



SYDNEY HARBOUR FEDERATION TRUST

161st MEETING OF THE TRUST

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

Thursday 9 February 2023 at 9.30am – 1.00pm

MINUTES

True & Correct Record of the 161st Meeting of the Trust

Chair



Minutes of the 161st meeting of the Sydney Harbour Federation Trust held on Wednesday 9 February 2023.

Present

Mr Joseph Carrozzi AM	Chair
Ms Chantelle Fornari	Member
Prof. the Hon. Pru Goward AO*	Member
Mr Bradley Manera	Member
Ms Carolyn McNally*	Member
Ms Alison Page	Member
Mr Michael Rose AM	Observer

In Attendance

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

* *Attended via videoconference*

Apologies

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

1. Meeting Opening (Agenda Item 1)

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

Attendees were welcomed.

a) Apologies: Mr Steven Issa

b) Declarations of Interest

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

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

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

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

The Chair raised the following issues for discussion –

- Succession planning in relation to the Trust as there are Trust Members whose terms are due to expire in June 2023.
- Harbour Trust's draft Statement of Expectations is now with the Minister's office.
- Ms Carding has advised that there have been some discussions with respect to Commonwealth budget submissions and approaches to future capital budget bids submissions.

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

The Executive Director's report was taken as read and Ms Carding spoke to it.

Ms Carding highlighted the following matters of interest –

- the induction of the new Community Advisory Committee
- draft masterplan for Middle Head is nearing completion in preparation for public consultation
- work continues with the master planning for North Head Sanctuary and Cockatoo Island
- the demolition phase at Sub Base Platypus has now been largely completed
- operational budget for 2022-23 is tracking well and we have effectively broken even for the first time since before the pandemic

The Members of the Trust:-

- NOTED the Executive Director's report.

5. Health & Safety legal briefing

Mr Paul Cutrone, Partner, Seyfarth Shaw joined the meeting via videoconference.

Mr Cutrone presented a briefing to the Members of the Trust regarding due diligence in relation to health and safety at the Harbour Trust.

The Members of the Trust:-

- NOTED the Health & Safety presentation.

6. 2023-24 Australian Government Budget – verbal update

Ms Carding provided a verbal update on discussions with respect to the Commonwealth budget during the Chair's verbal update at the start of the meeting (Agenda Item 3).

The Members of the Trust:-

- NOTED the Executive Director's verbal update.

7. Place and Partnership Mapping – Cockatoo Island

Ms Freya Clayton, Strategy Officer, joined the meeting. Ms Carding spoke to the report prepared for this agenda item.

Following the Members of the Trust's suggestions at their previous meeting, an updated Harbour Trust Placemaking model was presented. It had also been agreed at the previous meeting that the model be replicated for each site, commencing with Cockatoo Island.

The Cockatoo Island Placemaking model was presented. There was general discussion regarding how to make the Harbour Trust a partner of choice; establishing a network of similar organisations and how this can enhance visitors' experience – for example, spending the morning at Callan Park and then the afternoon at Cockatoo Island. Numerous potential partnerships were discussed including universities, the 24hr Economy Commissioner, Aboriginal-led Organisations, Greater Sydney Parklands, etc.

It was agreed that the best approach would be for Ms Carding to speak with the Members of the Trust individually to canvass their suggestions for potential partnerships from their respective contacts.

The Members of the Trust:-

- NOTED the updated Harbour Trust-wide model.

- PROVIDED INITIAL FEEDBACK on potential partners to deliver the strategic goals of the Harbour Trust for Cockatoo Island. Ms Carding to speak with individual Members of the Trust about potential partnerships.

8. Draft Leasing Policy (Agenda Item 8)

Ms Freya Clayton, Strategy Officer, was in attendance for this agenda item. Ms Carding spoke to the report prepared for this agenda item.

In December 2022, the Members of the Trust reviewed the Draft Leasing Policy 2022 and the feedback received from the 2022 public consultation. Management was requested to seek advice from the Australian Government Solicitor to ensure all legislative requirements are being met in relation to the provisions of new leases for tenants and Premises who cumulative term has exceed 25 years, and in particular that the Open Leasing Process could be used.

There were also some minor language amendments made to the draft policy based on community consultation feedback.

Following discussion, it was agreed further amendments were required to:

- correct a typographical error on the first page;
- rephrase the Subsequent Leasing Opportunity definition for greater clarity;
- rephrase the clause to emphasise that existing tenants entering into a new lease that will result in that tenant being in occupation of a Premises for a cumulative term of longer than 25 years, will be handled as a Subsequent Leasing Opportunity via a Competitive Application Process or Open Leasing Process at the discretion of the Members of the Harbour Trust;
- re-phrase particular clauses (5.6.1, 5.7. and 5.8.1) to align with wording in Section 64A-D of the Act.

In view of these further amendments, it was agreed that approval for the Leasing Policy would be sought via circular resolution rather than waiting for the next Meeting of the Trust.

The Members of the Trust:-

- REQUESTED some further amendments to the Draft Leasing Policy 2022
- AGREED that an amended version of the Draft Leasing Policy be circulated for approval out of session

Ms Clayton left the meeting.

