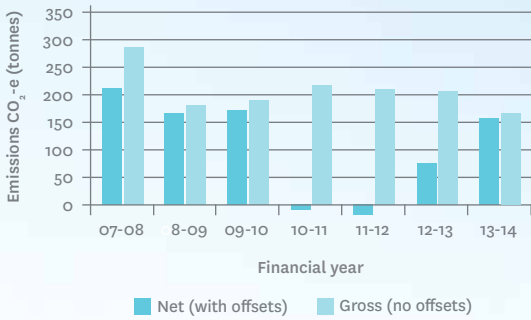
The Harbour Trust has installed photovoltaic (PV) arrays on north facing roofs of various buildings at Cockatoo Island and North Head Sanctuary. Largely funded through a grant from the Australian Government's Green Precincts Fund, the arrays are used to generate power for use on the sites with any excess transferred back into the electricity grid. At the time of its installation, the array on the roof of Cockatoo Island's Turbine Shop was the largest of its type in NSW.

In the reporting period, the Harbour Trust's arrays at Cockatoo Island and North Head Sanctuary together generated approximately 136,000 kWh (kilowatt hours) of electricity. This equates to approximately 145,000 kilograms (145 tonnes) of CO₂-equivalents that would otherwise have been generated by power stations. Although the amount of electricity generated is slightly less than the previous year, it is slightly more than the 2011-12 reporting period. Power generation by photovoltaic arrays is subject to natural variations in conditions. It should be noted that the amount of greenhouse gases avoided through using renewable energy sources is only marginally less (7.9 tonnes) than the Harbour Trust's generation of net CO₂ emissions.

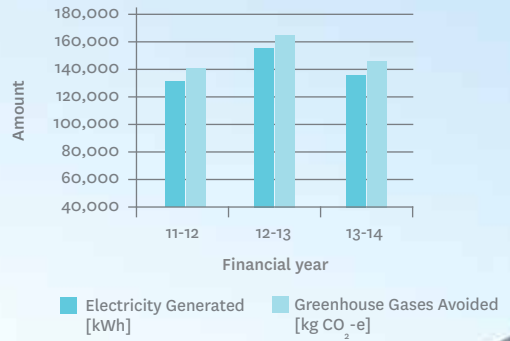
Carbon footprint

Fuel/Process	2012-13		2013-14	
	Usage	CO ₂ -e (tonnes)	Usage	CO ₂ -e (tonnes)
Electricity	171,876 kWh	183.56	141,033 kWh	150.62
Petrol/gasoline - cars	4.2 kL	10.92	3.6 kL	9.36
Petrol/gasoline - boats	2.2 kL	5.72	2.7 kL	7.02
LPG - transport	0.08 kL	0.15	0.3 kL	0.54
Diesel - transport	0.24 kL	0.73	0.27 kL	0.81
Waste to landfill	4.9 T	4.41	4.9 T	4.41
Total gross emissions		205.46		172.89
Offsets				
• Greenfleet		-17.2		-20.10
• Green Energy		-104.88		0
Total net emissions		83.41		152.79

CO₂ Emissions



Photovoltaic Arrays - Cockatoo Island and North Head Sanctuary



2. Public Awareness, Appreciation and Enjoyment

Performance indicators

- Community awareness of the Harbour Trust and its activities, and visitors to Harbour Trust lands, increase through the promotion of tours, events and open days consistent with the Harbour Trust's Comprehensive Plan and Portfolio Budget Statement outcomes.
 - Marketing and business development initiatives increase visitation and generate revenue.
 - The Harbour Trust receives positive media coverage for all significant public events and planning activities and the media maintains an interest in the Harbour Trust.
 - Education, interpretive and public programs are developed and implemented to promote Harbour Trust lands and their significance, and to increase visitation.
 - Partnership programs with institutions, neighbours and others are developed to promote Harbour Trust lands and their significance.
-

New Year's Eve 2013, Cockatoo Island.
Credit: Alfonso Calero.



2013–14 snapshot

The driving mission of the Harbour Trust's marketing team was to develop and implement effective marketing, communications and programming initiatives to raise the profile of the Harbour Trust and its sites. The reporting period saw increased visitor numbers to Cockatoo Island in non-event periods for the second year in a row, which can be attributed to increased tourism marketing and the ongoing impact of previous large public events.

Positive results were achieved across social media channels, subscriber databases and in the form of media coverage. Partnership building was prioritised in order to guarantee cost-efficient marketing communication outcomes. Established cultural events continued to be fostered through ongoing partnerships, contributing to positive visitor numbers to Harbour Trust sites throughout the year.

The development of two Board-endorsed strategic procedural documents was a major achievement for the year reported. These documents are the Trust Reconciliation Action Plan and the Programming Vision and they will now form the basis for future programming across the sites.

Marketing and Brand Development

The marketing approach in 2013-14 supported the objectives of the Harbour Trust's major business units: Leasing, Accommodation, Education and Venue Hire. This approach was consistent across our sites, with a particular focus on Cockatoo Island and North Head Sanctuary, Manly. Cockatoo Island continues to be a marketing priority due to its ongoing potential for visitor growth and positive visitor experience. North Head Sanctuary, Manly will have its new wayfinding signage installation commence in mid-2014, helping to transform the site into a more accessible and user-friendly destination.

A review of customer contact points across the organisation helped to inform 2013-14 projects such as website enhancements, signage refinements and the development of a brochure distribution plan in major tourist hubs throughout Sydney.

Leasing

A leasing signage strategy was developed for Headland Park, Cockatoo Island and North Head Sanctuary, Manly to promote available properties. The signage strategy was implemented for key events such as the International Fleet Review at North Head Sanctuary, Manly and the 19th Biennale of Sydney on Cockatoo Island. All available leasing opportunities were integrated through digital channels, including the Harbour Trust website, e-newsletter and social media.

Accommodation

The accommodation business on Cockatoo Island became a focus in 2013-14. This included increased advertising in local area publications and visitor information centres across the Sydney area. A new suite of accommodation marketing tools was developed, including improved customer email templates, enhanced website pages, updated photography and improvements to the onsite visitor experience. A number of campground promotions were undertaken to increase seasonal occupancy including an accommodation package to coincide with the International Fleet Review in 2013, a Valentine's Day campground package in 2014, and an ongoing Stay and Play package with the Merlin Entertainments Group. The Harbour Trust team attended the NSW Caravan & Camping Holiday Super show to increase Cockatoo

Island's profile within the Sydney area, winning Best Tourism Display during the show. A highlight of the reporting period was Cockatoo Island Camping being named as a finalist in the Unique Accommodation category of the 2013 NSW Tourism Awards.

Education

The Harbour Trust education programs on Cockatoo Island are now supported by a new suite of marketing materials to help boost student numbers in the 2014-15 reporting period. Two new promotional videos were produced for the School Programs and Vacation Care programs. All photography was updated and used for targeted advertising opportunities in print and online publications. The education booking processes were also streamlined and improved.

Venue Hire

The Harbour Trust marketing team supported the venue hire business with a range of marketing and promotional updates to ensure effective communications with potential customers. Updated photography was procured and the venue hire website presence enhanced. A range of signage was also developed to promote the key venue hire spaces on Cockatoo Island. Venue hire opportunities were integrated across all Harbour Trust marketing channels including websites, e-newsletters, social media and signage.

Marketing and promotions activities

The Harbour Trust's marketing team organised promotions with high-profile partners such as, Destination NSW, *Broadsheet Sydney*, *The Thousands*, Merlin Entertainments Group, Koskela, and MasterCard. The Harbour Trust continued to partner with Hasbro to include Cockatoo Island as a landmark site in the inaugural Sydney version of Monopoly.

Interpretation Projects

Interpretation projects were prioritised on Cockatoo Island to improve the visitor experience. These projects included the Convict Barracks and Cells interpretation signage and the development of a new exhibition called *Shipyards Stories*, which celebrates the dockyard years of Cockatoo Island.

Communications

Media

The Harbour Trust received positive media coverage of its sites and activities during 2013-14. The 19th Biennale of Sydney, the film shoot of Angelina Jolie's film *Unbroken*, the 2013 International Fleet Review and Underbelly Arts all generated significant international, national, metropolitan and local media coverage for Cockatoo Island across TV, radio, print and online channels.

During the reporting period, Cockatoo Island continued to be profiled as a tourist destination in international, national, Sydney metropolitan and online media outlets, with particular interest in the campground. Media visits to Cockatoo Island were regularly organised in conjunction with Destination NSW and Tourism Australia. The Island Bar on Cockatoo Island continued to receive strong media coverage.

Channel 9's *Today* did six live weather crosses from Macquarie Lightstation on 16 June 2014. The opening of the Spartan Sports office in the Master Gunners building at Georges Heights by Australian test cricket captain Michael Clarke was covered on the Channel Seven, Channel Nine and Channel Ten evening news bulletins on 24 January 2014. The Marine Biological Station Open Day on 2 October 2013 was profiled on SBS TV's *World News Australia* and the April 2014 Macquarie Lightstation tour day was featured on ABC Radio Sydney 702 and in *The Sun Herald* and *Broadsheet Sydney*, which contributed to it being sold out.

Channel 10 News did a news feature story on Cockatoo Island's heritage restoration volunteers on 18 June 2013 while the content call-out for the new *Shipyard Stories* exhibition in January 2014 was covered on Radio 2UE and in *The Daily Telegraph* and several key NewsLocal publications. Cockatoo Island was the location for an episode of the ghost investigation series *Haunting Australia*, which screened on Foxtel's SYFY channel in March 2014 and has since been distributed internationally. *Time Out Sydney* and *Concrete Playground* profiled Cockatoo Island glamping in April 2014. Suburban newspapers continued to regularly cover the Harbour Trust's activities.

Website, e-news and social media

There were 87,117 visits to the Harbour Trust's corporate website www.harbourtrust.gov.au, a decrease of 20% on 2013-14 figures.

The Cockatoo Island website, www.cockatooisland.gov.au received 398,398 visitors, an increase of 3.5% on the previous year.

The regular Harbour Trust e-newsletter, highlighting key events, programs and Harbour Trust news, reached 19,463 subscribers in 2013-14.

In 2013-14, the Cockatoo Island Facebook page continued to experience strong growth and now has over 32,000 Facebook fans. Engagement was driven through regular posts, targeted Facebook advertising and the use of strong photography. The Facebook page was also used to cross-promote other Cockatoo Island activities such as accommodation, venue hire, leasing, tours, education and history.

