

Norfolk Island Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2025



Norfolk Island Regional Council

General Purpose Financial Statements

for the year ended 30 June 2025

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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:

39 Taylors Road, Burnt Pine
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 2025

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 2025.

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 NSW 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, Communications and the Arts by 31 October.

Norfolk Island Regional Council

General Purpose Financial Statements

for the year ended 30 June 2025

Statement by Administrators and Management

Statement by Administrators and Management

made pursuant to Section 413(2)(c) of the Local Government Act 1993 (NSW) (NI) (as amended)

It is acknowledged that the following matters existed at balance date:

Waste removal

NIRC is jointly and severally liable for the obligation to remove waste from Norfolk Island. As there are many uncertainties surrounding the amount to be recognised the amount cannot be reasonably estimated and may be partially or fully met by other parties. The best estimate of the expenditure required to settle the present obligation at the end of the reporting period is between \$19.6M and \$22.8M. These are costs only, assume no revenue offset and are the freight cost to transport and process all off the island. Unexpended funds of around \$1.5m are held to be utilised against this cost.

Therefore, the liability is understated by somewhere between \$18.1M and \$21.3M

Around 60% of this cost is the freight of bulky waste material and 30% is freight of metal waste from the island. The future cost may be reduced significantly if container handling can be utilised. In addition, Council is seeking expertise to mitigate or reduce other waste removal costs, such as asbestos and tyres.

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 professional pronouncements, and
- 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 other matters that would render these statements false or misleading in any way.

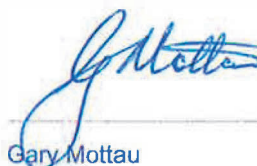
Signed in accordance with a resolution of Council made on 24 September 2025.



Scott Mason

**Lead
Administrator**

24 September 2025



Gary Mottau

Financial Administrator

24 September 2025



Scott Hackney

**General Manager
(Acting)**

24 September 2025

Norfolk Island Regional Council

Income Statement

for the year ended 30 June 2025

Original unaudited budget 2025 \$		Notes	Actual 2025 \$	Actual 2024 \$
	Income from continuing operations			
3,663,000	Rates and annual charges	B2-1	3,524,956	3,270,779
15,782,000	User charges and fees	B2-2	19,274,034	17,097,554
7,183,000	Other revenues	B2-3	4,240,514	4,010,671
16,833,000	Grants and contributions provided for operating purposes	B2-4	12,955,462	17,204,199
—	Grants and contributions provided for capital purposes	B2-4	2,247,134	3,772,651
611,000	Interest and investment income	B2-5	882,442	814,770
—	Other income	B2-6	725,344	923,600
44,072,000	Total income from continuing operations		43,849,886	47,094,224
	Expenses from continuing operations			
10,397,000	Employee benefits and on-costs	B3-1	12,389,576	11,432,273
19,341,000	Materials and services	B3-2	27,666,036	25,799,917
6,080,000	Other expenses	B3-4	16,953	121,214
—	Net loss from the disposal of assets	B4-1	26,207	547,509
35,818,000	Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets		40,098,772	37,900,913
8,254,000	Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets		3,751,114	9,193,311
7,754,000	Depreciation, amortisation and impairment of non-financial assets	B3-3	8,590,421	7,111,298
500,000	Operating result from continuing operations		(4,839,307)	2,082,013
500,000	Net operating result for the year attributable to Council		(4,839,307)	2,082,013
499,000	Net operating result attributable to Council		(4,839,307)	2,082,013
499,000	Net operating result for the year before grants and contributions provided for capital purposes		(7,086,441)	(1,690,638)

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

Norfolk Island Regional Council

Statement of Comprehensive Income

for the year ended 30 June 2025

		Actual 2025 \$	Actual 2024 \$
	Notes		
Net operating result for the year – from Income Statement		(4,839,307)	2,082,013
Other comprehensive income:			
Amounts which will not be reclassified subsequent to operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	54,752,549
Total items which will not be reclassified subsequent to operating result		–	54,752,549
Total other comprehensive income for the year		–	54,752,549
Total comprehensive income for the year attributable to Council		(4,839,307)	56,834,562

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

Norfolk Island Regional Council

Statement of Financial Position

as at 30 June 2025

		Actual 2025 \$	Actual 2024 \$
	Notes		
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	18,594,694	24,569,065
Receivables	C1-3	8,122,152	3,959,904
Inventories	C1-4	2,641,869	3,890,700
Contract assets and contract cost assets	C1-5	243,474	436,925
Total current assets		29,602,189	32,856,594
Non-current assets			
Infrastructure, property, plant and equipment (IPPE)	C1-6	245,747,975	250,422,056
Total non-current assets		245,747,975	250,422,056
Total assets		275,350,164	283,278,650
LIABILITIES			
Current liabilities			
Payables	C3-1	4,458,338	5,517,119
Contract liabilities	C3-2	2,963,504	5,092,635
Employee benefit provisions	C3-3	2,425,259	2,326,526
Total current liabilities		9,847,101	12,936,280
Total liabilities		9,847,101	12,936,280
Net assets		265,503,063	270,342,370
EQUITY			
Accumulated surplus		187,077,857	191,917,164
IPPE revaluation surplus	C4-1	78,425,206	78,425,206
Council equity interest		265,503,063	270,342,370
Total equity		265,503,063	270,342,370

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 2025

	2025			2024		
	Accumulated surplus	IPPE revaluation surplus	Total equity	Accumulated surplus	IPPE revaluation surplus	Total equity
	\$	\$	\$	\$	\$	\$
Notes						
Opening balance at 1 July	191,917,164	78,425,206	270,342,370	189,835,151	23,672,657	213,507,808
Restated opening balance	191,917,164	78,425,206	270,342,370	189,835,151	23,672,657	213,507,808
Net operating result for the year	(4,839,307)	-	(4,839,307)	2,082,013	-	2,082,013
Other comprehensive income						
Gain (loss) on revaluation of infrastructure, property, plant and equipment	-	-	-	-	54,752,549	54,752,549
Other comprehensive income	-	-	-	-	54,752,549	54,752,549
Total comprehensive income	(4,839,307)	-	(4,839,307)	2,082,013	54,752,549	56,834,562
Closing balance at 30 June	187,077,857	78,425,206	265,503,063	191,917,164	78,425,206	270,342,370

