

**INQUIRY INTO THE MANAGEMENT OF THE SYDNEY
HARBOUR FORESHORE AUTHORITY**

Organisation: The Rocks Chamber of Commerce
Name: Mr Fabian Marsden
Position: President
Telephone: 02 9247.8173
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Subject:

Summary

The Rocks Chamber of Commerce Inc.
PO Box N165
Grosvenor Place NSW 1220

The Hon Jenny Gardiner MLC
Committee Chair
General Purpose Standing Committee No.4
Inquiry into the management of the Sydney Harbour Foreshore Authority.

This is a general submission to the Inquiry by the Rocks Chamber based on issues expressed by our membership and stakeholders within the community. It is not our intention to point the finger on the basis of hearsay, but it is prudent to note that discontent with our landlord arises out of a perception of lack of transparency and commercial managerial expertise, and at times a conflict of interest with respect to some of its operations.

SHFA is a property owner, asset manager, planning authority and service provider within its defined precincts whereby there is an inherent potential for conflict with respect to current local government standards. But, this arrangement has benefits to the government such as local development and urban planning outcomes, maximising return on its assets, and broader benefits to the state such as enhancing our overall position with respect to developing viable tourist precincts which go beyond the responsibility of a local council.

I will attempt to crystallise the feeling of our membership within the terms of reference suggested by the invitation to make submissions to the Inquiry. There has been a varied and broad input from our community all of which cannot be included.

A. The role of the chairman, past & present CEO'S, the SHFA Board, and other executive committee members in the management of land development issues under its control.

- As a development arm of government the chairman and board are separated from issues that would normally be dealt with by a representative local government authority. In other words its assets and development impacts should be managed by a process of either transparent existing policy or new policy development or consultation through appropriate notification and exhibition of decisions which have significant community impacts. In the absence of such process, the policies of the LGA in which SHFA is operating should be the default mechanism, which would result in consistency across neighbouring precincts. The only democratic access to the board has been through the board position occupied by the Lord Mayor, which in fact is sometimes compromised by board governance responsibilities. The point has to be made that there is a strong feeling that the SHFA Board is unrepresentative and makes decisions that affect the viability of many tenants and ratepayers, without accountability or input from those affected other than through a vague bureaucratic chain.

- With respect to the role of the CEO, the view has been expressed that he was not always perceived to be at arm's length in commercial relationships, which reflects adversely on the government of the day

B. Lines of communication and accountability between SHFA and relevant councils, the Premier and any other Ministers or their staff and advisors.

- Again, because the role of SHFA is defined under its statutory obligations, communication and accountability appear limited to asset value and return parameters rather than the very real political implications of its decisions in our local community. The Rocks as a revenue generator has experienced a significant devaluation as an asset to the government due to the sustained drop in inbound tourist visitation. The expressed desire of the SHFA board to purchase the Superdome, apparently at inflated value, against the background of its depreciating asset returns suggests to tenants that unrealistic market rents will be artificially maintained. The original Sydney Cove Redevelopment principles of restoring and maintaining this precious heritage precinct by reinvesting a significant proportion of revenue generated seems to have been diminished.
- The communication process between SHFA and councils with a vested interest in the Authority's decisions is only a referral mechanism and denies the council any real influence over outcomes. This process often occurs at officer level and is not reviewed by council itself.

C. Potential conflicts of interest in the SHFA's commercial relationships.

- The management of commercial relationships should at the very least mimic the standards adopted by other local government authorities. Tendering processes should be open and consistent over time and be clearly at arm's length. Because of a lack of consistency in overt tendering mechanisms there has been a strong perception that biased, and perhaps corrupt or politically driven outcomes have occurred. This undermines confidence in the Authority's capacity to manage effectively, and also has the potential to smear the name of tenants who have negotiated with SHFA on an even playing field. A common sense balance has to be struck where private sector culture prevails over bureaucratic mechanisms and tenants have a sense of clarity about tenure and other aspects of leasing arrangements. Private investment by tenants will not happen without certainty.

D. The process by which SHFA acquired enhanced consent powers, and the role of SHFA as a consent Authority for land that it administers.

- The Rocks Chamber has no objection to the SHFA enhanced consent powers as long as appropriate checks and balances are in place. Other local government authorities have similar consent powers which are only exercised against a democratic background of transparent decision making and public policy. In

effect, the chairman, the board and the CEO constitute the consent authority and there are no formal mechanisms for access in the decision making process.

E. The role of SHFA following the sacking of the City of Sydney Council and South Sydney Council , and the conduct of the Multi-dimensional study of the Pyrmont Point site.

- No comment. This is outside the focus area of The Rocks Chamber of Commerce Inc.

F. The transparency of planning assessment methods and processes employed by the SHFA

-SHFA at this point in time lacks depth in policy which in turn limits the efficient management of the development application process. The process through tendering, DA construction & submission, exhibition & notification to approval is immature and should more closely align with that of adjoining councils. It would be interesting to see the SHFA's efficiency as a consent authority measured in the local government minister's audit of councils. Policies are sometimes unclear. DA turnover time is unnecessarily long. Exhibition and notification is minimal if it occurs at all.

G. Any other relevant matters.

- The Rocks chamber does have some issues with SHFA over retail tenancy management and this is reflected in a submission made to the Retail tenancies Act review process taking place at the moment. It's important to note that retail tenancies must be cast in the setting of clear disclosure by SHFA, particularly with respect to a well constructed and appropriate platform of policy which gives our members a degree of certainty in their business planning. The current administration is attempting a catch-up on commercial management which has been laboriously slow or non-existent in the past, and often based on the excessive use of consultants.
- Our members know that as a commercial precinct, our greatest asset is heritage, whereby all SHFA policy must carefully balance commerciality with heritage considerations. The view has been put that any new development or restorative processes should keenly reflect heritage, even to the point of breaking with the current philosophy of building new on old (in order to distinguish new from old). Smartpoles are not welcome against heritage buildings; infill developments should be period matched reproduction, and street furniture should identify the precinct with its heritage, not the CBD. Comments put to this submission suggest that the blending of SCA, DHA, City West etc has created a large amorphous organisation with a diminished local focus.

Fabian Marsden, President, the Rocks Chamber of Commerce