9. Delegations Update (Agenda Item 10)

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

Mr Lawry advised that as the Harbour Trust has brought the management of its residential property portfolio in-house, in order for residential leases to be executed by the Harbour Trust (as Landlord), the existing instrument of delegation covering employment and commercial leasing related powers requires updating.

The proposed amendments relate to:

- Updating the existing references to leases to differentiate between residential and non-residential (i.e. commercial).
- Updating the instrument to include a power for the Executive Director or Chief Operating and Financial Officer to execute a residential lease, on the basis the term of the residential lease does not exceed 12 months.

- Noting residential leases are not subject to the Harbour Trust Leasing Policy.

The Members of the Trust:-

- APPROVED *Instrument of Delegation No.1 of 2023* to replace *Instrument of Delegation No 6 of 2020*.

10. Finance & Risk Report (Agenda Item 11)

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

Mr Lawry reported on the results for FY23 Quarter 2 and advised that the operating deficit of \$1.0m was \$1.2m ahead of budget and the Harbour Trust reported an operating surplus of \$0.8m (the first surplus in three years). The YTD Q2 performance was driven by continued strong results in events and accommodation and interest on term deposits, and Mr Lawry commented that January 2023 has been another positive month.

Planning for the FY23 financial statement audit has commenced in conjunction with the Australian National Audit Office (ANAO). The audit will again be performed by an internal ANAO team and the structure of the audit will reflect the successful program established for the FY22 financial statements.

The Harbour Trust is developing a two- to three-year internal audit program with the intention that a single provider be utilised where possible. Some areas may require specific expertise and in these instances specialists may be engaged where the core provider may not have the necessary capabilities. The internal audit program will include audits in the areas of: fraud risk assessment; payroll audit; Drives24 audit; IT/Cyber Security; management of personal information; WHS system; and project management and governance.

As previously advised, with the Harbour Trust's transition to the Department of Climate Change, Energy, the Environment and Water (DCCEEW), the previous Portfolio Audit Committee (PAC) arrangements lapsed. Mr Lawry attended the DCCEEW PAC meeting on 9 December 2022 and gave the committee a briefing on the Harbour Trust, its risk profile and key financial and governance issues. We have yet to receive a formal response, but the meeting indicated in-principle agreement with the proposed model for the Harbour Trust's participation in the DCCEEW PAC arrangements. The committee was also supportive of the participation of a Trust Member representative in the PAC.

Ms Carolyn McNally has indicated her interest in representing the Trust Members on PAC.

The Members of the Trust:-

- NOTED the Finance and Risk Report

11. Sub Base Platypus Torpedo Factory Renewal Project – request for approval to increase total development cost of the project (Agenda Item 9)

Mr Graham Izod, Director Assets & Parklands, joined the meeting for this agenda item.

At the previous Trust Meeting there was discussion in relation to latent conditions discoveries at the Sub Base Platypus Torpedo Factory and Mr Izod advised that a separate paper would be produced to outline the extent of the findings in relation to latent condition variations and additional funding required (through internal transfer) to complete the project.

Mr Izod reported on the latent conditions, including the discovery of hazardous materials found inside the brick cavity walls during the refurbishment/demolition of the Torpedo Factory. In addition, the building's footings were found to be made with asbestos formwork, which had led to fragments being dispersed throughout the soil below the slab, only accessible after demolition. The knock-on effect of

these discoveries led to additional requirements around sequencing and safe disposal which significantly increased costs. In addition, concrete cancer remediation was required to the High Street capping beam.

With the completion of the demolition, some technical challenges have also been revealed. Various options are being discussed to manage the best outcome which will be known in approximately 4-6 weeks.

Mr Izod gave a presentation which provided imagery of how it is anticipated the site will look when completed.

The Members of the Trust:-

- NOTED the discovery of hazardous materials and latent conditions during the demolition phase that have led to unavoidable increases to scope and costs.
- APPROVED IN PRINCIPLE for the Harbour Trust to increase the Total Development cost (TDC) to the Torpedo Factory Renewal Project at Sub Base Platypus, with the additional budget funding to be sourced from the Backlog Maintenance Program.
- NOTED that there will be a further update and formal request to move funds once details are confirmed in 4-6 weeks' time.

12. WHS Report (Agenda Item 12)

The WHS Report prepared for this agenda item which included the Annual WHS report and the Quarterly WHS report, was taken as read.

The Members of the Trust:-

- NOTED the WHS Report

13. Major Projects Report (Agenda Item 13)

Mr Graham Izod, Director Assets & Parklands, joined the meeting and spoke to the report prepared for this agenda item.

The report provided the Members of the Trust with updates on the following major projects -

- Master planning for Cockatoo Island / Wareamah
- Master planning for North Head Sanctuary
- Progress on Backlog Capital Works
- Progress on 10 Terminal & Parklands
- Progress on Sub Base Platypus Torpedo Factory
- Progress on Strategic Asset Management Plan

The Members of the Trust:-

- NOTED the Major Projects Report

14. Trust Members Meeting Planner 2023 (Agenda Item 14)

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

The Members of the Trust:-

- NOTED the 2023 meeting planner.

An *in camera* session was not held.

Meeting Closed – 1.00pm