

Norfolk Island Regional Council Annual Report

2020 – 2021



Norf'k Ailen Riigenl Kaunsl
Aenyuel R'Port

ABOUT THIS REPORT

The Norfolk Island Regional Council Annual Report 2020– 2021 provides an overview of the activities and achievements of Council during the financial year and its progress towards achieving the Island’s vision through “Our Plan for the Future”.

It also includes the Council’s financial performance as at 30 June 2021, governance and statutory information to assist community understanding of Council performance as a community leader and business entity.

You can download a copy of this report at www.norfolkisland.gov.nf/reports-annual-reports.

You can request a printed copy or provide feedback by contacting us on +672 3 22244 or local free call 0100. Or you can email us at customer care@nirc.gov.nf.

Norfolk Island Regional Council acknowledges the traditional custodians of this Island.

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INTERIM ADMINISTRATOR'S MESSAGE



Mike Colreavy
INTERIM ADMINISTRATOR

The Annual Report is published in accordance with section 404 of the Local Government Act 1993 (NSW)(NI). This report has been completed outside of the requirements due to the late completion of the Audited Financial Statements which Council received at its Ordinary meeting in May 2022.

This Annual Report represents a challenging year for the organisation, with a deterioration in its financial position from June to December 2020, requiring a financial bailout by the Commonwealth Government of \$3M in December 2020, the elected Council was suspended from February 2021 during this reporting period, and operations were placed into Interim Administration until the completion of a Public Inquiry.

This report details those challenges, the adoption of the External Audit Findings (EAF's), and an improvement in the financial position under Interim Administration.

The Public Inquiry commenced in mid-April 2021 and concluded outside of this reporting period in December 2021.

I commend the Annual Report for 2020/21 to the community.

GENERAL MANAGER'S MESSAGE



Andrew Roach
GENERAL MANAGER

The reporting period commenced in June 2020. On 4 February 2021, Assistant Minister Nola Marino suspended the Council and appointed Mr Mike Colreavy as Interim Administrator pending a Public Inquiry into the Financial Operations of NIRC.

There were many challenges during this period particularly focused on improving the financial position of Council and developing the framework around delivering the External Audit Findings (EAFs) of the Grassroots Connections and Nexia reports.

A commitment was made in February 2021 to report quarterly on the EAF's, providing updates to the community on the change program that commenced under Interim Administration. This report focused on the short term EAF's that could be achieved, with longer term change identified to be addressed at a point outside of this reporting period.

Council management commenced a review of its financial position as well. Given the financial bailout of the Commonwealth in December 2020 of \$3M, it remained committed to ensuring our cash position remained positive during the last six months of the reporting period. Our final cash position at 30 June 2021 was \$5.3M.

Considerable time and resources were dedicated to the management of the pandemic during this period. During the reporting period, Norfolk Island did not have a single Covid case, introduced a management system of permit entry to the Island, attended numerous meetings of both the Emergency Management Team (EMT) and the Incident Management Team (IMT), provided a dedicated Welfare

Worker resource, and assisted NIHRAC's with the roll out of vaccinations. I would like to recognize the members of both the EMT & IMT, NIHRAC's and Department that managed the pandemic so well during this period.

The final three months of the reporting period became dedicated to preparation and submissions to the Public Inquiry. Council resources were stretched to their limits during this period, providing in excess of 3,000 documents to the Public Inquiry, and the equivalent of 8 full time staff members for 4 months.

Despite these requirements on Council, normal services continued to be provided, so the community would continue to enjoy the Island lifestyle.

I would like to thank all Council employees for their commitment and dedication to this community during a time of challenging circumstances I have never seen before in my 30 years in Local Government. You are a credit to yourself and this organisation.

Informing Our Community

The Annual Report is one of the key components of the Integrated Planning and Reporting (IPR) Framework. The Report helps the Council keep the community informed on what has been achieved in the previous financial year.

The following diagram outlines the elements of the framework for Norfolk Island. It is based on the New South Wales (NSW) Office of Local Government’s Integrated Planning and Reporting (IPR) Framework and involves planning and reporting requirements.

The Integrated Planning and Reporting Framework diagram illustrates the various elements of the overall framework and how the various plans and reports interrelate. The framework also recognises the important role the community play in guiding Council in their service delivery.

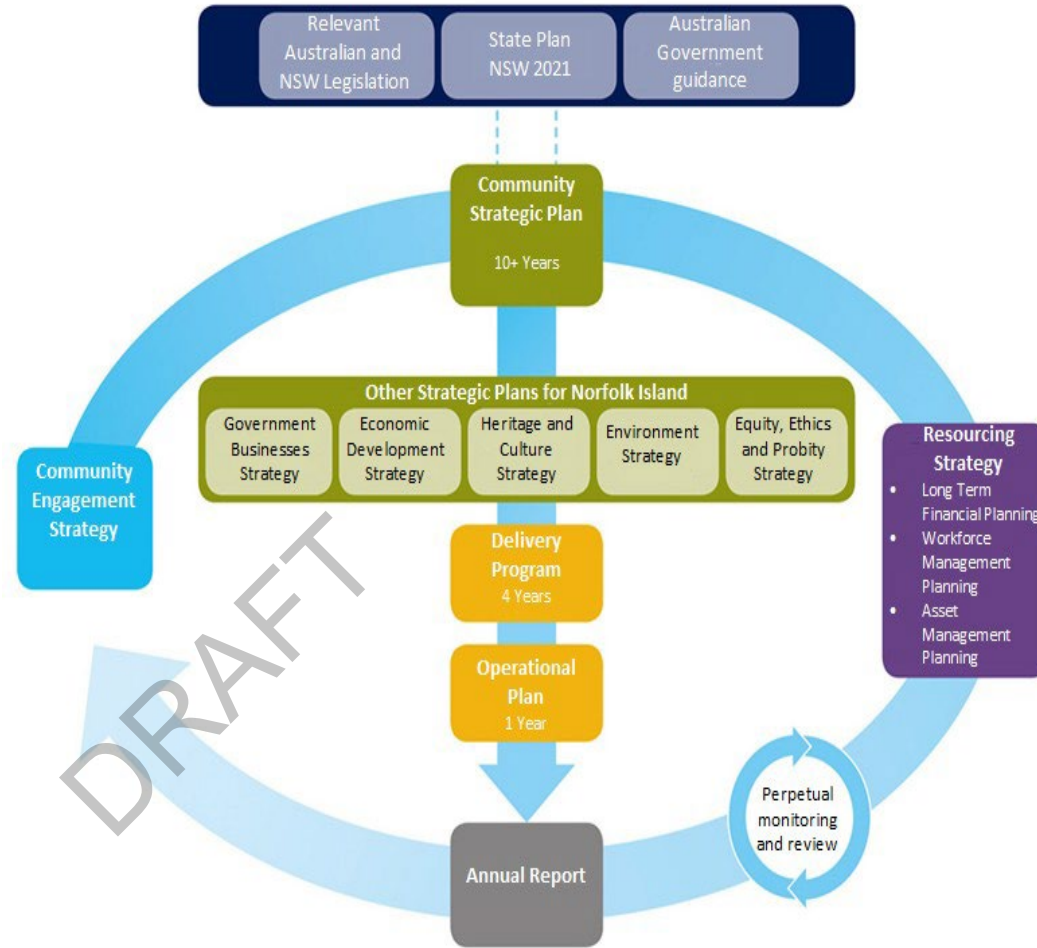


Figure 1: The Integrated Planning and Reporting Framework for Norfolk Island adapted from the NSW Office of Local Government’s Integrated Planning and Reporting Framework (IPR).

About Norfolk

Baut Norf'k

Geographical Context

Norfolk Island is a small sub-tropical island, 8 km long by 5 km wide and 3455 hectares in area, located in the south-west Pacific Ocean, 769 km from New Caledonia, 1673 km from Sydney and 1074 km from Auckland.

It is often defined by its soaring pine trees and jagged cliffs, however, the island also boasts stunning sandy beaches such as Emily and Slaughter Bays with their reef-protected waters, and surf beaches, such as Bumbora and Anson Bays. The Norfolk Island National Park offers a range of walking tracks from relatively easy to more demanding routes, with stunning vistas and views over palm forests from Mt Pitt and Mt Bates.

Norfolk Island Snapshot

Geographic Coordinates	29.03°S, 167.95°E
Coastline	32 km
Climate	Mild and subtropical
Highest Point	Mount Bates 319 m
Time Zone	UTC+11:00
Central Business Area	Burnt Pine, Taylors Road
International Calling Code	6723
Internet TLD	.nf
Drive on	Left
Business Language	English
Official Languages	Norf'k and English
Major Industry	Tourism
Population	1748 (2016 Census)



Historical Context

Captain James Cook was the first European to discover Norfolk Island in 1774, during his 'Voyage of Discovery' expedition; however, the island had been previously settled by Polynesians between 800 AD and 1450 AD. Evidence of this was recorded by the British, including by Philip Gidley King, the first commandant of the Colonial (first) British Settlement, when they arrived on Norfolk Island in 1788.

The Colonial Settlement ran from 1788 to 1814 and was integral to the initial survival of its sister colony at Port Jackson, Sydney. The sinking of HMS *Sirius* in 1790 was a devastating event for the two small colonies. Having one of the two supply ships out of commission was a huge setback, making it difficult to receive enough supplies for them both. The HMS *Sirius* Museum is dedicated to interpreting this catastrophic tale.

The cost of maintaining the colony, the lack of easy access for ships, and the fact that the Norfolk Island pine was unsuitable for ships masts and the local flax lacked the necessary fibre content to make sails, all compounded to convince the British Home Office that the settlement was a failure, and certainly didn't deliver on its early promise. In 1814, the Colonial Settlement was abandoned, with all the buildings destroyed to dissuade the French, and anyone else, from taking the island for their own.

Following a shift in policy towards the treatment of felons, the British government decided to re-establish a second settlement on Norfolk Island (known as Penal Settlement) eleven years later, in 1825. This settlement was infamous for the hardship and severe punishments meted out to convicts. The Penal Settlement lasted for 30 years until 1855 when it was, once again, closed, and the island was prepared for the arrival of the Pitcairners, the descendants of the *HMS Bounty* mutiny, from Pitcairn Island.

The mutineers had established a colony on Pitcairn Island in 1790 with their Tahitian brides and several Tahitian men and women who had travelled with them. There they established their own traditions, culture, laws and language, which were brought with their descendants to Norfolk Island in 1856 aboard the *Morayshire*. More than a century and a half later the descendants of these people are the Norfolk Islanders of today.

From 1867 to 1920, Norfolk Island was also home to Melanesian students at the Mission. The mission – where youths from Melanesian islands, such as Solomon Islands and New Hebrides, were taught new skills in farming and domestic duties and religious education – was moved from New Zealand to Norfolk Island in 1866.

Since then, people have come from all over the world to make Norfolk Island their home, and these people are now an integral part of the island community.

The Population

According to the Australian Bureau of Statistics Census Data from August 2016, Norfolk Island has:

- a population of 1748
- 46.8 per cent males and 53.2 per cent females with a median age of 49 years
- 1080 private dwellings
- an average of 2.2 persons in each household.
- 34.5 per cent of its population participating in voluntary work during the last 12 months
- 80.8 per cent of its population with internet access at home.

Legislative Context

Norfolk Island is an External Territory under the Authority of the Commonwealth of Australia; the Norfolk Island Act 1979 (CTH) remains the primary Commonwealth law that governs Norfolk Island.

The Norfolk Island Regional Council (NIRC) formally commenced on 1 July 2016; it is governed by the Local Government Act 1993 (NSW)(NI) as well as other applied legislation.

NIRC is unique in that it provides a broad range of local government services to the community of Norfolk Island, as well as commercial type services such as: an international airport, telecommunications, electricity generation and distribution and, liquor wholesale and retail. NIRC is also contracted to provide Commonwealth funded state-type services, such as motor vehicle licencing.

- Federal Legislation in Norfolk Island

Under the *Norfolk Island Act 1979* (CTH), all Commonwealth laws apply to Norfolk Island unless they are expressed not to; some federal laws such as the Goods and Services tax do not apply fully. Australian taxation legislation as well as the *Privacy Act 1988* (CTH) are examples of federal legislation that does extend to Norfolk Island.

The federal minister responsible for Territories can make Ordinances, Transitional Rules and Legislative Instruments for Norfolk Island.

- New South Wales Legislation in Norfolk Island (applied law)

A number of NSW laws have been applied Norfolk Island; these laws have the text '(NSW)(NI)' after them, and this shows that they are federal versions of state laws for example, *Local Government Act 1993* (NSW)(NI).

Some applied laws are only applicable to certain NSW state officials or NSW services providers while they are working on Norfolk Island and others have full application, such as public health services and education services, which apply to all on Norfolk Island.

- Norfolk Island Continued Legislation

Laws made by the Commonwealth as Ordinances prior to 1979 and, laws that were made by the previous Legislative Assembly of Norfolk Island continue to apply unless they have been specifically repealed by the Commonwealth.

All laws that apply to Norfolk Island can be viewed online on the Federal Register of Legislation.

DRAFT

About Council

Baut Kaunsi

Norfolk Island Regional Council Councillors

Norfolk Island Regional Council was represented up to 5 February 2021 by five members consisting of Councillor Robin Adams (Mayor), Councillor Rod Buffett, Councillor John McCoy, Councillor David Porter, and Councillor Lisle Snell.

All Councillors were elected for a four-year term by residents of Norfolk Island in May 2016. The five Councillors served in their roles up to 5 February 2021 for a period of 7 months in the reporting period.



Front left to right: Cr David Porter, Madam Mayor Robin Adams, Cr Rod Buffett
Back left to right: Cr John McCoy, Cr Lisle Snell

Norfolk Island Regional Council Interim Administrator

On 4 February 2021, Assistant Minister Nola Marino suspended the Norfolk Island Regional Council and appointed Mike Colreavy as Interim Administrator, pending a Public Inquiry into the Financial Operations of NIRC. On 10 February 2021, the Assistant Minister for Regional Development and Territories (Minister) announced a Public Inquiry into the Norfolk Island Regional Council (NIRC), and Ms Carolyn McNally as the commissioner to hold the Inquiry.

DRAFT

Councillors' Attendance at 2020 - 2021 Council Meetings

Records for Councillors attendance at Council Meetings during the reporting period are shown below.

The appointment of the Interim Administrator on the 5 February 2021 meant that Councillors only attended half of the financial year meetings for the period. NIRC does not hold any Council or Advisory Meetings during January.

Council Meetings: July – December 2021: *Six Ordinary Meetings of Council during the reporting period are shown below.*

Councillor	Ord. Meetings Attended / Ord. Meetings Held
Cr Adams	6 / 6
Cr McCoy	6 / 6
Cr Buffett	5 / 6 (apology 23 September 2020)
Cr Porter	4 / 6 (apology 15 July & 23 September 2020)
Cr Snell	5 / 6 (apology 16 December 2020)

Extraordinary Meetings: July – December 2021: *Three Extraordinary Meetings of Council during the reporting period are shown below.*

Councillor	Extraord. Meetings Attended/Extraord. Meetings Held
Cr Adams	3 / 3
Cr McCoy	3 / 3
Cr Buffett	3 / 3
Cr Porter	2 / 3 (apology 3 July 2020)
Cr Snell	3 / 3

Three (3) Extraordinary meetings were held for the following:

- 3 July 2020: Terms of Reference: Independent Governance and Financial Audit of NIRC Operations
- 3 September 2020: Mayoral Minute: Royal Commission: Norfolk Island and the Commonwealth Bridging the Divide
- 30 October 2020: Request to delay Elections to be held 14 November 2020 (up to four months from stated date)

Council Meetings held following appointment of Interim Administration (on 5 February 2021):

Mr Mike Colreavy attended the following meetings as Interim Administrator:

Councillor	Ord. Meetings Attended / Ord. Meetings Held
24 February 2021	Ordinary Meeting of Council
18 March 2021	Extraordinary Meeting of Council Tender Evaluation – Bicentennial Centre Refurbishment; Labour only
7 April 2021	Ordinary Meeting of Council
5 May 2021	Ordinary Meeting of council
7 June 2021	Extraordinary Meeting of Council Draft budget and Operational Plan 2021-2022 Draft Annual Financial Statements 2019-2020 Draft 2019/2020 Financial Statements for Referral to Audit Proposed Community Waste Management Fee (EAF 27&28) Significant Development Declaration Application – Temporary Landing Structure at Cascade Bay
9 June 2021	Ordinary Meeting of Council

Council Advisory Committees

Advisory Committees are a valued source of community input on important identified community matters. The Council's Advisory Committees have strong community representation to provide feedback on specific key issues. Information on the Committees is accessible online from Council's website at www.norfolkisland.gov.nf/your-council/council-advisory-committees.

Advisory Committees operate under Council. Endorsed terms of reference, which are available for public access on each Advisory Committee's webpage on Council's website, along with other related content, including: Committee Meeting Minutes; and various reports that the Advisory Committee has reviewed.

Advisory committees provide a structure for interested residents and subject matter experts to play an active role in contributing to council policy and direction. Advisory committees provide an important link for council with the community and are supported via other community consultative methods.

Advisory Committees

01 July 2020 – 04 February 2021: Meeting Dates

Advisory Committee	July 2020	August 2020	September 2020	October 2020	November 2020	December 2020	January 2021
Heritage & Culture Advisory Committee	24	28	25	30	27		-
Public Reserves Advisory Committee	07	04	01	06	03	01	-
Tourism Advisory Committee	02	06	03	01	05	03	-
Norfolk Island Youth Council	07	04	01		03		-

Following the suspension of the Council in February 2021, all Advisory Committees of Council were also stood down for the same period. The External Audit Report from Grassroots Connections Australia dated 15 November 2020 (adopted by Council Resolution 2021/3) in its first Recommendations [EAF1 & 2], asked for the establishment of four (4) Council Advisory Committees.

Interim Administrator's Term

05 February 2021 – 30 June 2021

During the Interim Administration and up until the 30 June 2021, there were no committee meetings held.

On the 9 June 2021 Council resolved to adopt guidelines to establish the following 4 x Advisory Committees and rescind previous guidelines resolution: (2021/62)

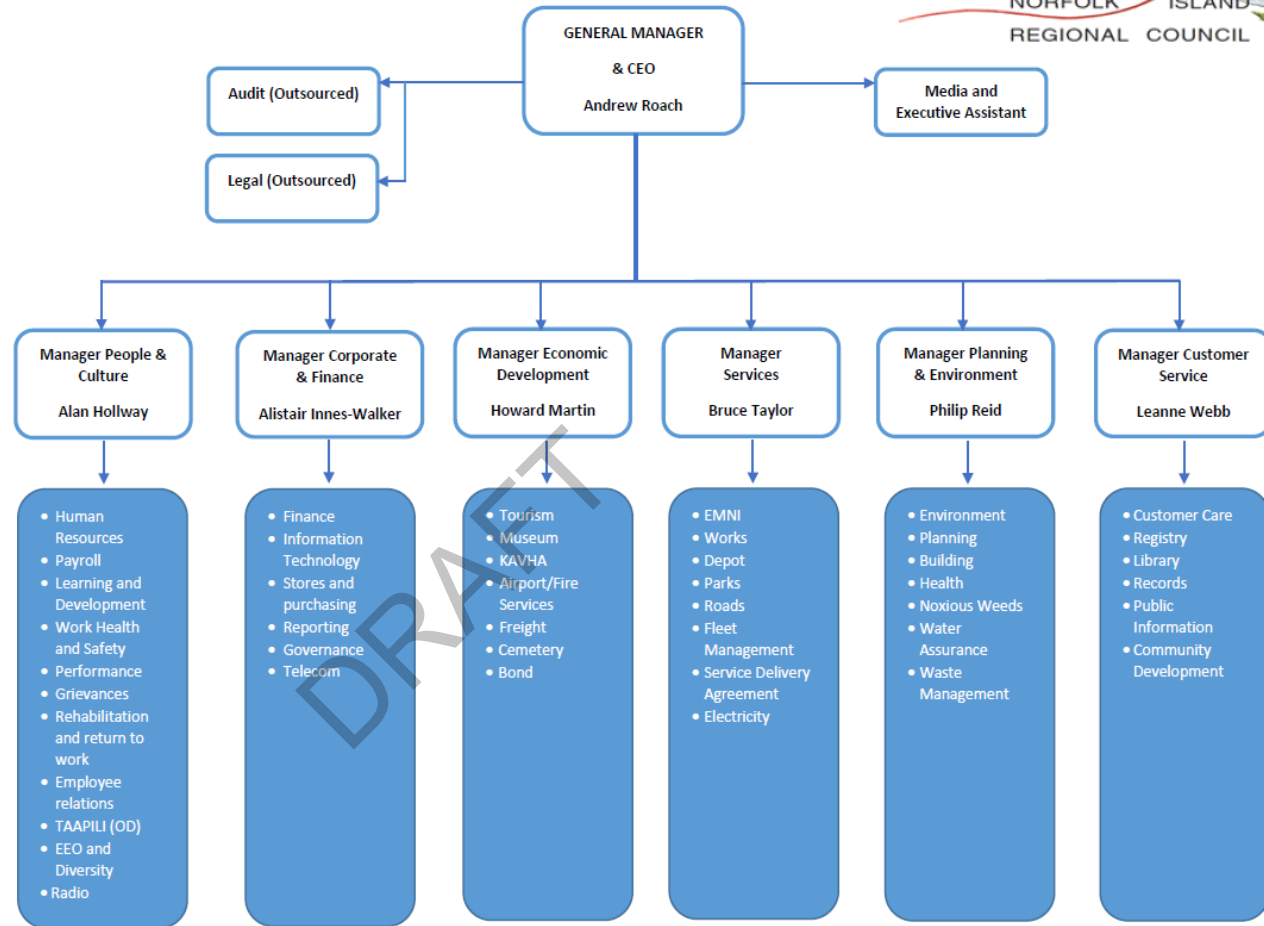
1. Business Innovation and Tourism 2. Reserves and Conservation 3. Sustainability 4. Youth

Our Structure

Auwas Strakcha



2021 ORGANISATIONAL STRUCTURE



The General Manager and Executive Team are responsible for operational management in line with the Strategic Plans as determined by Council.

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In consultation with Council, the Executive Team and their staff develop annual Operational Plans and budgets, aligned to the Delivery Program. An assessment of progress against these plans is provided to Council and the community each quarter via the quarterly Operational Plan review, and annually through the Annual Report.

The Executive Management Team are responsible for the functional divisions and branches shown in the organisational chart on the next page. Their role is to assist Council in making timely and informed decisions, backed by trusted advice and supported by effective and inclusive governance. As leaders of the organisation, the Executive Team, Managers, Team and Section Leaders are responsible for ensuring their divisions and branches service the local community effectively and efficiently.

Our Communications and Community Engagement Engiejen lorngfe awas komyuuneti

Communications and Media

Council is committed to keeping our community informed and updated with responsible messaging through a variety of channels including online and social media, radio and print.