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 2025

Original unaudited budget 2025 \$		Notes	Actual 2025 \$	Actual 2024 \$
Cash flows from operating activities				
Receipts:				
3,685,000	Rates and annual charges		3,323,140	2,904,362
18,164,000	User charges and fees		16,269,892	16,317,779
598,000	Interest received		804,934	778,625
17,437,000	Grants and contributions		13,266,916	22,078,670
–	Bonds, deposits and retentions received		–	57,358
5,107,000	Other		4,159,317	5,813,294
Payments:				
(10,358,000)	Payments to employees		(12,465,796)	(10,590,069)
(25,634,000)	Payments for materials and services		(26,313,780)	(26,103,914)
–	Bonds, deposits and retentions refunded		(528,493)	–
13,000	Other		(547,954)	(30,267)
9,012,000	Net cash flows from operating activities	F1-1	(2,031,824)	11,225,838
Cash flows from investing activities				
Receipts:				
–	Proceeds from sale of IPPE		70,922	–
6,015,000	Grants, subsidies, contributions and donations		–	–
Payments:				
(10,165,000)	Payments for IPPE		(4,013,469)	(10,451,355)
(4,150,000)	Net cash flows used in investing activities		(3,942,547)	(10,451,355)
4,862,000	Net change in cash and cash equivalents		(5,974,371)	774,483
19,191,000	Cash and cash equivalents at beginning of year		24,569,065	23,794,582
24,053,000	Cash and cash equivalents at end of year	C1-1	18,594,694	24,569,065

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

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 24 September 2025. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the Department of Infrastructure, Transport, Regional Development, Communication and the Arts directs Council to amend the financial statements.

The material 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) (NI)* 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.

Appointment of Administrator

In accordance with the *Local Government Act 1993 (NSW)(NI)* (the Act), all civic offices were declared vacant on 6 December 2021 and Mr Michael Colreavy was appointed as Administrator of the Norfolk Island Regional Council (NIRC) for three years. Mr Colreavy's appointment ended 4 December 2024 and new Administrators were appointed for a period ending 31 December 2025. The Lead administrator is Mr Scott Mason and the Financial Administrator is Mr Gary Mottau.

The Lead Administrator has the functions of Mayor and Councillor, while the Financial Administrator has the functions of Councillor but not those of Mayor. These functions include those conferred or imposed on the NIRC by, or under the Act, as well as the functions conferred or imposed on the NIRC by or under other Act or law, including laws continued in force by Section 16 or 16A of the *Norfolk Island Act 1979*.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of 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. fair values of infrastructure, property, plant and equipment – refer Note C1-6
- ii. employee benefit provisions – refer Note C3-3.

A1-1 Basis of preparation (continued)

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.

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.

The Consolidated Fund has been included in the financial statements of the Council.

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.

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2025 reporting period. Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2024.

As at the date of authorisation of these financial statements Council does not consider that any of these new (and still to be applied) standards and interpretations are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2025.

The following new standard is effective for the first time at 30 June 2025:

- AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*.

Based on analysis of existing fair value methodology, the new standard will not have significant impact on the council's reported financial position.

- 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*
- AASB 2022-6 *Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants*

Based on analysis of existing loans and other financial liabilities, the new standards will not have significant impact on the council's reported financial position.

B Financial Performance

B1 Functions or activities

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

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.

Functions or activities	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2025	2024 ¹ Restated	2025	2024 ¹	2025	2024 ¹	2025	2024 ¹	2025	2024 ¹
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Functions or activities										
Airport	9,349,819	8,030,863	5,447,771	5,608,130	3,902,048	2,422,733	–	20,800	125,268,869	60,835,239
Business Services	12,304	(61,390)	92,915	147,336	(80,611)	(208,726)	9,154	(62,000)	18,213,290	–
Commonwealth Service Delivery	8,696,921	8,072,588	5,974,421	6,474,117	2,722,500	1,598,471	5,428,072	4,419,446	1,503,808	1,446,529
Community Services	194,934	404,800	3,710,804	4,099,984	(3,515,870)	(3,695,184)	–	94,000	21,733,339	22,007,857
Electricity	3,738,823	4,144,933	6,107,055	3,803,486	(2,368,232)	341,447	5,995	1,601,838	23,233,882	41,259,026
Governance, Administration and Revenue	13,439,545	15,137,070	12,054,522	11,932,540	1,385,023	3,204,530	6,464,934	8,715,738	21,000,367	24,639,199
Infrastructure	637,510	1,447,931	4,229,519	2,731,276	(3,592,009)	(1,283,345)	–	926,610	44,407,726	36,644,299
Sewerage services	539,996	580,195	485,300	1,253,576	54,696	(673,381)	–	79,670	5,165,852	13,598,400
Telecom	3,883,115	5,269,933	5,444,536	3,971,879	(1,561,421)	1,298,054	2,029,441	3,096,604	10,611,671	43,085,702
Tourism	653,363	606,130	1,341,125	1,343,107	(687,762)	(736,977)	400,000	400,000	196,587	203,271
Waste	2,703,556	3,461,171	3,801,225	3,646,780	(1,097,669)	(185,609)	990,000	1,684,144	4,014,773	39,559,128
Other	–	–	–	–	–	–	(125,000)	–	–	–
Total functions and activities	43,849,886	47,094,224	48,689,193	45,012,211	(4,839,307)	2,082,013	15,202,596	20,976,850	275,350,164	283,278,650

(1) Due to change of the structure of the functions, the comparatives have been reclassified accordingly.

B1-2 Components of functions or activities

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

Business Services

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

Commonwealth Service Delivery

A total of 19 services (and several capital projects) are delivered on behalf of the Commonwealth under the Service Delivery agreement which is in force until 30 June 2025.

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.

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.