Publications

During the year reported, the Harbour Trust published two new books by John Jeremy, CEO of the Cockatoo Island Dockyard (1981-91). *The Island Shipyard: Shipbuilding at Cockatoo Island 1870-1987* chronicled the island's 117 years of shipbuilding activity, with a focus on the dockyard's most important shipbuilding work of constructing ships for the Royal Australian Navy. *Keeping the Ships at Sea: Ship Repair at Cockatoo Island 1857-1991* examined Cockatoo Island's crucial role in maintaining the seaworthiness of Australia's naval and maritime fleets.

Australian cricket captain Michael Clarke at the opening of the Spartan Sports office, Master Gunners Building, Georges Heights, Mosman, January 2014. Courtesy: Spartan Sports.





2. Public Awareness, Appreciation and Enjoyment

Programming

Biennale of Sydney

A major venue of the Biennale of Sydney since 2008, Cockatoo Island played host to the 19th Biennale of Sydney from 21 March-9 June 2014. The Biennale of Sydney is Australia's major contemporary arts festival, playing a central role in developing visual arts culture in Australia and connecting artists from around the world. International and Australian artists exhibited artworks and installations in buildings on the lower and upper island over a four-month period, many of which were responsive to the specific qualities and architectural legacy of Cockatoo Island.

Underbelly Arts

The Underbelly Arts Lab and Festival brought together 130 artists for an eight-day residency on Cockatoo Island in July-August 2013. It culminated in a two-day festival event of performances and exhibitions, with many works responding to the Cockatoo Island's environment. Artworks included theatre, interactive performance, multimedia, sculpture, music and sound. Over 6,000 people attended Underbelly Arts, an increase of 50% on the 2011 event.

General programming

Each year, the Harbour Trust supports a diverse range of events which provide cultural experiences to enrich the experience of visitors to its precincts. These events help shape the distinctive character of these harbourside locations.

The Harbour Trust continued its commitment to cultural organisations, community groups, commercial enterprises and numerous events across our sites during the year including the 2013 International Fleet Review celebrations, the 2013 Architecture Festival, Move It Mob Style, the National Art School Drawing Week, Instameet on Cockatoo Island, Hillson's Powerhouse Summer Fest, the open Days at the Macquarie Lighthouse and former Marine Biological Station, historical tours of Cockatoo Island, North Head Sanctuary, North Fort and Headland Park, the School Holiday and Vacation Programs on Cockatoo Island and NIDA's school holiday program.

The Harbour Trust was a significant partner for a number of organisations including the 19th Biennale of Sydney, Underbelly Arts Festival and Lab, Urban Islands and Harbour Sculpture at Woolwich Dock and Parklands.

Education

During the year reported, guided education visits to Cockatoo Island totalled 3,167, an increase of 26% on the previous year. Increased marketing activity resulted in greater outreach to schools and an increased number of bookings made during the past year. Primary and secondary programs were updated to align with current curriculum links that further highlight the unique aspects of Cockatoo Island in relation to the National Curriculum.

Another key focus was building partnerships to diversify the Cockatoo Island Education Program during holiday periods. Key partnerships included the National Institute of Dramatic Arts (NIDA), the Australian National Maritime Museum and Koomurri Aboriginal Education culture group.

The Harbour Trust's education team also updated program assets such as costumes, developed a performance monitoring system for casual staff and undertook ongoing training for interpretative guides.

Volunteers

Our volunteers contributed over 27,750 hours to the Harbour Trust during 2013-14. During the year reported, the organisation welcomed 39 new volunteers to the program.

The Harbour Trust also had two corporate teams comprising 50 volunteers who volunteered their time at Cockatoo Island and Woolwich Dock and Parkland for painting and planting projects.

Volunteers continued to staff the visitor centres at Cockatoo Island and North Head Sanctuary, help out on Harbour Trust events, work on heritage restoration projects, and maintain gardens and natural landscapes at both sites.

Volunteers continue to represent the Volunteer team on the Harbour Trust's Work Health and Safety committee and help Harbour Trust staff with administration tasks.

Guided tours and presentations

Guided tours led by volunteers ran at North Head Sanctuary, North Fort and Headland Park while regular tour days were held at Macquarie Lightstation. Volunteer speakers presented talks about the Harbour Trust and its sites to 33 community groups, comprising an audience of just over 2,000 people.

Volunteer restoration teams and gardeners

The Cockatoo Island heritage restoration volunteer team continued work on restoration projects including the restoration of convict-era windows. At North Head Sanctuary, the heritage restoration volunteer team restored the Manly 25lb Field Gun, in conjunction with Manly Council, and continued their ongoing restoration of military equipment. The Cockatoo Island garden team continued to maintain the gardens of Cockatoo Island.

Volunteer training

Aside from regular duties, volunteer information sessions and social outings remained an important part of the Harbour Trust volunteer experience. Refresher training took place for Macquarie Lighthouse and Headland Park volunteer tour guides, Visitor Services volunteers and North Fort volunteer guides. The Headland Park guided tour was revised to include two more sets of Georges Heights' fortifications.



New volunteer roles

During 2013-14, several new volunteer roles commenced including the Volunteer Oral History team and the Headland Park volunteer gardening team. Volunteers have been recruited to assist in specific areas including the Harbour Trust library and finance department. A food and beverage volunteer was recruited to assist the Food & Beverage Manager during the Biennale of Sydney and a research volunteer assisted the Planning team.

Rangers

With their high public visibility, the organisation's nine rangers are Harbour Trust ambassadors, providing information and assistance to visitors at its sites. They are also responsible for the safety and security of all Harbour Trust buildings, parklands, tracks and roadways. They carry out a variety of activities to ensure all visitors to our sites comply with safety, security and parking provisions.

Rangers assist with events and site presentations, provide first aid, attend to emergencies when called, and assist people with disabilities or the elderly around the sites.

Left Mel O'Callaghan, Parade, 2014, Cockatoo Island. Photo: Ben Symons. Courtesy 2014 Biennale of Sydney. Right Visitor services volunteers, Visitor Centre, Cockatoo Island. Credit: Zakarij Kaczmarek.



3. Financial Sustainability

Performance indicators

- Commercial and residential leasing, licensing, venue hire, food & beverage and accommodation revenue is consistent with Portfolio Budget Statement Outcomes.
 - Leasing and licensing of buildings and facilities are consistent with the Harbour Trust's Comprehensive and Management Plans.
 - Business development initiatives generate revenue.
-

Macquarie Lightstation.
Credit: Zakarij Kaczmarek.



2013-14 snapshot

As a fully self-funding government agency, the long-term financial sustainability of the Harbour Trust is based on its capacity to generate sustainable revenue. The organisation's continued focus on increasing visitation and raising its public profile has had a positive flow-on effect on its commercial leasing, venue hire and accommodation activity. Cockatoo Island was the major beneficiary of this focus, with campground occupancy increasing by over 30% on the previous year and a range of new commercial tenancies generating increased public activity on the island.

Business Development

Licensing and venue hire

Short-term commercial licensing and venue hire is an important way of promoting Harbour Trust sites to a broad audience, including regional, interstate and overseas markets.

Although revenue was up 30% on the previous year, the total number of licensed events decreased from 197 to 161. This was due to longer booking periods affecting venue availability and the 19th Biennale of Sydney restricting venue availability on Cockatoo Island from February-June 2014.

Cockatoo Island and North Head Sanctuary continued to be popular locations for film and TV production and photography shoots. Universal Studios transformed Cockatoo Island into a Japanese city, port and prisoner-of-war camp for Angelina Jolie's film *Unbroken*, which is due to be released in late 2014.

Cockatoo Island continued to host a growing number of corporate and team meetings. Commercial venue-hire clients in 2013-14 included Shine Australia, Seven Network, Fremantle Media, SBS, Koskela, Australian Mitochondrial Disease Foundation, Cerebral Palsy Alliance, Uniting Care Disability, AMP, Telstra, Microsoft, Allianz, Google, Westpac, Merivale, Toby's Estate Coffee, NIDA, Hillsong Church, Goodman Fielder, UTS Design, Unilever Australia and Nestle Australia.

Food and beverage

In the 2013-14 financial year, the Harbour Trust's Food and Beverage Business Development Manager has been implementing the organisation's food and beverage strategy. The planning and operation of food and beverage outlets during the 2014 Biennale of Sydney was a key activity and comprised a combination of tenant collaborations and pop-up eateries. The success of this approach was demonstrated by the increased patronage of these outlets during the 2014 Biennale of Sydney compared to previous events.

Following the May 2013 expressions of interest process for a catering and event services business on Cockatoo Island, a successful operator was chosen and opened

for business in October 2013. The Harbour Trust has been working closely with this operator to manage and develop a food and beverage operation on Cockatoo Island that will become an integral part of the island's community. A new range of combined accommodation and food and beverage promotions on Cockatoo Island are planned for 2014-15.

New food and beverage developments took place on other Harbour Trust sites. At North Head Sanctuary, Bella Vista Cafe underwent an extensive refurbishment which will be completed in mid-2014. The Middle Head Cafe opened in August 2013 and is operating successfully in the refurbished former Guardhouse while a new business with an ancillary food and beverage operation has opened at Chowder Bay.

Commercial Leasing

The Harbour Trust's commercial leasing portfolio has performed strongly. A number of key properties at both North Head Sanctuary and Georges Heights were leased during the year to a range of businesses including food and beverage providers, health and wellbeing practitioners and furniture retailers. Vacancy rates have remained low, contributing to an increase in commercial rental income of 12% on the previous year. There were no new expressions of interest sought during the 2013-14 year.

Headland Park

The Harbour Trust welcomed a number of new commercial tenants in Headland Park. This included new tenants in some of the Harbour Trust's most iconic buildings such as the Master Gunners Cottage on Middle Head Road and the Sergeant Major's Cottage and Drill Hall at Chowder Bay.

During the year, work began on the refurbishment of the suites at Gunshot Alley, Georges Heights following termite damage. These sought-after suites should be available for lease early in the new financial year.

The process associated with the August 2012 expression of interest for the use of the former 10 Terminal site at Middle Head remains ongoing.

The successful applicant's proposal is subject to Harbour Trust assessment under the SHFT Act and Ministerial consideration under the EPBC Act as a controlled action with a decision expected in the first half of the 2014-15 year. The final proposal has yet to be assessed by the Harbour Trust Board.