The following provides an overview of Council's communications activities during the year:

- Media Releases – 275
- Gazettes – 55
- Mayor Interview on Radio – 15
- Mayor's Update in the Paper - 14
- Emergency Management Norfolk Island; facilitated 69 MR's Media Releases

Public Access Opportunities at Council Meetings

	Meeting date	Presenter	Organisation / Interest group
1	20 September 2020	President Cherri Buffet	Chamber of Commerce (Item 10.2)
2	24 February 2021	Mayor Robin Adams	NIRC Item 10.1
3	7 April 2021	Cr Lisle Snell presented (on Mayor Robin Adam's behalf)	NIRC Item 18.1
4	7 April 2021	Cr Lisle Snell	NIRC Item 18.1

Public Community Engagement Meetings

Council has engaged with the community throughout the reporting period and continues to actively seek broad consultation to better

understand the different views present in the community. The following community public meetings were held during the reporting period:

Dates	Subject
28 May 2020	Tourism: Marine Park Project - Community Workshop (6 June 2021)
3 July 2020	*Public Meeting – Operational Plan 2020-2021 16 June 2020 (MR 12 June 2020)
10 July 2020	Museum: Music Valley (15/07) - Community Workshop: Learn Conservation basics Jane Rutledge
31 July 2020	Tourism: Free Training Workshops - Social Media Marketing for Businesses (Kyle Czech) Customer Service (Leanne Webb) Food & Beverage Service (Michelle Van Gorph) Barista & Coffee Art (Gorgia Buffett)
5, 12 & 19 August 2020	Social Media Marketing for Businesses workshops were delivered by Kyle Czech on at Slick & Sons
20 August 2020	Customer Service workshop
1 November 2020	Tourism: Free Barista Training Workshop (Georgia Buffett)
30 December 2020	Museum Holiday activities
4 April 2021	Council of Elders – Meeting with Interim Administrator & General Manager following Interim Administration
30 April – 2 May 2021	1 Sydney Writers Festival Live & Local community event at the Rawson Hall Supper
6 June 2021	Tourism: Marine Park Project – Community Workshop
8 July 2021	Museum Holiday activities
July 2021	Spending spree competition - as part of Councils Buy Local Campaign
30 September 2021	Museum Holiday activities
1 July – 31 July 2021	Buy Local Survey - Norfolk Island residents to assist Council in better understanding local consumer practices.
30 December	Museum Holiday activities

Submissions

During the year Council sought submissions on various issues of public interest by way of either email to regionalcouncil@nirc.gov.nf, postal submissions and/or online surveys, as listed below:

Date placed on exhibition	Document or matter	No. of submissions
11 Sept – 9 Oct 2020	NI Pest Management Plan (closed 9 October)	2
14-31 August 2020	DA.BA 28/2020	1
9-26 October 2020	DA.BA 35/2020	4
16 June - 5 July 2021	DA.BA 20/2021	1
5 May - 3 June 2021	Proposed 2021-22 Rating Model	8
7 June - 5 July 2021	Community Waste Management Fee	18
7 June - 5 July 2021	Norfolk Island Cattle Association Fee	1
7 June - 5 July 2021	Operational Plan 2021 – 2022	6
7 June - 5 July 2021	Proposed 2021 – 2022 Rates	1

Service Delivery Agreement (SDA)

Serwes Deliwri Griiment (SDA)

Norfolk Island Regional Council delivers state-type services on behalf of the Commonwealth of Australia through a Service Delivery Agreement (SDA). The initial three-year SDA commenced in July 2016.

A 12-month extension until June 2020 was approved by the Commonwealth Government in June 2019, and further extensions to June 2021 and 30 September 2021 were approved on 30 June 2020, and 25 June 2021 respectively. A new SDA was signed in November 2021 which is scheduled to end 30 June 2024.

The original 16 services and five additional services are listed below, with cessations and changes to those services also included. Delivery of these services aligns with identified Key Performance Indicators, with the Commonwealth being responsible for providing Norfolk Island Regional Council with annual funding for these services and regulatory functions.

In 2020-21 the Commonwealth provided \$6.8M for delivery of services under the SDA. This included a one-off financial sustainability assistance grant (\$3M) for the Council and reimbursement of costs incurred by Council in responding to the Public Inquiry and initial work undertaken to address financial management improvement recommendations noted in External Audit Findings (\$200k).

Council's vision is to deliver these services in an efficient and effective manner for the period of the SDA.

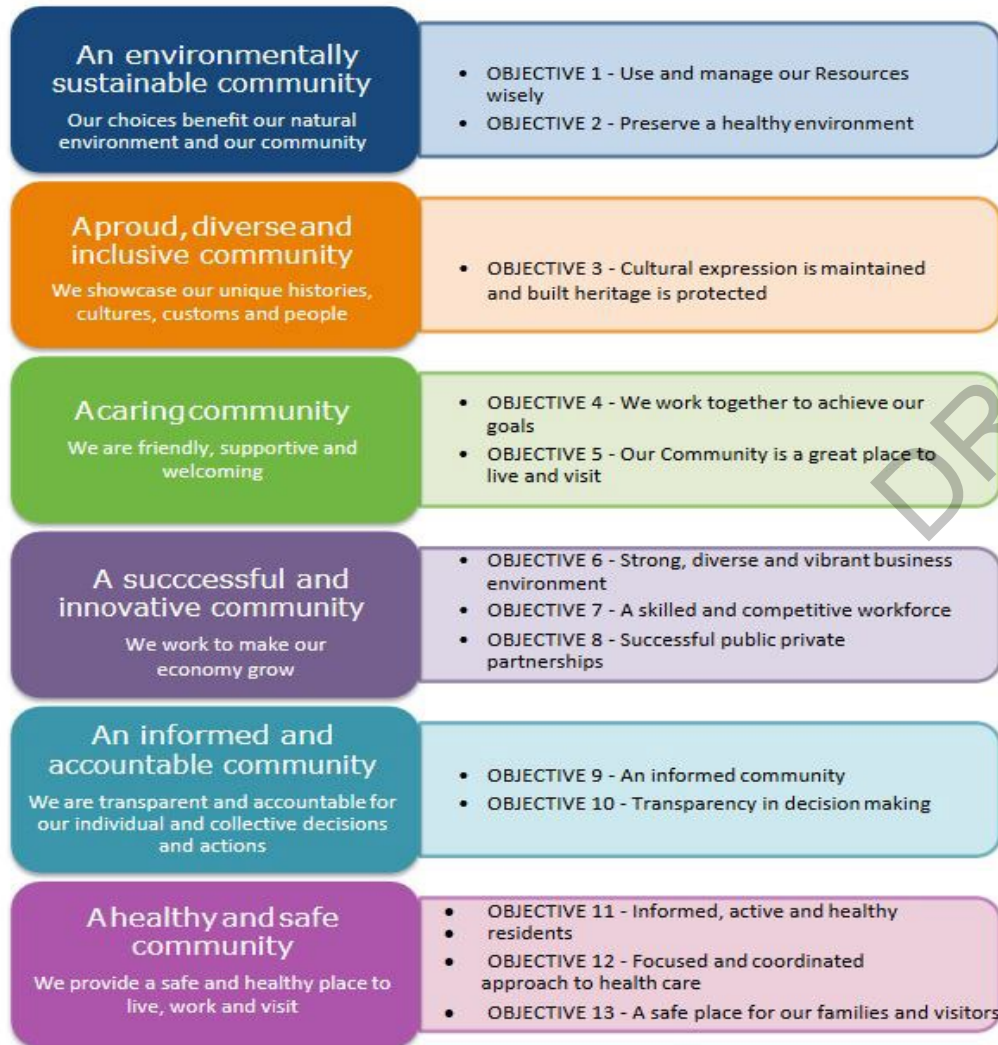
1	Education	Ceased 2017-18
2	Legal Services, Deceased Estates & Probates	Policing ceased 2019-20
3	Courts, Tribunals & Boards	
4	Child Welfare	Ceased 2016-17
5	Registry, Licensing & Regulatory Enforcement	
6	Emergency Services – Ambulance	Ceased 2018-19
6	Emergency Services – Marine Rescue	Ceased 2020-21
6	Emergency Services – Community Fire	
7	Kingston & Arthurs Vale Historic Area & Museums	
8	Office of Administrator	Ceased 2018-19
9	Lotteries Gaming	Gaming ceased 2016-17
10	Pest, Disease & Noxious Weed Control	
11	Workers Compensation	Ceased 2020-21
12	Ports Management	
13	Record Keeping	
14	Spatial Planning	
15	ICT Support	Ceased 2019-20
16	Pensioner Rates rebate	
17	SDA Management	Added 2017-18
18	Public Health	Added 2017-18
19	Property Management	Added 2017-18 ceased 2018-19
20	Adhoc Services	Added 2017-18 ceased 2018-19
21	Adhoc & Demand Drive Services	Added 2019-20

Whilst the State Services Delivery Program continues, Risk Management and Quality of Service Delivery remains a key performance sector criteria for all SDA services.

Statutory Reporting

1.1 Achievements in implementing the Delivery Program and Operational Plan

Figure 2 – An extract from the Norfolk Island Community Strategic Plan 2016-2026



This section provides an overview of Council’s performance and activities as they pertain to the Norfolk Island Community Strategic Plan (CSP) 2016-2026, ‘Our Plan for the Future’, which informs the Delivery Program and the Operational Plan 2020-2021.

The CSP identifies six strategic directions and 13 objectives for Council and the community to achieve Council’s vision, ‘Norfolk Island – the Best Small Island in the World’. These strategic directions and objectives are shown in the diagram below.

The Annual Report also includes statutory information as prescribed by legislation. This information is to assist community members understand how Council has been performing during the previous financial year.

A detailed report of Council’s achievements in implementing its Operational Plan 2020-2021 are presented in Appendix 1 of this Annual Report

1.2 Professional Development of Mayor and Councillors

There has been no professional development undertaken in 2020-2021.

1.3 Overseas visits – Councillors, Staff or Representatives of Council

There has been no overseas travel undertaken in 2020-2021.

1.4 Fees and Expenses for the Mayor and Councillors

The total amount of money spent on providing facilities and payment of expenses is outlined in the table below.

Details	Amount (\$)
Mayoral Allowance	\$23,741
Councillor Fees	\$34,083
Sub Total	\$57,824
Dedicated office equipment allocated to Councillors (including line rental costs and internet access costs, but not including call costs)	Nil
Telephone calls made by Councillors	\$2,170
Attendance of Councillors at conferences and seminars	Nil
Training and provision of skill development for Councillors	Nil
Interstate visits by Councillors, including transport, accommodation and other out-of-pocket travelling expenses	Nil
Overseas visits by Councillors, including transport, accommodation and other out-of-pocket travelling expenses	Nil
Expenses of any spouse, partner or other person who accompanied a Councillor, being expenses payable in accordance with the Guidelines	Nil
Expenses involved in the provision of care for a child or an immediate family member of a Councillor	Nil
Other expenses (including catering, stationery, printing, sundries)	\$7,462
Total	\$67,456

Note: Reporting period for 1 July 2020 to 4 February 2021 for Mayor and Councillors, remaining period was under Interim Administration

1.5 Fees and Expenses for Interim Administrator

The total amount of money spent on providing facilities and payment of expenses is outlined in the table below.

Details	Amount (\$)
Interim Administrator's Allowance and Superannuation	50,038
Accommodation, Travel and Incidentals	18,725
TOTAL	\$68,763

1.6 General Manager and Senior Staff Remuneration

There are three Council positions determined as being Senior Staff Positions under the Local Government Act 1993 (NSW)(NI).

General Manager¹ total remuneration package comprises of:

Details	Amount (\$)
1. Total value of the salary component of the package	\$239,269
2. Total bonus, performance or other payments that do not form part of the salary component	Nil
3. Total amount payable by the Council by way of the employer's superannuation contribution	\$22,764
4. Total value of any non-cash benefits for which the General Manager may elect under the package	Nil
5. Total amount payable by the Council by way of fringe benefits tax for any such non-cash benefits	Nil

Senior Staff – Managers (six) total remuneration packages comprise of:

- Manager Services
- Manager Corporate & Finance
- Manager Customer Service
- Manager Planning & Environment
- Manager People & Culture (until 5 March 2021)
- Manager Economic Development

Details	Amount (\$)
1. Total value of the salary components of their packages	\$715,038
2. Total bonus, performance or other payments that do not form part of the salary component	Nil
3. Total amount payable by the Council by way of the employer's superannuation contribution	\$67,928
4. Total value of any non-cash benefits for which any of them may elect under the package	Nil
5. Total amount payable by the Council by way of fringe benefits tax for any such non-cash benefits	Nil

1.7 Activities Undertaken to Implement the Equal Employment Opportunity (EEO) Management Plan

Council's Equal Employment Opportunity (EEO) Management Plan seeks to create a positive culture within the organisation, by ensuring employees adopt fair work practices and demonstrate ethical behavior while respecting diversity in the workplace and those they interact with.

Council's workforce reflects the diversity of the community in relation to EEO target groups - women, young people, people from culturally and linguistically diverse backgrounds minority groups such as people of Fiji, other South Pacific Islands descent, and people with a physical disability.

Council engages in processes for recruitment and selection that allow anyone within the community to apply for a position within Council. Existing employees have opportunities for training and development, promotion based on merit selection, transfers within Council and the opportunity to act in a higher duties position for a defined time frame. Council seeks to have a multi-skilled workforce which can serve its community.

Key achievements in 2020-2021:

- Argent Job Evaluation System allowing across the board transparent salary benchmarking, salary grading system in accordance with the classifications and level of requirements of the EA 2020.
- Developed a merit based system in administering compensation and benefits across all positions within the structure.
- Staff Consultative Committee that provided platform for all staff to participate and or provide recommendations, suggestions and raise concerns.
- Provision of flexible working arrangement and organizing meetings via web based media platforms allowing staff to participate and proactively be involved in council activities.
- Developed and Implemented Policy on Harassment and Bullying to ensure that NIRC maintains a working environment free of coercion, harassment, and intimidation at all job sites, and in all facilities at which employees are assigned to work.
- Use of inclusive languages in all of Council signs, documents and web pages.
- NIRC provided a parental leave and flexible working arrangement policies.
- Allowed employees to take religious or national holidays that aren't included in NIRC's official holiday schedules.

1.8 Public Access to Information

The Freedom of Information Act 1982 (CTH) came into effect on Norfolk Island on 1 January 2011; it is the primary piece of legislation governing access to Council information.

The Freedom of Information (FOI) legislation allows the public to ask for access to documents held by the Norfolk Island Regional Council, including documents containing personal information about individuals and information about policies or programs.

For the reporting period 1 July 2020 to 30 June 2021 there were 27 FOI applications received.

Quarter	Number Received	Number Finalised	Number where full access was granted
1	12	15	2
2	7	6	1
3	4	1	0
4	4	2	0
Total	27	27	3

More information in relation to Council's FOI process can be found on Council's website at link <http://www.norfolkisland.gov.nf/policy-and-governance/freedom-information-foi>. The website also contains a disclosure log of documents, where access has been granted.

1.9 Legal Proceedings

Amounts incurred by the Council during the year in relation to legal proceedings taken by or against the Council (including amounts, costs and expenses paid or received by way of out of court settlements, other than those the terms of which are not to be disclosed) and a summary of the state of progress of each legal proceeding and (if it has been finalised) the result: Nil.

1.10 Financially Assisting Others – Community Grants Program

The Community Grants Program is run annually by Council and provides financial assistance to community organisations to purchase resources, complete repairs and maintenance projects and, run community events.

Due to the significant impact on Council's income as a result of the COVID-19 pandemic Council's Community Grants Program for 2020-21 was deferred until 2021-22 to allow Council to recover its financial position. This deferral did not adversely affect community organisations as the Commonwealth announced funding in the form of an External Territories Stimulus Package to support community projects on Norfolk Island this financial year; approximately \$890,000 is allocated to community organisations an amount which far exceeds contributions by Council in previous years.

Bursaries and Scholarships

There was a total of 18 successful applications totaling \$19,800 in grant funding distributed. Approved bursary funding was awarded to:

Applicant	Qualification	Amount
Anderson, Corey	Tertiary Degree	\$1,100
Bigg, Holly	Tertiary Degree	\$1,100
Elliot, William	TAFE	\$1,100
Menzies-Thompson, Tilly	Tertiary Degree	\$1,100
Hudson, Bronte	Tertiary Degree	\$1,100
Evans, Kailani	Tertiary Degree	\$1,100
Menzies, Taylah	Tertiary Degree	\$1,100
Sheridan, Tigerlily	Tertiary Degree	\$1,100
Bigg, Hannah	Tertiary Degree	\$1,100
Buffett, Curtis	Tertiary Degree	\$1,100
Hayes, Harrison	Tertiary Degree	\$1,100
Christian, Tiaan	TAFE	\$1,100
Schmitz, Rhys	TAFE	\$1,100
Carr, Charlie	Tertiary Degree	\$1,100
Clark, Millisent	TAFE	\$1,100
Ward, Isabelle	Tertiary Degree	\$1,100
Wright, Zoe	Tertiary Degree	\$1,100
Evans, Evangeline	Tertiary Degree	\$1,100

In addition to the bursaries, a further \$900 was provided for the Queen Victoria Scholarship.

1.11 Externally Delegated Functions

Statement of all external bodies that during the year exercised functions delegated by Council: Nil.

1.12 Controlling Interests

Statement of all corporations, partnerships, trusts, joint ventures, syndicates or other bodies (whether or not incorporated) in which Council (whether alone or in conjunction with other councils) held a controlling interest during the year: Nil.

1.13 Controlling Interests

Statement of all corporations, partnerships, trusts, joint ventures, syndicates or other bodies (whether or not incorporated) in which Council (whether alone or in conjunction with other councils) held a controlling interest during the year: Nil.

1.14 Council's Participation in Partnerships, Corporations or Joint ventures

Statement of all corporations, partnerships, trusts, joint ventures, syndicates or other bodies (whether or not incorporated) in which Council participated during the year: Nil.

1.15 Contracts Awarded in Excess of \$150,000

Details of each contract awarded by the Council during the 2020-2021 financial year for amounts greater than \$150,000 (except employment contracts – contracts of service).

Name of Contractor	Nature of goods or services supplied	Total amount payable under the contract
Spark New Zealand Trading Limited	Telecommunications – satellite Bandwidth & Hardware	US\$1,537,176
Mothership Industries Pty Ltd (trading as Circular Solutions)	Supply and installation of TESLA 2MG Battery Energy Storage System	\$1,927,660

1.16 Rates and Charges Written Off During the Year

There was no abandonment of rates during this reporting period and no small debt amounts that is less than \$2.00 written off at the end of the financial year. All other outstanding rates and charges were carried forward to the 2020–2021 financial year.

1.17 Environmental Upgrade Agreements

The Norfolk Island Regional Council has not entered into any Environmental Upgrade Agreements in accordance with any requirements imposed under s406. (Local Government Act s54P).

1.18 Report on Capital Works Projects

- Water Tanks \$400K installed
- Roundabout Taylor & Grassy Road intersection commenced
- Footpath – Taylors Road commenced
- Bicentennial Building commenced
- Library completed
- Rawson Renovations completed

1.19 Works on Private Land

Council passed no resolutions under Section 67(2)(b) of the *Local Government Act 1993* (NSW)(NI) to fully or partly subsidise work on private land; therefore, there are no resolutions to summarise under section 67 concerning work carried out on private land.

1.20 Report on special variation expenditure if required to do so by the instrument made by the Minister

There has been no special variation expenditure in the 2020–2021 financial year.

1.21 Other Statutory Reporting Requirements

It is a requirement under the *Local Government Act 1993* (NI)(NSW) and General Regulation for Councils to also report on the below, however, the Norfolk Island Regional Council has not reported on these items as either the Norfolk Island Regional Council does not provide or levy such services or the legislation that these requirements refer to, does not currently apply to Norfolk Island:

- Detailed statement on activities relating to enforcing and ensuring compliance with the Companion Animals Act and Regulation [*Companion Animals Act 1998* (NSW) and *Companion Animals Regulation 2008* (NSW) do not apply to Norfolk Island].
- Particulars of compliance with and effect of planning agreements in force during the year [*Environmental Planning and Assessment Act 1979* (NSW) does not apply to Norfolk Island].
- Councils must prepare an annual report on the public authority's obligations under the *Public Interest Disclosure Act 1994* (NSW) for submission to the Minister responsible for the public authority. A copy of the report is to be provided to the Ombudsman. [*Public Interest Disclosure Act 1994* (NSW) and Regulation do not apply to Norfolk Island].
- Councils considered to be 'human service agencies' under the *Carers Recognition Act 2010* (NSW) (i.e. councils that provide services directed at carers and/or people being cared for by carers) must report on compliance with the Act for the reporting period [*Carers Recognition Act 2010* (NSW) does not apply to

Norfolk Island].

- Recovery and threat abatement plans – Councils identified in a plan as responsible for implementation of measures included in the plan, to report on actions taken to implement measures as to the state of the environment in its area [*Fisheries Management Act 1994* (NSW) does not apply to Norfolk Island].
- Information on the implementation of Council's Disability Inclusion Plan [*Disability Inclusion Act 2014* (NSW) does not apply to Norfolk Island].
- Details of inspections of private swimming pools [*Swimming Pools Act 1992* (NSW) does not apply to Norfolk Island].
- A statement detailing the stormwater management services provided (if levied) – not levied by Council.
- A statement detailing the coastal protection services provided (if levied) – not levied by Council.

1.22 Audited Financial Reports

Audited Financial Reports for the 2020 – 2021 financial year were received at Council's May 2022 Ordinary Meeting of Council and are provided as an appendice to this report.

Please see Appendix 2.

APPENDIX 1 – Annual Activity to Deliver the Operational Plan 2020–2021

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Strategic Direction 1 – “An environmentally sustainable community”

Our choices benefit our natural environment and our community

Strategic Objective' from Community Strategic Plan	How will we get there' taken from the Community Strategic Plan	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division/officer	Progress Update
1. Use and manage our resources wisely	1.1 Develop a clean energy future	Achieve 100% renewable energy generation on Norfolk Island by 2024	1.1.1 Determine optimal implementation pathway to achieve the objective of 100% renewable energy at lowest capital cost, within specified timeframes, keeping ongoing operational costs as low as possible	Develop a 100% Renewable energy Vision and Exploration Statement for Council approval by September 2020. Establish a Norfolk Island 100% Renewable Energy Transition Advisory Committee to maximise expert input and help to steer program implementation over next 5 years by November 2020. Develop a Request for Proposals by February 2021 to undertake a business case to assess best options for achievement of 100% renewable energy. Undertake preliminary assessments realistic funding, financing, and procurement and delivery options by February 2021.	Manager Infrastructure Services	<p>In the 20/21 FY, Council further developed their energy vision by identifying a range of experts within the industry which could assist in developing a physical pathway to a Renewable Energy Platform. Request for proposals were developed and implemented within the wider market.</p> <p>Preliminary assessments were undertaken to work towards preferred provider status in the 21/22 FY. Due to the complexity of the infrastructure, a committee of senior executives at council was established to progress the Council through the next phase of selecting a preferred partner.</p>
			1.1.2 Installation of a new diesel generator and battery capacity to reduce the Powerhouse’s diesel fuel requirements	New generator and batteries installed by February 2021.	Manager Infrastructure Services	The Tesla Battery was installed on island in the 20/21 FY. Confirmation of financial status and completion April 21.