Tourism

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

Waste water (sewerage) services

Council operates both a centralized Water Assurance Scheme (WAS) and On-site Wastewater Management Systems (OWMS). About 20% of residences are connected to the WAS. The remaining properties use OWMS like septic tanks. The costs to operate and maintain the Water Assurance Scheme (WAS), include Sewerage Treatment Plant operations, pump station maintenance and effluent discharge management.

Waste

Council operates a distinctive and evolving waste management system tailored to the island's remote location and environmental sensitivities. Due to groundwater reliance and limited space, landfilling is not viable. There's also no kerbside collection - residents are responsible for delivering sorted waste to the WMC. Costs include facility management and operations through a contractor, Revolve Your World. Their costs are spent on freight, wages, waste handling and equipment maintenance.

Airport

Council operates and manages the Norfolk Island International Airport. Income is derived from Landing fees, Passenger service charges and other user charges. Costs include Runway and Airside maintenance, terminal operations, security screening and emergency services.

Electricity

Council is responsible for generating, distributing, and managing electricity across the island, a task made more complex by its isolation and reliance on diesel fuel. Revenue is earned from electricity consumers under dynamic tariffs. Costs include diesel generation fuel, network & infrastructure maintenance, staff and safety and compliance.

Telecom

Council operates Norfolk Telecom, a fully integrated telecommunications business that provides essential services to the island community. It's structured into three main service areas: Telecom, Internet, and Mobile, all delivered under the *Norfolk Island Telecommunications Act 1992*. Revenue is earned from subscribers to Fixed Line services, Internet and Mobile network. Costs are principally satellite backhaul, network maintenance, staffing and contractor costs.

B2 Sources of income

B2-1 Rates and annual charges

	2025 Actual \$	2024 Actual \$
Ordinary rates		
Residential	752,412	795,842
Farmland	134,335	127,398
Business	977,186	847,056
Less: pensioner rebates (mandatory)	(16,687)	(15,190)
Less: pensioner rebates (Council policy)	(20,395)	(18,566)
Rates levied to ratepayers	1,826,851	1,736,540
Pensioner rate subsidies received	22,950	22,950
Total ordinary rates	1,849,801	1,759,490
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Sewerage services	546,487	502,485
Waste levy	1,128,668	1,008,804
Annual charges levied	1,675,155	1,511,289
Total annual charges	1,675,155	1,511,289
Total rates and annual charges	3,524,956	3,270,779

Council has used 2022 year valuations provided by the Valuer General in calculating its rates.

Material accounting policy information

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

	2025 Actual \$	2024 Actual \$
Specific user charges (per s502 - specific 'actual use' charges)		
Other	11,957	209,741
Waste Management Levy	584,903	767,337
Total specific user charges	596,860	977,078
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s608)		
Animal Registration	3,706	5,062
Court Fees	7,451	29,191
Planning and building regulation	41,361	41,144
Registration fees	1,146,990	990,722
Regulatory fees	238	262
Roads Levy	450,366	386,058
Town planning	1,280,170	970,441
Other (Workers Compensation Levy)	1,681	28,455
Other	8,551	32,347
Total fees and charges – statutory/regulatory	2,940,514	2,483,682
(ii) Fees and charges – other (incl. general user charges (per s608))		
Advertising Revenue	50,538	43,704
Aerodrome	9,314,839	7,974,683
Donations Received	5,854	4,344
Electricity Charges	3,735,308	2,536,916
Equipment Rental	–	6,979
Gaming Revenue	145,086	166,753
Hall Hire	8,872	6,805
Leisure centre	–	7,059
License Fees	45,962	52,146
Lighterage Charges	510,226	561,815
Quarry revenues	70,371	445
Refunds	(54,801)	(18,556)
Telecom Sales	1,853,688	2,172,559
Tourism	31,160	3,588
Other	19,557	117,554
Total fees and charges – other	15,736,660	13,636,794
Total other user charges and fees	18,677,174	16,120,476
Total user charges and fees	19,274,034	17,097,554

Material accounting policy information

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.

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 revenues

B2-3 Other revenues (continued)

	2025	2024
	Actual	Actual
	\$	\$
Sales – general	5,717	14,148
Other	310,378	321,860
Tourism Sales	220,299	202,542
Liquor Bond Sales	3,347,669	3,111,565
Tanalith Services	6,757	6,646
KAHVA recovery of operating expenses	349,694	353,910
Total other revenue	4,240,514	4,010,671

Material accounting policy information 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

	Operating 2025 Actual \$	Operating 2024 Actual \$	Capital 2025 Actual \$	Capital 2024 Actual \$
General purpose grants and non-developer contributions (untied)				
General purpose (untied)				
Financial assistance	5,662,738	5,662,738	–	–
Amount recognised as income during current year	5,662,738	5,662,738	–	–
Special purpose grants and non-developer contributions (tied)				
Noxious weeds	–	32,000	–	–
Service Delivery Agreement (Commonwealth)	4,334,834	4,241,185	1,097,738	3,050,577
Transport (other roads and bridges funding)	710,500	710,500	–	–
Transport (roads to recovery)	–	729,776	–	–
Telecommunication services	1,237,500	2,475,000	791,941	–
Rates and waste charges support	1,000,000	1,000,000	–	–
Priority projects	–	2,353,000	357,455	–
Other Grants	9,890	–	–	722,074
Total special purpose grants and non-developer contributions – cash	7,292,724	11,541,461	2,247,134	3,772,651
Total special purpose grants and non-developer contributions (tied)	7,292,724	11,541,461	2,247,134	3,772,651
Total grants and non-developer contributions	12,955,462	17,204,199	2,247,134	3,772,651
Comprising:				
– Commonwealth funding	8,620,628	12,963,014	1,149,396	722,074
– Service Delivery Agreement (Commonwealth)	4,334,834	4,241,185	1,097,738	3,050,577
	12,955,462	17,204,199	2,247,134	3,772,651

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

Grant and contribution revenue from an agreement which is enforceable and contains sufficiently specific performance obligations is recognised as or when control of each performance obligations is transferred.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Capital grants

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council.