Cockatoo Island

Cockatoo Island is home to a number of commercial businesses including marine, architectural, retail and food and beverage providers. During the year reported, The Nest 45, a distributor of luxury Italian furniture, has established its Pacific headquarters on Cockatoo Island. Boat building has also returned to the island with Carbonicboats, a designer and maker of racing sail boats, operating from the Sutherland Dock precinct.

North Head Sanctuary, Manly

North Head Sanctuary has welcomed a number of new commercial tenants during the year including a new function centre in the Sergeants' Mess and several new health and wellbeing businesses. During the year reported, a number of key buildings were licensed to the film and TV industry.

Residential Leasing

During the year reported, residential leasing income increased by 12% on the previous year aided by the renovation of the four Macquarie Lightstation townhouses in Vaucluse and several properties in Georges Heights, Mosman. The Harbour Trust has an active residential maintenance program in place. As properties become vacant, the opportunity to refurbish or renovate them is assessed accordingly.



Accommodation

The Harbour Trust's accommodation business comprises the Cockatoo Island Campsite and the Heritage Houses and Harbour View Apartments. Campground occupancy increased by over 30% on the previous year due to product improvements and coordinated and focused marketing activities.

The renovation of two other heritage houses was nearly completed in the year reported. This will provide additional accommodation options for visitors in the 2014-15 year. The Harbour Trust is also proceeding with some campground landscaping works and a renovation of the accommodation office, which will be completed in the 2014-15 year.

Top Glamping tent, Cockatoo Island. Credit: Zakarjij Kaczmarek.
Left Visitors at Societe Overboard Café, Cockatoo Island. Credit: Zakarjij Kaczmarek. Right The Mould Loft, Cockatoo Island. Credit: Grant Turner.



4. Operations





4. Operations

Corporate governance

The Executive Director manages the Harbour Trust's affairs subject to the Harbour Trust's directions and in line with the Harbour Trust policies.

Trustees' meetings

There were seven meetings of the Harbour Trust in the 2013-14 financial year. Members attended as follows:

Name	Meetings attended
Ms A Tinney	7 out of possible 7
Ms P Braxton-Smith	7 out of possible 7
Clr J Hay, AM	5 out of possible 7
Dr E Heiss	7 out of possible 7
Ms S Hook	7 out of possible 7
Mr R Jeffs	7 out of possible 7
Mr P Lowry OAM	6 out of possible 7
The Hon L McLeay	7 out of possible 7

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee oversees:

- 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

There were five meetings of the Audit, Risk and Compliance Committee during the 2013-14 financial year with members attending as follows:

Name	Meetings attended
Mr R Jeffs	5 out of possible 5
Mr R Butterworth	5 out of possible 5
Mr P Hinchey	4 out of possible 5
Ms A Tinney	5 out of possible 5

Community Advisory Committees

See Appendix 2 for a list of the Community Advisory Committee members for each of the Harbour Trust's sites.

Fraud control

The Harbour Trust has adopted the Commonwealth Fraud Control Guidelines as the model for its Fraud Control Policy. A detailed Fraud Risk Assessment was used to inform the Harbour Trust's Fraud Control Plan which in turn drives control mechanisms, including fraud awareness training and internal and external audits of key functions. The Harbour Trust's Audit, Risk and Compliance Committee oversees fraud risk management.

Indemnities and insurance

The Harbour Trust took out Directors' and Officers' liability insurance with our insurers, Comcover, for the 2013-14 period.

The Harbour Trust did not provide any indemnities to directors or officers for liabilities or claims against them in 2013-14.

Procurement

The Harbour Trust's guidelines and financial instructions for purchasing goods and services are consistent with the Commonwealth Procurement Rules. Internal audits are conducted against those criteria.

The Tender Review Committee considers tenders estimated to be in excess of \$80,000. It reviewed four tenders during the 2013-14 financial year. The four tenders related to the HMAS Platypus Hazmat Window Works, the ASOPA Air Conditioning Upgrade, Landscape Maintenance for all Harbour Trust sites and Barging Services for Cockatoo Island.

Where practicable, the Harbour Trust uses energy efficient, environmentally friendly, recycled and recyclable products or services. During the year reported, the Harbour Trust continued to benefit from the use of large solar panel arrays at Cockatoo Island and North Head Sanctuary, Manly, and energy efficient and low emission vehicles.

Financial Summary

The Harbour Trust posted an operating surplus of \$518,000 for the 2013-14 financial year. Total revenue decreased from the previous year, mainly due to a decline in interest earned and one off items. However, commercial leasing revenue has increased, with higher occupancy rates. Accommodation and licensing revenue has also increased over the previous year, with Cockatoo Island becoming increasingly popular for camping and a variety of events.

A condition-based asset management program has been implemented and cost-savings programs in discretionary expenditure and corporate overheads initiated in 2012-13 have continued in 2013-14. This has resulted in decreased supplier expenses, while still maintaining the focus on improving the built and natural environment.

The Harbour Trust has seen overall improvements in its leasing, accommodation and licensing activities during 2013-14 and expects to see continued improvement as business conditions and confidence in the small and medium enterprises (SME) sector improves through 2014-15. This will allow the Harbour Trust to maintain its robust financial position.

Key financial performances

The following operational areas performed above our expectations in 2013-2014:

- 12% commercial leasing income growth
- 30% licensing income growth
- 30% campground income growth
- funding of capital renewal projects from accumulated cash reserves and the asset renewal reserve
- continued improvements in site amenities and services for tenants and visitors



Tendering and contracting

The unique heritage nature of the sites, buildings and equipment demand a wide variety of highly specialised skills that are not always readily available in our existing staff. We engage specialist consultants for these roles.

The Harbour Trust engaged 43 consultants with a total value of \$736,908 (including GST) to provide specialist advice on:

- legal matters
- planning
- business matters
- engineering services
- archaeology
- conservation
- design
- environmental risk management
- safety
- historical research and interpretation
- communications
- air quality
- other technical aspects relating to the sites.

Left Bamboo Dumpling Bar, 2014 Biennale of Sydney, Cockatoo Island.
Right Pizza at the Island Bar, Cockatoo Island.
Credit: Zakarij Kaczmarek.



4. Operations

Human Resources

Employees

Employees of the Harbour Trust are engaged under section 48 of the *Sydney Harbour Federation Trust Act 2007* with the terms and conditions of employment according to the Harbour Trust's Enterprise Agreement 2012. The current number of employees stands at 77, comprising 62 full-time, 6 part-time and 9 casual employees.

Learning and Development

The Harbour Trust encourages the growth of skills and knowledge of their employees to meet the needs of the organisation now and into the future.

The Learning and Development Plan for 2013-14 revolved around training employees in:

1. Work Health and Safety (WHS) legislation and working safely
2. Customer Service
3. Time Management
4. Leadership Development
5. Office software training
6. Maintaining employees' qualifications required for the role
7. Maintaining employees' industry knowledge
8. Updates on new or changed legislation

Public Interest Disclosures

The Sydney Harbour Federation Trust reported to the Commonwealth Ombudsman in June 2014 that it had received no public interest disclosures. This is a requirement of the *Public Interest Disclosure Act 2013*.

Access and safety

Risk assessment and management

Risk assessment and management is an integral part of all new Harbour Trust projects and events. During the reporting period, the Harbour Trust provided risk awareness training to all staff and reviewed its Risk Management Framework including its Risk Management Policy, guidelines and processes to reflect the changing nature and risk profile of the Harbour Trust's roles and functions.

Workplace Health and Safety

The Harbour Trust and all workers recognise their obligations under the *Work Health and Safety Act 2011*, its related regulations and codes of practice.

The Harbour Trust's Workplace Health & Safety Committee is a key part of this system by discussing, consulting and monitoring workplace health and safety within the Harbour Trust.

WHS statistics

Table: WHS statistics 2012-13 and 2013-14 for employees, volunteers and contractors.

Hazards, Incidents, Injuries	2012-13	2013-14
Number of incidents and accidents reported	14	14
Number of lost time injuries	3	0

Classification	Male	Female	Full-time	Part-time	Ongoing	Non-ongoing	Casual
Executive Director	1	0	1	0	0	1	0
Deputy Director	1	0	1	0	0	1	0
Senior Executive	3	2	5	0	2	3	0
EL2	6	4	9	1	4	6	0
EL1	6	5	11	0	2	9	0
L6	2	6	7	1	2	6	0
L5	6	3	8	1	2	7	0
L4	5	4	8	1	1	8	0
L3	7	4	9	2	0	11	0
L1-2	3	7	1	0	0	10	9
Trainees	0	2	2	0	0	2	0
Total	40	37	62	6	13	64	9

Disability Action Plan

The Harbour Trust has implemented a Disability Action Plan 2013-15 ensuring that:

- our services to the community are accessible and that information about our services is provided in accessible formats.
- people face no barriers to employment, including an obligation to provide reasonable adjustments during the selection process and to job descriptions and workplaces.
- the Harbour Trust is proactive in ensuring our operations are free from discrimination
- there is an implementation plan in place that will be reported on annually.

Reconciliation Action Plan

In November 2013, the Harbour Trust introduced its Reconciliation Action Plan (RAP). The RAP will guide the Harbour Trust in:

- protecting and promoting the indigenous heritage on Harbour Trust sites.
- liaising with the Aboriginal community to assist with Harbour Trust objectives.
- fostering the active participation of Aboriginal people in activities across Harbour Trust sites.
- welcoming Aboriginals and Torres Strait Islanders as employees of the Harbour Trust.



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 Harbour Trust.

There were no reports on the operations of the Harbour Trust by the Auditor-General (other than the report on financial statements), or reports by a parliamentary committee.

Ministerial directions

There were no Ministerial directions given to the Harbour Trust during the reporting period. For the purposes of the *Commonwealth Authorities and Companies Act 1997* (paragraph 16 (1) (c)), the Harbour Trust provided a Compliance Report to the Minister and the Finance Minister for the reporting period.

Top View of Sydney Harbour, Naval Store, Cockatoo Island.
Left View across Middle Harbour, Middle Head, Mosman.
Right Macquarie Lightstation Light.
Credit: Zakarij Kaczmarek.



5. Independent Audit Report

To the Minister for the Environment

I have audited the accompanying financial statements of Sydney Harbour Federation Trust (the “Trust”) for the year ended 30 June 2014, which comprise: the Statement by Members, Executive Director and Chief Financial Officer; the Consolidated Statement of Financial Position as at 30 June 2014; the Consolidated Statement of Comprehensive Income; Consolidated Statement of Changes in Equity; Consolidated Cash Flow Statement; Consolidated Schedule of Commitments; Consolidated Schedule of Contingencies; and Notes comprising a Summary of Significant Accounting Policies and other explanatory information. The consolidated entity comprises the Trust and the entities it controlled at the year’s end or from time to time during the financial year.