			1.1.3 Public education on electricity incentives	Provide public education on electricity and incentives for energy efficiency.	Manager Infrastructure Services	Energy efficiency incentives will be developed with understanding the network further and moving towards the 100% Renewable Vision. Refer to 1.1.1
	1.2 Protect and enhance our water quality	Council has implemented regular and structured water testing for commercial premises and provides reports to the community.	1.2.1 Continued monitoring of private drinking water suppliers to assist businesses to meet their obligations under the Public Health Act 2010 (NSW)(NI)	All commercial premises have their water tested regularly as per Service 18: Public Health of the Service Delivery Agreement.	Manager Planning & Environmental Services	Council continues to deliver the Public Health Services under the SDA. All contracts are in place for the export of water samples commenced Q2. However, this had to cease in Q3 as QANTAS are currently unable to take freight out of Norfolk Island. Target ongoing.
			1.2.2 Assist KAVHA to upgrade all effluent facilities associated with KAVHA buildings	Council will continue to work with DIRDC in a regulatory and advisory capacity to complete upgrades to the KAVHA area. The upgrade for the sanitary facilities is expected to be Achieved over a one-to-three-year period.	Manager Planning & Environmental Services	Council continues to advise and support the DITRDC on the design and construction of the rising main from KAVHA to the water assurance scheme. This project is currently going through the approval stage with construction due to commence in October 2021. Note this project will be funded and delivered by the DITRDC.
			1.2.3 Commence implementation of recommendations from the 'Water Quality in the KAVHA Catchment' report to address contamination from both human and animal sources	Complete an audit of all wastewater systems within the KAVHA catchment and any unsanitary facilities to be closed or upgraded. Audit only Achieved by June 2019.	Manager Planning & Environmental Services	A selection of houses were audited in Q1. In addition, Q3 detailed audits of the KAVHA septic tanks were conducted by DITRDC. Achieved.

			1.2.4 Continue routine inspections and maintenance of the sewer network, pump stations and Wastewater Treatment Plant	All maintenance requirements are addressed as required.	Manager Planning & Environmental Services	Regular maintenance continues on the sewer network and pump stations with issues rectified as necessary. Repairs and maintenance to the Wastewater Treatment Plant is now beyond the capability of NIRC, external assistance is required to rectify and replace aging infrastructure as a matter of priority. Ongoing.
			1.2.5 All new effluent management systems are constructed and installed in a manner which does not adversely impact on surface or groundwater quality	Develop and implement guidelines to be included in Development Control Plan No 2. - Water Resources (2011), to design and maintain on-site sewage systems as per best practice Australian guidelines. Phase out the use of septic tanks and soakage trenches for new development applications.	Manager Planning & Environmental Services	All applications for onsite systems are individually assessed for their potential impact to the receiving environment. All systems are constructed based on the DCP No. 2 and the Australian Plumbing and Drainage Standard. Amendments to DCP No. 2 has been drafted and will be provided to Council in Q4. 50% Complete.
			1.2.6 Program for inspection and maintenance of existing individual on-site sewage treatment systems, septic tanks and holding tanks	Develop and implement an inspection, maintenance and improvement strategy for existing individual on-site sewage treatment to improve treatment outcomes and phase out existing septic tanks and soakage trenches.	Manager Planning & Environmental Services	This task has not progressed due to lack of resources.
			1.2.7 Parks Australia are informed of water quality from the effluent outfall at Headstone	Council is able to provide reports, as required by Parks Australia, on the quality of water that is directed to the ocean outfall location at Headstone.	Manager Planning & Environmental Services	Council maintains an open dialogue with Marine Parks and report as required. Target ongoing.
	1.3 Reduce, reuse and recover waste and	No waste disposal into the sea - Incinerator or alternative disposal method in place. Council has a policy of no	1.3.1 Continue to implement Waste Management Solutions on Norfolk Island	Recyclable and residual wastes exported.	Manager Planning & Environmental Services	Council exported 609 tonnes of waste for the year.

	end disposal of waste into the sea	plastic carry bags in shops. Council has provided ongoing and consistent educative recycling information to the community on a minimum of a quarterly basis.				
			1.3.1 Continue to implement Waste Management Solutions on Norfolk Island	Composting facility continues to be fully operational.	Manager Planning & Environmental Services	The compost facility is fully functional and producing compost for sale to the public.
			1.3.1 Continue to implement Waste Management Solutions on Norfolk Island	Assess the operation of the Waste Management Centre, including the remainder of waste streams, and provide a report on the findings to Council by October 2020, unfortunately due to COVID-19, this target has had to be rescheduled into a future date when restrictions have been lifted.	Manager Planning & Environmental Services	Travel restrictions to the island lifted allowing consultants to arrive in Q3 to conduct the assessment. The final report was received by Q4. Major recommendation was for a review of the NI Waste Management Strategy to resolve final waste streams.
			1.3.2 Commence investigation into advanced waste technologies for residual waste streams	Investigations into different advanced waste technologies for residual waste streams have been conducted, including the potential for an incinerator in accordance with Council resolution 2016/ 8 (3) and investigation into the potential for grant funding for an incinerator, by October 2020. As per the above – this deadline will need to be rescheduled to a future date once COVID-19 restrictions have been lifted.	Manager Planning & Environmental Services	The waste Management strategy review identified above will include an assessment of Incineration Technologies for residual waste streams.

			1.3.3 Conduct community engagement and discussions with shops as to alternatives to single-use plastic	Community engagement will continue to encourage the use of compostable bags to assist with the disposal of food scraps.	Manager Planning & Environmental Services	A range of promotions for compostable products have been prepared and will be released once the composting has recommenced. Promotions have already been run through the buy local campaign, the paper and radio.
			1.3.4 Continue community education program on recycling and waste minimisation methods	Educative information on recycling is provided to the community on a minimum quarterly basis.	Manager Planning & Environmental Services	Eight (8) waste related media releases have been put in the local media across the year.
			1.3.4 Continue community education program on recycling and waste minimisation methods	Continue to provide waste and recycling information to the school.	Manager Planning & Environmental Services	Not progressed.
			1.3.5 Report on environmental issues relevant to the environment established by the Community Strategic Plan	Prepare content for the 'State of the Environment Report' during 2020-2021 financial year, by 30 June 2021, to be presented by 30 November 2021 (this is underway and on track for 2019-20. A shorter "snapshot" will be done annually and included with the NIRC annual report)	Manager Planning & Environmental Services	Development of the SoE has been pushed to FY22. The report will include the reporting period 2021/22.
			1.3.6 Waste Management Implementation Action Plan	Develop a Waste Management Implementation Action Plan so that actions adopted in the Waste Management Strategic Plan (2015) are recorded and tracked, by December 2019 – However, as another Monash University activity affected by COVID-19 – this will need to be	Manager Planning & Environmental Services	Implementation Plan for Residual Waste Streams is to be developed based on an update to the NI Strategic Waste Management Plan.

				rescheduled after restrictions have been lifted.		
	1.4 Plan for additional pressures on water resources, transport, utilities, and telecommunications infrastructure	No waste disposal into the sea - Incinerator or alternative disposal method in place. Council has a policy of no plastic carry bags in shops. Council has provided ongoing and consistent educative recycling information to the community on a minimum of a quarterly basis.	1.4.1 Development of a Population Policy	Population Policy Achieved by June 2020. -Implementation of Recommendations from the Strategy to follow. Suggest completion by December 2020. Refer to 2.2.1 for action items on Population Policy.	General Manager	Work has commenced on this project with several consultants engaged to do the preliminary work that informs the development of this policy.
			1.4.2 Complete the development of the Airport Master Plan and implement approved recommendations	Airport Master Plan achieved, and recommendations adopted by Council by July 2020. The Airport Master Plan to include investment strategy, asset management and runway capability.	General Manager	Achieved. Resolution 2020/133
			1.4.2 Complete the development of the Airport Master Plan and implement approved recommendations	Plans for implementation of adopted Airport Master Plan recommendations to be developed by November 2020.	General Manager	Achieved
			1.4.2 Complete the development of the Airport Master Plan and implement approved recommendations	Concurrently update Airport DCP No. 5 – Airport Land Use and Development Plan (Sub-Plan of NI Plan 2002) (also refer to 2.6.3).	General Manager	Achieved

			1.4.3 Execute Council's resolution with Headstone being the preferred public Quarry, including the development of a plan for the ongoing supply of rock	EIS and Development Application (DA) to be Achieved under the Significant Development Assessment Pathway i.e., Part 3A of the Planning Act 2002 (NI) and approval sought.	Manager Planning & Environmental Services	This has not progressed. A decision was made by council to pivot towards an approval for Cascade.
			1.4.4 Supply of rock, timber, sand and other natural resources	Investigate sustainable supply of rock, timber, sand, water and other essential materials in accordance with environmental best practice.	Manager Planning & Environmental Services	This has not progressed.
			1.4.5 Expand the Water Assurance Scheme (WAS) Network	Investigate the option of expanding the WAS network to be extended to capture higher density development areas.	Manager Planning & Environmental Services	Assessment Achieved. Extension of WAS to include KAVHA catchment. This has been presented to DITRDC for funding.
	1.5 Create a food secure community	Council has promoted home gardening (food) and the use of worm farms. Worm castings and juice are an excellent fertiliser source when growing food.	1.5.1 Implement a community education program for promoting the use of Council's aerated composting system	Continued promotion of the use and benefits of the aerated composting system and the use of the end product/compost in home gardens.	Manager Planning & Environmental Services	A range of promotions for compostable products and promotions for the use of the composting facility have been prepared and will be released once the composting has been recommenced in Q4. Promotions have already been run through the buy local campaign, the paper and radio.
			1.5.1 Implement a community education program for promoting the use of Council's aerated composting system	Quarterly promotion on the use of worm farms.	Manager Planning & Environmental Services	This was Achieved in 2018. Council would prefer the community to utilise Council's facility instead of home systems.
	1.6 Create a water secure future	Investigation on water harvesting commenced.	1.6.1 Investigate options for increasing water harvesting capacity from Council infrastructure.	Implement the appropriate water storage capacity for Council's infrastructure and services by June 2021.	Manager Planning & Environmental Services	The report <i>Council Rainwater Tank Upgrade</i> outlines how to maximise Council's catchments. Achieved.

			1.6.2 Collect Water consumption data	Collect data on water consumption (including bore water usage) to clearly identify existing water demand on the island including water balance accounting to inform planning for a water secure future.	Manager Planning & Environmental Services	This work was carried out by the CSIRO through the Norfolk Island Water Resource Assessment which is now a public Document. Complete.
			1.6.3 Provide water secure education	Provide education to the community on water harvesting techniques and encourage the community to increase rainwater storage infrastructure and reduce reliance on groundwater supplies.	Manager Planning & Environmental Services	Eight (8) water harvesting related media releases have been put in the local media during the year.
	1.7 Keep our waters around Norfolk Island sustainable for the enjoyment of future generations	A monitoring system is in place to monitor responsible activity in and on the bays and beaches.	1.7.1 Develop a monitoring system for our bays and beaches	Monitor responsible activity in and on the bays and beaches identify any issues requiring changes in management and issuing of permits for controlled activities during 2010-2021.	Manager Planning & Environmental Services	Infrequent monitoring of beach health by NIRC through inspections, or through feedback from the community, or community clean-up days. Changes to Controlled Activity Permits have commenced, e.g., excluding the use of single use plastics for some catering events.
			1.7.2 Develop a water quality monitoring regime in the recreational waters in Kingston	Conduct ongoing water quality monitoring of Emily Bay.	Manager Planning & Environmental Services	The beach is monitored weekly during the bathing season, and daily when the outlet has burst. Complete.
			1.7.3 Identify water quality management methodologies to improve water quality in the KAHVA catchment	Continue to work with the KAVHA site manager to gain the necessary approvals to rectify issues with water quality in the waterways within Kingston.	Manager Planning & Environmental Services	Council continues to provide advice to DITRDC and Marine Parks to improve water quality in KAVHA.

			1.7.4 Determine status of algal and coral reefs, ecosystem processes and interactions.	Advocate for research in the marine ecosystem of Norfolk Island. While the algae-coral dominate reefs of Norfolk Island have been studied, they are yet to be comprehensively categorised.	Manager Planning & Environmental Services	Council continues to work with Marine Parks to assess impacts and identify the general health status of the coral reef. This has resulted in a number of ongoing studies. Complete.
2. Preserve a healthy environment	2.1 Retain open spaces and low-density development	All planning instruments maintain existing values of low density and open community spaces.	2.1.1 Identify planning controls designed to maintain low density and open community spaces; to preserve those controls and objectives in NI Plan Review (see item 2.1.2).	All planning instruments maintain existing values of low density and open community spaces.	Manager Planning & Environmental Services	DITCRD agreement to progress the NI Plan Review agreed by Council. Draft Gazette notice prepared for Minister's delegate to formally initiate the Plan Review under the <i>Planning Act 2002</i> . Scoping Paper commenced, however stalled for public comment due to assistance with Council capital works project priorities (e.g., Ball Bay Groyne, Composter, Airport Reseal, Desalination Plant) and Commonwealth Projects (KAVHA DCP, Capital Works projects KAVHA).
			2.1.1 Identify planning controls designed to maintain low density and open community spaces; to preserve those controls and objectives in NI Plan Review (see item 2.1.2).	Review conducted of the Norfolk Island Plan 2002 (Community Strategic Plan (CSP) pg. 18). Ensuring that the planning framework continues to recognise high conservation value areas (CSP pg. 19) by December 2020. Refer to Operational Plan Action 2.1.2 below.	Manager Planning & Environmental Services	See 2.1.1

			<p>2.1.2 Comprehensive review of the Norfolk Island Plan 2002 including identifying barriers for economic development, maintaining existing values of low density and open community spaces (2.1.1 above) and respect and protect natural biodiversity (2.6.2 below), Population Policy research and development (2.2.1 below), areas of high conservation value (2.3.1 below), etc.</p>	<p>All planning instruments maintain existing values of low density and open community spaces.</p>	<p>Manager Planning & Environmental Services</p>	<p>See 2.1.1</p>
	<p>2.2 Recognise growth of the population is linked to the long-term environmental sustainability of the Norfolk Island community</p>	<p>A sustainable Population Policy is developed, implemented, and monitored. The Population Policy is to encourage sustainable growth and work to minimise adverse environmental and social effects, setting redevelopment and growth targets.</p>	<p>2.2.1 Engage a consultant or academic support for the development of a Population Policy to form part of the 'Green Economy Project' conducted by the University of Newcastle</p>	<p>Review previous Norfolk Island population policies and reports.</p>	<p>General Manager</p>	<p>see 1.4.1</p>
			<p>2.2.1 Engage a consultant or academic support for the development of a Population Policy to form part of the 'Green Economy Project' conducted by the University of Newcastle</p>	<p>Link Population Policy creation to Norfolk Island Plan Review 2.1.2.</p>	<p>Manager Planning & Environmental Services</p>	<p>Ongoing</p>

			2.2.1 Engage a consultant or academic support for the development of a Population Policy to form part of the 'Green Economy Project' conducted by the University of Newcastle	The Population Policy is presented to Council by June 2020 (ref: above).	Manager Planning & Environmental Services	Ongoing
	2.3 Protect and preserve environmentally sensitive areas and those of high conservation value, through improved land management and pest control practices	Identify areas of high conservation value.	2.3.1 Identification of areas of high conservation needs are conducted in consultation with the Public Reserves Advisory Committee, as part of the Norfolk Island Plan 2002 Review	As part of the statutory Review of the Norfolk Island Plan – review the 'Conservation Zones and High Conservation Preferred Dominant Land Use Areas' to identify any additional areas of high conservation value by December 2021, and to commence planning for enhancement of these areas through fencing of remnant vegetation, further revegetation with native species (according to NI Native Vegetation Mapping) and the removal of high priority weeds (also refer to 2.1.2 and 2.4.3).	Manager Planning & Environmental Services	Final Management Plans approved for (9) Public Reserves. Several high priority actions implemented including high priority weeds consistent with the Norfolk Island Pest, Plant and Animal Management Plan endorsed by Council. Identification of additional areas of high conservation value will occur as part of the review of the NI Plan. A basic review of the plan is scheduled for FY22. Further work is being achieved on the Native Vegetation Mapping to support this action.
	2.4 Support threatened species and minimise the presence of invasive species	A policy is developed and implemented for Council to work collaboratively with graziers and private land owners to manage weeds, pests, and animal protection. Council will review animal registrations and regulate and enforce responsible pet ownership. Feral cats have been addressed in cooperation with National Parks. Reduce or	2.4.1 A policy is developed and implemented for Council to work collaboratively with graziers, private landowners to manage weeds, pest and animal protection	Policy Achieved by June 2021 in line with High Priority Actions in the Norfolk Island Pest Plant and Animal Management Plan.	Manager Planning & Environmental Services	Policy yet to be achieved. The final Management Plans for Public Reserves and Pest and Noxious Weeds Management contain actions around working collaboratively with the Norfolk Island Cattle Association and the community to protect threatened flora species in some council reserves with fencing. Some actions implemented include fencing of remnant vegetation at Ball Bay Reserve. Further incentive

		eradicate Argentinian Ants and the Polynesian and European rat.				actions for management of pest, plants and animals on both public and private land (e.g., Rat, cat and weed control).
			2.4.2 Develop a work plan based on the recommendations of the Pest Plant and Animal Management Plan and the Plans of Management for Public Reserves	Work plan developed by September 2020 and implemented by Pest and Noxious Weed staff by June 2021.	Manager Planning & Environmental Services	Pest and noxious weeds staff are working to a plan based on actions within approved Reserve Plans of Management. High Priority Weeds and the protection of threatened species/breeding sea birds and threatened species/breeding seabird habitat.
			2.4.2 Develop a work plan based on the recommendations of the Pest Plant and Animal Management Plan and the Plans of Management for Public Reserves	A formal works program is awaiting the finalisation of the Pest and Noxious Weeds Management Plan (currently in Draft form) and the remaining Plans of Management for Public Reserves.	Manager Planning & Environmental Services	The Pest and Noxious Weeds Management Plan has been finalised and endorsed by council. Based on this, a formal works program can be prepared for the remainder of 2021 and 2022.
			2.4.3 Control priority woody weeds in high priority reserves and other areas in line with the Norfolk Island Regional Council Pest Plant and Animal Management Plan	Removal and ongoing monitoring of woody weeds from identified high priority areas (2.3.1) by June 2021.	Manager Planning & Environmental Services	Woody weed control is being undertaken in FY21 across a number of reserves, including Two Chimneys, Ball Bay, Bumboras, Point Ross, Hundred Acre, Selwyn Reserve and Anson Bay. The areas for removal will be monitored throughout FY22 with follow up management carried out.

			<p>2.4.4 Continue targeted control of cat, rat, feral chicken, Tarler Bird and Red Parrot populations in High Priority areas as identified in the NI Pest Plant and Animal Management Plan</p>	<p>Rat bait stations are installed across Norfolk Island Reserves and checked/rebaited regularly, and strategic cat, rat, feral chicken Tarler Bird and Red Parrot control will continue in High Priority areas.</p>	<p>Manager Planning & Environmental Services</p>	<p>Rat bait stations continue to be utilised across public reserves with 300 new stations procured in Q3 to be utilised. Cat, feral chicken and Tarler Bird control continues as part of priority pest control activities.</p> <p>The endorsed Pest and Noxious weed Management Plan identifies a number of priority actions for implementing on both public and private land. Efforts to secure funding for these actions is now being pursued.</p>
			<p>2.4.5 Assess each application for animal import under the Animals (Importation) Act 1983 (NI) to ensure animal/s do not pose a threat to the island's ecosystem</p>	<p>Develop a Domestic Animal Policy in conjunction with the Parks Australia and the Cat Management Committee in line with High Priority Actions in the Norfolk Island Regional Council Pest Plant and Animal Management Plan.</p>	<p>Manager Planning & Environmental Services</p>	<p>The Pest and Noxious Weeds Management Plan has been finalised and endorsed by council.</p> <p>A domestic animal's policy is intended to be developed to support this plan.</p>

			<p>2.4.6 Implement Argentine Ant Eradication Program</p>	<p>Continue to implement the Argentine Ant Eradication Strategy.</p> <p>Community education to be continued on the Argentine Ant Eradication Program and how to reduce spread of ants.</p>	<p>Manager Planning & Environmental Services</p>	<p>The Argentine Ant Eradication Program continued to be developed during FY21 and includes the treatment of several Argentine Ant zones across the island by both aerial and ground treatment methods. There continues to be a reduction in ants at a number of zones, based on monitoring being undertaken in person and using a detector dog.</p> <p>Program implementation is assisted by contractors and employees with experience in treatment under the guidance of Dr Ben Hoffman from the CSIRO.</p> <p>A steering committee also supports the program through local and specialist advice, and includes members of the local community, CSIRO, DITRCD, NIRC and the Invasive Species Council.</p>
				<p>Community education to be continued on the Argentine Ant Eradication Program and how to reduce spread of ants.</p>		<p>Additional communication on the Argentine Ant Eradication Program has been distributed both in print and social media. Print media has included both articles in the Norfolk Island newspaper, posters and the free leaflets and handouts placed at local businesses.</p>

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			<p>2.4.7 Baseline Threatened Species Survey</p>	<p>Advocate with Parks Australia, students and scientists to undertake baseline threatened flora and fauna surveys to determine the population status of threatened species across all public and private land.</p>	<p>Manager Planning & Environmental Services</p>	<p>Nest boxes for Norfolk Island Morepork have been installed at several public reserves. There have been no nesting pairs recorded in these to date. However, there were nesting pairs recorded on island in the last 12 months. Endangered Endemic Land Snails have been identified in Hundred Acre reserve.</p> <p>Monitoring will occur in the future, and captive bred individuals will be released into the reserve later in 2021. Habitat for the land snail will be improved in Hundred Acre reserve to improve outcomes and contribute to increasing the population of the species.</p>
			<p>2.4.8 Restore and maintain vegetation communities</p>	<p>Restore and maintain vegetation communities within high priority Council reserves and other high conservation value Council land according to revegetation guidelines prepared as part of the Norfolk Island Native Vegetation Mapping project.</p>	<p>Manager Planning & Environmental Services</p>	<p>Remnant native vegetation at Ball Bay Reserve was fenced from cattle during 2020, and Woody Weed removal has commenced. Native vegetation planting to be delivered within the fenced area prior to June 2021.</p> <p>In addition to this, native vegetation planted at a number of reserves prior to June 2021, including Two Chimneys, Bumboras and Quarantine. Planting at Anson Bay and Selwyn Reserves will be Achieved once suitable species are available from the National Parks Nursery. Native vegetation was planted in Hundred Acre Reserve in late 2020</p>

			2.4.9 Conduct bushland restoration	Undertake strategic bushland restoration in Council reserves in line with Plans of Management, and other high conservation value Council land and set targets to increase the area of native vegetation, increase the extent of the less common native vegetation communities, improve the condition of remnant native vegetation and reduce the number of high priority weeds present in these areas, by June 2021.	Manager Planning & Environmental Services	Priority actions from the approved plans of management are being progressively implemented during FY21, including bushland restoration as highlighted in 2.4.8. Fencing of Remnant Native Vegetation and Woody Weed removal at Ball Bay is achieved and fencing of the Sensitive Riparian Zone will be achieved at Quarantine Reserve. Both areas will be planted with native species, along with other areas at Two Chimneys and Bumboras.
			2.4.10 Support the reestablishment of a plant nursery	Provide ongoing support to the Native Plant Nursery with Parks Australia leading the project.	Manager Planning & Environmental Services	NIRC ordered 15,530 native plants from the Parks Australia Native Plant Nursery. The majority of these plants were planted prior to June 2021, with the residual planted before the end 2021 once plants are available.
			2.4.11 Regulation of cattle grazing	Regulate cattle grazing on public land in line with Actions within Plans of Management to reduce impacts on surface water quality, soil degradation and native plant species in consultation with the community and key stakeholders.	Manager Planning & Environmental Services	Fencing of remnant vegetation to exclude cattle at Ball Bay was achieved in late 2020. Fencing at Quarantine (Cascade) Reserve along Cascade Creek will be Achieved prior to the end of June 2021 to exclude cattle from Sensitive Riparian Areas. Fencing has further been installed along a portion of Kingston Creek. This work has been Achieved by DITRDC. It is expected to have an improvement on water quality both within the creek and in Emily Bay.

