



## Sydney Harbour Federation Trust

### Rental Subsidy Policy for Contributory and Delivery Partners 2024

#### Purpose

This policy establishes the principles for the application of rental subsidies to qualifying tenants within the Harbour Trust's leasing portfolio. The policy applies to all tenancies occupied under formal agreements that may take the form of licences, leases, Memorandums of Understanding, meanwhile use agreements or other contractual arrangements.

The Harbour Trust aims to foster partnerships that align with our objects as set out in clause 6 of the *Sydney Harbour Federation Trust Act 2001*. Our purpose is to welcome everyone to connect, celebrate and respect the natural, cultural and historical significance of our places as we foster their ongoing renewal and care, and our vision of creating extraordinary places on Sydney Harbour that excite and inspire. Our policy is designed to support equitable and transparent processes for rental subsidies to qualifying businesses and organisations, such as, but not limited to, not-for-profit organisations, community groups, environmental research entities, and educational institutions.

The policy itself sets out agreed principles for the application of rental subsidies to qualifying Contributory and Delivery Partners as determined at the Harbour Trust's discretion, for the leasing of premises, facilities and land collectively defined as Buildings for the purpose of this policy on Harbour Trust sites by the Harbour Trust's Tenant Selection Committee. It replaces the Rental Subsidy Policy for Contributory and Delivery Partners (2016) and it should be read in conjunction with the Harbour Trust Leasing Policy, which is applicable to the leasing of all Harbour Trust Buildings.

The policy applies to the commercial and residential property portfolio, together with 'meanwhile' use of unrenovated buildings that are not currently part of the leasable stock, but are compliant for short and medium term use pending renovation.

#### 1. INTRODUCTION

The Harbour Trust is a self-funding agency responsible for the vision, planning and management of former Defence sites around Sydney Harbour. It is reliant on the income it generates, principally from the use of its Buildings, to deliver the objectives and priorities set out in the *Sydney Harbour Federation Trust Act 2001*, the Harbour Trust Comprehensive Plan, Management Plans and Corporate Plan.

In accordance with the Harbour Trust Leasing Policy, in selecting users for its Buildings, by either the Harbour Trust approaching potential lessees or via receipt of application, the Harbour Trust considers the contribution the user makes to the achievement of these objectives and priorities. The Harbour Trust recognises that qualifying tenants and licensees can make valuable and direct contributions to the work of the Harbour Trust, well beyond the contribution normally expected of other users of its Buildings.

The provision of subsidised rent is similar to the Harbour Trust providing grant funding to qualifying organisations. The subsidy assists these organisations to deliver their core activities in ways which also significantly aid the Harbour Trust in achieving its objectives and priorities.

## 2. POLICY OBJECTIVES

The objectives of this policy are:

- **Encourage Contribution and Delivery**  
To encourage organisations that can contribute to or deliver on the Harbour Trust's goals to apply for a rental subsidy, thereby supporting such organisations to have the financial stability to succeed.
- **Achieve Harbour Trust Objectives**  
To enable the Harbour Trust to better achieve its objectives through the actions of both Contributory and Delivery Partners.
- **Quantify Support**  
To quantify the maximum level of support the Harbour Trust may provide both collectively and individually in any financial year to successful applicants.
- **Equitable Mechanism**  
To establish an equitable mechanism for determining the level of subsidy the Harbour Trust may offer to qualifying partners.
- **Monitoring and Reporting**  
To set out a comprehensive process for monitoring and reviewing rental subsidies including reporting on the achievements and contributions made by these subsidies to Harbour Trust objectives.
- **Inclusive Assistance**  
To ensure the policy is far-reaching in the types of organisations that may receive assistance, including community groups, environmental research entities, and educational institutions.

## 3. APPLICATION PROCESS

All applications to lease or license Buildings are subject to the Harbour Trust Leasing Policy. Applicants must first satisfy the conditions of the Leasing Policy before being considered for eligibility as a partner although exemptions may be made for Delivery Partners. Existing tenants or licensees may apply for a rental subsidy during the term of their tenure arrangement.

To secure a rental subsidy, applicants must both demonstrate that they are either a Contributory or Delivery Partner for the Harbour Trust, and provide information that enables the Harbour Trust to assess the level of subsidy that would be appropriate. Subsidies will not be considered or applied retrospectively. Subsidies will only be granted for an approved lease from a specified forward date.

Applicants' responses together with supporting documents will be reviewed by the Tenant Selection Subcommittee with scoring allocated as described below.

The scoring and rationale must then be presented to the Tenant Selection Committee for ratification. Once ratified the market rent reduction will be conveyed to the applicant in writing within seven days of the assessment outcome.

#### 4. ELIGIBILITY AS A CONTRIBUTORY OR DELIVERY PARTNER

Qualifying Contributory and Delivery Partners are those parties deemed to fulfil eligibility criteria as applied by the Harbour Trust, at the sole discretion of the Harbour Trust. A Contributory Partner is defined as an entity that contributes to the Harbour Trust's achievement of its objectives; this may include an activity that promotes one of the Harbour Trust's sites and encourages public interaction such as an Artists' Precinct. A Delivery Partner is defined as an entity that delivers a service in totality that would otherwise fall to the Harbour Trust; an example includes conducting wildlife studies at North Head Sanctuary.