The Members’ Responsibility for the Financial Statements

The members of the Sydney Harbour Federation Trust are responsible for the preparation of the financial statements that give a true and fair view in accordance with the Finance Minister’s Orders made under the Commonwealth Authorities and Companies Act 1997, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the 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 about 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 control relevant to the Trust’s preparation of the financial statements that give a true and fair view in order 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 control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, 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 my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Sydney Harbour Federation Trust:

(a) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the 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 and the consolidated entity's financial position as at 30 June 2014 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Jocelyn Ashford
Executive Director
Delegate of the Auditor-General
Canberra
19 September 2014

6. Financial Statements

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56	Consolidated Schedule of Contingencies
57	Content of the Notes to the Financial Statements

Sydney Harbour Federation Trust Statement by Members, Executive Director and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2014 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*, as amended.

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 members.

Signed,



Anthea Tinney
Chairperson
16 September 2014



Geoff Bailey
Executive Director
16 September 2014



Susan Culverston
Chief Financial Officer
16 September 2014

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2014

		2014	2013
	Notes	\$'000	\$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	3A	6,433	6,136
Supplier	3B	7,287	8,658
Depreciation and amortisation	3C	2,115	2,014
Write-down and impairment of assets	3D	366	274
Total expenses		16,201	17,082
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	2,679	2,667
Fees and fines	4B	227	164
Interest	4C	2,044	3,275
Rental income	4D	11,482	10,134
Other revenue	4E	274	891
Total own-source revenue		16,706	17,131
Gains			
Sale of assets	4F	13	-
Total gains		13	-
Total own-source income		16,719	17,131
Net (contribution by) services		(518)	(49)
Surplus		518	49
OTHER COMPREHENSIVE INCOME			
Other comprehensive income		-	-
Total other comprehensive income		-	-
Total comprehensive income		518	49

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

6. Financial Statements

Consolidated Statement of Financial Position

as at 30 June 2014

		2014	2013
	Notes	\$'000	\$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	6A	2,410	7,241
Investments	6B	47,973	53,976
Trade and other receivables	6C	1,178	944
Total financial assets		<u>51,561</u>	<u>62,161</u>
Non-Financial Assets			
Land and buildings	7A	250,686	250,491
Infrastructure, plant and equipment	7B	13,749	14,123
Heritage and collections	7C	32,423	31,770
Intangibles	7D	137	105
Inventories	7F	135	118
Other non-financial assets	7G	265	293
Total non-financial assets		<u>297,395</u>	<u>296,900</u>
Total Assets		<u>348,956</u>	<u>359,061</u>
LIABILITIES			
Payables			
Suppliers	8A	1,178	2,402
Other payables	8B	4,136	3,881
Total payables		<u>5,314</u>	<u>6,283</u>
Provisions			
Employee provisions	9A	1,266	1,263
Other provisions	9B	9,985	19,642
Total provisions		<u>11,251</u>	<u>20,905</u>
Total Liabilities		<u>16,565</u>	<u>27,188</u>
Net Assets		<u>332,391</u>	<u>331,873</u>
EQUITY			
Contributed equity		257,735	257,735
Reserves	9C	66,347	64,349
Retained surplus		8,309	9,789
Total Equity		<u>332,391</u>	<u>331,873</u>

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

Consolidated Statement of Changes in Equity

for the year ended 30 June 2014

	Retained Surplus		Asset Renewal Reserve		Asset Revaluation Reserve		Contributed Equity		Total Equity	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Opening balance										
Balance carried forward from previous year	9,789	13,940	4,200	-	60,149	60,149	257,735	257,735	331,873	331,824
Adjusted opening balance	9,789	13,940	4,200	-	60,149	60,149	257,735	257,735	331,873	331,824
Asset Renewal Reserve										
Transfer to/from Retained Surplus	(1,998)	(4,200)	1,998	4,200	-	-	-	-	-	-
Total asset renewal reserve	(1,998)	(4,200)	1,998	4,200	-	-	-	-	-	-
Comprehensive income										
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Surplus for the year	518	49	-	-	-	-	-	-	518	49
Total comprehensive income	518	49	-	-	-	-	-	-	518	49
Closing balance as at 30 June	8,309	9,789	6,198	4,200	60,149	60,149	257,735	257,735	332,391	331,873

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

6. Financial Statements

Consolidated Cash Flow Statement

for the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
OPERATING ACTIVITIES			
Cash received			
Sales of goods and rendering of services		2,612	3,194
Rent income		12,676	11,278
Interest		136	244
Other revenue		274	243
Total cash received		15,698	14,959
Cash used			
Employee benefits		(6,427)	(6,184)
Suppliers		(8,497)	(8,941)
Net GST paid		(962)	(1,141)
Total cash used		(15,886)	(16,266)
Net cash (used by) operating activities	10	(188)	(1,307)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of assets		13	-
Investments		100,932	126,610
Total cash received		100,945	126,610
Cash used			
Investments		(93,011)	(110,760)
Purchase of property, plant and equipment		(12,577)	(21,087)
Total cash used		(105,588)	(131,847)
Net cash used by investing activities		(4,643)	(5,237)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		-	-
Total cash received		-	-
Net cash from financing activities		-	-
Net increase (decrease) in cash held		(4,831)	(6,544)
Cash and cash equivalents at the beginning of the reporting period		7,241	13,785
Cash and cash equivalents at the end of the reporting period	6A	2,410	7,241

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

Consolidated Schedule of Commitments

as at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
BY TYPE			
Commitments receivable			
Lease rental income ⁴		<u>(36,634)</u>	<u>(32,847)</u>
Total commitments receivable		<u>(36,634)</u>	<u>(32,847)</u>
Commitments payable			
Net GST Payable on commitments		<u>2,162</u>	<u>1,358</u>
Total net GST commitments payable		<u>2,162</u>	<u>1,358</u>
Capital commitments			
Project commitments ¹		<u>11,124</u>	<u>16,779</u>
Total capital commitments		<u>11,124</u>	<u>16,779</u>
Other commitments			
Operating leases ²		-	8
Other commitments ³		<u>1,927</u>	<u>1,151</u>
Total other commitments		<u>1,927</u>	<u>1,159</u>
Net commitments by type		<u>(21,421)</u>	<u>(13,551)</u>
BY MATURITY			
Other commitments receivable			
Within one year		(7,655)	(6,070)
Between one to five years		(15,027)	(10,981)
More than five years		<u>(13,952)</u>	<u>(15,796)</u>
Total other commitments receivable⁴		<u>(36,634)</u>	<u>(32,847)</u>
Commitments payable			
Net GST commitments			
Within one year		(472)	(1,076)
Between one to five years		1,366	998
More than five years		<u>1,268</u>	<u>1,436</u>
Total net GST commitments		<u>2,162</u>	<u>1,358</u>
Capital commitments			
Within one year		<u>11,124</u>	<u>16,779</u>
Total capital commitments		<u>11,124</u>	<u>16,779</u>
Operating lease commitments			
Within one year		-	8
Total operating lease commitments		-	8
Other commitments			
Within one year		<u>1,927</u>	<u>1,151</u>
Total other commitments		<u>1,927</u>	<u>1,151</u>
Net Commitments by Maturity		<u>(21,421)</u>	<u>(13,551)</u>

NB: Commitments are GST inclusive where relevant.

6. Financial Statements

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 schedule should be read in conjunction with the accompanying notes.

Consolidated Schedule of Contingencies

as at 30 June 2014

There were no contingent assets or liabilities required to be disclosed as at 30 June 2014 (2013 - Nil).

Content of the Notes to the Financial Statements

Note 1:	Summary of Significant Accounting Policies
Note 2:	Events After the Reporting Period
Note 3:	Expenses
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6. Financial Statements

Note 1: Summary of Significant Accounting Policies

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

The Trust is an Australian Government controlled authority. The Trust is structured to meet one outcome:

Outcome 1: Enhanced appreciation and understanding of the natural and cultural values of Sydney for all visitors, through the remediation, conservation and adaptive re-use of, and access to, Trust lands on Sydney Harbour.

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

1.2 Basis of Preparation of the Financial Statements

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

The financial statements have been prepared in accordance with:

- a) Finance Minister's Orders (or FMOs) for reporting periods ending on or after 1 July 2011; and
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities 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 statements are 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 Statement of Financial Position when and only when it is probable that future economic benefits will flow to the Trust or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an Accounting Standard.

Liabilities and assets that are unrecognised are reported in the schedule of commitments or the schedule of contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the statement of comprehensive income when, and only when, the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

Consolidation and associated company

The financial statements show information for the economic entity only; this reflects the consolidated results for the parent entity, the Sydney Harbour Federation Trust, and its controlled

entities, Sydney Harbour Conservancy Limited and Sydney Harbour Conservancy. The results of the parent entity do not differ materially from the economic entity and have therefore not been separately disclosed. The Sydney Harbour Conservancy is a Trust for which the Sydney Harbour Conservancy Limited (company limited by guarantee) is Trustee (refer to Note 16 for further details).

The accounting policies of the Sydney Harbour Conservancy Limited and Sydney Harbour Conservancy are consistent with those of the Trust and its assets, liabilities and results have been consolidated with the parent entity accounts in accordance with the Accounting Standards. All internal transactions and balances have been eliminated on consolidation.

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Trust has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- The fair value of land has been taken to be the market value of similar properties as determined by an independent valuer. Buildings have been valued using depreciable replacement cost and therefore the valuer has provided an estimate with respect to the replacement cost.
- A provision for decontamination works at HMAS Platypus has been reflected in the Trust's balance sheet. The value of the provision in the Statement of Financial Position is based on funds provided by the Department of Defence to complete the works. At the time of these statements the major remediation contract for stage 2 works is nearing completion and the final 'make good' works are to be completed within the next 6 months.
- The major remediation works at Platypus are being undertaken by Thiess Services Pty Ltd. Thiess have incurred a number of delays to their project works which have resulted in a revised forecast Practical Completion date of the end of August 2014. The key reasons behind Thiess' delays relate to additional time associated with gaining approval to remove treated material from Site, the time taken to remove jet groat spoil from Site and the time taken to complete the landscape mound. Once Thiess complete their works at Platypus, the Harbour Trust will undertake the remaining project works, namely the partial wharf demolition works and window removal works from the 3 largest remaining buildings at Platypus. These works are expected to begin late August/September and be completed by December 2014.
- The provision held for doubtful debts is based on overdue receivables greater than 90 days where an arrears agreement has not been finalised or where it has been assessed that the debt is unlikely to be recovered.