	2.5 Ensure a healthy, diverse marine ecosystem	Council has educated the community on the importance and how to maintain a healthy, diverse marine ecosystem, and research to edu- tourism opportunities in this area to further promote this target.	2.5.1 Continue to Investigate ways to study, document and develop the marine ecosystem as well as create an opportunity for a niche tourism market	Work with travel wholesalers to coordinate itineraries and experiences for school and university groups	Manager Economic Development	During 2020 and 2021, the pandemic wreaked havoc on plans Council had working with Tourism Wholesalers to coordinate itineraries and experiences for schools and university groups. Because of the Covid outbreaks in States and Territories, many schools and universities were heavily impacted by long periods of closure, preventing travel plans normally undertaken as part of the curriculum.
	2.6 Protect and preserve vegetation communities and habitat	All planning instruments to respect and protect natural biodiversity.	2.6.1 Plans for public reserves are reviewed systematically	Review Plans of Management for Quarantine Reserve, the 6 Kingston/KAVHA Reserves (Cemetery, Government House Domain Reserve, Kingston Common Reserve, Kingston Recreation Reserve, Point Hunter Reserve, War Memorial Reserve (which will be covered in one document)) and the overarching Plan of Management, and prepare final 10-year Plans of Management for these reserves by June 2021.	Manager Planning & Environmental Services	A Review of an overarching Plan of Management for all Public Reserves has commenced. Review of the Quarantine (Cascade) Reserve and 6 Kingston/KAVHA Reserves (covered in one document) has not yet commenced. These plans are likely to commence review and be finalised in 2022FY.
			2.6.1 Plans for public reserves are reviewed systematically	Continue discussions with the Department of Infrastructure, Transport, Regional Development and Communications about funding and responsibilities for the ongoing management of Selwyn Reserve and Cascade Reserve, and if Council should proceed with the update of Plans of Management for these	Manager Planning & Environmental Services	Selwyn Reserve Plan of Management has been updated and finalised. This is currently with the Administrator's Office for final approval. Quarantine (Cascade) Reserve Plan of Management is yet to be reviewed. Discussions have commenced with DITRDC regarding ongoing funding

				Commonwealth Reserves and agree on a way forward for the management of these reserves by June 2021.		of management actions in these reserves.
			2.6.2 Review of the Norfolk Island Plan by June 2020. Will include respect and protect natural biodiversity, 2.1.2 above	Refer to 2.1.2 above	Manager Planning & Environmental Services	See 2.1.1
			2.6.3 Review and update all Development Control Plans (DCP's)	Review of DCP's to be undertaken in conjunction with the statutory Review of the Norfolk Island Plan 2002 with the aim of completing draft revised DCP's to follow.	Manager Planning & Environmental Services	See 2.1.1
			2.6.4 Schedule of reserves maintenance in place	Schedule for Reserve maintenance prepared by September 2020 and implemented by June 2021.	Manager Planning & Environmental Services	A Draft Implementation and Maintenance Plan for actions in all public reserves has been achieved. This includes both implementation of actions to improve the reserves, as well as maintenance. The plan is fully detailed and costed over a 10-year timeframe.
			2.6.4 Schedule of reserves maintenance in place	All reserves are maintained for the enjoyment of the community and visitors.	Manager Planning & Environmental Services	Reserves are maintained for use by the community and visitors pending available budget. This includes maintenance of facilities to maintain useability and public safety.

			2.6.4 Schedule of reserves maintenance in place	Schedule reviewed and updated as required and adhered to throughout the year.	Manager Planning & Environmental Services	A schedule for reserves maintenance was developed at the commencement of FY21 and progressively implemented throughout the year.
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Strategic Direction 2 – “A proud, diverse and inclusive community”

We showcase our unique histories, cultures, customs and people

Strategic Objective' from Community Strategic Plan	How will we get there' taken from the Community Strategic Plan	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division/officer	Progress Update
3. Cultural expression is maintained and built heritage is protected	3.1 All cultural traditions and practices in the Norfolk Island Community are recognised and acknowledged	Council includes the Norf’k equivalent in the titles of its Agenda, Minutes, important documents including reports, etc. Council to continue to advocate for the teaching of Norf’k Studies and the Norfolk Island language under LOTE at the Norfolk Island Central School. Remain committed to supporting the objectives of the KAVHA Heritage Management Plan April 2016.	3.1.1 Council continues to include the Norf’k equivalent in the titles of its Agenda, Minutes and other important documents, including reports	Norf’k equivalent is included in the titles of Council’s Agenda, Minutes and other important documents including reports.	Manager Economic Development	Norf’k equivalent continues to be included in the titles of Council’s Agenda, Minutes and other important documents including reports. Ongoing.

			3.1.2 Support Norfolk Island Central School (NICS) through outreach programs focussed on Norfolk Studies	Council has advocated for the teaching of Norfolk Studies and the Norfolk Island language under LOTE at the Norfolk Island Central School.	Manager Economic Development	The Norfolk Island Museum continues to support initiatives focussed on Norfolk studies at Norfolk Island Central School (NICS), through school excursions and visits to the school.
			3.1.3 Continue to work with stakeholders to progress the objectives outlined in the KAVHA Heritage Management Plan April 2016	Council remains committed to supporting the objectives of the KAVHA Heritage Management Plan April 2016.	Manager Economic Development	TL Tourism & Heritage supported the objectives of the KAVHA Heritage Management Plan within the Norfolk Island Museum operations. Ongoing.
			3.2.1 Promote the measures and outcomes of the Heritage and Culture Strategy to the community and Council	Council's role - Actions, Measures and Outcomes detailed in the Heritage and Culture Strategy are recognised and implemented.	Manager Economic Development	The Heritage and Culture Strategy 2017-2020 became obsolete with the disbandment of the Heritage and Culture Advisory Committee, a new strategy was unable to be developed.
	3.2 Uphold, respect, promote and encourage customs, culture histories and traditions of all cultures and their contribution to the Norfolk Island way of life	A Heritage and Culture Strategy is developed and implemented and made available to the public. Prepare a business case to construct a Norfolk Island Cultural Centre to house and showcase cultural objects and display traditional practices.	3.2.2 Heritage and Culture Advisory Committee meet once per month	The Heritage and Culture Advisory Committee continue to make recommendations to Council based on the Heritage and Culture Strategy, Community's Role – as stated in the Community Strategic Plan.	Manager Economic Development	The last meeting of the Heritage and Culture Advisory Committee was 27 November 2020, the committee was then put on hold during the Public Enquiry.
			3.2.3 Investigate the possibilities to enable the Norfolk language to be included in street signs on Norfolk Island, including identifying cost of implementing proposal	Report to Council on findings of investigating the possibility of including Norfolk language in street signs on Norfolk Island including cost.	Manager Economic Development	Ongoing

			3.2.4 Council to liaise with community members and groups to ascertain existing activities and planning towards the construction of a Norfolk Island Cultural Centre	Report to Council on findings resulting from liaising with community members and groups to ascertain existing activities and planning towards the construction of a NI Cultural Centre. Results will be used to inform the preparation of a business case to construct a Norfolk Island Cultural Centre to house and showcase cultural objects and display traditional practices.	General Manager, Manager Economic Development, Manager Planning & Environmental Services	Ongoing
	3.3 Support cultural expression by people from all backgrounds living on Norfolk Island including the support of contemporary events	A Heritage and Culture Advisory Committee has been formed with Terms of Reference that includes organising and/or promoting cultural events. Advocate for a Preamble to the Norfolk Island Act.	3.3.1 Promote community based cultural events	Cultural events are primarily organised by community groups. Council will promote community cultural events.	Manager Economic Development	TL Tourism & Heritage instigated the Foundation Day event held on 6 March 2021 with a re-enactment at Emily Bay. Funding was provided to the successful Tender - Go Norfolk, to project manage the event.
			3.3.2 Advocate for a Preamble to the Norfolk Island Act	The Mayor and Community Development Officer to successfully negotiate an agreeable outcome with the Council of Elders for a way forward in relation to the Preamble to the Norfolk Island Act.	Manager Economic Development	Ongoing
	3.4 Identify and prioritise the needs of cultural expression	Community cultural satisfaction survey developed and issued to the community twice in the Councils term of office with results collated and reviewed and necessary actions incorporated into relevant strategies. (Surveys in 17/18 and 19/20)	3.4.1 Develop and issue a community cultural satisfaction survey to the community	The Manager Economic Development to prepare a community cultural satisfaction survey, distribute and seek responses from the community.	Manager Economic Development	Not progressed

			3.4.2 Collate results, review and incorporate necessary actions into relevant strategies.	Collate results and adopt actions as necessary into relevant strategies.	Manager Economic Development	Achieved
	3.5 Identification of heritage assets	Review the definition of heritage assets to consider including culturally significant assets. Review and update existing registers including those attached to the relevant legislation.	3.5.1 Review all registers and plans identifying heritage assets and assess and recommend other Council and community owned culturally significant assets for inclusion in registers	Review existing registers including those attached to the relevant legislation [such as the Norfolk Island Heritage Register under the Heritage Act 2002 (NI). Identify additional heritage assets to be recommended for listing in the Heritage Register.	Manager Economic Development	Not progressed
			3.5.1 Provide recommendations towards updating existing registers including those attached to the relevant legislation. Update existing registers	Identify additional heritage assets to be recommended for listing in the Heritage register.	Manager Planning & Environmental Services	This has not progressed due to lack of resources.
	3.6 Recognise and protect the contribution of built heritage to local identity and economy	Continue to actively participate in the KAVHA Advisory Committee.	3.6.1 Meet with KAVHA Advisory Committee in addition to continuing a pro- active relationship with DIRDC	Continue to actively participate in the KAVHA Advisory Committee.	Manager Economic Development	TL Tourism & Heritage met with the KAVHA Advisory Committee on 24 March 2021 to report on all aspects of the Museum operations.
			3.6.2 Meet with Norfolk Island Museum Trust to ensure collections are managed according to acceptable museum standards	Norfolk Island Museum Trust collection is maintained and accessible.	Manager Economic Development	TL Tourism & Heritage met with the Norfolk Island Museum Trust on a quarterly basis to update the Trustees on museum activities, newly donated items for the NIMT collection and to discuss any policy matters.
	3.7 Protect and maintain heritage sites for the enjoyment of residents and visitors, now and in the future	A Heritage Assets Preservation Policy for all Council owned heritage assets is developed.	3.7.1 Develop a Heritage Assets Preservation Policy in conjunction with Operational Plan Action	A Heritage Assets Preservation Policy for all Council owned heritage assets, is developed.	Manager Economic Development	Not progressed

			3.7.2 Continue to work with stakeholders to progress the objectives outlined in the Historic Shipwreck Program in relation to the jurisdiction of Norfolk Island	Council remains committed to supporting the objectives relating to Norfolk Island in the Historic Shipwreck Program.	Manager Economic Development	TL Tourism & Heritage liaised with Australian Underwater Cultural Heritage Program Director to develop a three-year plan for Norfolk Island related projects - funded by the Department of Agriculture Water & Environment.
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Strategic Direction 3 – “A Caring Community”

We are friendly, supportive and welcoming

Strategic Objective' from Community Strategic Plan	How will we get there' taken from the Community Strategic Plan	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division/officer	Progress Update
4. We work together to achieve our goals	4.1 Encourage an informed community	Update Council’s website to allow for easy searching. Council’s website is always up to date. At least one media release per month from both the Mayor and General Manager to be issued.	4.1.1 Scope a project brief and costing to develop an interactive Planning and Building website with option for on-line submission of Development Applications and Building Applications (to link Civica Applications Module functions and capability).	Develop Project Plan and costing by June 2021.	Manager Planning & Environmental Services Manager Corporate and Finance	Not progressed
			4.1.2 The Mayor and the General Manager will keep the community informed	The Policy to include ‘At least one media release per month from both the Mayor and General Manager to be issued’	General Manager	Newsletter commenced and regular Social Media posts are occurring.

			through various media outlets	and relevant Status Reports monthly.		
			4.2.1 Ensure communication avenues of Customer Care and Regional Council are continually promoted in media communications	Continue to actively promote communication avenues for the community to speak to Council (Customer Care, regionalcouncil@nirc.gov.nf)	Manager Customer Care	Regular media releases all list ways to communicate with Council.
	4.2 Enable broad, rich and meaningful engagement to occur	Continue to actively promote communication avenues for the community to speak to Council (Customer Care, regionalcouncil@nirc.gov.nf). Council meetings are broadcast on local radio.	4.2.2 Review Customer Care telephone support	Stage two review of Customer Care PABX system and possible integration with Councils broader business units by June 2021.	Manager Customer Care	When Council moves to Bicentennial in early 2022 a new phone system will be installed in the newly renovated building. The new system will align with reviewed software platform.
			4.2.3 Ensure that Radio Norfolk is adequately staffed to allow live broadcasting of Council Meetings and re-broadcasting occurs	Council meetings are broadcast on Radio Norfolk.	General Manager	This has been removed under Council Administration.
			4.2.4 Enable further engagement with Radio Norfolk	Research/implement online radio broadcasting for Radio Norfolk Build a lean-to for outside broadcast van to protect van from the weather.	General Manager	This has been removed under Council Administration.
	4.3 Build on our sense of community	The community is overall engaged in various activities and community trust in Council is evident.	4.3.1 Community engagement is high with Council activities	Community attendance at public meetings Community provides submissions when documents are placed on public exhibition Implementation of the Community Engagement Strategy is monitored and reviewed.	General Manager	Council has participated on an as-needs basis.

	4.4 Build strong relationships and shared responsibilities	The community has an understanding that Council assets are public assets and that there is a shared responsibility for their upkeep.	4.4.1 Encourage community participation in keeping public areas clean and free of weeds by implementing the proposed Pests and Noxious Weeds Management Plan	Activities regarding implementation of Norfolk Island Pest Plant and Animal Management Plan above at 2.4.2.	Manager Planning & Environmental Services Manager Infrastructure Services	Volunteer weed removal program commenced and established for Hundred Acre Reserve.
			4.4.1 Encourage community participation in keeping public areas clean and free of weeds by implementing the proposed Pests and Noxious Weeds Management Plan	Public areas are well kept and frequently utilised by the community and visitors.	Manager Planning & Environmental Services Manager Infrastructure Services	Pest and noxious weeds staff are working to a plan based on actions within approved Reserve Plans of Management, high Priority Weeds and the protection of threatened species/breeding sea birds and their habitat.
			4.4.1 Encourage community participation in keeping public areas clean and free of weeds by implementing the proposed Pests and Noxious Weeds Management Plan	Ongoing media releases on high priority weed(s) (as identified in the Pest Plant and Animal Management Plan) to educate the community, including how the weed can best be removed.	Manager Planning & Environmental Services Manager Infrastructure Services	No media releases on priority weed issues have been provided to date. Awaiting the finalisation of the Pest Plant and Animal Management Plan endorsed by Council in March 2021.
			4.4.1 Encourage community participation in keeping public areas clean and free of weeds by implementing the proposed Pests and Noxious Weeds Management Plan	Preparation of a weed management guide for the community and contractors by June 2021.	Manager Planning & Environmental Services Manager Infrastructure Services	Weed management guide is yet to be produced. This has been awaiting the finalisation of the Pest Plant and Animal Management Plan. This was endorsed by Council in March 2021.

			4.4.1 Encourage community participation in keeping public areas clean and free of weeds by implementing the proposed Pests and Noxious Weeds Management Plan	Ongoing media release about threatened flora and fauna species and the threats to these (weeds, Argentine Ants, Cats, Rats, Tarler Birds, Red Parrots etc).	Manager Planning & Environmental Services Manager Infrastructure Services	No media releases on threatened Flora and Fauna have been provided to date. Awaiting the finalisation of the Pest, Plant and Animal Management Plan endorsed by Council in March 2021.
			4.4.1 Encourage community participation in keeping public areas clean and free of weeds by implementing the proposed Pests and Noxious Weeds Management Plan	Organisation of 2 volunteer planting days by June 2021.	Manager Planning & Environmental Services Manager Infrastructure Services	One volunteer day was organised and successfully implemented for Hundred Acre Reserve in December 2020. Several volunteer days are scheduled for May and June 2021 across the reserves to plant native plants. This includes specific groups, including Norfolk Island Central School, and open community invites.
	4.5 Work in partnership to plan for the future	Community engagement is a regular activity for projects that have an impact on the community.	4.5.1 Develop a Government Business strategy to include investigating and reporting on examples of Public Private Partnership's best practice (CSP pg. 28)	Government Business Strategy.	Manager Infrastructure Services	There were no capital projects on island which meet the PPP target parameters. Future identification will occur in the 21/22 FY
5. Our community is a great place to live and visit	5.1 Promote the community as the place to visit, live, work and invest	An Economic Development Strategy is developed and implemented with evidence of increased population and economic activity.	5.1.1 Implement the Objectives in the Economic Development Implementation Strategy IP3 – University of Newcastle Sustainability Development Project 'Sustainable Development and Circular Economies'	University of Newcastle Sustainability Development Project is progressed.	General Manager	Achieved

			5.1.2 Scope a project brief and costing to develop and implement in Burnt Pine, a 'Main Street' Improvement / Enhancement Project (e.g., edible gardens, improved amenities, freshen shop frontages) to support economic and environmental sustainability objectives, to support a grant funding application	Community consultation and project plan created, in liaison with other projects including the Green Economy Project.	Manager Infrastructure Services	A project plan was developed and submitted to the Commonwealth for an upgrade of the Burnt Pine 'Main Street' precinct. Activation and implementation if successful will occur in the 21/22 FY.
			5.1.3 Increased telecommunications service levels and commercial functionality to support the economy, including the education and tourism sectors	Completion of Future Proofing Telecommunications in Norfolk Island project by November 2020.	Manager Infrastructure Services	The upgrading of the Network continued throughout 20/21 FY with the continued implementation of the 4G network. This will be refined over the 21/22 FY.
	5.2 Connect and protect our communities – Community Safety	Crime remains low and Council has a strong working relationship with the Police. Maintain awareness that Domestic violence is not tolerated.	5.2.1 Promote respectful behaviours and a safe community	Respect and trust are evident in the community.	General Manager	Ongoing
			5.2.2 Mayor and General Manager attend relevant forums	Mayor and General Manager (or represented by the Community Development Officer where relevant) attend forums and where relevant undertake promotion.	General Manager	Achieved

	5.3 Develop the facilities, resources, capacity and confidence to adapt to changing circumstances	The community has embraced change and developed an understanding in the opportunities for becoming the best small Island in the world.	5.3.1 Community meetings held as needed to engage the community in matters relevant to their needs and interests	The revised Community Engagement Strategy is implemented reviewed and monitored, including Community Engagement of proposed changes to Norfolk Island Acts.	General Manager	Achieved
			5.3.2 Council conducts a customer satisfaction survey to ascertain community satisfaction in regard to Council activities	Survey is run continuously via a tablet at Customer Care as well as online. The community are encouraged to submit written feedback. Survey results are reported to Council every 6 months.	Manager Customer Care	Very little engagement from the community achieved via this medium. Suggest for next financial year that this be reviewed and consider a once-a-year survey be reinstated.
	5.4 Equality of access to services, social support, including health, education, childcare, cultural, transport and recreational facilities	Council is satisfied that services provided to the Community by Council, by Health, Education and other social services have equality of access.	5.4.1 Communication with relevant stakeholders and the community to promote equal access to services.	Work collaboratively with stakeholders conducting community consultation and if required conduct additional consultation to gauge the community's satisfaction and experience in relation to health and education.	General Manager	Achieved
			5.4.1 Communication with relevant stakeholders and the community to promote equal access to services.	Equality of access to Council services, including transport and recreational activities will be addressed in Operation Plan Action.	General Manager	Achieved
			5.4.1 Communication with relevant stakeholders and the community to promote equal access to services.	Development of the Disability Inclusion Action Plan.	General Manager	Achieved
	5.5 Clarify childcare accreditation	Childcare centres are able to be accredited on Norfolk Island.	5.5.1 Child Care Accreditation	Achieved. For on-going monitoring only.	General Manager	Achieved
	5.6 Provision of Community based	Preschool and Long Day Care are available for families with young children.	5.6.1	Preschool and Long Day Care are available for families with young children.	General Manager	Ongoing

	preschool and Long Day Care facilities		Lobbying and support provided for childcare providers			
	5.7 Deliver high quality tourism experiences	A variety of visitor experiences are available for all ages and the infrastructure in place to support tourism activities.	5.7.1 Implement the Norfolk Island Tourism Strategic Plan 2013 – 2023 actions: Increase visitor numbers; promote investment; improve visitor experiences; develop sustainability, infrastructure and capacity; build employment capacity and skill	Support tactical sales campaigns; Target niche market groups; Participate in potential Burnt Pine Main Street Improvement Project; Review local tours and experiences; Develop and deliver the Buy Local Campaign; Provide Social Media Training Workshops.	Manager Economic Development	Ongoing. 1. Cooperative tactical marketing occurred with Norfolk Island Travel Centre, Norfolk Select, Omniche, Oxley Travel, and Our Pacific. 2. Conducted a Buy Local Survey in July 2020 and presented a report to Council with comparisons to previous years. 3. Conducted a Buy Local Spending Spree Competition with approximately 13,000 receipts and \$847,000 of spending with participating local businesses throughout the month of July 2020. 4. TL Tourism & Heritage organised three community/business workshops - social media for Businesses training with Kyle Czech, Barista training with Georgia Buffett, and Customer Service training with Manager Customer Care.