Developer contributions

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).

B2-4 Grants and contributions (continued)

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 Council may apply contributions according to the priorities established in work schedules for the contribution plan.

B2-5 Interest and investment income

	2025 Actual \$	2024 Actual \$
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	101,579	52,552
– Cash and investments	780,863	762,218
Total interest and investment income (losses)	882,442	814,770

Material accounting policy information

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

B2-6 Other income

	Notes	2025 Actual \$	2024 Actual \$
Reversal of impairment losses on receivables			
Other		333,650	–
Total reversal of impairment losses on receivables	C1-3	333,650	–
Rental income			
Other lease income			
Council properties		391,694	923,600
Total other lease income		391,694	923,600
Total rental income	C2-1	391,694	923,600
Total other income		725,344	923,600

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2025 Actual \$	2024 Actual \$
Salaries and wages	9,534,955	8,558,079
Employee leave entitlements (ELE)	1,642,956	1,919,611
Superannuation	1,145,859	900,698
Workers' compensation insurance	58,522	50,985
Other	7,284	2,900
Total employee costs	12,389,576	11,432,273
Total employee costs expensed	12,389,576	11,432,273

B3-2 Materials and services

	Notes	2025 Actual \$	2024 Actual \$
Raw materials and consumables		5,668,404	5,263,779
General Contract and Project Costs		9,427,672	10,346,711
– Telecom and Satellite Bandwidth		4,113,242	2,645,994
– Policing, Legal, and Inmate Incarceration		52,238	69,756
Audit Fees	E2-1	122,100	117,600
Previously other expenses:			
Advertising		53,330	23,726
Bank charges		86,998	99,574
Cleaning		55,777	176,326
Cost of sales		1,935,548	1,509,913
Computer software upgrades		1,164,690	931,154
Insurance		850,855	665,847
Postage		20,647	1,092
Printing and stationery		50,269	77,996
Subscriptions and publications		72,808	18,016
Tourism expenses (excluding employee costs)		235,531	237,781
Other expenses		1,320,086	1,618,736
Travel expenses		219,450	436,921
Training costs (other than salaries and wages)		125,194	138,260
Membership Fees		44,581	34,203
Library Resources		2,626	8,991
Freight Costs		1,701,340	1,119,420
– Legal expenses: other		342,650	258,121
Total materials and services		27,666,036	25,799,917
Total materials and services		27,666,036	25,799,917

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

	Notes	2025 \$	2024 \$
Depreciation and amortisation			
Plant and equipment		1,090,361	980,138
Office equipment		24,379	24,148
Furniture and fittings		–	48,039
Infrastructure:	C1-6		
– Buildings – specialised		1,038,209	948,092
– Other structures		–	254,148
– Roads		–	3,049,999
– Bridges		–	25,055
– Sewerage network		227,348	111,340
– Other infrastructure		563,570	1,647,351
– Roads and bridges		1,062,907	–
– Telecommunications		830,241	–
– Electricity		1,382,256	–
– Airport runway		2,371,150	–
Intangible assets	C1-7	–	22,988
Total depreciation and amortisation costs		8,590,421	7,111,298
Total depreciation, amortisation and impairment for non-financial assets		8,590,421	7,111,298

Material accounting policy information

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.

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.

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	2025 Actual \$	2024 Actual \$
Impairment of receivables			
Other		–	90,947
Total impairment of receivables	C1-3	–	90,947
Donations, contributions and assistance to other organisations (Section 356)		16,953	30,267
Total other expenses		16,953	121,214

B4 Gains or losses

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

	Notes	2025 Actual \$	2024 Actual \$
Gain (or loss) on disposal of plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		70,922	–
Less: carrying amount of plant and equipment assets sold/written off		(97,129)	–
Gain (or loss) on disposal		(26,207)	–
Gain (or loss) on disposal of infrastructure	C1-6		
Less: carrying amount of infrastructure assets sold/written off		–	(547,509)
Gain (or loss) on disposal		–	(547,509)
Net gain (or loss) from disposal of assets		(26,207)	(547,509)

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 27 June 2024 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.

\$	2025 Budget	2025 Actual	2025 ----- Variance -----	
Revenues				
Rates and annual charges	3,663,000	3,524,956	(138,044)	(4)% U
User charges and fees	15,782,000	19,274,034	3,492,034	22% F
Higher than expected Airport Fees, and Registry, Licencing, Land Title and Regulatory Fees				
Other revenues	7,183,000	4,240,514	(2,942,486)	(41)% U
Budget amount included Other Income listed separately, Liquor Bond revenue lower than budget				
Operating grants and contributions	16,833,000	12,955,462	(3,877,538)	(23)% U
Second instalment of Telecom grant not received (\$1.2m); budget assumed indexation of FAG grant which did not eventuate; Waste grants (\$1.6m) were received in prior year				
Capital grants and contributions	–	2,247,134	2,247,134	∞ F
Movement in contract liabilities not included in original budget				
Interest and investment revenue	611,000	882,442	271,442	44% F
Interest rates higher than anticipated				
Other income	–	725,344	725,344	∞ F
Budget included in other revenues				
Expenses				
Employee benefits and on-costs	10,397,000	12,389,576	(1,992,576)	(19)% U
Separation payment for former GM; movement away from contractors to in-house staff; new EA resulting in increases; original budget included an offset for staff vacancies which wasn't realised				
Materials and services	19,341,000	27,666,036	(8,325,036)	(43)% U
IT service contract higher than originally budgeted; significantly higher telecom contractor costs than budgeted; some reclassification from other expenses				
Depreciation, amortisation and impairment of non-financial assets	7,754,000	8,590,421	(836,421)	(11)% U
Original budget did not allow for revaluation conducted at 30 June 2024				
Other expenses	6,080,000	16,953	6,063,047	100% F
Reclassification of budget lines to materials and services				

B5-1 Material budget variations (continued)

\$	2025 Budget	2025 Actual	2025 ----- Variance -----	
Net losses from disposal of assets	–	26,207	(26,207)	∞ U
Unexpected sale of e-motorbikes which could not be hired due to licencing requirements				

Statement of cash flows

Cash flows from operating activities	9,012,000	(2,031,824)	(11,043,824)	(123)% U
Original budget was too optimistic and did not account for the true cost of local government services without the extensive Commonwealth support that had been provided in prior years				
Cash flows from investing activities	(4,150,000)	(3,942,547)	207,453	(5)% F

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2025 Actual \$	2024 Actual \$
Cash assets		
Cash on hand and at bank	18,594,694	24,569,065
Total cash and cash equivalents	18,594,694	24,569,065
Reconciliation of cash and cash equivalents		
Total cash and cash equivalents per Statement of Financial Position	18,594,694	24,569,065
Balance as per the Statement of Cash Flows	18,594,694	24,569,065

Material accounting policy information

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.

