

SYDNEY HARBOUR FEDERATION TRUST

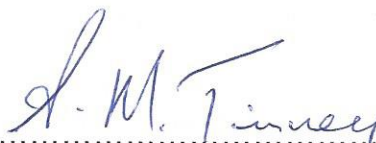
94th MEETING

Boardroom, SHFT Offices, Building 28 Best Ave, Mosman – Meeting in Private

16 September 2014

MINUTES

True & Correct Record of the 94th Meeting of the
Sydney Harbour Federation Trust



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Chair

DRAFT UNTIL SIGNED

Minutes of the 94th meeting of the Sydney Harbour Federation Trust held in the Boardroom, Sydney Harbour Federation Trust Offices at 10.35am on 16 September 2014.

Present

Ms Anthea Tinney	Chair
Clr Jean Hay	Member
Mr Rohan Jeffs	Member
The Hon Leo McLeay	Member
Mr Peter Lowry	Member
Ms Sandra Hook	Member
Dr Elsie Heiss	Member
Ms Paula Braxton-Smith	Member

In attendance

Mr Geoff Bailey	Executive Director
Mr Nick Hollo	Deputy Executive Director
Dr Susan Culverston	Chief Financial Officer
Mrs Jane Page	Secretariat
Mr Daniel Sealey	Manager, Planning and Special Projects (Partial attendance)
Mr Mark Billham	Property Project Manager (Partial attendance)

Apologies

There were no apologies.

The meeting commenced at 10.35am on Tuesday 16 September 2014

1) Introduction

- a) Welcome
The Trust RESOLVED to meet in private because of confidential budget matters on the agenda.

Moved: L McLeay Seconded: J Hay

The Chair welcomed all to the meeting.

- b) Apologies
There were no apologies.
- c) Declarations of Interest
The declarations of interest and changes to same were noted.

2) Minutes of the Meeting held in Private on 17 June 2014 (Agenda Item 2)

The minutes from the 92nd meeting held in private on 17 June 2014 were considered. Minor amendments were made.

The Trust RESOLVED to accept the minutes, as amended, from the 92nd meeting of the Trust held in private on 17 June 2014.

Moved: R Jeffs Seconded: S Hook

Minutes of the Meeting held in Public on 17 June 2014 (Agenda Item 2)

The minutes from the 93rd meeting held in public on 17 June 2014 were considered.

The Trust RESOLVED to accept the minutes from the 93rd meeting of the Trust held in public on 17 June 2014.

Moved: A Tinney Seconded: J Hay

Matters Arising

Defence Heritage Sub Committee

The Chair of the Defence Heritage Sub Committee requested a meeting of the Sub Committee be arranged immediately prior to the next scheduled Board meeting.

Mr Hollo advised that the signage in relation to projects at North Head would be available for consideration in the next couple of weeks.

3) 2013-14 Financial Statements (Agenda Item 3)

Dr Culverston spoke to the paper.

Trustees thanked Dr Culverston for the very thorough Guide to Understanding the Trust's Financial Statements.

Mr Jeffs advised that the Audit, Risk and Compliance Committee had reviewed the financial statements and found them to be robust.

Dr Culverston wished to acknowledge the work of Mr Llewelyn and the Finance team for the preparation of the financial statements and work with the auditors.

The financial statements were prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act, 1997*, applicable Accounting Standards and other mandatory reporting requirements.

The Australian National Audit Office (ANAO) has reviewed the statements as part of their annual audit. The Executive Director, ANAO, Ms Jocelyn Ashford, informed the Audit Risk and Compliance Committee that ANAO will be issuing an unmodified auditor's report upon receipt of the signed financial statements and the signed Representation letter.

The Trust has a \$0.518m surplus at end of the financial year. The Trust had budgeted for a breakeven result at the end of the 2013-14 year but due to increases in some revenue items and reduced supplier expenses has been able to post a \$0.518m surplus for the year. The Trust has seen improvements in its leasing activities during the year. Total income was \$16.7m with expenses totalling \$16.2m. The Trust has a robust financial position and it was noted that for the past six consecutive years the Trust has achieved a surplus.

The Trust RESOLVED:

- 1) That in its opinion, the 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*.
- 2) That in its opinion, there are reasonable grounds to believe the Trust will be able to pay its debts as and when they become due and payable.
- 3) To approve the Management Representation letter.
- 4) To authorise the Chair of the Trust, the Executive Director and the Chief Financial Officer to sign the Management Representation letter and the Certification of the Financial Statements.

Moved: P Lowry

Seconded: S Hook

4) Governance, Risk and Compliance (GRC) Report (Agenda Item 4)

The report was noted.

