



SYDNEY HARBOUR FEDERATION TRUST

158th MEETING OF THE TRUST

Via videoconference

Meeting in Private

16 September 2022 at 12 noon – 2.00pm

MINUTES

True & Correct Record of the 158th Meeting of the Trust

Chair



Minutes of the 158th meeting of the Sydney Harbour Federation Trust held on Thursday 16 September 2022.

Present

Mr Joseph Carrozzi AM	Chair
Ms Chantelle Fornari	Member
Ms Pru Goward	Member
Mr Steven Issa	Member
Mr Bradley Manera	Member
Ms Carolyn McNally	Member
Mr Michael Rose AM	Observer

In Attendance

Ms Janet Carding	Executive Director
Mr Justin Bock	Director Strategic Reform
Mr Nick Lawry	Chief Financial & Commercial Officer
<i>Ms Rosemary Southcombe</i>	<i>Secretariat</i>

Apologies

Ms Alison Page	Member
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1. Meeting Opening (Agenda Item 1)

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

Attendees were welcomed.

The Chair:-

- **NOTED** a quorum of Members of the Trust were in attendance.

a) Apologies: Nil

b) Declarations of Interest

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

2. Sydney Harbour Foundation Management Ltd Annual General Meeting (Agenda Item 2)

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

The Sydney Harbour Foundation Management Ltd (SHFML) held its Annual General Meeting (AGM) on 29 August 2022. Current Directors of SHFML are: Mr Kevin McCann AO (Chair); Ms Sandra Hook; Ms Jessica Keen; and Ms Janet Carding. Mr Justin Bock is the Company Secretary. All were in attendance at the AGM. Mr Lawry was also in attendance at the AGM.

Mr Lawry advised -

- The Harbour Trust is the sole member of the Foundation.
- The financial statements for the year ended 30 June 2022 were approved by the SHFML Directors at their AGM held on 29 August 2022. A copy of the SHFML financial statements was provided for this meeting, together with a copy of the letter from Harbour Trust to the SHFML Directors confirming:
 - the Harbour Trust has met all the expenses of SHFML during the 2021-22 financial year; and

- the Harbour Trust will continue to meet the expenses of SHFML in the future.
- A resolution noting and confirming that the Harbour Trust will continue to meet SHFL's expenses would be put to the Trust members at this meeting.
- Annual expenses for 2021-22 consist of the ASIC registration fee and annual audit fee.

The Members of the Trust:–

- **NOTED** the approval of the financial statements of SHFML by the SHFML Directors at their AGM held on 29 August 2022
- **NOTED** that the Harbour Trust has met all the expenses of SHFML during the 2021-22 financial year
- **NOTED** that the Harbour Trust will continue to meet SHFML's expenses to the extent that doing so is of benefit to the Harbour Trust

3. Financial Statements (Agenda Item 3)

Mr Lawry spoke to the report prepared for this agenda item.

The financial statements for the Harbour Trust for the year ended 30 June 2022 have been prepared in accordance with the requirements of the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*, applicable Accounting Standards and other mandatory reporting requirements.

The financial statements and the background papers and information were reviewed by the Portfolio Audit Committee (PAC) at the PAC extraordinary meeting on 6 September 2022. PAC has endorsed the statements and recommended their acceptance by the Trust Members. The statements have been prepared taking into account feedback from the Australian National Audit Office (ANAO). A representative of the ANAO attended the PAC meeting on 6 September 2022.

There was discussion in relation to an unadjusted audit difference relating to long service leave. The Harbour Trust has taken a more conservative position with respect to provisioning for employee leave than the Department of Finance recommended methodology. Due to time constraints on completion of the audit (based on ANAO availability) and the complexity of leave provisioning assumptions, the Harbour Trust decided not to adjust the leave provisioning until it has sufficient time to properly review the recommended methodology and its suitability for the Harbour Trust's circumstances. This approach has been discussed with and acknowledged by the ANAO. As noted in the ANAO's draft report, the unadjusted difference is below the materiality threshold and is not expected to affect the final auditor's report.

There was discussion regarding a risk identified in the ANAO's draft closing letter in relation to 'management override of controls'. The relatively small size of the Harbour Trust makes consistent effective segregation of duties difficult to maintain over the course of the financial year which presents a higher opportunity for undetected error and fraud. There was general agreement that this is an important risk to note and management should consider if there are any additional mitigation opportunities to minimise the risk, and bring forward a recommendation to the next Finance & Risk Committee for consideration.

A final version of the Harbour Trust's revised Strategic and Operational Risk Register will be provided to the Trust Members at the next Trust Meeting at the end of September.

The Members of the Trust:–

- **RESOLVED** that in the opinion of the Members of the Trust
 - a) there are reasonable grounds to believe that the Harbour Trust will be able to pay its debts as and when they become due and payable;
 - b) the financial statements tabled comply with the Australian Accounting Standards, as stated in Note 1 to the financial statements;

- c) the financial statements tabled and notes thereto are in accordance with the *Public Governance, Performance and Accountability Act 2013*), including compliance with accounting standards and give a true and fair view of the financial position and performance of the Harbour Trust; and
 - d) the subsidiary financial statements have been separately audited in accordance with all regulatory obligations, including those of *Corporations Act 2001* and the additional requirements under the *PGPA Act*.
- **NOTED** the Management Representation Letter to the ANAO.
 - **AUTHORISED** the Chair to sign the Statement by Members.

4. Performance Statements 2021-2022 (Agenda Item 4)

Mr Bock, Director Strategic Reform, spoke to the report prepared for this agenda item.

The Harbour Trust is required to include the Annual Performance Statements in its Annual Report according to Rule 17BE(g) of the PGPA Regulations 2014.

The Annual Performance Statements are derived from the Quarterly Performance Reports, with analysis of performance added. The Reports are sourced from a combination of external report providers and internal Harbour Trust systems for recording financial and other activity for staff and volunteers. The financial measures included in the Statements are drawn from the audited financial reports.

The Statements are subject to Portfolio Audit Committee (PAC) oversight and review. PAC returned its findings on the Statements at the PAC meeting on 6 September 2022. There was discussion in relation to the letter from the PAC Chair to the Chair of the Harbour Trust included in the report for this agenda item. It was suggested that the statement in the letter, "It is not clear that the Trust's performance reporting would meet the above expectation if it were subject to a similar performance reporting audit" is ambiguous. The Chair of the Harbour Trust agreed to speak with the Chair of PAC about this statement to seek clarification.

The Members of the Trust:-

- **APPROVED** the Annual Performance Statements for incorporation in the Annual Report.

5. Annual Report (Agenda Item 5)

Mr Bock, Director Strategic Reform, spoke to the report prepared for this agenda item.

The Harbour Trust is required to submit its internally approved and audited Annual Report to the Minister for the Environment and Water for approval and tabling before the commencement of the Senate Estimates hearings on 25 October 2022.

The Annual Report has been drafted incorporating the audited financial statements and annual performance statements (approved at this meeting) and other reports as required by governing legislation and, where required, by other Commonwealth Acts and Rules. The Annual Report has been reviewed by Harbour Trust staff, the Executive team and the Executive Director.

Following approval by Members of the Trust, the Annual Report will need to be approved by the Australian National Audit Office prior to submitting for Ministerial approval and tabling.

The Members of the Trust:-

- **APPROVED** the Annual Report

Meeting closed 1.05pm