C1-2 Restricted and allocated cash, cash equivalents and investments

	2025 Actual \$	2024 Actual \$
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	18,594,694	24,569,065
Less: Externally restricted cash, cash equivalents and investments	(6,462,453)	(12,183,173)
Cash, cash equivalents and investments not subject to external restrictions	12,132,241	12,385,892
	2025 Actual \$	2024 Actual \$
Notes		

External restrictions

External restrictions – included in liabilities

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

Specific purpose unexpended grants – general fund	C3-2	2,963,504	5,092,435
Norfolk Island language trust		14,674	12,211
Bookeasy ticket sales		504,408	369,227
Curator of deceased estates		840,236	1,403,065
Iven 'Toon' Buffet Environment Fund		75,414	101,695
Historic Shipwrecks		52,503	52,483
Other deposits		–	31,144
Legal Aid Trust Fund		183,211	228,619
Protecting National Historic Sites		2,500	2,500
Telecom bonds		24,150	24,645
Other		–	44,000
External restrictions – included in liabilities		4,660,600	7,362,024

External restrictions – other

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

Specific purpose unexpended grants (recognised as revenue) – general fund	1,801,853	4,821,149
External restrictions – other	1,801,853	4,821,149
Total external restrictions	6,462,453	12,183,173

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

C1-2 Restricted and allocated cash, cash equivalents and investments (continued)

	2025 Actual \$	2024 Actual \$
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(b) Internal allocations

Cash, cash equivalents and investments not subject to external restrictions

12,132,241 12,385,892

Less: Internally restricted cash, cash equivalents and investments

(7,611,469) (7,409,311)

Unrestricted and unallocated cash, cash equivalents and investments

4,520,772 4,976,581

Internal allocations

At 30 June, Council has internally allocated funds to the following:

Employees leave entitlement	2,425,259	2,326,526
Carry over works	2,186,210	2,082,785
Cash flow management	3,000,000	3,000,000
Total internal allocations	7,611,469	7,409,311

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or policy of the elected Council.

	2025 Actual \$	2024 Actual \$
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(c) Unrestricted and unallocated

Unrestricted and unallocated cash, cash equivalents and investments	4,520,772	4,976,581
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C1-3 Receivables

	2025 Current Actual \$	2025 Non-current Actual \$	2024 Current Actual \$	2024 Non-current Actual \$
Rates and annual charges	1,092,788	—	890,972	—
Interest and extra charges	156,990	—	87,741	—
User charges and fees	5,744,875	—	3,002,142	—
– Interest on investments	51,259	—	43,000	—
– Other income accruals	280,479	—	—	—
Net GST receivable	47,803	—	47,791	—
Other debtors	—	—	1,601	—
Electricity debtors	907,453	—	373,092	—
Telecom Debtors	472,505	—	479,215	—
Total	8,754,152	—	4,925,554	—
Less: provision for impairment				
User charges and fees	(632,000)	—	(965,650)	—
Total provision for impairment – receivables	(632,000)	—	(965,650)	—
Total net receivables	8,122,152	—	3,959,904	—

C1-3 Receivables (continued)

	2025 Actual \$	2024 Actual \$
Movement in provision for impairment of receivables		
Balance at the beginning of the year	965,650	899,700
+ new provisions recognised during the year	–	65,950
– previous impairment losses reversed	(333,650)	–
Balance at the end of the year	632,000	965,650

Material accounting policy information

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.

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.

C1-4 Inventories

	2025 Current Actual \$	2025 Non-current Actual \$	2024 Current Actual \$	2024 Non-current Actual \$
Inventories at cost				
Stores and materials	1,777,838	–	2,820,826	–
Trading stock	864,031	–	1,068,819	–
Other	–	–	1,055	–
Total inventories at cost	2,641,869	–	3,890,700	–
Total inventories	2,641,869	–	3,890,700	–

Material accounting policy information

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.

C1-5 Contract assets and Contract cost assets

	2025 Current Actual \$	2025 Non-current Actual \$	2024 Current Actual \$	2024 Non-current Actual \$
Contract assets	243,474	–	436,925	–
Total contract assets and contract cost assets	243,474	–	436,925	–

Contract assets

Work relating to infrastructure grants	243,474	–	436,925	–
Total contract assets	243,474	–	436,925	–

Material accounting policy information

Contract assets

Contract assets represent Councils right to payment in exchange for goods or services the Council has transferred to a customer when that right is conditional on something other than the passage of time.

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

Impairment of contract assets is assessed using the simplified expected credit loss model where lifetime credit losses are recognised on initial recognition.