Dr Culverston advised that there will be different reporting requirements in regard to compliance next year in line with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The Trust RESOLVED:

- 1) For the financial year ended 30 June 2014, in the opinion of the Directors, based on adequate internal control systems, including the advice of management and the Audit, Risk and Compliance Committee, Sydney Harbour Federation Trust and its Directors have:
 - (a) complied with the provisions and requirements of the *Commonwealth Authorities and Companies Act 1997 (CAC Act)*; and
 - (b) complied with the provisions and requirements of the *Commonwealth Authorities and Companies Regulations 1997 (CAC Regulations)*; and *Commonwealth Authorities (Annual Reporting) Orders 2011 (CAC Orders)* (as amended or replaced).
- 2) As at the date of this Report, in the opinion of Directors, the costs of the Sydney Harbour Federation Trust are forecast to be within its estimated sources of external receipts for the current financial year, including where appropriate, estimates of revenue contained in the Australian Government's central budget system.

Moved: R Jeffs

Seconded: J Hay

Mr Jeffs advised that a draft Internal Audit Plan 2014-15 from Ernst & Young has been discussed at the Audit, Risk and Compliance Committee meeting and some changes have been requested. The document will be presented to the Board at a future meeting for noting.

Risk Management Report

The report was noted.

5) Public Governance, Performance and Accountability Act 2013 (PGPA) (Agenda Item 5)

A requirement of the PGPA Act is that the membership of audit committees be reviewed. The PGPA Rules state that the Chair of the Board of Trustees, Executive Director and Chief Financial Officer may attend meetings as observers, but cannot be members of the Committee.

The Trust RESOLVED:

- 1) To accept the resignation of Ms Anthea Tinney as a member of the Audit, Risk & Compliance Committee, as required under the PGPA Act. Request that Ms Tinney remain as an observer.
- 2) To reappoint Mr Rohan Jeffs as Chair of the Audit, Risk and Compliance Committee for a period of 6 months from the date of this meeting, pending resolution of portfolio audit committee intentions and further guidance on preferred chairing arrangements.
- 3) To reappoint Mr Robert Butterworth and Mr Paul Hinchey as members of the Audit, Risk and Compliance Committee for a period of 6 months from the date of this meeting, also for the reasons outlined in (2) above.

Moved: P Lowry

Seconded: P Braxton-Smith

6) Draft Annual Report 2013-14 (Agenda Item 6)

The draft Annual Report was approved subject to the approved financial statements being included and agreed to minor amendments being made.

Messrs Sealey and Billham joined the meeting.

7) Draft Middle Head Management Plan (Agenda Item 7)

The Chair advised that the agenda items regarding the Draft Middle Head Management Plan amendment, the Middle Head aged care facility Development Application and the Middle Head aged care facility Commercial Proposal needed to be reviewed separately.

The proposed changes to the draft Middle Head Management Plan were worth considering even if the aged care proposal did not proceed. Changes to the draft Middle Head Management Plan were as a result of feedback from the community when the plan was exhibited in late 2013. These changes were to:

- no longer allow new buildings to replace the two-storey timber barracks but instead demolish and replace them with public parkland;
- allow a marginal increase to the new building footprint that was exhibited for the brick buildings (towards the car park sides of the complex);
- reduce the maximum permitted height for modifications to the brick buildings by 90cm to not exceed the highest point of the existing Garage (Building 7) (this simplification of the height control means that Draft Plan Appendix 2 is no longer needed);
- not permit infill buildings between Building 1 and 7, but instead to require north-south public access (with an overpass linking buildings allowed);
- reduce the permissible area for enclosed courtyard gardens; and
- reduce and re-shape parking areas to improve the amenity of the parkland.

Mr Hollo gave an overview and background information of the Comprehensive Plan, previous changes made to management plans, the draft Middle Head Management Plan and the processes involved.

The aged care proposal and the Middle Head Management Plan amendments were presented to the Community Advisory Committee on 3 occasions:

- in June 2013 when the Committee was supportive of the Middle Head Management Plan amendments and the proposed aged care facility;
- in March 2014 when 2-3 members were opposed to the aged care proposal. The majority of Committee members were in favour of it; and
- during a site visit on 15 April 2014.

There was discussion comparing the exhibited draft amendment to the plan and the changes to the draft amendment proposed. It was noted there would be a decrease in the area of built footprint and private open space. The proposed changes would result in a significant increase of public domain over the exhibited draft amendment.

The Trust **RESOLVED** to adopt the revised Draft Middle Head Management Plan having regard to the submissions received and advice and recommendations from members of the Community Advisory Committee.

Moved: R Jeffs

Seconded: J Hay

Mr Lowry wished the record to show that he was against the amendment.

8) Middle Head aged care facility proposal – Development Application (Agenda Item 8)

The report was noted.

Ms Tinney congratulated SHFT officers on the comprehensive assessments. Consultation with the community has been thorough. Objections raised have been carefully considered and addressed in the assessments.

Mr Bailey spoke to the report. The DA assessment has considered the heritage of the site and this is covered in the report. The brick 10 Terminal building are difficult to adapt to many uses because of the size of the wings – too narrow for office use for example. The Trust did not consider it worth investing in the buildings until a suitable proposal was submitted for the use of the buildings.