Contributory Partners may be eligible for a rental subsidy of up to 50%, subject to the Harbour Trust's financial circumstances and the decision of the Executive Director in consultation with the Chief Financial Officer.

Delivery Partners may be eligible for a rental subsidy of up to 100%, subject to the Harbour Trust's financial circumstances and the decision of the Executive Director in consultation with the Chief Financial Officer.

The Harbour Trust reserves the right to determine the availability and application of a rental subsidy for any qualifying partner at its discretion. Even if an applicant meets the established criteria, the Harbour Trust is not obligated to provide a subsidy and may choose whether or not to do so.

Below is a table outlining the Eligibility Criteria. All factors concerning the organisation type and its contribution to the delivery of the Harbour Trust's objectives will always remain at the forefront in determining eligibility for receiving a subsidy.

Delivery Partners must respond to all eight eligibility criteria, whereas Contributory Partners must respond to criteria 1-7.

**Table 1: Eligibility Criteria**

Criteria No.	Eligibility Criteria	YES	NO
1	Not-for profit organisation or incorporated association		
2	Holds an ABN		
3	Holds the required licences for its activities and can demonstrate compliance with all relevant legislation*		
4	Maintains appropriate insurances (including \$20m public liability)*		
5	Demonstrated ability to meet its financial obligations for the term of the tenure arrangement with the Harbour Trust*		
6	Demonstrated necessity for a rental subsidy to carry out the proposed activities		
7	Appropriate governance arrangements with transparent reporting*		
8	Delivers services or programs in formal partnership with the Harbour Trust, or on behalf of the Harbour Trust at its request		

*\*These items are considered necessary to meet the requirements to hold a lease with the Harbour Trust. They are not unique to this policy and are required when entering into any lease agreement.*

The applicant must submit, under a single application, evidence and supporting documentation to show how they meet the eight eligibility criteria. Such documentation may include, but is not limited to:

1. Documentation showing not-for-profit status in Australia and registration with the Australian Charities and Not-for-profits Commission if held. (To be considered under this policy, it is highly desirable if the applicant is a not-for-profit organisation, as this will likely enhance their ranking during the review process. But while being a not-for-profit is beneficial, it is not essential as it is recognised that there are other types of community-focused organisations or initiatives.)
2. Evidence of licences held that allow the undertaking of the activities outlined, such as relevant operational permits.
3. A certificate of currency relating to insurances, with the Harbour Trust noted as an interested party.
4. A set of financial statements showing the financial position as of the date of application, including a profit and loss statement.
5. A business plan detailing the objectives and strategies for the initial lease term for which the subsidy applies.
6. A discussion or evidence on how the rental subsidy is required for the business to succeed, enabling the proposed activities.
7. Written documentation demonstrating how the applicant will achieve the objectives of the Harbour Trust during the initial term and the subsidy application period, including specific activities, timelines, and expected outcomes.
8. Any additional supporting documents that can further substantiate the applicant's ability to meet the eligibility criteria and align with the Harbour Trust's objectives.
9. Commentary with examples in response to the listed criterion under Table 2, Criteria for Determining Subsidy Level. Completion of this table is essential for allowing the Harbour Trust to assess the level of subsidy that may be applied to an applicant.

## **5. CRITERIA FOR DETERMINING SUBSIDY LEVEL**

Applicants are required to address the criteria listed in Table 2 below, from 1 to 6. This information is requested to specifically understand the extent to which the applicant's core activities meet and fulfil the Harbour Trust's objectives.

It also considers the reliance on funding and evaluates the positive impact of engaging with the applicant as a tenant or partner, including the benefits to the Harbour Trust and the overall fulfilment of the Harbour Trust's goals.

**Table 2: Criteria for Determining Subsidy Level**

No.	Criterion	Max. Value Contributory Partner	Max. Value Delivery Partner
1	Degree to which the organisation's core activities align with the objectives and priorities identified in Harbour Trust Plans. <i>(Show a direct correlation between the applicant's objectives and the Harbour Trust's objectives as contained in the various Management Plans applicable to each precinct)</i>	15	50
2	Identify and provide detail of other funding sources such as grants, subscriptions, donations or through enterprise.	5	NA
3	Uniqueness of the organisation in delivering the core activities. <i>(Contribution to Harbour Trust priorities can only be delivered by applicant)</i>	10	10
4	Accessibility and appeal of the organisation's core activities to the broader community including introducing site users from outside the local area. <i>(High demand for organisation's activities with no limitation on access)</i>	5	20
5	Degree to which the organisation's core activities on site reduce the need for resourcing by the Harbour Trust. <i>(Organisation delivers a desired service which would otherwise need to be provided by the Harbour Trust)</i>	5	ESSENTIAL
6	Prospect of the organisation's core activities attracting complementary tenants and licensees to the site. <i>(Organisation very likely to attract complementary tenants)</i>	10	20

## 6. ALLOCATION OF FUNDS FOR SUBSIDIES

In any financial year, the Harbour Trust may contribute up to 5% of its annual net income from leasing its commercial Buildings as rental subsidies to qualifying Partners.