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Strategic Direction 4 – “A successful and innovative community”

We work to make our economy grow

Strategic Objective' from Community Strategic Plan	How will we get there' taken from the Community Strategic Plan	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division/officer	Progress Update
6. Strong, diverse and vibrant business environment	6.1 Grow and diversify the economy including niche markets	Council continues to employ an Economic Development Coordinator who has identified success factors for economic development, monitored and reported regularly to the community. E.g. the number of small businesses on the island has increased. Advocacy continues for a growing agricultural industry, including export. Investigation conducted into the potential for cottage industries and processing plants. Advocate and promote consumer protection.	6.1.1 Actions implemented to encourage business diversification to support the economy of Norfolk Island. Establish a unique point of difference in the Tourism industry Execute Buy Local Campaign to encourage local trade	Encourage development of new and existing businesses Improve tourism image by focusing on unique experiences and products Create a strong voice for local business in media while guiding the community to buy local and also recognising that offshore businesses have a place in the economy.	Manager Economic Development	1. Supported RDA Norfolk Island in their Tourism Incubator Program by attending all public workshops. 2. Promoted new businesses using the Norfolk Island Tourism Social Media platforms. 3. Featured unique Tourism experiences in print and online marketing (Escape Magazine, Australian Traveller Magazine, Traveller Sydney Morning Herald, Qantas flight Magazine, Weekend Sunrise Weather, Tourism Australia Hot List, and Air Chathams flight magazine). 4. Achieved a digital competition and continued to provide buy local media releases with the core message to 'buy local where possible.' 5. Launched a new destination website including a 'Business Directory' as part of the White Tern Project funded by the DITCRD.
			6.1.2 Investigate ways to reduce barriers to the agricultural industry, and conduct advocacy for a growing	Barriers identified and removed where possible Identify and support establishment of export opportunities for local agriculture.	Manager Economic Development	No progress

			agricultural industry, including export			
	6.2 Incentives for business start up	Advocacy continued for access to Federal Government business start- up and development funding.	6.2.1 Investigation on the availability of business start-up programs for potential new business operators on Norfolk Island	Council to work closely with Regional Development Australia in sourcing incentives for start-up businesses.	Manager Economic Development	Supported all Regional Development Australia (RDA) business development initiatives.
	6.3 Reduction in business costs – greater efficiencies in business costs	Council has investigated and identified barriers to economic growth and diversity, including ‘red tape’ barriers. Within the areas of Council’s control, Council has reduced these barriers.	6.3.1 Systematic identification of barriers to business development reported to the Commonwealth for attention and removal where possible	Council has reported to the Commonwealth identified barriers to economic growth and diversity, including ‘red tape’ barriers.	Manager Economic Development	TL Tourism & Heritage conducted private consultations with business operators by request. Feedback was passed on to relevant Council and Commonwealth departments.
	6.4 Secure fibre connectivity for internet access	Continued lobbying for cable to Norfolk Island.	6.4.1 Continue to investigate possible connectivity to optical fibre cables	Investigate opportunities to gain connectivity and linkages to an optical fibre undersea cable at no cost to Council.	Manager Infrastructure Services	Dialogue has continued with the Commonwealth to identify the next available opportunity for the island to connect to an undersea cable.
			6.4.2 Develop Telecom Business Plan for the future of Norfolk Telecom	Develop Business Plan for Council approval by December 2020.	Manager Infrastructure Services	The process is ongoing with all levels of government contributing to the dialogue.
7. A skilled and competitive workforce	7.1 Create employment opportunities	The Economic Development Strategy is implemented and reported on every six months. The strategy sets out a vision for growing the economy, including the tourism sector.	7.1.1 Refer to 5.1.1 above for action for this financial year	Refer to 5.1.1 above for action for this financial year.	Manager Economic Development	refer to 5.1.1
	7.2 Create opportunities for skill development	Advocate for fibre optic cable connectivity for increased business and educational opportunities. Advocate for the ongoing development of training and work skills.	7.2.1 Conduct a skills audit - Human Resources to undertake audit of Council employee’s licences and tickets to ensure current and compliant	Skills audit Achieved by December 2019 Opportunities are realised for training and upskilling work skills for both the Council and community On-going Council wide appropriate training conducted to ensure	Manager Corporate and Finance	Incomplete due to staffing matters however in progress.

				compliance and staff have relevant licences and tickets.		
			7.2.2 Submit reports to Council regularly on Councillor training attended and benefits gained from the training	Regular and transparent reporting to the community when any Councillor training is Achieved for the year, by 30 June 2020.	Manager Corporate and Finance	No longer applicable
8. Successful public private partnerships	8.1 Investigate partnerships to meet current and future infrastructure needs	Partnership funding secured with the Commonwealth for the upgrade of roads infrastructure across the Island. Investigate airport runway reseal including funding partnerships.	8.1.1 Update/undertake a Road Safety Audit with Asset Management Plan reviews to enable grant funding to be secured for road infrastructure works	Road Asset Management Plan reviewed and adopted by Council in timelines set out in 9.5.3.	Manager Infrastructure Services	The Asset Management Plan is in progress. A number of funding arrangements for road studies and upgrades have been presented to the Commonwealth for review. 20/21FY focus has been on capturing asset data.
			8.1.2 Develop a Roads Program	Works program on 169 culverts with 100 being replaced and repairs and maintenance.	Manager Infrastructure Services	See 8.1.1
			8.1.3 Complete Airport pavement repair and resurfacing	Airport reseal project to be Achieved by October 2020.	Manager Infrastructure Services	The project was achieved on time and on budget in accordance with all Australian Standards.

Strategic Direction 5 – “An informed and accountable community”

We are transparent and accountable for our individual and collective decisions and actions

Strategic Objective' from Community Strategic Plan	How will we get there' taken from the Community Strategic Plan		Operational Plan Actions	Operational Plan Targets	Responsible Division/officer	Progress Update
9. An informed community	9.1 Representative, responsive and accountable community governance	Good governance - Council makes decisions based on information provided by Council Officers. Minimal deferral of decision making and minimal amendments to Officers' recommendations.	9.1.1 Good governance practices are followed by the Councillors	Decisions are being implemented in a timely fashion and information shared with the community.	General Manager	Achieved
			9.1.1 Good governance practices are followed by the Councillors	Few deferrals (less than 4 in the year) of matters before Council and limited major amendments to Officer's recommendations.	General Manager	Achieved
	9.2 Timely, open and fair, evidence-based decision making with demonstrated accountability	Good governance - Council officers provide evidence based reports with quality information so that Councillors can make sound decisions.	9.2.1 Staff reports are prepared with facts and solid information available for Councillors to make informed decisions	Councillors are satisfied with the standard of staff reports.	Manager Customer Care	Achieved
			9.2.2 Continue progression of contemporary functionality of Records Section	Continue to work with National Archives of Australia on Records Authorities and other projects.	Manager Customer Care	Council staff provide quarterly updates to the DITRDC in regard to Commonwealth records. This information is passed to National Archives of Australia (NAA) at their quarterly inter-agency meetings.
			9.2.3 Further internal education and advocacy of the 'External Grant Management Procedure' and 'Unfunded Projects List'	Develop a grant strategy that is clearly aligned with the Council's Community Strategic Plan and approved priorities.	Manager Economic Development	No progress

	9.3 Provision of quality best practice government administration	Council meets the requirements as set by the Commonwealth for best quality local government administration with 90% of areas reached satisfaction in this term of Council.	9.3.2 Council raises revenue from rates according to legislative requirements	Issue four rates notice instalments throughout the year in line with legislative requirements Report to Council at the end of each due period Implement Councils adopted debt recovery policy and develop internal procedures.	Manager Customer Care	All rates' notices issued in accordance with the legislative requirements.
			9.3.3 Review of General Manager's and other Senior Staff performance	Reviews undertaken – mid-term review and annual review.	General Manager	Achieved
	9.4 Increased stakeholder participation in decision-making	Active community participation on Council Advisory Committees.	9.4.1 Facilitate Community Advisory Committees as adopted by Council	Active community participation on Council Advisory Committees by all members including Councillors and delegated Council Officers.	General Manager	Achieved
			9.4.2 Review and amend or make obsolete Community Advisory Committees as identified	Review all Council Advisory Committees Terms of Reference.	General Manager	Previous Advisory committees made obsolete and 4 new advisory committees developed with Terms of Reference adopted October 2021.
	9.5 Reporting required by Integrated Planning and Reporting Framework to demonstrate NIRC performance	Quarterly and annual reporting conducted. Performance is at or above 80% across all activities.	9.5.1 Implement the actions in the Operational Plan and report to Council quarterly	Performance of quarterly and annually reporting within the Integrated Planning and Reporting Framework is at or above 80% across all activities Report quarterly (except the June quarter) to the Council on the budget in the Operational Plan.	Manager Corporate and Finance	Achieved other than the late 20-21 statutory accounts

			9.5.2 Update the Long-Term Financial Plan	Long Term Financial Plan to be updated annually when developing the Operational Plan A review to include an assessment of the previous year's performance in terms of the accuracy of the projections made in the Long Term Financial Plan, compared to actual results Quarterly Budget Review Statements (QBRs) presented to Council at the end of each quarter (LGGR cl. 203(1)) Ledger balances to be prepared for six monthly inspections by External Auditor (LGGR cl. 228).	Manager Corporate and Finance	Updated however we are working on better integration with asset management plans and long term funding arrangements with the Commonwealth.
			9.5.3 Review Asset Management Plans in line with the Long-Term Financial Plan	Asset Management Plans revised and adopted by Council.	Manager Corporate and Finance	Asset Management plans adopted by Council 26 June 2019 1. Buildings 2020 - 2029 2. Infrastructure 2020 - 2029 3. Fleet 2020 - 2029 and 4. Roads 2020 - 2029
			9.5.4 Implement actions detailed in Asset Management Plans	Asset Management Plan actions are implemented.	Manager Corporate and Finance	In progress
			9.5.5 Council's Asset Management Strategy to include an overarching Council endorsed Asset Management Policy	Asset Management Policy adopted by Council.	Manager Corporate and Finance	4.04 Asset Management Policy adopted 27 June 2018

			<p>9.5.6 Workforce Management Plan Actions: - Develop a Performance Management System that includes Operational Plan KPIs/Work Plans and skills acquisition using Authority where possible Ongoing monthly meetings held Ensure staff have the tools and information that they need to carry out their jobs</p>	<p>All Workforce Management Plan actions are implemented within required time frames A performance Management System is implemented Managers and Team Leader monthly meetings to continue. Tools and equipment are safe, and a register of maintenance conducted and in place.</p>	<p>Manager Corporate and Finance</p>	<p>In progress</p>
			<p>9.5.7 Set fees and charges in line with cost of services</p>	<p>Fees and charges reviewed and adopted for public exhibition by Council.</p>	<p>Manager Corporate and Finance</p>	<p>Achieved</p>
			<p>9.5.8 Annual Report</p>	<p>Financial Statements to be audited within four months of the end of the financial year within five months after the end of the financial year Council will prepare its Annual Report and post it on the Council's website and provide the URL link to the Department.</p>	<p>Manager Corporate and Finance</p>	<p>Not achieved, the audited accounts were no completed on time due to audit firm and other resourcing issues</p>
			<p>9.5.9 Undertake comprehensive review of Development Application (DA) and Building Application (BA) fees in conjunction with review of Norfolk Island Plan and introduction of Community Title</p>	<p>Review of DA and BA.</p>	<p>Manager Corporate and Finance</p>	<p>Achieved</p>

			9.5.10 Prepare an 'End of Term Report'	Prepare 'End of Term Report' by June.	Manager Corporate and Finance	Not achieved due to suspension of Council
10. Transparency in decision making	10.1 Consistent and sustainable governance through documented processes	The Audit committee is satisfied that there are controls in place to monitor risks and that the Risk Management Framework is implemented.	10.1.1 Recommendation/actions from Audit Committee reported to Council on a quarterly basis	Recommendations and actions that are identified by the Audit Committee are implemented and reported to Council.	Manager Corporate and Finance	Achieved
	10.2 Equality of access to the same level and quality of government services	Council has a policy in place that ensures equality of access to all its services.	10.2.1 Ethics, Equity and Probity Strategy developed and implemented	Ethics, Equity and Probity Strategy developed and implemented.	Manager Corporate and Finance	In progress
			10.2.2 Ensure Equal Employment Opportunity (EEO) principles are included in all job advertisements and position descriptions i.e., 'Experience and understanding of Equal Employment Opportunity (EEO) compliance'	Actions and Key Performance Indicators from the Equal Employment Management Plan are implemented All positions contain relevant EEO information. Appointments are made on merit in compliance with the principles of Equal Employment Opportunity (EEO).	Manager Corporate and Finance	In progress
			10.2.2 Ensure all new employees at induction are made aware of EEO	Hold quarterly (September, December, March, June) induction sessions for new staff members, including topics: EEO, Records Management, WHS, Risk and Continuous Improvement, Code of Conduct and Information Technology. Staff newsletter produced monthly and distributed to all Council employees with copies placed on Intranet site Raise awareness of EEO	Manager Corporate and Finance	In progress

				principles at team meetings and in staff newsletter.		
			10.2.3 Deliver, monitor and improve state type services based on the written agreement between the Commonwealth and Council	Delivery of state type services on behalf of the Commonwealth within agreed budget and report on the KPIs as required after the agreement has been signed.	Manager Infrastructure Services	Council performed its works in accordance with the Service Delivery Agreement (SDA) model of works as outlined by the Commonwealth in the 20/21 FY. The 21/22 FY will focus on developing KPI's around the deliverables for implementation in the 22/23 FY.
			10.2.4 Legislation changes affecting the NIRC	Ensure that the implementation of procedural and technological requirements of legislative changes occurs.	General Manager	Achieved
			10.2.5 IT strategies developed	Continue to develop and monitor the IT Security Strategy Develop a Mobile Technology and Cloud Technology strategy Continue to analyse existing software usage and work with business units to develop system enhancements. Upgrade Authority v7.1 by 31 Dec 2020	Manager Corporate and Finance	In progress looking at the implementation of TEAMS for primary communications. Civica upgraded completed.
			10.2.6 Review and update where required Council's Freedom of Information (FOI) and Information Publication Scheme (IPS) requirements in accordance with the Freedom of Information Act 1982 (Cth)	Maintain the FOI and IPS register and public information on Council's website in line with legislation Quarterly status report to Council on the number of complaints.	Manager Customer Care	Quarterly reports are lodged with the Information Commissioner. Statistics are reported annually in the Annual Report.

			10.2.7 Commence review of policies and procedures created in 2017 (in line with Council procedure that policies and procedures should be reviewed no less than every three years)	New policies reviewed and presented to Council. Previous ANI policies made obsolete by Council. Procedures reviewed and presented to Executive Management for endorsement and then implementation.	General Manager	Process underway for all ANI policies to be reviewed by July 2022.
			10.2.8 Digitisation of historical records	Work with DITRDC to secure funding for digitisation. Develop internal systems/storage for digital records. Develop a publication strategy for historical records. Review storage of hardcopy records.	Manager Customer Care	This project is delayed and will be started in 2021-2022.

Strategic Direction 6 – “A healthy and safe community”

We provide a safe and healthy place to live, work and visit

Strategic Objective' from Community Strategic Plan	How will we get there' taken from the Community Strategic Plan		Operational Plan Actions	Operational Plan Targets	Responsible Division/officer	Progress Update
	11.1 Value and promote a healthy and active lifestyle	A plan is developed for safe walking and cycle tracks and funding is secured for at least one set of exercise stations.	11.1.1 Create a plan for this project to occur including identifying potential sites. Investigate grant funding	Consultation with community on this project, including potential sites.	Manager Customer Care	Designs have been completed for tender issue
11. Informed, active and healthy residents	11.2 Encourage and promote participation in sport	The Mayor and Councillors are visible at sporting events and well-being activities, and actively show support and promote these activities.	11.2.1 Promotion and attendance at sporting events by Councillors to encourage well-being	Mayor and Councillors are visible at sporting events and well-being activities, and actively show support and promote these activities.	General Manager	Achieved

	and wellbeing activities	A community site is identified as the “go to place” for special events, concerts and music activities.				
	11.3 Promote the benefits of early intervention and testing	Children have access to Early intervention services.	11.3.1 Council advocates for children with special needs	Children have access to early intervention services.	General Manager	Achieved
	11.4 Support and foster active, healthy, informed and empowered youth	A youth wellness plan is developed in partnership.	11.4.1 Develop a Youth Wellness Plan in conjunction with youth and other relevant stakeholders	A Youth Wellness Plan is developed in partnership with youth and community organisations.	Manager Infrastructure Services	Council continue dialogue with the Commonwealth Government in establishing Youth advisory Committees and implementing change for the Youth of the Island.
			11.4.2 The Norfolk Island Youth Council and Junior Youth Council is supported by the Community Development Officer to raise issues relevant to young people and develop youth activities	Junior youth are engaged, and a Junior Youth Council is established.	Manager Customer Care	This has been moved to the 2021-2022 financial year and will align with the Audit Report from Grassroots and Nexia.
			11.4.2 The Norfolk Island Youth Council and Junior Youth Council is supported by the Community Development Officer to raise issues relevant to young people and develop youth activities	The Norfolk Island Youth Council and Junior Youth Council make recommendations to Council based on issues relevant to young people and the Community Strategic Plan.	Manager Customer Care	See 11.4.2 comments
			11.4.2 The Norfolk Island Youth Council and Junior Youth Council is supported by the Community Development Officer to raise issues relevant to young people	Complete community grant application to support the development of youth activities and skill development.	Manager Customer Care	See 11.4.2 comments

			and develop youth activities			
			11.4.2 The Norfolk Island Youth Council and Junior Youth Council is supported by the Community Development Officer to raise issues relevant to young people and develop youth activities	Youth Activities are developed to support young people to be involved in Council functions.	Manager Customer Care	See 11.4.2 comments
			11.4.2 The Norfolk Island Youth Council and Junior Youth Council is supported by the Community Development Officer to raise issues relevant to young people and develop youth activities	Leadership development opportunities are provided to young people on the Norfolk Island Youth Council and in the community.	Manager Customer Care	See 11.4.2 comments
12. Focused and coordinated approach to health care	12.1 Ensure availability of high quality and affordable health and aged care services and facilities	with the Multi-Purpose Service and advocacy on behalf of the community where gaps are identified.	12.1.1 Continue relationship with NIHRACS and advocate for health care facilities, services and programs	Quarterly meetings to be held with NIHRACS.	Manager Customer Care	The Community Development Officer regularly attends meetings with representatives of the Norfolk Island Health and Residential Aged Care Service (NIHRACS).
			12.1.1 Continue relationship with NIHRACS and advocate for health care facilities, services and programs	Promote identified community needs for health and aged care services and facilities.	Manager Customer Care	Community Development Officer participated in, and helped to promote, the Multipurpose Health Facility consultation processes.

	12.2 Appreciate the significant contribution volunteer organisations make to community health and wellbeing and support them to ensure these services continue to be available	The Community Donations Program has assisted a variety of community and volunteer organisations during the life of this Delivery Program.	12.2.1 Review and advertise the Community Grants Programs (Community Strategic Plan Grant Program, Tertiary Education Grant Program and Queen Victoria Scholarship)	Review existing guidelines and update for the upcoming round of Community Grants Programs.	Manager Customer Care	This financial year it was decided not to run the Community Grant Program due to the following: (1) Council's financial position and, (2) The Economic Stimulus package provided by the Federal Government provided over \$3 Million in funding to local Clubs, Public Amenities and Council. If Council is in a fiscally better position in 2021-2022 FY, then this program will run as per normal.
			12.2.1 Review and advertise the Community Grants Programs (Community Strategic Plan Grant Program, Tertiary Education Grant Program and Queen Victoria Scholarship)	Community Strategic Plan Grant Program and Tertiary Education Grant Program are advertised and explained to the community.	Manager Customer Care	The Tertiary Education Grant Program was run in Feb 2021 with 18 applicants being successful. This totalled \$19,800 in funds distributed. \$900 was also paid to the Norfolk Island Central School (NICS) for the Queen Victoria Scholarship.
	12.3 Minimise duplication and maximise coordination of the provision of health and aged care services	Barriers identified and addressed in relation to investment in the provision of aged care facilities. At least one private, government or community based aged care facility is developed or in the planning stage of being developed.	12.3.1 Communication with relevant stakeholders to ascertain the need and options for additional Aged Care Facilities	Ongoing discussion at the quarterly meetings with NIHRACS.	General Manager	Achieved

			12.3.1 Communication with relevant stakeholders to ascertain the need and options for additional Aged Care Facilities	The General Manager and the Mayor to lobby, if there is an identified need, for additional Aged Care places/facilities available for the elderly on Norfolk Island.	General Manager	Achieved
12.4 Advocate for services such as Day Care, Activities and Transport that reflect an aging population and people with disabilities including options for aging in home	Day care activities are available; home care is available and access to facilities are consistently addressed for people with disabilities.	12.4.1 Communication with relevant stakeholders to ascertain the need and options for additional day care activities, home care and services for people with disabilities	A clear outcome to be identified if there is a need for additional day care activities, home care services and/or services for people with disabilities Include Health and Wellbeing Coordinator (NIHRACS) and community organisations in assessment and planning.	General Manager	Achieved	
12.5 Identify issues and respond to mental health, drug and alcohol, domestic violence and child protection needs	Council is facilitating an interagency with clear aims and direction in assisting with responding to mental health, drug and alcohol, domestic violence and child protection.	12.5.1 There is one or more interagency forums for service providers on Norfolk Island	Council representation is present at various interagency forums by attendance of the Community Development Officer, Mayor and/or General Manager.	General Manager	Achieved	
12.6 Ensure confidential health support and services	The community is comfortable in accessing health and support services. There is no stigma in accessing these services.	12.6.1 Council to reassure and promote the value of confidentiality within the Norfolk Island community	Discuss at Quarterly meetings to be held with NIHRACS.	General Manager	Achieved	
12.7 Encourage and support visiting specialist programs	Advocacy conducted to ensure visiting specialists are targeting the population health needs.	12.7.1 NIHRACS to provide updates to Council regarding visiting specialists	This action to be discussed at quarterly meetings to be held with NIHRACS.	General Manager	Achieved	
12.8 Ensure services and programs are available to cater for children, youth and adults with	Advocacy conducted to ensure services and programs are available for people with disabilities or special needs.	12.8.1 Advocacy conducted to National Disability Insurance Agency (NDIA) to ensure services and programs are available for	Services and programs are available for people with disabilities or special needs.	General Manager	Achieved	

	disabilities or special needs		people with disabilities or specials needs			
			12.8.2 The Disability Access Committee meets regularly	An action plan is developed in consultation with the Disability Access Committee (DAC). The DAC make recommendations and reports to Council on matters relating to access for people with disability.	General Manager	Not achieved
	12.9 Encourage the education and implementation of strategies designed to build on awareness within the community about the importance of preventative health care and healthy living	Health and well-being programs are supported and promoted in partnership with the Department of Health. Key population health statistics consistently improving: vaccinations, cancer screening and rates of diabetes.	12.9.1 Work with the Health and Wellbeing Coordinator who has been appointed by NIHRACS	The 2019-2021 Health Promotion Plan will be implemented by NIHRACS. Council will work with NIHRACS on any identified actions in the Health Promotion Plan where possible and relevant.	General Manager	Achieved
	13.1 Provide adequate infrastructure to maximise a safe visitor experience	Visitor surveys conducted and results used to improve visitor experience.	13.1.1 Continued distribution of Visitor Survey Cards to gather visitor statistics	Target for each year: Visitor surveys conducted, data recorded, and results compared to previous years. Visitor feedback forwarded to Tourism Operators in order to improve visitor experience.	Manager Economic Development	Survey results were minimal due to reduced visitor numbers and Covid restrictions at the airport making the distribution of survey cards difficult. Ongoing.
	13.2 Ensure all services meet minimum health and safety standards	Regulatory function is established and policies developed. Compliance is monitored.	13.2.1 Develop a risk management policy and framework	Risk Management Policy and Procedure, draft Enterprise Risk Management Framework adopted by Council.	Manager Economic Development	Achieved in 2019/20

			13.2.1 Develop a risk management policy and framework	Business Continuity Policy adopted by Council.	Manager Corporate and Finance	In progress but not complete due to resourcing issues.
			13.2.1 Develop a risk management policy and framework	Risk Management Framework to be established and developed to support these policies.	Manager Corporate and Finance	In progress but not complete due to resourcing issues.
			13.2.2 Assist businesses to improve and maintain public health standards in relation to food safety	Respond to all complaints regarding food premises to ensure compliance with Sale of Food Act 1950 (NI).	Manager Planning & Environmental Services	All complaints regarding food premises made to the Waste and Environment Team were followed up through the reporting period.
			13.2.2 Assist businesses to improve and maintain public health standards in relation to food safety	Inspect all new food premises before issuing licence under Sale of Food 1950 (NI) Prepare for the implementation of food safety laws proposed to be introduced to Norfolk Island. Conduct community consultation, training and provide advice to Commonwealth, as required.	Manager Planning & Environmental Services	All Sale of Food (SoF) premises are inspected before issuing a licence. This includes new SoF premises.