During the 2009-2011 period when proposals were sought for the site, no proposals were submitted regarding Aboriginal or Military heritage. These proposals only emerged after the present proposal was placed on exhibition (and well outside of the timeframe that EOI submissions had been called for).

There was discussion about additional traffic to/from the facility and the safety aspect of Middle Head Road for pedestrians and cyclists. Issues surrounding parking were raised.

Aboriginal heritage of the area was raised by Dr Heiss..

The Chair commented that she felt many of the submissions made in regard to the proposal were well thought through.

After due consideration of the submissions received, objections raised, and changes made to take into account objections, the Trust RESOLVED to approve the Development Application for the proposed aged care facility at Middle Head subject to a range of conditions including:

1. Building 6: should not be demolished in its entirety as proposed. Instead, the eastern and western walls should be partly retained. The proposed new southern addition should not extend across the entire southern face of the existing building but instead should be stepped to allow retention of original wall returns. This will ensure that the original footprint and form of the building remains legible.
2. Building 3 (Eastern Wing): the easternmost wall of the proposed new eastern wing of Building 3 should be relocated westward. The eastern external wall of the wing (excluding balconies and ground level gardens) should generally align with the easternmost wall of Building 1. This will ensure a more generously proportioned and inviting public accessway between the eastern and western parts of the facility.
3. The overpass linking Buildings 1 and 7: should be a light and transparent structure to minimise its visual intrusiveness and so as not to be perceived as a barrier to public access at ground level. To achieve this, the overpass:
 - 3.1 should only be used as a narrow throughway and not incorporate a widened deck area;
 - 3.2 should be a clear span without supporting columns;
 - 3.3 must maximise its use of glass and other translucent materials.
4. Dementia Day Care Garden: the shape of the enclosed garden attached to the south of Building 6 should be reconfigured to maximise the sense of the public accessway from Middle Head Road opening out to the public open space and views to the south. The revised shape may be of the same area as currently proposed.

5. Landscaping design: is to be coordinated with the Trust's Landscape Masterplan that is being developed for the precinct.
6. Other design changes include: maximising the reuse of salvaged materials (bricks, tiles, window frames) and ensuring that external finishes are in recessive colours and materials.

Moved: A Tinney

Seconded: S Hook

All Trustees were in favour of the proposal except Mr Lowry who was against the proposal.

9) Middle Head aged care facility proposal – Commercial Proposal (Agenda Item 9)

In accordance with the *Sydney Harbour Federation Trust Act 2001* (SHFT Act) Ministerial approval has been given in accordance with s64(1)(a) and (b).

Due diligence has been carried out on the proponents. There was discussion in relation to the potential for assignment of the lease and vacant possession at the end of the lease period.

The Trust RESOLVED to approve the Trust entering into a 25 year Lease with The Cove at Middle Head Pty Ltd in accordance with the Heads of Terms at Attachment 1 to the report subject to the following conditions:

1. **Development Application**
Approval of the proponent's Development Application.
2. **Lease Expiry**
The incorporation of suitable lease provisions to ensure vacant possession on lease expiry. The Lessee must provide, to the Trust's satisfaction, an exit strategy for the last 3 years of the lease which must demonstrate how it will:
 - Wind down the business on this site; and
 - Meet its statutory requirements under the Aged Care Act to relocate any remaining residents; and
 - Secure the appropriate government approvals to surrender or relocate all bed licences; and
 - Alter the resident mix to increase short-term respite beds in the lead up to closure; and
 - Manage communications in respect of the above.
3. **Assignment/Change of Control**
Any proposed lease assignment, sub-letting, licensing or other change of control in the Lessee or Approved Provider should be at the Trust's absolute discretion. The Trust may apply:
 - Tests of experience, reputation, philosophy and resources (including financial); and
 - Conditions to allow the Trust to share in the value of any premium generated.on such a transaction.

Moved: L McLeay

Seconded: E Heiss

All Trustees were in favour of the proposal except Mr Lowry who was against the proposal.

10) Draft Code of Conduct (Agenda Item 10)

The Code of Conduct is for officers of the Trust, not including Trustees. The HR Sub Committee has recommended the draft document to the Board for approval. A separate document is to be prepared for Trustees.

The Trust RESOLVED to approve the revised Code of Conduct with amendments made regarding terminology.

Moved: A Tinney

Seconded: J Hay

11) Audit, Risk and Compliance Committee Report (Agenda Item 11)

The minutes from the AR&CC meeting held on 16 June were noted.

Verbal reports by the Chair of the AR&CC throughout the meeting were acknowledged.

12) Work Health and Safety Report (Agenda Item 12)

The annual report for 2013-14 and the quarterly report for 1 April to 30 June 2014 were noted.

13) HR Sub Committee Report (Agenda Item 13)

The Sub Committee has met formally twice. The minutes were noted. The Executive Director's performance appraisal documentation has been considered by the Sub Committee at its latest meeting.

Other Business

There was no other business.

The meeting closed at 2.10pm.