C1-6 Infrastructure, property, plant and equipment

	At 1 July 2024				Asset movements during the reporting period								At 30 June 2025			
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount		Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Reclass	Expensed in P/L	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount		
By aggregated asset class	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital work in progress	12,191,275	–	12,191,275		502,664	1,929,600	–	–	(10,563,440)	–	(761,830)	3,298,269	–	3,298,269		
Plant and equipment	17,933,566	(6,181,503)	11,752,063		–	68,350	(97,128)	(1,090,361)	85,320	14,465	–	17,453,533	(6,720,822)	10,732,711		
Office equipment	404,963	(334,829)	70,134		–	50,916	–	(24,379)	455,654	–	–	911,533	(359,207)	552,326		
Furniture and fittings	846,883	(116,327)	730,556		–	–	–	–	–	(730,356)	–	–	–	–		
Land:																
– Operational land	16,301,350	–	16,301,350		–	–	–	–	–	–	–	16,301,350	–	16,301,350		
Infrastructure:																
– Buildings – specialised	46,732,087	(25,978,799)	20,753,288		–	103,942	–	(1,038,209)	717,755	1,455,838	–	49,493,495	(27,500,881)	21,992,614		
– Other structures	8,672,212	(4,382,602)	4,289,610		–	–	–	–	–	(4,289,610)	–	–	–	–		
– Airport runway	165,084,965	(22,237,839)	142,847,126		–	–	–	(2,371,150)	–	(22,726,826)	–	131,284,905	(13,535,754)	117,749,151		
– Bridges	1,590,905	(687,305)	903,600		–	–	–	–	–	(903,600)	–	–	–	–		
– Sewerage network	13,171,210	(7,778,010)	5,393,200		–	–	–	(227,348)	–	–	–	13,171,210	(8,005,358)	5,165,852		
– Other infrastructure	78,083,230	(42,893,176)	35,190,054		–	–	–	(563,570)	191,146	(28,302,993)	–	16,533,711	(10,019,073)	6,514,638		
– Roads and bridges	–	–	–		1,363,105	–	–	(1,062,907)	1,667,077	28,768,327	–	47,017,919	(16,282,319)	30,735,600		
– Telecommunications	–	–	–		–	499,970	–	(830,241)	1,662,319	9,279,623	–	23,518,007	(12,906,336)	10,611,671		
– Electricity	–	–	–		–	256,748	–	(1,382,256)	5,784,169	17,435,132	–	45,928,400	(23,834,607)	22,093,793		
Total infrastructure, property, plant and equipment	361,012,446	(110,590,390)	250,422,056		1,865,769	2,909,526	(97,128)	(8,590,421)	–	–	(761,830)	364,912,332	(119,164,357)	245,747,975		

(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)

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period										At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Expensed in P/L	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Capital work in progress	10,055,471	–	10,055,471	429,822	10,348,845	–	–	(8,407,111)	(235,752)	–	–	12,191,275	–	12,191,275		
Plant and equipment	14,368,675	(5,701,862)	8,666,813	–	–	(547,509)	(980,138)	4,612,898	–	–	–	17,933,566	(6,181,503)	11,752,063		
Office equipment	367,628	(310,681)	56,947	–	–	–	(24,148)	37,335	–	–	–	404,963	(334,829)	70,134		
Furniture and fittings	827,131	(68,287)	758,844	–	–	–	(48,039)	19,551	–	–	–	846,683	(116,327)	730,356		
Land:																
– Operational land	16,301,350	–	16,301,350	–	–	–	–	–	–	–	–	16,301,350	–	16,301,350		
Infrastructure:																
– Buildings – specialised	46,732,087	(25,030,707)	21,701,380	–	–	–	(948,092)	–	–	–	–	46,732,087	(25,978,799)	20,753,288		
– Other structures	7,856,168	(2,472,047)	5,384,121	–	–	–	(254,148)	–	–	(840,363)	–	8,672,212	(4,382,602)	4,289,610		
– Roads	130,392,349	(35,059,643)	95,332,706	–	–	–	(3,049,999)	1,692,778	–	–	48,871,644	165,084,965	(22,237,839)	142,847,126		
– Bridges	1,957,747	(1,026,628)	931,119	–	–	–	(25,055)	–	–	(2,464)	–	1,590,905	(687,305)	903,600		
– Sewerage network	6,087,974	(2,891,510)	3,196,464	–	–	–	(111,340)	–	–	–	2,308,076	13,171,210	(7,778,010)	5,393,200		
– Other infrastructure	57,877,267	(27,500,067)	30,377,200	–	–	–	(1,647,351)	2,044,549	–	–	4,415,656	78,083,230	(42,893,176)	35,190,054		
Total infrastructure, property, plant and equipment	292,823,847	(100,061,432)	192,762,415	429,822	10,348,845	(547,509)	(7,088,310)	–	(235,752)	(842,827)	55,595,376	361,012,446	(110,590,390)	250,422,056		

(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)

Material accounting policy information

IPPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).

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. Depreciation on other assets is calculated using the straight-line method to allocate their carrying amount, net of their residual values, over their estimated remaining 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
Water and sewer assets		Stormwater 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		
Transportation assets		Other infrastructure 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:

	2025 Actual \$	2024 Actual \$
Software		
Opening values at 1 July		
Gross book value	1,018,367	1,109,923
Accumulated amortisation	(1,018,367)	(995,379)
Net book value – opening balance	–	114,544
Movements for the year		
Amortisation charges	–	(22,988)
Transfer to opex	–	(91,556)
Closing values at 30 June		
Gross book value	1,018,367	1,018,367
Accumulated amortisation	(1,018,367)	(1,018,367)
Total software – net book value	–	–
Total intangible assets – net book value	–	–

Material accounting policy information

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 C1-6).

	2025 Actual \$	2024 Actual \$
(i) Assets held as property, plant and equipment		
Lease income (excluding variable lease payments not dependent on an index or rate)	391,694	923,600
Total income relating to operating leases for Council assets	391,694	923,600

(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	290,793	527,283
1–2 years	289,193	85,683
2–3 years	289,043	85,533
3–4 years	244,075	42,600
4–5 years	243,955	42,480
> 5 years	240,765	40,540
Total undiscounted lease payments to be received	1,597,824	824,119

Material accounting policy information

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

	2025 Current Actual \$	2025 Non-current \$	2024 Current Actual \$	2024 Non-current \$
Goods and services – operating expenditure	2,186,210	–	2,082,785	–
Accrued expenses:				
– Salaries and wages	386,799	–	561,752	–
– Other expenditure accruals	58,412	–	–	–
Advances	72,241	–	–	–
Security bonds, deposits and retentions	1,697,095	–	2,225,588	–
Other	57,581	–	646,994	–
Total payables	4,458,338	–	5,517,119	–

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

Nil

Material accounting policy information

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

		2025 Current Actual \$	2025 Non-current Actual \$	2024 Current Actual \$	2024 Non-current Actual \$
	Notes				
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	2,963,504	–	5,092,635	–
Total grants received in advance		2,963,504	–	5,092,635	–
Total contract liabilities		2,963,504	–	5,092,635	–

Notes

(i) Council has received funding to construct infrastructure assets. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

(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.