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APPENDIX 2 – General Purpose Financial Statements for The Year Ended 30 June 2021

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Norfolk Island Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021



Norfolk Island Regional Council

General Purpose Financial Statements

for the year ended 30 June 2021

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Overview

Norfolk Island Regional Council is constituted under the *Local Government Act 1993 (NSW) (NI)* and has its principal place of business at:

New Military Barracks, Kingston
NORFOLK ISLAND NSW 2899

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note B1-2.

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: www.norfolkisland.gov.nf.

Norfolk Island Regional Council

General Purpose Financial Statements

for the year ended 30 June 2021

Understanding Council's Financial Statements

Introduction

Each year, Norfolk Island Regional Council is required to present a set of audited financial statements to their council and community.

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2021.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, property, plant and equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

About the Auditor's Reports

Council's financial statements are required to be audited. The auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

Who uses the Financial Statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the audit report. The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Department of Infrastructure, Transport, Regional Development and Communications.

Norfolk Island Regional Council

General Purpose Financial Statements

for the year ended 30 June 2021

Statement by Councillors and Management made pursuant to Section 413(2)(c) of the Local Government Act 1993 (NSW) (NI) (as amended)

The attached General Purpose Financial Statements have been prepared in accordance with:


- the *Local Government Act 1993 (NSW) (NI)* (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the *Local Government Code of Accounting Practice and Financial Reporting*.

To the best of our knowledge and belief, these statements:


- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

We are not aware of any matter that would render these statements false or misleading in any way.


Signed in accordance with a resolution of Council made on 01 December 2021.



Mike Colreavy
Council Interim Administrator
01 December 2021



Andrew Roach
General Manager
01 December 2021



Alistair Innes-Walker
Responsible Accounting Officer
01 December 2021

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Norfolk Island Regional Council

Statement of Comprehensive Income

for the year ended 30 June 2021

\$	Notes	Actual 2021	Actual 2020
Net operating result for the year – from Income Statement		5,678,217	28,233,724
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	14,691,238
Total items which will not be reclassified subsequently to the operating result		–	14,691,238
Total other comprehensive income for the year		–	14,691,238
Total comprehensive income for the year attributable to Council		5,678,217	42,924,962

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

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Norfolk Island Regional Council

Statement of Financial Position

as at 30 June 2021

\$	Notes	Actual 2021	Actual 2020
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	5,279,554	15,304,015
Investments	C1-2	–	10,033,146
Receivables	C1-4	5,077,670	1,433,246
Inventories	C1-5	2,271,437	2,029,054
Total current assets		12,628,661	28,799,461
Non-current assets			
Infrastructure, property, plant and equipment	C1-6	176,569,413	166,510,128
Intangible Assets	C1-7	61,159	–
Total non-current assets		176,630,572	166,510,128
Total assets		189,259,233	195,309,589
LIABILITIES			
Current liabilities			
Payables	C3-1	2,494,179	9,365,467
Contract liabilities	C3-2	206,331	5,402,988
Employee benefit provisions	C3-3	1,363,382	535,411
Total current liabilities		4,063,892	15,303,866
Non-current liabilities			
Employee benefit provisions	C3-3	–	488,599
Total non-current liabilities		–	488,599
Total liabilities		4,063,892	15,792,465
Net assets		185,195,341	179,517,124
EQUITY			
Accumulated surplus		170,504,103	164,825,886
IPPE revaluation reserve	C4-1	14,691,238	14,691,238
Council equity interest		185,195,341	179,517,124
Total equity		185,195,341	179,517,124

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Norfolk Island Regional Council

Statement of Changes in Equity

for the year ended 30 June 2021

	Notes	as at 30/06/21			as at 30/06/20		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
\$							
Opening balance at 1 July		164,825,886	14,691,238	179,517,124	139,092,162	–	139,092,162
Changes due to AASB 1058 and AASB 15 adoption		–	–	–	(2,500,000)	–	(2,500,000)
Restated opening balance		164,825,886	14,691,238	179,517,124	136,592,162	–	136,592,162
Net operating result for the year		5,678,217	–	5,678,217	28,233,724	–	28,233,724
Restated net operating result for the period		5,678,217	–	5,678,217	28,233,724	–	28,233,724
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	–	–	–	14,691,238	14,691,238
Other comprehensive income		–	–	–	–	14,691,238	14,691,238
Total comprehensive income		5,678,217	–	5,678,217	28,233,724	14,691,238	42,924,962
Closing balance at 30 June		170,504,103	14,691,238	185,195,341	164,825,886	14,691,238	179,517,124

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Norfolk Island Regional Council

Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$	Notes	Actual 2021	Actual 2020
Cash flows from operating activities				
<i>Receipts:</i>				
1,461,000		Rates and annual charges	1,545,872	1,402,565
11,066,000		User charges and fees	11,058,097	12,572,613
332,000		Investment and interest revenue received	3,940	282,264
17,214,000		Grants and contributions	12,470,538	51,681,798
–		Bonds, deposits and retention amounts received	455,892	44,411
4,730,000		Other	5,269,774	5,382,138
<i>Payments:</i>				
(10,545,000)		Employee benefits and on-costs	(10,123,119)	(11,107,425)
(3,527,000)		Materials and services	(15,662,075)	(7,211,293)
(8,443,000)		Other	(22,100)	(5,601,311)
12,288,000		Net cash flows from operating activities	4,996,819	47,445,760
Cash flows from investing activities				
<i>Receipts:</i>				
–		Sale of investment securities	10,033,146	6,466,854
<i>Payments:</i>				
(25,257,000)		Purchase of infrastructure, property, plant and equipment	(24,978,085)	(39,931,370)
–		Purchase of intangible assets	(76,341)	–
(25,257,000)		Net cash flows used in investing activities	(15,021,280)	(33,464,516)
(12,969,000)		Net change in cash and cash equivalents	(10,024,461)	13,981,244
13,769,000		Cash and cash equivalents at beginning of year	15,304,015	1,322,771
800,000		Cash and cash equivalents at end of year	5,279,554	15,304,015
–		plus: Investments on hand at end of year	–	10,033,146
800,000		Total cash, cash equivalents and investments	5,279,554	25,337,161

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Norfolk Island Regional Council

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Norfolk Island Regional Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 01 December 2021. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW) (NL)* and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

The financial statements are presented in Australian dollars.

COVID-19

The 2020/21 financial year experienced serious challenges with COVID lock downs through July 2020 to February 2021 resulting in decreased visitation ranging from (-93%) to (-16%) over the seven-month period. With stabilisation of COVID restrictions in Australian states and the opening of the NZ travel bubble Norfolk recovery was swift with 94% increase in March against previous year and a significant improvement on 2018 visitor numbers reporting increases in April up 11%; May 60%; June 26%.

Despite the initial recovery in visitor numbers the COVID pandemic exposed the Council's tenuous cash flow position which ultimately necessitated a \$3 Million financial sustainability grant from the Commonwealth in December 2020. This afforded Council time to develop plans to rebuild its cash reserves, based on 113 findings from two (2) external audits that reviewed councils existing finance and governance processes.

Subsequent outbreaks of the Delta strain in the second half of the year reversed some of the recovery which will be reflected in the 2021/22 financial year. Council does not consider this development would require separate disclosures or adjustments to the 30 June 2021 financial results. Hence, 30 June 2021 financial statements were prepared on a going concern basis.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain infrastructure, property, plant and equipment and investment property.

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- (ii) employee benefit provisions – refer Note C3-3

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables – refer Note C1-4.

A1-1 Basis of preparation (continued)

Monies and other assets received by Council

The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993 (NSW)(NI)*, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

Cash and other assets of the following entities have been included as part of the Consolidated Fund:

- Norfolk Island Workers Compensation Scheme.

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW) (NI)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies. Trust monies and property subject to Council's control have been included in these reports.

Goods and Services Tax (GST)

The Norfolk Island GST ceased on 1 July 2016 and the Australian GST doesn't apply to Norfolk Island.

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the taxation authority are presented as operating cash flows.

New accounting standards and interpretations issued not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2021 reporting period.

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates.

Council's assessment of these new standards and interpretations (where they have been deemed as having a material impact on Council's future financial performance, financial position and cash flows) are set out below:

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date

This Standard amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

For example the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.

Council does not expect any material impact from the above amendments and to its classification of liabilities as current or non-current.

This standard has an effective date for the 30 June 2024 reporting period.

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 -2020 and Other Amendments

This Standard amends a number of standards as follows:

A1-1 Basis of preparation (continued)

- AASB 1 to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences,
- AASB 3 to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations,
- AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability,
- AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset,
- AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making and
- AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

Council does not expect any material impact from the above amendments.

This standard has an effective date for the 30 June 2023 reporting period.

New accounting standards adopted during the year

During the year Council adopted the following accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from 1 July 2020:

- AASB 1059 Service Concession Arrangements: Grantor and associated amendments
- AASB 2018- 6 Amendments to Australian Accounting Standards – Definition of a business
- AASB 2018 – 7 Amendments to Australian Accounting Standards – Definition of material
- AASB 2019 – 3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform
- AASB 2019 -5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia
- AASB 2019 – 7 Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP / GFS Reconciliations
- AASB 2020 – 4 Amendments to Australian Accounting Standards – Covid-19 Related Rent Concessions

The above accounting standards and interpretations did not have a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures.

B Financial Performance

B1 Functions or activities

B1-1 Functions or activities – income, expenses and assets ¹

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

\$	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021	2020 ¹	2021	2020 ¹	2021	2020 ¹	2021	2020 ¹	2021	2020 ¹
Functions or activities										
Governance, Administration and Revenue	14,307,811	9,616,462	7,089,826	6,571,889	7,217,985	3,044,573	8,075,951	3,617,932	6,242,044	26,261,642
Infrastructure	1,486,487	787,076	3,774,735	12,579,341	(2,288,248)	(11,792,265)	987,804	240,809	35,662,200	30,394,750
Community Services	917,226	145,250	2,538,394	1,673,329	(1,621,168)	(1,528,079)	739,039	–	12,786,903	10,255,241
Tourism	398,875	506,169	912,924	1,199,290	(514,049)	(693,121)	263,479	390,714	170,316	249,364
Business Services	16,033,001	50,826,650	13,800,863	12,281,576	2,232,138	38,545,074	6,208,923	40,608,346	133,337,597	128,148,592
Commonwealth Service Delivery	6,132,549	5,981,467	5,480,990	5,323,925	651,559	657,542	3,852,594	3,921,009	1,060,173	–
Total functions and activities	39,275,949	67,863,074	33,597,732	39,629,350	5,678,217	28,233,724	20,127,790	48,778,810	189,259,233	195,309,589

(1) 2020 values were reallocated between functions to align with the list of functions adopted by council in Note B1-2

B1-2 Components of functions or activities

Details relating to the Council's functions or activities as reported in B1-1 are as follows:

Governance, Administration and Revenue

Includes costs relating to elected members, general administrative and ICT costs to operate Council, liquor bond, risk management and general regional Council costs.

Infrastructure

Includes all costs related to the maintenance and operation of Council's roads, and plant functions, including depot and stores administration.

Community Services

This function includes all other general services provided to the community such as broadcasting, parks and recreation, facilities, customer care, housing, library, and building and development.

Tourism

All costs for the promotion and management of tourism and marketing for the Island.

Business Services

Includes Council's main commercial business operations of the Telecom, electricity provision, waste management, sewerage, and airport management.

Commonwealth Service Delivery

All activities provided under the formal Service Delivery Arrangement with the Commonwealth Government including education, KAVHA, emergency services, lighterage, workers compensation, registry and licencing.

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B2 Sources of income

B2-1 Rates and annual charges

\$	Timing	2021 Actual	2020 Actual
Ordinary rates			
Residential	2	777,856	761,626
Farmland	2	67,845	66,499
Business	2	372,972	388,458
Less: pensioner rebates (mandatory)	2	(14,317)	(14,029)
Less: pensioner rebates (Council policy)	2	(17,498)	(17,146)
Less: discount (Council)	2	-	(51,296)
Rates levied to ratepayers		1,186,858	1,134,112
Total ordinary rates		1,186,858	1,134,112
Annual charges			
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>			
Sewerage services	2	418,834	247,619
Annual charges levied		418,834	247,619
Total annual charges		418,834	247,619
Total rates and annual charges		1,605,692	1,381,731

The timing column notation (above) identifies the revenue recognition pattern for material items of Council's revenue:

- (1) indicates income recognised under AASB 15 or AASB 1058 "over time".
- (2) indicates income recognised under AASB 15 or AASB 1058 "at a point in time".

Council has used 2019 year valuations provided by the Valuer General in calculating its rates.

Accounting policy

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts.

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the Commonwealth Government.

Pensioner rate subsidies are received from the Commonwealth Government to provide a contribution towards the pensioner rebates.

B2-2 User charges and fees

\$	Timing	2021 Actual	2020 Actual
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Other	2	12,059	8,330
Waste Management Levy	2	698,066	709,534
Total specific user charges		710,125	717,864
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Planning and building regulation	2	31,899	23,496
Private works	1	6,415	53,452
Registration fees	2	619,939	656,034
Regulatory fees	2	1,145	49,973
Town planning	2	793,299	416,667
Other	2	55,943	121,117
Court Fees	2	22,314	15,992
Animal Registration	2	28,097	1,856
Roads Levy	2	352,525	406,591
Other (Workers Compensation Levy)	2	213,987	384,225
Total fees and charges – statutory/regulatory		2,125,563	2,129,403
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aerodrome	2	2,739,771	2,545,660
Leisure centre	2	4,071	6,611
Quarry revenues	2	3,920	29,919
Tourism	2	2,588	2,834
Electricity Charges	1	3,110,778	3,132,677
Equipment Rental	1	53,913	16,809
Donations Received	2	4,009	4,662
Other	2	145,881	29,519
Lighterage Charges	2	303,573	678,190
License Fees	2	88,845	68,039
Refunds	2	(28,034)	(40,807)
Hall Hire	1	3,991	720
Advertising Revenue	2	46,642	34,683
Telecom Sales	1	2,442,496	2,753,228
Credit Card Surcharge	2	–	4,173
Gaming Revenue	2	150,692	165,282
Total fees and charges – other		9,073,136	9,432,199
Total user charges and fees		11,908,824	12,279,466
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		5,617,593	5,956,886
User charges and fees recognised at a point in time (2)		6,291,231	6,322,580
Total user charges and fees		11,908,824	12,279,466

Accounting policy

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases such as caravan parks, the customer is required to pay on arrival or a deposit in advance. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged such as joining fees for the leisure centre the fee is recognised on a straight-line basis over the expected life of the membership.

B2-2 User charges and fees (continued)

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than over the term of the licence.

B2-3 Other revenue

\$	Timing	2021 Actual	2020 Actual
Sales – general	2	–	920
Other	2	219,373	4,384
Tourism Sales	2	132,808	112,620
Liquor Bond Sales	2	4,557,666	4,192,633
KAHVA Sales and Entry Fees	2	263,037	250,166
Tanalith Services	2	6,382	5,500
Total other revenue		5,179,266	4,566,223

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	5,179,266	4,566,223
Total other revenue	5,179,266	4,566,223

Accounting policy for other revenue

Where the revenue is earned for the provision of specified goods / services under an enforceable contract, revenue is recognised when or as the obligations are satisfied.

Statutory fees and fines are recognised as revenue when the service has been provided, the payment is received or when the penalty has been applied, whichever occurs first.

Other revenue is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

B2-4 Grants and contributions

\$	Timing	Operating 2021 Actual	Operating 2020 Actual	Capital 2021 Actual	Capital 2020 Actual
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial sustainability assistance (SDA)	2	3,000,000	–	–	–
Financial assistance – general component	2	4,969,921	3,885,708	–	–
Financial assistance – local roads component	2	106,030	106,030	–	–
Amount recognised as income during current year		8,075,951	3,991,738	–	–
Special purpose grants and non-developer contributions (tied)					
Small business relief		–	–	–	–
Economic Stimulus Package	2	–	–	1,726,843	–
Tourism Grant	2	263,479	390,714	–	–
Other Grants	1	–	–	6,208,923	40,608,346
Service Delivery Agreement (Commonwealth)	2	3,852,594	3,788,012	–	–
Total special purpose grants and non-developer contributions – cash		4,116,073	4,178,726	7,935,766	40,608,346
Total special purpose grants and non-developer contributions (tied)		4,116,073	4,178,726	7,935,766	40,608,346
Total grants and non-developer contributions		12,192,024	8,170,464	7,935,766	40,608,346
Comprising:					
– Commonwealth funding		8,339,430	4,382,452	7,935,766	40,608,346
– Service Delivery Agreement (Commonwealth)		3,852,594	3,788,012	–	–
		12,192,024	8,170,464	7,935,766	40,608,346

The timing column notation (above) identifies the revenue recognition pattern for material items of Council's revenue:

- (1) indicates income recognised under AASB 15 or AASB 1058 “over time”,
 (2) indicates income recognised under AASB 15 or AASB 1058 “at a point in time”.

Accounting policy

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted or contributed asset at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner, or used over a particular period, and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed below.

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 72 and 73 of the *Planning Act 2002 (NI)*.

While Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon receipt by Council, due to the possibility that individual development consents may not be acted upon by the applicant and, accordingly, would not be payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required, but the Council may apply contributions according to the priorities established in work schedules

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at reporting date.

B2-5 Interest and investment income

\$	2021 Actual	2020 Actual
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	15,383	14,334
– Cash and investments	21,429	244,458
Total interest and investment income (losses)	36,812	258,792

Interest and investment income is attributable to:

Unrestricted investments/financial assets:

Overdue rates and annual charges (general fund)	15,383	14,334
General Council cash and investments	21,429	244,458
Total interest and investment income	36,812	258,792

Accounting policy

Interest income is recognised using the effective interest rate at the date that interest is earned.

Dividends are recognised as income in profit or loss when the shareholder's right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of the investment.

B2-6 Other income

\$	Notes	2021 Actual	2020 Actual
Rental income			
Other lease income			
Council properties		417,565	598,052
Total Other lease income		417,565	598,052
Total rental income	C2-1	417,565	598,052
Total other income		417,565	598,052

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$	2021 Actual	2020 ¹ Actual
Salaries and wages	7,883,987	8,743,631
Employee leave entitlements (ELE)	1,618,512	1,889,589
Superannuation	847,418	820,494
Workers' compensation insurance ²	167,929	99,352
Other	3,494	6,096
Total employee costs	10,521,340	11,559,162
Less: capitalised costs	-	(37,004)
Total employee costs expensed	10,521,340	11,522,158

Accounting policy

Employee benefit expenses are recorded when the service has been provided by the employee.

Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined contribution plans on behalf of its employees.

Superannuation plans

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(1) \$166,378 training costs in 2020 year were moved to Materials and Services in Note B3-2

(2) \$24,849 of workers compensation expenses were incorrectly mapped to Other Expenses in 2020. Now moved to Employee benefits.

B3-2 Materials and services

\$	Notes	2021 Actual	2020 Actual
Raw materials and consumables		3,605,727	4,434,647
General Contract and Project Costs		2,934,354	1,869,156
– Telecom and Satellite Bandwidth		1,564,288	1,740,945
– Policing, Legal, and Inmate Incarceration		151,431	128,029
Audit Fees	E2-1	127,000	91,500
Previously other expenses:			
Advertising		12,988	24,584
Bank charges		76,543	71,154
Cleaning		136,871	59,452
Cost of sales		1,796,350	2,102,184
Computer software charges		593,962	216,449
Insurance		647,614	493,180
Postage		14,528	25,261
Printing and stationery		85,035	98,604
Subscriptions and publications		21,612	8,667
Tourism expenses (excluding employee costs)		483,396	592,170
Other expenses ¹		37,304	(467,627)
Councillor and Mayoral fees and associated expenses	E1-2	57,824	90,233
Travel expenses		183,204	201,123
Training costs (other than salaries and wages) ²		126,623	166,609
Membership Fees		8,756	21,640
Library Resources		5,614	5,444
Freight Costs		2,223,744	1,118,818
– Legal expenses: other		695	–
Total materials and services		14,895,463	13,092,222
Total materials and services		14,895,463	13,092,222

(1) \$24,849 of workers compensation expenses were incorrectly mapped to Other Expenses in 2020. Now moved to Employee benefits Note B3-1.

(2) \$166,378 training costs in 2020 year were moved from Employee benefits Note B3-1.

B3-3 Depreciation, amortisation and impairment of non-financial assets

\$	Notes	2021	2020
Depreciation and amortisation			
Plant and equipment		929,440	559,729
Office equipment		60,160	56,716
Furniture and fittings		619	618
Infrastructure:	C1-6		
– Buildings – specialised		738,473	669,662
– Other structures		254,016	86,476
– Roads		3,345,382	1,851,704
– Bridges		27,038	23,726
– Sewerage network		114,416	106,567
– Other infrastructure		1,373,993	1,059,538
Intangible assets	C1-7	15,182	209,338
Total depreciation and amortisation costs		6,858,719	4,624,074
Total depreciation, amortisation and impairment for non-financial assets		6,858,719	4,624,074

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-6 for IPPE assets and Note C1-7 for intangible assets.

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other non-financial assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

B3-4 Other expenses

\$	Notes	2021 Actual	2020 Actual
Impairment of receivables			
Other		-	116,720
Total impairment of receivables	C1-4	-	116,720
Other contributions/levies		-	115,451
Donations, contributions and assistance to other organisations (Section 356)		22,100	91,706
Total other expenses		22,100	323,877

Accounting policy

Other expenses are recorded on an accruals basis when Council has an obligation for the expenses.

Impairment expenses are recognised when identified.

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B4 Gains or losses**B4-1 Gain or loss from the disposal, replacement and de-recognition of assets**

\$	Notes	2021 Actual	2020 Actual
Gain (or loss) on disposal of infrastructure	C1-6		
Less: carrying amount of infrastructure assets sold/written off		<u>(1,300,110)</u>	<u>(10,067,019)</u>
Gain (or loss) on disposal		<u>(1,300,110)</u>	<u>(10,067,019)</u>
Net gain (or loss) on disposal of assets		<u>(1,300,110)</u>	<u>(10,067,019)</u>

Accounting policy

Gains and losses on disposals are determined by comparing proceeds with carrying amount. The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

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B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 30/06/2020 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

While these General Purpose Financial Statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

Material variations of more than 10% between original budget and actual results or where the variance is considered material by nature are explained below.

Variation Key: **F** = Favourable budget variation, **U** = Unfavourable budget variation.