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 reporting period.

1.4 New Australian 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.

AASB 1055 Budgetary Reporting - The new standard will require that where budgeted financial statements reflecting controlled items are presented to parliament, the original budgeted financial statements or information must be disclosed, restated if necessary, to align with the presentation and classification adopted for the primary financial statements. Explanations of major variances between actual and budgeted amounts are also required to be disclosed.

1.5 Revenue

Revenue from the sale of goods is recognised when:

- The risks and rewards of ownership have been transferred to the buyer;
- The authority 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 associated 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 impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances 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*.

Rental Income

Rental revenue for operating leases is recognised on a straight line basis over the term of the lease, except when an alternative basis is more representative of the pattern of service rendered through the provision of the leased premises. Lease incentives offered under operating leases are amortised on a straight line basis in the profit or loss over the life of the lease.

1.6 Gains

Sale of Assets

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

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 Employee Benefits) and termination benefits due within twelve months of the reporting period 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.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

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. 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 at the estimated salary rates that will be applied at the time the leave is taken, 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.

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.

6. Financial Statements

Superannuation

Certain employees of the Trust are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS Accumulation Plan (PSSap).

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

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 in the Department of Finance and Deregulation's administered schedules and notes.

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.

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 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 include cash on hand and demand 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'; and
- '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'.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial asset, or, where appropriate, a shorter period.

Income from investments is recognised on an effective interest rate basis.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Trust has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

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 amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for impairment at each reporting period.

Financial assets held at amortised cost -

if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

1.11 Financial Liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. Financial liabilities are recognised and derecognised upon trade date.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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 Statement of Financial Position 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. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. 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 infrastructure, plant and equipment are recognised initially at cost in the Statement of Financial Position, 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.

Fair values of 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 and equipment	Depreciated replacement cost
Heritage and cultural assets	Market appraisal

Following initial recognition at cost, infrastructure, 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. The regularity of

independent valuations depends upon the volatility of movements in market values for the relevant assets.

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 previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit 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.

Depreciation

Depreciable infrastructure, 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:

	2014	2013
Buildings on freehold land	10 to 125 years	10 to 125 years
Infrastructure	10 to 50 years	10 to 50 years
Plant and equipment	3 to 20 years	3 to 20 years

All heritage and cultural assets have indefinite useful lives and are not depreciated. 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 3C.

Impairment

All assets were assessed for impairment at 30 June 2014. 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.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Trust were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

6. Financial Statements

Derecognition

An item of infrastructure, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Heritage and Cultural Assets

The Trust owns and manages buildings, monuments and structures that have significant heritage and cultural value (with an aggregated fair value of \$32.423m (2013: \$31.770m)). The Trust has classified them as heritage and cultural assets as they were primarily used for purposes that relate to their cultural significance. The Trust has adopted appropriate curatorial and preservation policies for these heritage assets and the items are deemed to have indefinite useful lives and hence are not depreciated. The Trust's curatorial and preservation policies are publicly available within the Trust's Management Plans at <http://www.harbourtrust.gov.au/planning-projects/strategic-plans>.

Asset Renewal Reserve

The Trust established an asset renewal reserve in 2012-13 to set aside funds for the future asset renewal of its significant asset base. The Trust transferred \$1.998 million from its accumulated results to a general equity reserve account called "Asset Renewal Reserve" (see Statement of Changes in Equity in 2013/14). The asset renewal reserve will be supplemented at the end of each financial year by an amount equivalent to the minimum 100% of the annual depreciation expense, subject to a review of the asset renewal plans. The reserve funds will be drawn down to fund future major capital renewal works to Trust assets.

AASB 13 Fair Value Measurement

Fair value is a market-based measurement, not an entity specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (ie. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. (See Note 5A, 5B & 5C).

AASB 13 applies when another accounting standard requires or permits fair value measurements or disclosures about fair value measurements. The standard requires entities to classify these

measurements into a 'fair value hierarchy' based on the nature of the inputs:

Level 1 - quoted prices in active markets for identical assets and liabilities that the entity can access at the measurement date.

Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - unobservable inputs for the asset or liability.

1.15 Intangibles

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

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Trust's software is 3 to 5 years (2012-13: 3 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2014.

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.

Inventories acquired at no cost or nominal consideration are initially measured at current replacement cost at the date of acquisition.

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 Reporting Period

Section 21 of the *Sydney Harbour Federation Trust Act 2001* provides for the Minister for the Environment 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 vest in the Trust.

At the time of this report, vesting of Snapper Island had not occurred.

There are no other events that have occurred after the reporting period that would have an effect on the Trust's 2013-14 financial statements other than those that are already reflected in the financial statements.

Note 3: Expenses

	2014 \$'000	2013 \$'000
Note 3A: Employee benefits		
Wages and salaries	5,591	5,295
Superannuation	574	540
Leave and other entitlements	176	115
Separation and redundancies	83	175
Other employee costs	9	11
Total employee benefits	<u>6,433</u>	<u>6,136</u>
Note 3B: Suppliers		
Goods and services supplied or rendered		
Corporate Overheads	946	1,128
Marketing, Programming & Events	622	2,109
Management of Environment	1,123	921
Site Maintenance & Planning	2,703	2,665
Security	645	676
Accommodation Management	580	615
Property Management	448	389
Total goods and services supplied or rendered	<u>7,067</u>	<u>8,503</u>
Goods supplied in connection with		
Related entities	-	-
External parties	383	944
Total goods and services	<u>383</u>	<u>944</u>
Services rendered in connection with		
Related entities	386	395
External parties	6,298	7,164
Total services rendered	<u>6,684</u>	<u>7,559</u>
Total goods and services supplied or rendered	<u>7,067</u>	<u>8,503</u>
Other supplier expenses		
Operating lease rentals - external parties	38	35
Workers compensation premiums	182	120
Total other supplier expenses	<u>220</u>	<u>155</u>
Total supplier expenses	<u>7,287</u>	<u>8,658</u>

The Trust has provided resources free of charge to the Sydney Harbour Conservancy Ltd amounting to \$6,535 (2013: \$4,642), and to the Sydney Harbour Conservancy Fund amounting to \$3,110 (2013: \$0) during the year ending 30 June 2014.

6. Financial Statements

Note 3: Expenses, continued

	2014 \$'000	2013 \$'000
Note 3C: Depreciation and amortisation		
Depreciation:		
Infrastructure, plant and equipment	671	642
Buildings	<u>1,299</u>	<u>1,292</u>
Total depreciation	<u>1,970</u>	<u>1,934</u>
Amortisation:		
Intangibles:		
Computer Software	28	33
Lease Incentives	<u>117</u>	<u>47</u>
Total amortisation	<u>145</u>	<u>80</u>
Total depreciation and amortisation	<u>2,115</u>	<u>2,014</u>
Note 3D: Write-down and impairment of assets		
Asset Write-Downs from		
impairment on financial assets	7	274
impairment on non-financial assets	<u>359</u>	<u>-</u>
Total write-down and impairment of assets	<u>366</u>	<u>274</u>

The financial asset write-down is in relation to a provision for doubtful debts associated with the Trust's trade debtors.

Note 4: Own-Source Income

	2014 \$'000	2013 \$'000
Note 4A: Sale of goods and rendering of services		
Provision of goods - external parties	110	383
Rendering of services - external parties	2,569	2,284
Total sale of goods and rendering of services	<u>2,679</u>	<u>2,667</u>
Note 4B: Fees and fines		
Infringements	227	164
Total fees and fines	<u>227</u>	<u>164</u>
Note 4C: Interest		
Deposits	2,044	3,275
Total interest	<u>2,044</u>	<u>3,275</u>
Note 4D: Rental income		
Property rentals and short-term hire	11,482	10,134
Total rental income	<u>11,482</u>	<u>10,134</u>
Note 4E: Other revenue		
Fees, Sponsorship & Infrastructure contribution	129	843
Grants - DSEWPAC & NSW Department of Planning	145	48
Total other revenue	<u>274</u>	<u>891</u>
Note 4F: Sale of assets		
Infrastructure, plant and equipment:		
Proceeds from sale	13	-
Net gain from sale of assets	<u>13</u>	<u>-</u>

6. Financial Statements

Note 5: Fair Value Measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value.

The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Note 5A: Fair Value Measurements

Fair value measurements at the end of the reporting period by hierarchy for assets and liabilities in 2014

	Fair value measurements at the end of the reporting period using			
	Fair Value \$'000	Level 1 inputs \$'000	Level 2 inputs \$'000	Level 3 inputs \$'000
Non-financial assets				
Land	179,324	-	179,324	-
Buildings	71,362	-	-	71,362
Infrastructure, plant and equipment	13,749	-	-	13,749
Heritage and collections	32,423	-	-	32,423
Total non-financial assets	296,858	-	179,324	117,534
Total fair value measurements of assets in the statement of financial position	296,858	-	179,324	117,534

Note 5B: Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements

Level 2 and 3 fair value measurements - valuation technique and the inputs used for assets and liabilities in 2014

	Category (Level 2 or Level 3)	Fair Value	Valuation technique(s) ¹	Inputs used ²	Range ^{2/3}
\$'000					
Non-financial assets					
Land	Level 2	179,324	Market comparable	Direct comparison of similar open space land sales. Land size. Advised outstanding costs of remediation.	
Buildings	Level 3	71,362	Depreciated replacement cost	Building design, structure and materials used, current construction costs, assets useful life, visual inspection to estimate of written down value of asset used.	Building components range from \$16,745 to \$6,086,916
Infrastructure, plant and equipment	Level 3	13,749	Depreciated replacement cost	Market replacement cost less estimate of written down value of asset used.	\$2,000 per item to \$3,206,509 for a wharf
Heritage and collections	Level 3	32,423	Depreciated replacement cost	Building design, structure and materials used, replacement market value, assets useful life, site improvements, visual inspection to estimate of written down value of asset used.	\$500 per item to \$3,124,844 for a lighthouse
Total non-financial assets		296,858			

There has been no transfer between level 2 and 3 fair value measurements during the 2013-14 year.

¹ No change in valuation technique occurred during the period.

² Significant unobservable inputs only.

³ Due to the range no weighted average has been calculated.