Material accounting policy information

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

C3-3 Employee benefit provisions

	2025 Current Actual \$	2025 Non-current Actual \$	2024 Current Actual \$	2024 Non-current Actual \$
Annual leave and TOIL	1,386,356	–	1,374,580	–
Long service leave	1,038,903	–	951,946	–
Total employee benefit provisions	2,425,259	–	2,326,526	–

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

\$953,684

Material accounting policy information

Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits and annual 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 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

IPPE Revaluation Surplus

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

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

	2025	2024
	\$	\$
The impact on the 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	185,951	245,690

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 \$	overdue rates and annual charges		Total \$
		< 5 years \$	≥ 5 years \$	
2025				
Gross carrying amount	1,092,788	–	–	1,092,788
2024				
Gross carrying amount	890,972	–	–	890,972

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 debts			Total \$
			31 - 60 days \$	61 - 90 days \$	> 91 days \$	
2025						
Gross carrying amount	6,735,838	357,000	60,000	71,000	681,000	7,904,838
Expected loss rate (%)	1.12%	9.97%	15.00%	49.67%	70.00%	8.00%
ECL provision	75,441	35,593	9,000	35,266	476,700	632,000
2024						
Gross carrying amount	2,754,507	400,000	137,000	89,000	1,091,000	4,471,507
Expected loss rate (%)	4.28%	10.00%	15.00%	50.00%	68.10%	21.60%
ECL provision	117,629	40,000	20,550	44,500	742,971	965,650

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

(c) Liquidity risk

Payables are 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.

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 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 \$
2025							
Payables	0.00%	1,697,095	2,702,831	—	—	4,399,926	4,458,338
Total financial liabilities		1,697,095	2,702,831	—	—	4,399,926	4,458,338
2024							
Payables	0.00%	2,225,588	3,291,531	—	—	5,517,119	5,517,119
Total financial liabilities		2,225,588	3,291,531	—	—	5,517,119	5,517,119

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).

D2-1 Fair value measurement (continued)

	Notes	Fair value measurement hierarchy						
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total
		2025	2024	2025	2024	2025	2024	
		\$	\$	\$	\$	\$	\$	\$
Recurring fair value measurements								
Infrastructure, property, plant and equipment								
– Operational land	C1-6	30/06/2023	30/06/2023	16,301,350	–	–	–	16,301,350
– Buildings – specialised		30/06/2023	30/06/2023	–	–	21,992,614	20,753,288	21,992,614
– Other structures		30/06/2024	30/06/2024	–	–	–	4,289,610	–
– Airport runway		30/06/2024	30/06/2024	–	–	117,749,151	142,847,126	117,749,151
– Bridges		30/06/2024	30/06/2024	–	–	–	903,600	–
– Sewerage network		30/06/2024	30/06/2024	–	–	5,165,852	5,393,200	5,165,852
– Other infrastructure		30/06/2024	30/06/2024	–	–	6,514,638	35,190,054	6,514,638
– Plant, Equipment & Other		30/06/2020	30/06/2020	–	–	10,732,711	12,552,553	10,732,711
– Roads and bridges		30/06/2024	30/06/2024	–	–	30,735,600	–	30,735,600
– Telecommunications		30/06/2024	30/06/2024	–	–	10,611,671	–	10,611,671
– Electricity		30/06/2024	30/06/2024	–	–	22,093,793	–	22,093,793
Total infrastructure, property, plant and equipment				16,301,350	16,301,350	225,596,030	221,929,431	241,897,380
								238,230,781

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.

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 assets (except buildings) were comprehensively valued by an independent valuation firm PPE Valuations in 2024.

The latest independent valuation of buildings was performed by PPE Valuations in 2023.

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.

Operational land has been valued using market approach having regard to the "highest and best use", after identifying elements that would be taken into account by setting an exit price. These elements include: land description and dimensions, planning and other constraints on development and the potential for alternative use. Operational land has been valued by PPE Valuations in 2023 using level 2 observable inputs.

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 June 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.

Short-term benefits are employee benefits, other than termination benefits, that are expected to be settled within 12 months. Short term benefits include payments to staff and to Norfolk Island Regional Council Administrators. During the year there was a change in Council Administration. Mr Michael Colreavy's three-year appointment ended on 5 December 2024. A Lead Administrator, Mr Scott Mason and Finance Administrator, Mr Gary Mottau were appointed for the term 6 December 2024 to 31 December 2025.

Post employment benefits are provided to employees after their employment has ended. Termination benefits are the amounts paid to staff for the termination of their employment. Termination benefits result from either a decision to terminate the employment or an employee's decision to accept an entity's offer of termination. A termination benefit of \$424,973 was paid to the General Manager on 4 December 2024.

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

	2025	2024
	\$	\$
Compensation:		
Short-term benefits	1,290,021	1,441,677
Post-employment benefits	142,794	140,444
Other long-term benefits	-	-
Termination benefits	521,515	23,565
Total	1,954,330	1,605,686

Detailed KMP compensation amounts (FY 25):

Administrators

Michael Colreavy, Administrator, 1 July 2024 - 5 December 2024
Scott Mason, Lead Administrator, Commencing on 6 December 2024
Gary Mottau, Financial Administrator, Commencing on 6 December 2024

Short-term benefits	152,904
Post-employment benefits	15,736
Other long-term benefits	-
Termination benefits	-
Total	168,640

E1-1 Key management personnel (KMP) (continued)