\$	2021 Budget	2021 Actual	2021 ----- Variance -----		
REVENUES					
Rates and annual charges	1,506,000	1,605,692	99,692	7%	F
User charges and fees	10,966,000	11,908,824	942,824	9%	F
Other revenues	4,870,000	5,179,266	309,266	6%	F
Operating grants and contributions	9,050,000	12,192,024	3,142,024	35%	F
The favourable variance (\$3.142M) is largely attributable to an additional \$3M Financial Sustainability Assistance Grant from the Commonwealth received in December 2020. These funds were provided to enable Council to address shortfalls in revenue streams highlighted during the COVID pandemic.					
Capital grants and contributions	8,164,000	7,935,766	(228,234)	(3)%	U
Interest and investment revenue	332,000	36,812	(295,188)	(89)%	U
Council was required to draw down on its cash reserves due to reduced income streams attributable to the COVID pandemic. This effectively eliminated Council's capacity to derive investment and interest income from any surplus cash that had been anticipated in preparing the budget. The global fall in interest rates further reduced returns on what cash balances remained.					
Other income	-	417,565	417,565	∞	F
EXPENSES					
Employee benefits and on-costs	10,545,000	10,521,340	23,660	0%	F
Materials and services	3,527,000	14,895,463	(11,368,463)	(322)%	U
\$6.5M of the additional materials and services costs (v budget) are costs previously allocated to Other Expenses. This is reflected in the reported favourable Other Expenses variance. The balance of the variance is largely attributable to:					
<ul style="list-style-type: none"> additional freight costs incurred in exporting waste material and importing trading stock for the Liquor Bond. Increased contractor costs incorporating finance, HR and governance staff, legal costs, technical specialists. 					
Depreciation, amortisation and impairment of non-financial assets	4,328,000	6,858,719	(2,530,719)	(58)%	U

The increase in depreciation costs is attributable to the recognition of the capital costs associated with the Airport Pavement & Repair Project (~\$48M), Future Proofing Telecommunications on Norfolk Island Project (~\$5.1M), and equipment purchased from contractors working on both projects.

B5-1 Material budget variations (continued)

\$	2021 Budget	2021 Actual	2021 ----- Variance -----	
Other expenses	8,444,000	22,100	8,421,900	100% F
Refer commentary on Materials & Services variance.				
Net losses from disposal of assets	-	1,300,110	(1,300,110)	∞ U
This is a non-cash loss from write-off of replaced infrastructure assets.				

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B5-1 Material budget variations (continued)

\$	2021 Budget	2021 Actual	2021 ----- Variance -----	
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STATEMENT OF CASH FLOWS

Cash flows from operating activities	12,288,000	4,996,819	(7,291,181)	(59)%	U
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Lower level of actual operating cash inflow compared to the original budget is largely attributable to the following factors:

- additional freight costs incurred in exporting waste material and importing trading stock for the Liquor Bond.
- increased contractor costs incorporating finance, HR and governance staff, legal costs, technical specialists; and
- gap in timing of receipt of FAG and other grants.

Cash flows from investing activities	(25,257,000)	(15,021,280)	10,235,720	(41)%	F
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Council was required to draw down on its cash reserves due to reduced income streams attributable to the COVID pandemic.

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C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$	2021 Actual	2020 Actual
Cash and cash equivalents		
Cash on hand and at bank	5,279,554	15,304,015
Total cash and cash equivalents	<u>5,279,554</u>	<u>15,304,015</u>

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	5,279,554	15,304,015
Balance as per the Statement of Cash Flows	<u>5,279,554</u>	<u>15,304,015</u>

Accounting policy

For Statement of Cash Flow presentation purposes, cash and cash equivalents include: cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

C1-2 Financial investments

\$	2021 Current Actual	2021 Non-current Actual	2020 Current Actual	2020 Non-current Actual
Financial assets at amortised cost				
Term Deposits	-	-	10,033,146	-
Total	<u>-</u>	<u>-</u>	<u>10,033,146</u>	<u>-</u>
Total financial investments	-	-	10,033,146	-
Total cash assets, cash equivalents and investments	<u>5,279,554</u>	<u>-</u>	<u>25,337,161</u>	<u>-</u>

Accounting policy

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition. As at 30 June 2021 and 30 June 2020 council did not have any financial assets at FVTPL and FVOCI-equity.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and

C1-2 Financial investments (continued)

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

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C1-3 Restricted cash, cash equivalents and investments

\$	2021 Current Actual	2021 Non-current Actual	2020 Current Actual	2020 Non-current Actual
Total cash, cash equivalents and investments	5,279,554	–	25,337,161	–
attributable to:				
External restrictions	2,020,113	–	13,191,896	–
Internal restrictions	2,949,656	–	11,987,081	–
Unrestricted	309,785	–	158,184	–
	5,279,554	–	25,337,161	–

\$	2021 Actual	2020 Actual
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund	206,331	–
Norfolk Island language trust	10,018	9,280
Bookeasy ticket sales	94,618	25,386
Curator of deceased estates	500,711	349,509
Iven 'Toon' Buffet Environment Fund	101,695	101,695
Historic Shipwrecks	46,101	51,144
Other deposits	29,792	33,846
Legal Aid Trust Fund	140,923	160,363
Protecting National Historic Sites	2,500	2,500
Telecom bonds	25,149	–
External restrictions – included in liabilities	1,157,838	733,723

External restrictions – other

External restrictions included in cash, cash equivalents and investments above comprise:

Specific purpose unexpended grants (recognised as revenue) – general fund	752,275	11,406,341
Desalination Plant	–	172,500
Hospital Generator - Unspent Funds	–	200,000
Airport Security Equipment - Unspent Funds	–	226,800
Environmental Program - unspent funds	–	342,532
PFAS Remediation - unspent funds	110,000	110,000
External restrictions – other	862,275	12,458,173

Total external restrictions

2,020,113	13,191,896
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Internal restrictions

Council has internally restricted cash, cash equivalents and investments as follows:

Employees leave entitlement	1,363,382	1,024,010
Carry over works	1,586,274	10,954,499
Other	–	8,572
Total internal restrictions	2,949,656	11,987,081

Total restrictions

4,969,769	25,178,977
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Internal restrictions over cash, cash equivalents and investments are those assets restricted only by a resolution of the elected Council.

C1-4 Receivables

\$	2021 Current Actual	2021 Non-current Actual	2020 Current Actual	2020 Non-current Actual
Purpose				
Rates and annual charges	253,418	-	193,598	-
Interest and extra charges	214,126	-	181,254	-
User charges and fees	1,110,089	-	386,735	-
Accrued revenues				
– Other income accruals	-	-	18,192	-
Government grants and subsidies	2,460,595	-	-	-
Net GST receivable	9,612	-	-	-
Electricity debtors	922,257	-	698,416	-
Telecom Debtors	327,573	-	215,777	-
Total	5,297,670	-	1,693,972	-
Less: provision of impairment				
User charges and fees	(220,000)	-	(260,726)	-
Total provision for impairment – receivables	(220,000)	-	(260,726)	-
Total net receivables	5,077,670	-	1,433,246	-

\$	2021 Actual	2020 Actual
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	260,726	78,030
+ new provisions recognised during the year	-	182,696
– amounts provided for but recovered during the year	(40,726)	-
Balance at the end of the year	220,000	260,726

Accounting policy

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Impairment

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Council uses the presentation that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or
- the financial assets (for non-rates debtors) are more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Council uses the simplified approach for trade receivables where the expected lifetime credit losses are recognised on day 1.

C1-4 Receivables (continued)

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 7 years past due, whichever occurs first.

Where the Council renegotiates the terms of receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Rates and annual charges outstanding are secured against the property.

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C1-5 Inventories

\$	2021 Current Actual	2021 Non-current Actual	2020 Current Actual	2020 Non-current Actual
Inventories at cost				
Stores and materials	1,866,501	-	1,378,250	-
Trading stock	404,936	-	650,804	-
Total inventories at cost	2,271,437	-	2,029,054	-
Total inventories	2,271,437	-	2,029,054	-

Accounting policy

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period									At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Transfers to Intangible Assets	Expensed in P/L	Transfers to inventory	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	
Capital work in progress	47,683,994	–	47,683,994	14,206,652	4,529,939	–	–	(64,899,453)	(76,341)	(38,540)	(418,780)	987,472	–	987,472	
Plant and equipment	6,944,083	(2,855,301)	4,088,782	–	–	(30,294)	(929,440)	4,922,846	–	–	–	11,760,238	(3,708,342)	8,051,896	
Office equipment	345,883	(151,750)	194,133	–	–	–	(60,160)	–	–	–	–	345,883	(211,910)	133,973	
Furniture and fittings	6,178	(3,089)	3,089	–	–	–	(619)	–	–	–	–	6,178	(3,707)	2,471	
Land:															
– Operational land	11,204,700	–	11,204,700	–	–	–	–	–	–	–	–	11,204,700	–	11,204,700	
Infrastructure:															
– Buildings – specialised	38,560,900	(25,363,857)	13,197,043	–	–	–	(738,473)	151,826	–	–	–	38,712,726	(26,102,330)	12,610,396	
– Other structures	7,678,888	(1,707,099)	5,971,789	–	–	–	(254,016)	177,280	–	–	–	7,856,168	(1,961,115)	5,895,053	
– Roads	80,231,687	(26,486,278)	53,745,409	–	–	(1,118,559)	(3,345,382)	52,485,906	–	–	–	130,392,346	(28,624,975)	101,767,371	
– Bridges	1,957,747	(947,497)	1,010,250	–	–	–	(27,038)	–	–	–	–	1,957,747	(974,535)	983,212	
– Sewerage network	6,087,974	(2,548,587)	3,539,387	–	–	–	(114,416)	–	–	–	–	6,087,974	(2,663,002)	3,424,972	
– Other infrastructure	52,901,804	(27,030,252)	25,871,552	–	–	(151,257)	(1,373,993)	7,161,595	–	–	–	56,557,149	(25,049,252)	31,507,897	
Total infrastructure, property, plant and equipment	253,603,838	(87,093,710)	166,510,128	14,206,652	4,529,939	(1,300,110)	(6,843,537)	–	(76,341)	(38,540)	(418,780)	265,868,581	(89,299,168)	176,569,413	

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2019			Asset movements during the reporting period							At 30 June 2020		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	2,791,095	–	2,791,095	41,342,944	5,363,583	–	–	(1,813,628)	–	–	47,683,994	–	47,683,994
Plant and equipment	5,786,332	(2,295,570)	3,490,762	–	–	–	(559,729)	1,157,751	–	–	6,944,083	(2,855,301)	4,088,782
Office equipment	321,207	(95,034)	226,173	–	–	–	(56,716)	24,676	–	–	345,883	(151,750)	194,133
Furniture and fittings	6,178	(2,471)	3,707	–	–	–	(618)	–	–	–	6,178	(3,089)	3,089
Land:													
– Operational land	11,204,700	–	11,204,700	–	–	–	–	–	–	–	11,204,700	–	11,204,700
Infrastructure:													
– Buildings – non-specialised	11,519,261	(8,037,019)	3,482,242	–	–	–	–	–	(3,273,643)	–	–	–	–
– Buildings – specialised	23,706,235	(15,247,194)	8,459,041	–	–	–	(669,662)	90,714	3,273,643	1,834,708	38,560,900	(25,363,857)	13,197,043
– Other structures	4,287,636	(3,101,573)	1,186,063	–	–	–	(86,476)	21,871	–	4,850,331	7,678,888	(1,707,099)	5,971,789
– Roads	95,870,686	(35,077,852)	60,792,834	–	–	(10,067,023)	(1,851,704)	–	–	4,871,299	80,231,687	(26,486,278)	53,745,409
– Bridges	1,772,436	(776,891)	995,545	–	–	–	(23,726)	–	–	38,431	1,957,747	(947,497)	1,010,250
– Footpaths	696,600	(250,776)	445,824	–	–	–	–	–	(431,892)	–	–	–	–
– Sewerage network	5,457,261	(2,222,463)	3,234,798	–	–	–	(106,567)	–	–	411,156	6,087,974	(2,548,587)	3,539,387
– Other infrastructure	52,004,770	(28,723,432)	23,281,338	–	–	–	(1,059,538)	518,616	431,892	2,685,313	52,901,804	(27,030,252)	25,871,552
Total infrastructure, property, plant and equipment	215,424,397	(95,830,275)	119,594,122	41,342,944	5,363,583	(10,067,023)	(4,414,736)	–	–	14,691,238	253,603,838	(87,093,710)	166,510,128

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

C1-6 Infrastructure, property, plant and equipment (continued)

Accounting policy

Infrastructure, property, plant and equipment are held at fair value. Independent comprehensive valuations are performed at least every five years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

Increases in the carrying amounts arising on revaluation are credited to the revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

When infrastructure, property, plant and equipment are acquired by Council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

Land is not depreciated. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Council will obtain ownership at the end of the lease term. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
		Stormwater assets	
Water and sewer assets			
Dams and reservoirs	80 to 100	Drains	80 to 100
Bores	20 to 40	Culverts	50 to 80
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 100
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
		Other infrastructure assets	
Transportation assets			
Sealed roads: surface	20	Bulk earthworks	20
Sealed roads: formation	Indefinite	Swimming pools	50
Unsealed roads	20	Unsealed roads	20
Bridge: concrete	100	Other open space/recreational assets	20
Bridge: other	50	Other infrastructure	20
Road pavements	50		
Kerb, gutter and footpaths	40		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

Crown reserves

Crown reserves under Council's care and control are recognised as assets of the Council other than the reserves in Kingston and Arthur's Vale Historic Area (KAVHA). While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

C1-6 Infrastructure, property, plant and equipment (continued)

Improvements on Crown reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

Rural Fire Service assets

Council recognises all fire service assets under the Fire Control Act 2000 (NI); including land, buildings, plant and equipment.

C1-7 Intangible assets

Intangible assets are as follows:

\$	2021 Actual	2020 Actual
Software		
Opening values at 1 July		
Gross book value	942,026	942,026
Accumulated amortisation	(942,026)	(732,688)
Net book value – opening balance	–	209,338
Movements for the year		
Purchases	76,341	–
Amortisation charges	(15,182)	(209,338)
Closing values at 30 June		
Gross book value	1,018,367	942,026
Accumulated amortisation	(957,208)	(942,026)
Total software – net book value	61,159	–
Total intangible assets – net book value	61,159	–

Accounting policy

IT development and software

Software development costs include only those costs directly attributable to the development phase (including external direct costs of materials and services, direct payroll, and payroll-related costs of employees' time spent on the project) and are only recognised following completion of technical feasibility, and where the Council has an intention and ability to use the asset. Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.

C2 Leasing activities

C2-1 Council as a lessor

Operating leases

Council leases out a number of properties and /or plant and equipment to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included in the Statement of Financial Position as:

– property, plant and equipment – where the rental is incidental, or the asset is held to meet Councils service delivery objective (refer note C1-7).

\$	2021 Actual	2020 Actual
(i) Assets held as property, plant and equipment		
Lease income (excluding variable lease payments not dependent on an index or rate)	417,565	598,052
Total income relating to operating leases for Council assets	417,565	598,052

(iii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:

Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:

< 1 year	366,990	598,052
1–2 years	386,010	468,402
2–3 years	279,753	468,402
3–4 years	12,630	434,602
4–5 years	11,030	370,610
> 5 years	–	29,330
Total undiscounted lease payments to be received	1,056,413	2,369,398

Accounting policy

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

When Council has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components, the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term for an operating lease and as finance income using amortised cost basis for finance leases.

C3 Liabilities of Council

C3-1 Payables

\$	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Payables				
Goods and services – operating expenditure	1,231,492	–	1,755,721	–
Accrued expenses:				
– Salaries and wages	311,180	–	252,331	–
– Other expenditure accruals	–	–	6,775,153	–
Advances	–	–	86,647	–
Security bonds, deposits and retentions	951,507	–	495,615	–
Total payables	2,494,179	–	9,365,467	–
Total payables	2,494,179	–	9,365,467	–

Current payables not anticipated to be settled within the next twelve months

Nil

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C3-1 Payables (continued)

Accounting policy

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

Payables

Payables represent liabilities for goods and services provided to Council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

C3-2 Contract Liabilities

\$	Notes	2021 Current Actual	2021 Non-current Actual	2020 Current Actual	2020 Non-current Actual
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	-	-	5,202,988	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	206,331	-	200,000	-
Total grants received in advance		206,331	-	5,402,988	-
Total contract liabilities		206,331	-	5,402,988	-

Notes

(i) In 2020 Council has received funding to construct assets including upgrade of airport surface, acquisition of desalination plant, acquisition of airport security system. The funds received were under an enforceable contract which required Council to acquire or construct identified assets which will be under Council's control on completion. For airport surface upgrade, revenue is recognised as Council constructs the asset. For other grant funded projects, revenue is recognised when assets are acquired, installed and ready to be used. The grant contract liability reflects the funding received which cannot yet be recognised as revenue. The promises under performance obligation as at 30 June 2020 were satisfied and project completed in 2021.

(ii) The contract liability relates to specific and enforceable grants for reimbursement of council's costs to deliver services or construct assets to external parties.

Revenue recognised that was included in the contract liability balance at the beginning of the period

\$	2021 Actual	2020 Actual
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	5,402,988	2,500,000
Total revenue recognised that was included in the contract liability balance at the beginning of the period	5,402,988	2,500,000

Significant changes in contract liabilities

Drop in contract liability by more than \$5M is due to completion of the following projects in 2021:

- a) Airport surface upgrade;
- b) Purchase and installation of a desalination plant; and
- c) Funding of acquisition of a generator for the hospital.

New contract liability was recognised in amount of \$206,311 which relates to the advance payments received under Marine Parks projects.

Accounting policy

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to Council transferring

C3-2 Contract Liabilities (continued)

a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

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C3-3 Employee benefit provisions

	2021 Current Actual	2021 Non-current Actual	2020 Current Actual	2020 Non-current Actual
\$				
Annual leave and TOIL	887,994	-	535,411	-
Long service leave	475,388	-	-	488,599
Total employee benefit provisions	<u>1,363,382</u>	<u>-</u>	<u>535,411</u>	<u>488,599</u>

Current employee benefit provisions not anticipated to be settled within the next twelve months

Nil

Accounting policy

Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

C4 Reserves

C4-1 Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

The infrastructure, property, plant and equipment (IPPE) revaluation reserve is used to record increments and decrements in the revaluation of infrastructure, property, plant and equipment.

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D Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of Council.

Council's objective is to maximise its return on cash and investments while maintaining an adequate level of liquidity and preserving capital. The finance team manage the cash and investments portfolio with the assistance of independent advisers. Council has an investment policy which complies with s 625 of the Act and the Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up and performance of the portfolio as required by local government regulations.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk. Financial risk management is carried out by the finance team under policies approved by the Councillors.

The fair value of receivables, investments and financial liabilities approximates the carrying amount. The risks associated with the financial instruments held are:

- interest rate risk – the risk that movements in interest rates could affect returns
- liquidity risk – the risk that Council will not be able to pay its debts as and when they fall due
- credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

(a) Market risk – interest rate risk

\$	2021	2020
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The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.

Impact of a 1% movement in interest rates

– Equity / Income Statement	52,796	253,371
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D1-1 Risks relating to financial instruments held (continued)

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

Credit risk profile

Receivables – rates and annual charges

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land; that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages payment.

\$	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
2021						
Gross carrying amount	164,034	–	89,384	–	–	253,418
2020						
Gross carrying amount	104,316	–	89,282	–	–	193,598

Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors and contract assets to provide for expected credit losses, which permits the use of the lifetime expected loss provision at inception. To measure the expected credit losses, non-rates and annual charges debtors and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision is determined as follows. The expected credit losses incorporate forward-looking information.

\$	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
2021						
Gross carrying amount	3,058,079	800,463	96,450	808,015	281,245	5,044,252
Expected loss rate (%)	0.00%	4.10%	10.00%	15.00%	20.00%	4.36%
ECL provision	–	32,819	9,645	121,287	56,249	220,000
2020						
Gross carrying amount	1,085,957	82,730	50,674	29,789	251,224	1,500,374
Expected loss rate (%)	8.00%	2.00%	13.00%	6.81%	65.11%	17.38%
ECL provision	86,880	1,656	6,588	2,030	163,572	260,724

D1-1 Risks relating to financial instruments held (continued)

(c) Liquidity risk

Payables, lease liabilities and borrowings are both subject to liquidity risk; that is, the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels, and by maintaining an adequate cash buffer. Payment terms can be extended, and overdraft facilities drawn upon in extenuating circumstances.

Borrowings are also subject to interest rate risk: the risk that movements in interest rates could adversely affect funding costs. Council manages this risk through diversification of borrowing types, maturities and interest rate structures.

The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows.

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (refer to Note C2-1(b) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2021							
Trade/other payables	0.00%	951,507	1,542,672	-	-	2,494,179	2,494,179
Total financial liabilities		951,507	1,542,672	-	-	2,494,179	2,494,179
2020							
Trade/other payables	0.00%	495,615	8,869,852	-	-	9,365,467	9,365,467
Total financial liabilities		495,615	8,869,852	-	-	9,365,467	9,365,467

D2-1 Fair value measurement

The Council measures the following asset and liability classes at fair value on a recurring basis:

– Infrastructure, property, plant and equipment

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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D2-1 Fair value measurement (continued)

\$	Notes	Fair value measurement hierarchy									
		Date of latest valuation		Level 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Recurring fair value measurements											
Infrastructure, property, plant and equipment C1-6											
– Operational land		30/06/20	30/06/20	–	–	11,204,700	11,204,700	–	–	11,204,700	11,204,700
– Buildings – specialised		30/06/20	30/06/20	–	–	–	–	12,610,396	13,197,043	12,610,396	13,197,043
– Other structures		30/06/20	30/06/20	–	–	–	–	5,895,053	5,971,789	5,895,053	5,971,789
– Roads		30/06/20	30/06/20	–	–	–	–	101,767,371	53,745,409	101,767,371	53,745,409
– Bridges		30/06/20	30/06/20	–	–	–	–	983,212	1,010,250	983,212	1,010,250
– Sewerage network		30/06/20	30/06/20	–	–	–	–	3,424,972	3,539,387	3,424,972	3,539,387
– Other infrastructure		30/06/20	30/06/20	–	–	–	–	31,507,897	25,871,552	31,507,897	25,871,552
– Plant, Equipment & Other		30/06/20	30/06/20	–	–	–	–	8,188,340	4,286,005	8,188,340	4,286,005
Total infrastructure, property, plant and equipment				–	–	11,204,700	11,204,700	164,377,241	107,621,435	175,581,941	118,826,135

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D2-1 Fair value measurement (continued)

Transfers between level 1 and level 2 fair value hierarchies

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

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D2-1 Fair value measurement (continued)

Valuation techniques

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

Infrastructure, property, plant and equipment (IPPE)

All infrastructure, property, plant, and equipment were valued prior to the creation of Norfolk Island Regional Council as an entity. They were all valued by independent valuation firm, Australis Asset Advisory Group in 2016. All non-land assets were valued using a Cost Approach. Under this methodology the gross replacement cost is assessed on the basis that it reflects a modern equivalent asset with similar service potential. Gross current values have been derived from reference to relevant market data for recent projects (taking into account Norfolk Island's location) and construction guides.

The latest independent valuation of all infrastructure assets was performed in 2020 financial year by Australis Asset Advisory Group.

The assets Fair Value is calculated as the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset. In determining the level of accumulated depreciation a useful life has been provided to each asset. Major assets have been disaggregated into significant components which exhibit varying useful lives. Allowance has been made for the typical asset life cycle and renewal treatment on an overall asset or component level, noting that Residual Values have not been applied in this assessment. The condition, represented by a Remaining Service Potential Score, has been assessed taking into account physical characteristics, as well as factors such as functionality, capability, utilisation and obsolescence.