The total subsidy made available will be determined by the Executive Director in consultation with the Chief Financial Officer having regard to the operational and financial circumstances of the Harbour Trust. It will be reviewed on an annual basis taking into account the number and value of subsidies awarded at the time.

The level of subsidy offered to a single Contributory Partner is capped at 25% of the total rental subsidy made available by the Harbour Trust in the relevant financial year, subject to the value of subsidies awarded at the time.

## **7. MARKET RENT**

The level of subsidy is calculated as a percentage discount against net market rent.

Net market rent is the estimated annual rent which could be achieved if the Building is let on the open market. Outgoings are not included within the market rent, and the tenant must continue to pay 100% of the outgoings associated with the Building as if they were paying full rent.

Net market rent is determined by the Harbour Trust with reference to valuation evidence and comparable market transactions for the range of uses permitted for the Building under the site Management Plan.

## **8. TERM OF SUBSIDY**

Subsidies are offered for a fixed term, usually being the length of the initial term of the tenure arrangement with the Harbour Trust (or the remainder of the initial term where an organisation applies for a subsidy during the course of a tenure arrangement).

Annual evidence of ongoing qualification may be requested by the Harbour Trust. Such evidence is essential for the ongoing application of any subsidy.

## **9. TENURE ARRANGEMENT**

The tenure arrangement will be determined by the Harbour Trust according to the Leasing Policy.

## **10. RENEWAL OF TENURE ARRANGEMENTS**

Where the tenure arrangement contains an option to renew, a qualifying Partner may apply for a new subsidy prior to exercising its option to renew its lease.

The subsidy renewal application is assessed with reference to:

- the Harbour Trust's subsidy policy as it exists at the time of application
- the Harbour Trust's priorities and objectives as they exist at the time of application
- the Harbour Trust's total and individual subsidy allocation(s) for the financial year at the time of application
- competing or anticipated demand for rental subsidies at the time of application.

The outcome of a subsidy renewal application does not affect the Partner's right to exercise an option without a rental subsidy. However, in this instance the Partner must be able to demonstrate, to the Harbour Trust's satisfaction, its ability to fund any financial obligations arising as a result of the tenure arrangement prior to the commencement of a further term.

## **11. SUBSIDY MONITORING AND REVIEW PROCESS**

To assist the Harbour Trust in informing the community about the contribution of subsidy recipients, performance measures may be agreed with the recipient prior to lease commencement. Activities of Contributory and Delivery Partners may be reviewed on an annual basis at the Harbour Trust's discretion.

Despite the above, all qualifying partners must on the anniversary of the lease commencement date provide to the Harbour Trust evidence that the organisation would continue to qualify as a subsidy recipient. Such evidence is to follow the same format as the initial application as detailed under items 3 and 4 above. Should a qualifying partner fail to fulfil the required criteria they will be provided with 28 days to provide a remedy.

In the event the activities of the subsidy recipient differ from those at the time of initial occupation and deemed appropriate within the occupied Building, the Harbour Trust may withdraw the subsidy or seek remedy to the failure.

Should the qualifying partner fail to provide evidence at 28 days from the request for remedy, the Harbour Trust may at its discretion determine to discontinue the subsidy and if the occupant is not able to qualify under the Leasing Policy, terminate the lease.

The level of subsidy will also be reviewed on a regular basis by Harbour Trust staff.

## 12. CONFLICTS OF INTEREST

All Tenant Selection Committee members (and any Harbour Trust staff appointed in accordance with this policy) are subject to the Harbour Trust's Code of Conduct and Fraud Policy which require members to act impartially and ethically.

Prior to any assessment or evaluation of rental subsidy applications, Tenant Selection Committee members (and any staff appointed in accordance with this policy) must declare in writing any actual or potential conflict of interest they may have in relation to the applicant.

Declarations of interest will be handled in accordance with the provisions set out in the Harbour Trust Leasing Policy.

## 13. DISPUTE RESOLUTION

There is no appeals process in relation to this policy, and any recommendation or decision made under it is final.

## 14. MEMBERS OF THE TRUST RETAIN DISCRETION IN APPLICATION OF THIS POLICY

The Members of the Trust may, at their discretion, choose to apply a subsidy to an organisation that may otherwise fall outside the policy, based on the representation of that organisation to the Members of the Trust who may instruct the application of such subsidies.

## 15. POLICY REVIEW

Author	Executive Officer	November 2016
Reviewer	Executive Director Director of Property & Business	November 2016
External Probity Review	APAC Probity Advisory and Auditing Consultants	29 November 2016
Trust approval	Trust Meeting	8 December 2016
Last amended	Trust Meeting	1 September 2017
<b>Next review</b>	<b>Trust Meeting</b>	<b>15 August 2024</b>

**Date: 6 August 2024**