Note 5C: Reconciliation for Recurring Level 3 Fair Value Measurements

Recurring Level 3 fair value measurements - reconciliation for assets

	Non-financial assets	
	2014	Total
	\$'000	\$'000
Opening Balance	117,782	117,782
Total gains/(losses) recognised in net cost of services ¹	(2,358)	(2,358)
Purchases	2,247	2,247
Sales	-	-
Closing Balance	117,671	117,671

Changes in unrealised gains/(losses) recognised in net cost of services for assets held at the end of the reporting period³.

¹ These gains/(losses) are presented in the Statement of Comprehensive Income under depreciation & amortisation and write down and impairment of assets.

6. Financial Statements

Note 6: Financial Assets

	2014 \$'000	2013 \$'000
Note 6A: Cash and cash equivalents		
Cash at bank	2,408	7,239
Cash on hand	2	2
Total cash	<u>2,410</u>	<u>7,241</u>
Note 6B: Investments		
Term Deposits	47,973	53,976
Total infrastructure	<u>47,973</u>	<u>53,976</u>

Cash at bank and investments include funding quarantined for the decontamination of HMAS Platypus (\$9.985m) and the sale of Markham Close properties (\$23.000m), as well as the Trust's ongoing capital works and capital renewal.

	2014 \$'000	2013 \$'000
Note 6C: Trade and other receivables		
Goods and Services		
Goods and services related entities	-	24
Goods and services external parties	827	656
Total receivables for goods and services	<u>827</u>	<u>680</u>
Other receivables		
GST receivable from the Australian Taxation Office	143	332
Interest receivable	6	17
Other receivables	272	213
Total other receivables	<u>421</u>	<u>562</u>
Total trade and other receivables (gross)	<u>1,248</u>	<u>1,242</u>
Less impairment allowance account:		
Goods and services	-	(247)
Fees and fines	(70)	(51)
Total trade and other receivables (net)	<u>1,178</u>	<u>944</u>

All receivables are expected to be recovered in no more than 12 months.

	2014 \$'000	2013 \$'000
Trade and other receivables (gross) are aged as follows:		
Not overdue	421	562
Overdue by:		
Less than 30 days	527	303
31 to 60 days	8	2
61 to 90 days	10	94
More than 90 days	282	281
Total trade and other receivables (gross)	<u>1,248</u>	<u>1,242</u>

The impairment allowance account is aged as follows:

Not overdue	-	-
Overdue by:		
Less than 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	(70)	(298)
Total Impairment allowance account	(70)	(298)

Receivables for Goods & Services

Credit terms are net 30 days (2013: 30 days), except for sales of property which are due on settlement.

Reconciliation of the Impairment allowance account:

Movements in relation to 2014

	Goods and services \$'000	Other receivables \$'000	Total \$'000
Opening balance	(247)	(51)	(298)
Increase recognised in net surplus	247	(19)	228
Closing balance	-	(70)	(70)

Movements in relation to 2013

	Goods and services \$'000	Other receivables \$'000	Total \$'000
Opening balance	(5)	(24)	(29)
Increase recognised in net surplus	(242)	(27)	(269)
Closing balance	(247)	(51)	(298)

6. Financial Statements

Note 7: Non-Financial Assets

	2014 \$'000	2013 \$'000
Note 7A: Land and buildings		
Freehold land		
- at fair value	179,324	178,707
- work in progress	-	-
Total freehold land	<u>179,324</u>	<u>178,707</u>
Buildings on freehold land:		
- at fair value	76,390	75,513
- accumulated depreciation	(5,028)	(3,729)
Total buildings on freehold land	<u>71,362</u>	<u>71,784</u>
Total land and buildings	<u>250,686</u>	<u>250,491</u>

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.

No land or buildings are expected to be sold or disposed of within the next 12 months.

Note 7B: Infrastructure, plant and equipment

Infrastructure, plant and equipment:		
- at cost	17,082	16,825
- work in progress	-	-
- accumulated depreciation	(3,333)	(2,702)
Total infrastructure, plant and equipment	<u>13,749</u>	<u>14,123</u>

No indicators of impairment were found for infrastructure, plant and equipment.

No infrastructure, plant and equipment is expected to be sold or disposed of within the next 12 months.

Note 7C: Heritage and collections

Heritage assets:		
- at fair value	32,423	31,770
- work in progress	-	-
Total heritage assets	<u>32,423</u>	<u>31,770</u>

No heritage assets or collections are expected to be sold or disposed of within the next 12 months.

Valuations were conducted by an independent valuer (Colliers International Consultancy and Valuation Pty Ltd) in 2010. The directors of the Trust have deemed the carrying cost is not materially different from the last valuation. The next independent valuation of the Trust's assets is scheduled for 30 June 2015.

All revaluations were conducted in accordance with the revaluation policy stated at Note 1.

	2014 \$'000	2013 \$'000
Note 7D: Intangible assets		
Computer software at cost:		
Externally developed – in use	398	338
Total computer software	<u>398</u>	<u>338</u>
Accumulated amortisation	(261)	(233)
Total intangibles	<u>137</u>	<u>105</u>

No intangibles are expected to be sold or disposed of within the next 12 months.
No indicators of impairment were found for intangible assets.

Note 7E: Analysis of infrastructure, plant, equipment and intangibles

TABLE A - Reconciliation of the opening and closing balances of infrastructure, plant, equipment and intangibles (2013-14)

	Land \$'000	Buildings on Freehold Land \$'000	Total Land & Buildings \$'000	Infrastructure, Plant & Equipment \$'000	Heritage & Collections \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2013							
Gross book value	178,707	75,513	254,220	16,825	31,770	338	303,153
Accumulated depreciation/ amortisation	-	(3,729)	(3,729)	(2,702)	-	(233)	(6,664)
Total as at 1 July 2013	<u>178,707</u>	<u>71,784</u>	<u>250,491</u>	<u>14,123</u>	<u>31,770</u>	<u>105</u>	<u>296,489</u>
Additions:							
by purchase	617	877	1,494	657	653	60	2,864
Revaluations and impairments through equity			-				-
Reclassification	-	-	-	-	-	-	-
Depreciation/ amortisation expense	-	(1,299)	(1,299)	(671)	-	(28)	(1,998)
Disposals/write-down	-	-	-	(359)	-	-	(359)
Total as at 30 June 2014	<u>179,324</u>	<u>71,362</u>	<u>250,686</u>	<u>13,749</u>	<u>32,423</u>	<u>137</u>	<u>296,995</u>
Total as at 30 June 2014 represented by:							
Gross book value	179,324	76,390	255,714	17,082	32,423	398	305,617
Accumulated depreciation/ amortisation	-	(5,028)	(5,028)	(3,333)	-	(261)	(8,622)
	<u>179,324</u>	<u>71,362</u>	<u>250,686</u>	<u>13,749</u>	<u>32,423</u>	<u>137</u>	<u>296,995</u>

6. Financial Statements

Note 7: Non-Financial Assets, continued

Note 7E: Analysis of infrastructure, plant, equipment and intangibles

TABLE A - Reconciliation of the opening and closing balances of infrastructure, plant, equipment and intangibles (2012 - 2013)

Item	Land \$'000	Buildings on Freehold Land \$'000	Total Land & Buildings \$'000	Infrastructure, Plant & Equipment \$'000	Heritage & Collections \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2012							
Gross book value	176,590	74,212	250,802	14,263	32,005	286	297,356
Accumulated depreciation/ amortisation	-	(2,437)	(2,437)	(2,061)	-	(199)	(4,697)
Total as at 1 July 2012	176,590	71,775	248,365	12,202	32,005	87	292,659
Additions:							
by purchase	2,117	1,301	3,418	2,188	139	52	5,797
Revaluations and impairments through equity			-				-
Reclassification	-	-	-	374	(374)	-	-
Depreciation/ amortisation expense	-	(1,292)	(1,292)	(641)	-	(34)	(1,967)
Total as at 30 June 2013	178,707	71,784	250,491	14,123	31,770	105	296,489
Net book value as of 30 June 2013 represented by:							
Gross book value	178,707	75,513	254,220	16,825	31,770	338	303,153
Accumulated depreciation/ amortisation	-	(3,729)	(3,729)	(2,702)	-	(233)	(6,664)
	178,707	71,784	250,491	14,123	31,770	105	296,489

	2014 \$'000	2013 \$'000
Note 7F: Inventories		
Finished goods at cost	135	118
Total inventories	135	118
Note 7G: Other non-financial assets		
Lease incentives	249	278
Prepayments	16	15
Total other non-financial assets	265	293
Other non-financial assets expected to be settled:		
No more than 12 months	104	118
More than 12 months	161	175
Total other non-financial assets	265	293

Note 8: Payables

	2014 \$'000	2013 \$'000
Note 8A: Suppliers		
Trade creditors	1,163	2,394
Contract retentions	<u>15</u>	<u>8</u>
Total supplier payables	<u><u>1,178</u></u>	<u><u>2,402</u></u>

Supplier payables expected to be settled within 12 months:

External parties	1,090	2,393
Related entities	<u>88</u>	<u>9</u>
Total supplier payables	<u><u>1,178</u></u>	<u><u>2,402</u></u>

Settlement is usually made within 30 days.

Note 8B: Other Payables

Salaries and wages	236	198
Accrued expenses	168	138
Bonds and security deposits	858	530
Unearned Revenue	<u>2,874</u>	<u>3,015</u>
Total Other Payables	<u><u>4,136</u></u>	<u><u>3,881</u></u>

Other payables expected to be settled:

No more than 12 months	1,991	1,501
More than 12 months	<u>2,145</u>	<u>2,380</u>
Total Other Payables	<u><u>4,136</u></u>	<u><u>3,881</u></u>

6. Financial Statements

Note 9: Provisions

	2014 \$'000	2013 \$'000
Note 9A: Employee provisions		
Leave	1,266	1,263
Total employee provisions	<u>1,266</u>	<u>1,263</u>

Employee provisions are expected to be settled in:

No more than 12 months	972	1,055
More than 12 months	294	208
Total employee provisions	<u>1,266</u>	<u>1,263</u>

Note 9B: Other provisions

Provision for remediation - Platypus	9,985	19,642
Total other provisions	<u>9,985</u>	<u>19,642</u>

Other provisions are expected to be settled in:

No more than 12 months	9,985	19,642
More than 12 months	-	-
Total other provisions	<u>9,985</u>	<u>19,642</u>

Movements in relation to 2014

	Provision for remediation \$'000	Total \$'000
As at 1 July 2013	19,642	19,642
Amounts used	<u>(9,657)</u>	<u>(9,657)</u>
Total as at 30 June 2014	<u>9,985</u>	<u>9,985</u>

In accordance with the Memorandum of Understanding between the Trust and the Department of Defence signed on 5 June 2009, the Trust is entitled to claim specific decontamination costs incurred by the Trust in relation to HMAS Platypus from the Department of Defence.