Inputs are derived utilising a number of observable and unobservable sources. These include:

- Published construction cost guides (Gross Replacement Cost)
- Available market data for current construction projects (Gross Replacement Cost)
- Discussions with builders, suppliers and/or construction companies working within the locality (Gross Replacement Cost)
- Database of costs (Gross Replacement Cost)
- Construction data from the entity for new projects (Gross Replacement Cost)
- Gathering data relating to potential future trends in the area that may affect the usage, capacity, functionality or obsolescence of an asset or asset category (Remaining Service Potential Score)
- Consideration of historic data about the age of the asset (Remaining Service Potential Score)
- Chronological age analysis or maintenance record analysis (Remaining Service Potential Score)
- Any other relevant information gathered or observations made for a particular asset on inspection (Remaining Service Potential Score)
- Physical Condition Grade (Remaining Service Potential Score)
- The Entity's Asset Management Policy (GRC, RPS Score and Residual)
- Observations of consumption patterns of similar assets/categories (GRC, RPS Score and Residual).

Highest and best use

All of Council's non-financial assets are considered as being utilised for their highest and best use.

D3-1 Contingencies

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge and disclosure is considered relevant to the users of Council's financial report.

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to local government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the net assets or liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the fund years.

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(ii) Other guarantees

Council has provided no other guarantees other than those listed above.

2. Other liabilities

(i) Third party claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its insurance coverage and does not expect any material liabilities to eventuate.

(ii) Potential land acquisitions due to planning restrictions imposed by Council

Council has not classified any privately owned land parcels as local open space or bushland for potential land acquisition.

ASSETS NOT RECOGNISED

(i) Land under roads

Land under roads is not included in Councils assets, as permitted under AASB 1051, Councils can elect not to bring to account land under roads that it owned or controlled up to and including 30/6/08, although the newly formed Council commenced on 1/7/2016 the official transfer of roads from the Commonwealth to Council is yet to be finalised.

(ii) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by Council. Infringement notices issued by the Norfolk Island Police Force under *Traffic Act 2010 (NI)* are also followed up and collected by Council.

Council's revenue recognition policy for such income is to account for it as revenue on receipt. Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.

E People and relationships

E1 Related party disclosures

E1-1 Key management personnel (KMP)

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement is:

\$	2021	2020
Compensation:		
Short-term benefits	1,031,312	830,836
Post-employment benefits	92,388	52,174
Termination benefits	43,298	115,919
Total	1,166,998	998,929

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E1-2 Councillor and Mayoral fees and associated expenses

\$	2021 Actual	2020 Actual
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Councillors' fees	55,111	87,331
Other Councillors' expenses (including Mayor)	2,713	2,902
Total	57,824	90,233

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E2 Other relationships

E2-1 Audit fees

\$	2021 Actual	2020 Actual
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

Non NSW Auditor-General audit firms

(i) Audit and other assurance services

Audit and review of financial statements

	127,000	91,500
Remuneration for audit and other assurance services	127,000	91,500

Total remuneration of non NSW Auditor-General audit firms	127,000	91,500
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Total audit fees	127,000	91,500
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F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$	2021 Actual	2020 Actual
Net operating result from Income Statement	5,678,217	28,233,724
Adjust for non-cash items:		
Depreciation and amortisation	6,858,719	4,624,074
Net losses/(gains) on disposal of assets	1,300,110	10,067,019
Adoption of AASB 15/1058	-	(2,500,000)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
Prior Period Error	-	(37,775)
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	(3,603,698)	323,748
Increase/(decrease) in provision for impairment of receivables	(40,726)	182,696
Decrease/(increase) in inventories	(242,383)	75,017
Increase/(decrease) in payables	(524,229)	977,967
Increase/(decrease) in other accrued expenses payable	58,849	(517,873)
Increase/(decrease) in other liabilities	369,245	131,058
Increase/(decrease) in contract liabilities	(5,196,657)	5,402,988
Increase/(decrease) in provision for employee benefits	339,372	483,117
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	4,996,819	47,445,760

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F2-1 Commitments

Capital commitments (exclusive of GST)

\$	2021 Actual	2020 Actual
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Plant and equipment	–	68,527
Other	<u>1,622,247</u>	<u>15,148,970</u>
Total commitments	<u>1,622,247</u>	<u>15,217,497</u>
These expenditures are payable as follows:		
Within the next year	<u>1,622,247</u>	<u>15,217,497</u>
Total payable	<u>1,622,247</u>	<u>15,217,497</u>
Sources for funding of capital commitments:		
Externally restricted	–	4,631,188
Future grants and contributions	<u>868,293</u>	<u>1,376,101</u>
Internally restricted reserves	<u>753,954</u>	<u>9,210,208</u>
Total sources of funding	<u>1,622,247</u>	<u>15,217,497</u>

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F3-1 Events occurring after the reporting date

Council is aware of the following “no-adjusting events’ that merit disclosure:

- On the 5 November 2021 the Assistant Minister for Regional Development and Territories announced the public inquiry into the Norfolk Island Regional Council (NIRC) had concluded and the Independent Commissioner had provided her final report to the Australian Government. The NIRC is to remain under its current suspension and interim administration while Assistant Minister considers the report and next steps.
- Council approved efficiency measures presented at the 1 December 2021 Council Meeting which when implemented are forecast to realise net savings of \$1.9M in 2021-22 and ongoing net annual savings of \$3.1M. This includes rationalising the staff structure, resulting in up to 15 positions being identified for redundancy.
- Council approved at the 1 December 2021 Council meeting to purchase a second hand Jetmaster unit with a landed cost of ~\$300k. The unit will significantly enhance Council’s capacity to repair & patch the Island’s roads.
- The Council’s first case of COVID was reported in the last week of 2021. In response, the Island’s emergency Management Team closed the Island to visitors until the 27 January 2022. The action will impact on the Island’s economy, and consequently Council’s revenue streams. The ultimate effect of this on Council’s financial position will depend upon how long before visitors can return to the Island. As at 13 January 2021 60 cases had been reported with 100+ close contact in isolation.

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F4 Statement of performance measures

F4-1 Statement of performance measures – consolidated results

\$	Amounts 2021	Indicator 2021	Indicator 2020	Benchmark
1. Operating performance ratio				
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(957,439)	(3.05)%	(8.04)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	31,340,183			
2. Own source operating revenue ratio				
Total continuing operating revenue excluding all grants and contributions ¹	19,148,159	48.75%	28.12%	> 60.00%
Total continuing operating revenue ¹	39,275,949			
3. Unrestricted current ratio				
Current assets less all external restrictions	10,608,548	2.75x	5.20x	> 1.50x
Current liabilities less specific purpose liabilities	3,857,561			
4. Debt service cover ratio				
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	5,901,280	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	–			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	467,544	23.42%	20.65%	< 10.00%
Rates and annual charges collectable	1,995,927			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	5,279,554	2.45 mths	12.71 mths	> 3.00 mths
Monthly payments from cash flow of operating and financing activities	2,150,608			

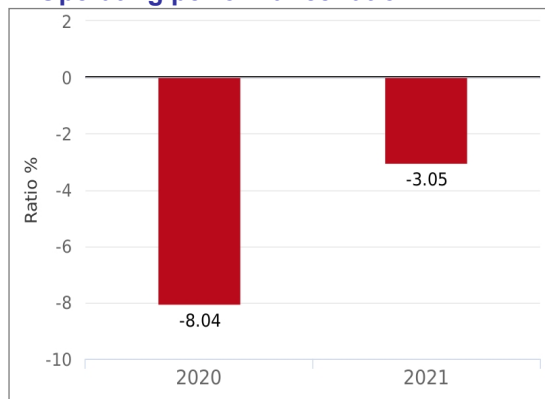
(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

G Additional Council disclosures (unaudited)

G1-1 Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

Commentary on 2020/21 result

2020/21 ratio (3.05)%

The ratio is improving but remains below benchmark. An additional \$3M financial sustainability funding provided by the Commonwealth was offset principally by increases in depreciation, freight other costs as noted in the commentary at Note B5-1 Performance against Budget.

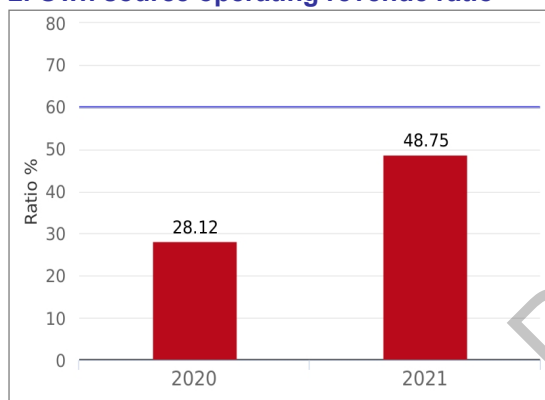
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

Commentary on 2020/21 result

2020/21 ratio 48.75%

Ratio confirms that Council continues to be very reliant on external funding sources, and continues to highlight that Council lacks the financial capacity to provide for and manage the economic impact of events such as the COVID-19 pandemic.

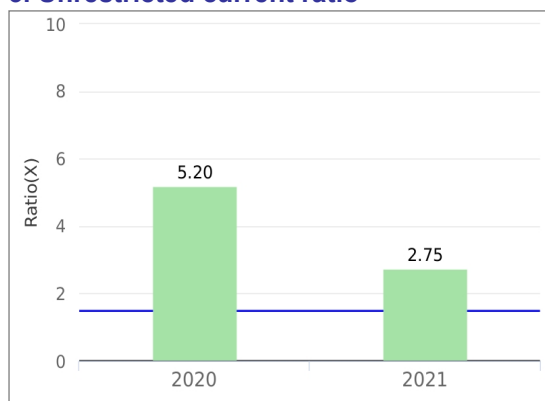
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

Commentary on 2020/21 result

2020/21 ratio 2.75x

Council is equipped to cover current liabilities with current assets.

Benchmark: — > 1.50x

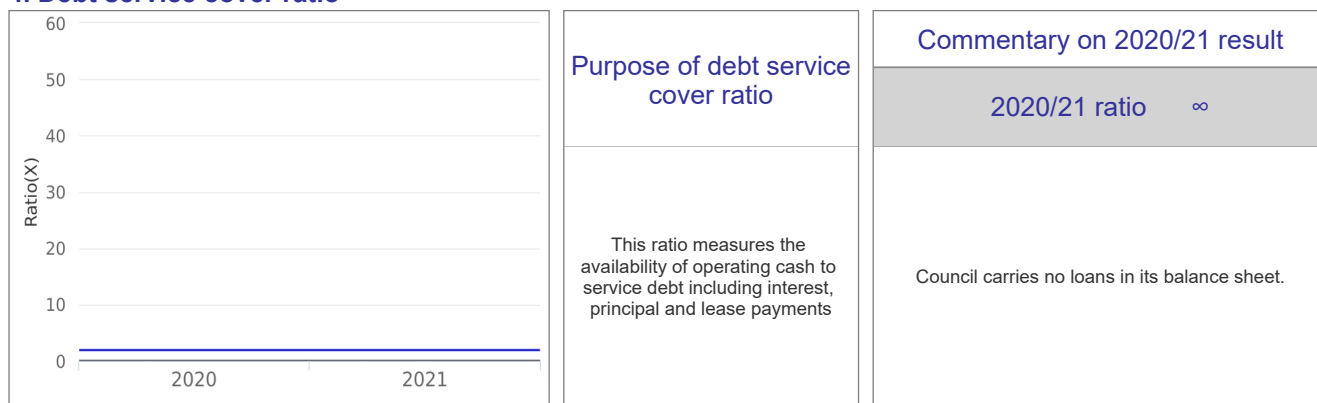
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

G1-1 Statement of performance measures – consolidated results (graphs) (continued)

4. Debt service cover ratio



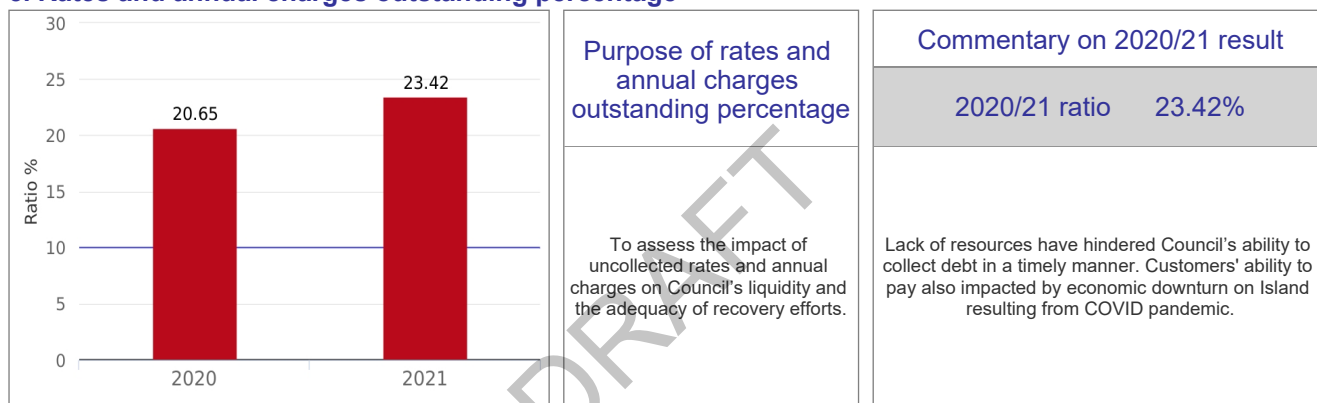
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



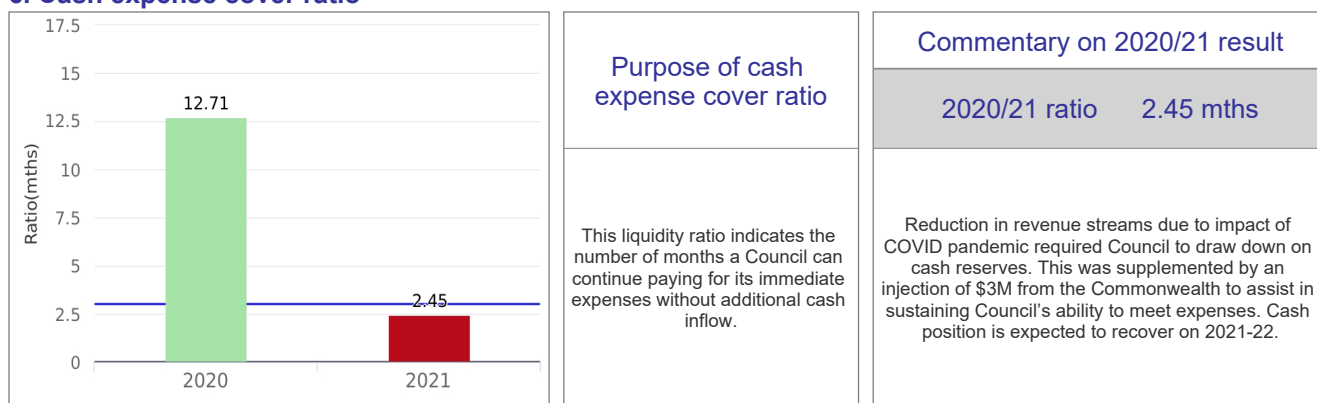
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

G1-2 Council information and contact details

Principal place of business:
New Military Barracks, Kingston
Norfolk Island 2899

Contact details

Mailing Address:
PO Box 95
Norfolk Island NSW 2899

Opening hours:
9:00am - 4:00pm
Monday to Friday

Telephone: +6723 22244
Local Free Call: 0100

Internet: www.norfolkisland.gov.nf
Email: customercare@nirc.gov.nf

Officers

General Manager
Andrew Roach

Responsible Accounting Officer
Alistair Innes-Walker

Public Officer
Andrew Roach

Auditors
Pitcher Partners
Level 16, Tower 2 Darling Park
201 Sussex Street Sydney NSW 2000
GPO Box 1615, Sydney NSW 2001

Elected members

Council Interim Administrator
Mike Colreavy

Other information

ABN: 60103855713

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INDEPENDENT AUDITOR'S REPORT

TO THE ADMINISTRATOR OF THE NORFOLK ISLAND REGIONAL COUNCIL

Report on the general purpose financial report

Opinion

We have audited the accompanying financial report of Norfolk Island Regional Council (the Council), which comprise the Statement by Administrator and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993 (NSW)(NI)*, Chapter 13, Part 3, Division 2 (the Division)
- the financial report:
 - has been presented, in all material respects, in accordance with the requirements of this Division
 - is consistent with the Council's accounting records
 - presents fairly, in all material respects, the financial position of the Council as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial report have come to light during the audit.

Our opinion should be read in conjunction with the rest of this report.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Report' section of our report.

We are independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 '*Code of Ethics for Professional Accountants (including Independence Standards)*' (the Code).

We have fulfilled our other ethical responsibilities in accordance with APES 110.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Information

The Administrator is responsible for the other information. Other information comprises the information included in the Council's annual report for the year ended 30 June 2021, (but does not include the financial report and our Independent Auditor's Report thereon). The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly, we do not express any form of assurance conclusion on the other information.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if, based on the work we have performed, we conclude there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

The Administrator's Responsibility for the Financial Report

The Administrator is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Code of Accounting Practice and Financial Reporting) and the *Local Government Act 1993 (NSW)(NI)*, and for such internal control as the Administrator determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Administrator is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to:

- obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including our opinion.

Reasonable assurance is a high level of assurance but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial report.

A description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of our auditor's report.

Our opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, Note B5-1 Material budget variations, Note G1-1 Statement of performance measures – (graphs), and Note G1-2 Council information and contact details
- about the security and controls over the electronic publication of the audited financial report on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial report.

Pitcher Partners

PITCHER PARTNERS

Sydney

4 April 2022

DRAFT

4 April 2022

Mr Michael Colreavy
Interim Administrator
Norfolk Island Regional Council
9 New Cascade Road
NORFOLK ISLAND 2899

Dear Mr Colreavy

**Report on the Conduct of the Audit
for the year ended 30 June 2021
Norfolk Island Regional Council**

We have audited the general purpose financial statements (GPFS) of the Norfolk Island Regional Council (the Council) for the period ended 30 June 2021 as required by section 415 of the *Local Government Act 1993 (NSW)(NI)* (the Act).

We expressed an unmodified opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2021 is issued in accordance with section 417(3) of the Act. This Report should be read in conjunction with our audit opinion on the GPFS issued under section 417(2) of the Act.

Significant audit issues and observations

The following significant audit issues and observations were identified during our audit of Council's 2020 financial statements and were reported in our report for that year. They have been included in this report as some of the reported breaches occurred in the 2021 financial year. Where appropriate, these were addressed as part of our audit or taken into consideration in forming our audit opinion.

Other significant audit issues and observations

Breach of the *Local Government (General) Regulation 2005*

- i) Section 203 of the *Local Government (General) Regulation 2005* (the Regulation) requires the responsible accounting officer of a council to prepare and submit a budget review statement to council, not later than 2 months after the end of each quarter. The relevant budget review statement for the September 2020 budget review statement was presented to the Council on 16 December 2020 and covered the period from 1 July 2020 to 31 October 2020, and the December 2020 budget review statement was presented to the Council on 24 February 2021 and covered the period from 1 July 2020 to 31 January 2021, resulting in a breach of the Regulation.
- ii) Section 212 of the *Local Government (General) Regulation 2005* (the Regulation) requires the responsible accounting officer of a council to provide a written report to be

presented each month, setting out details of all money the council has invested. Council uses an 'Investment Report' to fulfil this obligation. The Council did not present an Investment Report for the months of October 2020, November 2020 and January 2021 resulting in a breach of the Regulation.

INCOME STATEMENT

Operating result

	2021	2020	Variance
	\$'000	\$'000	%
Rates and annual charges revenue	1,606	1,382	↑ 16.2
Grants and contributions revenue	20,127	48,779	↓ 58.7
Depreciation and amortisation expense	6,859	4,624	↑ 48.3
Operating result from continuing operations	5,678	28,234	↓ 79.9
Net operating result before capital grants and contributions	(2,258)	(12,375)	

Council's net operating result (including the effect of depreciation and amortisation expense of \$6.859 million) was \$22.5 million lower than the 2019-20 result. This was due to the substantial decrease in capital grants and contributions relating to the airport reseal that were received in 2020.

The net operating result before capital grants and contributions (\$2.3 million) was improved by \$10.1 million compared to the 2019-20 result due to the disposal of the airport assets that had been replaced through the airport upgrade project as well as the impacts of COVID-19 on council revenue streams in 2020.

STATEMENT OF CASH FLOWS

The balance of Council's cash and cash equivalents decreased by almost \$10 million, as did council's investments which decreased by \$10 million. This was largely as a result of the spending on capital projects including the airport reseal and purchase of new infrastructure assets as well as the continued impacts of COVID-19 on council revenues.

FINANCIAL POSITION

Net current assets

At 30 June 2021 Council's current assets amounted to \$12.6 million, current liabilities amounted to \$4.1 million, resulting in a net current asset balance of \$8.5 million.

Restrictions on cash and investments

Some of Council's assets are restricted in their use. External obligations are connected to the source of the asset, whilst internal restrictions are applied by Council due to policy or decisions for forward plans including work programs. Unrestricted balances provide liquidity for day-to-day operations.

Council's externally restricted cash and investments is mainly comprised of specific purpose unexpended grants and security bonds and deposits. At 30 June 2021 14.8% of Council's cash and investments was unrestricted and available to fund unexpended events and daily operations, compared to 0.6% the previous year.

	2021		2020		Commentary
	\$'000	%	\$'000	%	
External restrictions	2,020	38.3	13,192	52.1	Decrease relates to the unexpended balance of specific purpose grants being utilised in 2021.
Internal restrictions	2,950	55.9	11,987	47.3	Decrease relates to the utilisation of funds on capital projects in 2021.
Unrestricted	309	5.8	158	0.6	
Total cash and investments	5,279	100	25,337	100	

Debt

Council had unrestricted access to credit/purchase card facilities of \$50,000 which was totally undrawn at balance date.

PERFORMANCE RATIOS

Operating performance ratio

The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The industry benchmark is greater than zero per cent.

Council's operating performance ratio of (3.05) per cent in 2020-21 did not meet industry benchmark for the current reporting period.

Own source operating revenue ratio

The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The current industry benchmark is greater than 60 per cent.

Council's own source operating ratio of 48.75 per cent did not meet the industry benchmark for the current reporting period.

Unrestricted current ratio

The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The industry benchmark is greater than 1.5 times.

Council exceeded the benchmark for the current reporting period.

Debt service cover ratio

The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The industry benchmark is greater than two times.

As Council had no debt at balance date it exceeded the benchmark for the current reporting period.

Rates and annual charges outstanding percentage

The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The industry benchmark is less than 10 per cent for regional and rural councils.

Council did not meet the benchmark for the current reporting period.

Cash expense cover ratio

This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The industry benchmark is greater than three months.

Council did not meet the benchmark for the current reporting period.

OTHER MATTERS

Legislative compliance

Our audit procedures identified instances of non-compliance with legislative requirements as referred to in Significant audit issues and observations.

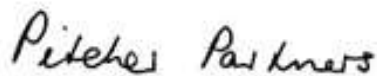
The Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the GPFS.
- staff provided all accounting records and information relevant to the audit.

Conduct of the audit

Our audit was conducted in accordance with the agreed terms of our engagement letter, and in accordance with mandatory Australian Auditing Standards and the Local Government Act 1993 (NSW)(NI) and Regulations.

We commend the courteous and professional manner in which the Council's staff have acted throughout the conduct of our audit, and their willingness to consider issues that we raised and assist us with our audit.



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