	2014 \$'000	2013 \$'000
Note 9C: Reserves		
Asset Renewal Reserve	6,198	4,200
Asset Revaluation Reserve	60,149	60,149
Total reserves	<u>66,347</u>	<u>64,349</u>

Movements in relation to 2014

	Asset Renewal Reserve \$'000	Asset Revaluation Reserve \$'000	Total \$'000
As at 1 July 2013	4,200	60,149	64,349
Transfer from retained surplus (see note 1.14)	1,998	-	1,998
Total as at 30 June 2014	<u>6,198</u>	<u>60,149</u>	<u>66,347</u>

Note 10: Cash Flow Reconciliation

	2014	2013
	\$'000	\$'000
Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement		
Cash and cash equivalents as per:		
Cash Flow Statement	2,410	7,241
Statement of Financial Position	<u>2,410</u>	<u>7,241</u>
Difference	<u>-</u>	<u>-</u>
Reconciliation of net contribution of services to net cash from operating activities:		
Net contribution by services	518	49
Adjustments for non-cash items		
Depreciation and amortisation	2,115	2,014
Net write down of non-financial assets	359	-
Gain on disposal of assets	(13)	-
Investment activity	(1,919)	(3,056)
Changes in assets/liabilities		
(Increase) / decrease in trade & other receivables	(234)	(95)
(Increase) / decrease in inventories	(17)	(64)
(Increase) / decrease in prepayments	(1)	(1)
Increase / (decrease) in employee provisions & payables	41	88
Increase / (decrease) in suppliers	(1,224)	(502)
Increase / (decrease) in other provisions	-	-
Increase / (decrease) in security deposits	328	100
Increase / (decrease) in prepayments received	(141)	160
Net cash from / (used by) operating activities	<u>(188)</u>	<u>(1,307)</u>

6. Financial Statements

Note 11: Members Remuneration

	2014	2013
The number of non-executive members of the Trust included in these figures are shown below in the relevant remuneration bands:		
less than \$29,999	6	6
\$30,000 - \$59,999	<u>2</u>	<u>2</u>
Total number of members of the Trust	<u>8</u>	<u>8</u>
Total remuneration received or due and receivable by members of the Trust	<u>\$243,783</u>	<u>\$161,135</u>

The Members of the Trust are appointed on a part-time basis under section 12 of the *Sydney Harbour Federation Trust Act 2001*. The Members during the year were:

Ms A M Tinney (Chair) (appointed Chair 6 December 2011)
 Mr R K S Jeffs (appointed 24 May 2013)
 Ms E M Heiss (appointed 12 February 2013)
 The Hon Leo McLeay (appointed 24 May 2013)
 Mr P Lowry OAM (appointed 17 June 2013)
 Ms S Hook (appointed 17 June 2013)
 Ms P A Braxton-Smith (appointed 12 February 2013)
 Ms J F Hay (appointed 25 June 2013)

There were no loans to members or related parties during the year.

2013 figures reflect the fact not all members served a full year.

Note 12: Remuneration of Senior Executives

	2014 \$'000	2013 \$'000
Note 12A: Actual Remuneration Paid to Senior Executives		
Short-term employee benefits:		
Salary	989,947	888,054
Performance bonuses	-	31,614
Total short-term employee benefits	<u>989,947</u>	<u>919,668</u>
Post-employment benefits:		
Superannuation	134,844	123,217
Total post-employment benefits	<u>134,844</u>	<u>123,217</u>
Other long-term benefits:		
Annual leave accrued	14,619	(2,836)
Long-service leave	39,786	13,108
Total other long-term benefits	<u>54,405</u>	<u>10,272</u>
Total senior executive remuneration expenses	<u>1,179,196</u>	<u>1,053,157</u>

Notes:

- Note 12A was prepared on an accruals basis (Therefore the performance bonus expense disclosed above may differ from the cash bonus paid in Note 12B).
- Note 12A excludes acting arrangements and part-year service where remuneration expensed for a senior executive was less than \$195,000.

6. Financial Statements

Note 12: Remuneration of Senior Executives, continued

Note 12B: Average Annual Reportable Remuneration Paid to Senior Executives During the Reporting Period

Average annualised remuneration packages for Senior Executives employed:

Average annual reportable remuneration ¹	2014					
	Senior Executive	Reportable Salary ²	Contributed Superannuation ³	Reportable Allowances ⁴	Bonus Paid ⁵	Total reportable remuneration
	No.	\$	\$	\$	\$	\$
Total remuneration (including part-time arrangements):						
less than \$195,000	2	142,273	19,091	-	-	161,364
\$195,000 - \$224,999	2	183,968	17,017	-	-	200,985
\$225,000 - \$254,999	1	200,801	35,030	-	-	235,831
\$255,000 - \$284,999	-	-	-	-	-	-
\$285,000 - \$314,999	1	264,820	39,954	-	-	304,774
\$315,000 - \$344,999	-	-	-	-	-	-
Total	6					

Average annual reportable remuneration ¹	2013					
	Senior Executive	Reportable Salary ²	Contributed Superannuation ³	Reportable Allowances ⁴	Bonus Paid ⁵	Total reportable remuneration
	No.	\$	\$	\$	\$	\$
Total remuneration (including part-time arrangements):						
less than \$195,000	7	127,473	13,399	-	-	140,872
\$195,000 - \$224,999	-	-	-	-	-	-
\$225,000 - \$254,999	1	193,905	35,030	-	-	228,935
\$255,000 - \$284,999	-	-	-	-	-	-
\$285,000 - \$314,999	-	-	-	-	-	-
\$315,000 - \$344,999 ⁷	1	254,921	36,127	-	31,614	322,662
Total	9					

Notes:

- This table reports substantive senior executives who received remuneration during the period. Each row is an averaged figure based on headcount for individuals in the band.
- 'Reportable salary' includes the following:
 - gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
 - reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
 - exempt foreign employment income.
- The 'contributed superannuation' amount is the average actual superannuation contributions paid to senior executives in that reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per the individuals' payslips
- 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries
- 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.
- Various salary sacrifice arrangements were available to senior executives including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.
- The Trust determined to remove the "at risk" performance pay component of the Executive Director's salary and roll a proportion of what he had been receiving into his gross salary. This decision was taken at the beginning of the financial year and this salary reflects the lag between the payment of last year's performance bonus which was paid in the 2013 year.

Note 13: Remuneration of Auditors

	2014 \$'000	2013 \$'000
Remuneration to the Auditor-General for auditing the financial statements for the reporting period.		
Audit of financial statements		
Sydney Harbour Federation Trust	55	52
Sydney Harbour Conservancy Fund	3	3
Sydney Harbour Conservancy Ltd	<u>5</u>	<u>-</u>
	<u>63</u>	<u>55</u>

No other financial services were provided by the auditors of the financial statements.

6. Financial Statements

Note 14: Financial Instruments

	2014 \$'000	2013 \$'000
14A Categories of financial instruments		
Financial Assets		
Held to maturity investments		
Investments	47,973	53,976
Total held to maturity	<u>47,973</u>	<u>53,976</u>
Loans and receivables		
Cash at bank	2,408	7,239
Cash on hand	2	2
Receivables for goods and services	827	680
Interest receivable	6	17
Other receivables	272	213
Total loans and receivables	<u>3,515</u>	<u>8,151</u>
Total financial assets	<u>51,488</u>	<u>62,127</u>
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	1,163	2,394
Contract Retentions	15	8
Salaries and wages	236	198
Accrued expenses/suppliers	168	138
Bonds and security deposits	858	530
Total financial liabilities measured at amortised cost	<u>2,440</u>	<u>3,268</u>
14B Net income and expense from financial assets		
Held to maturity investments		
Interest revenue (see note 4C)	1,919	3,055
Net gain held to maturity investments	<u>1,919</u>	<u>3,055</u>
Loans and receivables		
Interest revenue (see note 4C)	125	220
Net gain loans and receivables	<u>125</u>	<u>220</u>
Net gain from financial assets	<u>2,044</u>	<u>3,275</u>

14C Net income and expense from financial liabilities

There was no net income or expense from financial liabilities for the year ended 30 June 2014 (2013 - Nil).

14D Fee income and expense

There was no fee income or expense arising from financial instruments for the year ended 30 June 2014 (2013 - Nil).

14E Fair value of financial instruments

	Carrying amount	Fair value	Carrying amount	Fair value
	2014	2014	2013	2013
	\$'000	\$'000	\$'000	\$'000
FINANCIAL ASSETS				
Cash at bank	2,408	2,408	7,239	7,239
Cash on hand	2	2	2	2
Investments	47,973	47,973	53,976	53,976
Receivables for goods and services	827	827	680	680
Interest receivable	6	6	17	17
Other receivables	272	272	213	213
Total	51,488	51,488	62,127	62,127
FINANCIAL LIABILITIES				
Trade creditors	1,163	1,163	2,394	2,394
Contract retentions	15	15	8	8
Salaries and wages	236	236	198	198
Accrued expenses/suppliers	168	168	138	138
Bonds and security deposits	858	858	530	530
Total	2,440	2,440	3,268	3,268

6. Financial Statements

Note 14: Financial Instruments, continued

14F: Credit risk

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 (2014: \$1,248,000 and 2013: \$1,242,000). The Trust has assessed the risk of the default on payment and has allocated \$70,000 in 2014 (2013: \$298,000) 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 quality of financial instruments not past due or individually determined as impaired:

	Not Past Due Nor Impaired		Past due or impaired	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Cash at bank	2,408	7,239	-	-
Cash on hand	2	2	-	-
Investments	47,973	53,976	-	-
Receivables for goods and services	-	-	827	680
Interest receivable	6	17	-	-
Other receivables	272	213	-	-
Total	50,661	61,447	827	680

Ageing of financial assets that are past due but not impaired for 2014

	0 to 30 days	31 to 60 days	61 to 90 days	90 + days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables for goods and services	527	8	10	282	827
Total	527	8	10	282	827

Ageing of financial assets that are past due but not impaired for 2013

	0 to 30 days	31 to 60 days	61 to 90 days	90 + days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables for goods and services	303	2	94	281	680
Total	303	2	94	281	680

14G: Liquidity risk

The Trust's financial liabilities are payables and accruals.

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 internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The following tables illustrate the maturities for non-derivative financial liabilities:

30 June 2014	On demand	Within 1 year	1 to 5 years	> 5 years	Total
	2014	2014	2014	2014	2014
	\$'000	\$'000	\$'000	\$'000	\$'000
Trade creditors	-	1,163	-	-	1,163
Contract retentions	-	15	-	-	15
Salaries and wages	-	236	-	-	236
Accrued expenses	-	168	-	-	168
Bonds and security deposits	-	858	-	-	858
Total	-	2,440	-	-	2,440

30 June 2013	On demand	Within 1 year	1 to 5 years	> 5 years	Total
	2013	2013	2013	2013	2013
	\$'000	\$'000	\$'000	\$'000	\$'000
Trade creditors	-	2,394	-	-	2,394
Contract retentions	-	8	-	-	8
Salaries and wages	-	198	-	-	198
Accrued expenses	-	138	-	-	138
Bonds and security deposits	-	530	-	-	530
Total	-	3,268	-	-	3,268

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.

The Trust had no derivative financial liabilities in either the current or prior year.

14H: 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 bank accounts with floating interest rates.

The table below demonstrates the interest rate sensitivity analysis of the Trust at the reporting date, holding all other variables constant. A 150 basis point change is deemed to be reasonably possible and is used when reporting interest rate risk.

At reporting date, if interest rates decreased/(increased) by 1.5%, with all other variables held constant, operating results and equity would have been:

Risk variable	Change in risk variable	%	Effect on		Effect on	
			Profit and loss	Equity	Profit and loss	Equity
			2014	2014	2013	2013
			\$'000	\$'000	\$'000	\$'000
Interest rate risk	Interest	+1.5	36	36	109	109
Interest rate risk	Interest	-1.5	(36)	(36)	(109)	(109)

6. Financial Statements

Note 15: Reporting of Outcomes

Note 15A: Net Cost of Outcome Delivery

	Outcome 1		Total	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Expenses	16,201	17,082	16,201	17,082
Income from non-government sector				
Activities subject to cost recovery	14,388	12,965	14,388	12,965
<i>Total costs recovered</i>	14,388	12,965	14,388	12,965
Other own-source income				
Interest	2,044	3,275	2,044	3,275
Other	287	891	287	891
<i>Total own-source income</i>	2,331	4,166	2,331	4,166
Net (contribution) of outcome delivery	(518)	(49)	(518)	(49)

The Trust has one outcome:

Enhanced appreciation and understanding of the natural and cultural values of Sydney for all visitors, through the remediation, conservation and adaptive re-use of, and access to, Trust lands on Sydney Harbour.

The net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome.

Outcome 1 is describe in Note 1.1.

Note 16: Sydney Harbour Conservancy

As disclosed at Note 1 "Consolidation and associated company", The Sydney Harbour Conservancy (the "Conservancy"), a Trust for which the Sydney Harbour Conservancy Ltd is Trustee, was established on 10th December 2009 and is controlled by the Sydney Harbour Federation Trust.

The objectives of the Conservancy are to:

- Preserve the natural environmental value of the Trust sites including activities such as weed and feral animal control, waste minimisation, revegetation of native flora, protection of native biodiversity, the conservation of habitat, soil stabilisation and erosion control;
- Encourage and promote enjoyment of recreation and activity within natural surrounds of Trust sites;
- Recognise and appreciate the natural and historical significance of Trust sites; and
- Provide information, education and research about the natural environment.

The financial position of the Conservancy is as follows:

	2014	2013
	\$	\$
Opening balance at 1 July	1,218	1,368
Revenue: Donations	<u>9</u>	<u>-</u>
	1,227	1,368
Less expenses: Suppliers	<u>120</u>	<u>150</u>
Closing balance at 30 June	1,107	1,218
Represented by:		
Cash at bank	<u>1,107</u>	<u>1,218</u>
	1,107	1,218

Appendix 1

Freedom of information

The *Freedom of Information Act 1982* gives everyone access to documents Commonwealth agencies hold, subject to certain exemptions.

Document categories

- Administration matters including personnel and recruitment, accounts, purchasing and registers
- Planning, architecture and environmental matters including reports and studies commissioned by the Harbour Trust, research, drawings and concept proposals
- Minutes of meetings of the Harbour 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

Information Publication Scheme

In accordance with the *Freedom of Information Act 1982* the Harbour Trust publishes information to the public as part of the Information Publication Scheme (IPS). This replaced the previous requirement to publish a Section 8 statement in an annual report. An agency plan showing the information the Harbour Trust has published under IPS requirements is available on the Harbour Trust's website.

For more on the Information Publication Scheme, visit the Office of the Australian Information Commissioner www.oaic.gov.au

Requests

Any person can lodge a request. A request for a document must be in writing and provide such information concerning the document requested as is reasonably necessary to enable the agency to identify the document. There is no application fee for an FOI request. There are no processing charges for requests for access to documents containing personal information about you. However, processing charges may apply to other requests. For more information visit: www.harbourtrust.gov.au/about/policies/freedom-information

Requests should be sent to:

Freedom of Information Officer
Sydney Harbour Federation Trust
PO Box 607
MOSMAN NSW 2088

Reporting

The Harbour Trust received two applications under the Act during the reporting period.

Appendix 2

Community Advisory Committee members

Cockatoo and Snapper Islands

Mr Peter Conroy
Clr Angelo Tsirekas
Mr Joe Glascott
Mr Tony Hardy
Mr James Morton
Mr Terry Ryan

Middle Head

Clr Peter Abelson
Ms Helena Claringbold
Commander Paul Gall
Mr Ian Henderson
Mr Stewart Reed
Ms Kate Eccles

North Head

The Hon. Mike Baird MP
Clr Kathy Griffin
Ms Judy Reizes
Mr Douglas Sewell
Mr Ian Freeman
Mr Walt Graham
Brigadier Vince Williams (Ret'd)
Ms Sue Halmagyi (deceased)

Woolwich

Clr Justine McLaughlin
Mr Philip Jenkyn OAM
Ms Peta Lewis
Mr Austin Driscoll

Woollahra

Clr Greg Levenston
Mr Peter Poland
Dr Robin Derricourt
Mr Michael Rolfe (deceased)

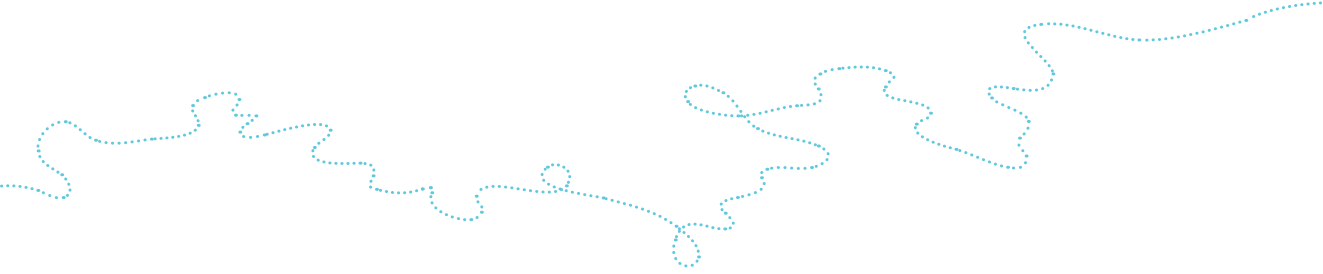
HMAS Platypus

The Hon Joe Hockey MP
Mr Trent Zimmerman
Mr Warwick Winn
Ms Carole Baker
Mr Brian Evesson
Captain Chris Skinner (Ret'd)
Mr Denny Linker
Dr Zena O'Connor
Mr Oliver Irving
Ms Belinda York
Mr Neil Schafer
Mr Paul Forward
Ms Adrienne Sallay
Mr Ken Williams

Appendix 3

Maintenance, heritage conservation and environmental management projects

<i>All sites</i>	<ul style="list-style-type: none">Grounds maintenanceGeneral building maintenanceServices maintenanceFire systems maintenancePest managementSite security
<i>North Head Sanctuary, Manly (Former School of Artillery and North Fort, North Head)</i>	<ul style="list-style-type: none">Landscaping works to the main precinct including the parade ground and entryConstruction of and maintenance of walking tracksMaintenance to the housesRestoration of historic military equipment by the volunteersReplacement and upgrading of services including electricity, street lighting, water, fire services, telephone and sewer to the former School of Artillery and North FortPropagation and planting of local species by the NHSFMaintenance works to GatehouseRepair of sheds at North FortContract bush regenerationFeral animal control program
<i>Chowder Bay</i>	<ul style="list-style-type: none">Ongoing external building maintenance on several historic Submarine Miners' Depot buildingsContract bush regenerationFeral animal control programBushfire hazard reduction
<i>Lower Georges Heights</i>	<ul style="list-style-type: none">Ongoing maintenance to the housesContract bush regenerationFeral animal control programBushfire hazard reduction
<i>Georges Heights</i>	<ul style="list-style-type: none">Construction of new walking tracksBuilding maintenance repairs to the Gunners' Barracks and Gunshot AlleyOngoing maintenance to the housesContract bush regenerationFeral animal control programBushfire hazard reduction



<i>Middle Head</i>	Excavation and landscaping of historic moat Refurbishment of the Middle Head cafe Contract bush regeneration Feral animal control program Bushfire hazard reduction
<i>Woolwich Dock</i>	Construction of public carpark off Margaret Street Contract bush regeneration Feral animal control program
<i>Cockatoo Island</i>	Landscape improvements to campground Removal of loose lead paint to a number of buildings Conservation and reconstruction of solitary cells Public safety works including stabilising of rock faces and walls, stabilising lead based paint and removing hazardous materials Restoration of historic machinery by volunteers Ongoing replacement and upgrading of services including electricity, water, fire services and telephone
<i>Snapper Island</i>	Basic external repairs including water and bird-proofing of buildings No major works were carried out during the year
<i>Macquarie Lightstation</i>	Internal and external refurbishment of the townhouses Contract bush regeneration and maintenance No major works were carried out during the year
<i>Former Marine Biological Station</i>	No major works were carried out during the year
<i>Former HMAS Platypus</i>	Main soil remediation works continued on site Demolition of part of concrete wharf

Compliance Index

Compliance

The table below shows this report's compliance with the Commonwealth Authorities (Annual Reporting) Orders 2011, issued by the Minister for Finance and Deregulation in September 2011.

It also meets the Requirement for Annual Report 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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