General Managers	General Manager*	Acting General Manager**
Short-term benefits	149,966	278,832
Post-employment benefits	12,692	30,623
Other long-term benefits	-	-
Termination benefits	424,973	-
Total	587,631	309,455
*1 July 2024 - 31 July 2024		
**1 August 2024 - 30 June 2025		
Senior Staff		
Manager Corporate Services		
Manager Planning and Environment		
Manager Infrastructure Services		
Manager Economic Development (until 31 July 2024)		
Manager Customer Care		
Short-term benefits	708,319	
Post-employment benefits	83,743	
Other long-term benefits	-	
Termination benefits	96,542	
Total	888,604	

E2 Other relationships

E2-1 Audit fees

	2025 Actual \$	2024 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

(i) Audit and other assurance services		
Audit and review of financial statements	122,100	117,600
Remuneration for audit and other assurance services	122,100	117,600
Total remuneration of audit firms	122,100	117,600
Total audit fees	122,100	117,600

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of Operating Result

	2025 Actual \$	2024 Actual \$
Net operating result from Income Statement	(4,839,307)	2,082,013
Add / (less) non-cash items:		
Depreciation and amortisation	8,590,421	7,111,298
(Gain) / loss on disposal of assets	26,207	547,509
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(3,828,598)	842,452
Increase / (decrease) in provision for impairment of receivables	(333,650)	65,950
(Increase) / decrease of inventories	1,248,831	(723,364)
(Increase) / decrease of contract asset	193,451	(315,132)
Increase / (decrease) in payables	103,425	(192,995)
Increase / (decrease) in other accrued expenses payable	(116,541)	215,293
Increase / (decrease) in other liabilities	(1,045,665)	669,720
Increase / (decrease) in contract liabilities	(2,129,131)	296,183
Increase / (decrease) in employee benefit provision	98,733	626,911
Net cash flows from operating activities	(2,031,824)	11,225,838

F2-1 Commitments

Capital commitments (exclusive of GST)

	2025 Actual \$	2024 Actual \$
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Other	5,295,441	2,492,105
Total commitments	5,295,441	2,492,105
These expenditures are payable as follows:		
Within the next year	5,295,441	2,492,105
Total payable	5,295,441	2,492,105
Sources for funding of capital commitments:		
Future grants and contributions	3,361,906	2,412,407
Internally restricted reserves	1,933,535	79,698
Total sources of funding	5,295,441	2,492,105

F3-1 Events occurring after the reporting date

Council is unaware of any material or significant 'non-adjusting events' that should be disclosed.

End of the audited financial statements

G1-1 Council information and contact details

Principal place of business:

39 Taylors Road
Norfolk Island 2899

Contact details

Mailing Address:

PO Box 95
Norfolk Island NSW 2899

Telephone: +6723 22244

Local Free
Call: 0100

Opening hours:

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

Internet: www.norfolkisland.gov.nf

Email: customercare@nirc.gov.nf

Officers

General Manager (Acting)

Scott Hackney

Responsible Accounting Officer

John Sevil

Auditors

Forsyths
121 Rusden Street
PO Box 114
Armidale NSW 2350
armidale@forsyths.com.au

Elected members

Lead Administrator

Scott Mason

Finance Administrator

Gary Mottau

Other information

ABN: 60103855713

INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Norfolk Island Regional Council

To the Administrators of Norfolk Island Regional Council

Opinion

We have audited the accompanying financial statements of Norfolk Island Regional Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2025, the Statement of Financial Position as at 30 June 2025, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matters described in the 'Basis for Qualified Opinion' section of our report:

- 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 statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2025, 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 statements have come to light during the audit.

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

Basis for Qualified Opinion

Waste Removal

Management and the Administrators of Council make the following statement in their Statement of Administrators and Management made pursuant to Section 413(2)(c) of the Local Government Act 1993 (NSW) (NI) (as amended):

“NIRC is jointly and severally liable for the obligation to remove waste from Norfolk Island. As there are many uncertainties surrounding the amount to be recognised the amount cannot be reasonably estimated and may be partially or fully met by other parties. The best estimate of the expenditure required to settle the present obligation at the end of the reporting period is between \$19.6 million and \$22.8 million. These are costs only, assume no revenue offset and are the freight cost to transport and process all off the island. Unexpended funds of around \$1.5 million are held to be utilised against this cost. Therefore, the liability is understated by somewhere between \$18.1 million and \$21.3 million. Around 60% of this cost is the freight of bulky waste material and 30% is freight of metal waste from the island. The future cost may be reduced significantly if container handling can be utilised. In addition, Council is seeking expertise to mitigate or reduce other waste removal costs, such as asbestos and tyres”

AASB 137 Provisions, Contingent Liabilities and Contingent Assets requires a provision to be recognised in the financial statements when:

1. an entity has a present obligation (legal or constructive) as a result of a past event
2. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
3. a reliable estimate can be made of the amount of the obligation.

No provision has been recognised within the financial statements of Council for the 2024-25 financial year due to the uncertainties detailed within their Statement of Administrators and Management. This is a limitation on the scope of our audit as we were unable to obtain sufficient appropriate audit evidence to:

- Support the provision for waste removal that should be recorded in the Statement of Financial Position and related notes as at 30 June 2025
- Determine the impact on the ‘Accumulated surplus’ in the Statement of Changes in Equity and Statement of Financial Position
- Determine the impact on the Income Statement from any movement in the provision for waste removal that should have been recognised during the 2024-25 financial reporting period.

Consequently, we were unable to provide an opinion that the affected amounts were materially correct.

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 Statements’ 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)' (APES 110).

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 Council's annual report for the year ended 30 June 2025 includes other information in addition to the financial statements and our Independent Auditor's Report thereon. The Administrators are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

If, based on the work we have performed, we conclude there is a material misstatement of the other information, we must report that fact.

We have nothing to report in this regard.

The Administrators' Responsibilities for the Financial Statements

The Administrators are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993 (NSW) (NI)*, and for such internal control as the Administrators determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Administrators are 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are 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 statements.

A description of our responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf The description forms part of our auditor's report.

The scope of our audit does not include, nor 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, and Note B5-1 Material budget variations, and Note G1-1 Council information and contact details
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Forsyths



Jacob Sauer
Principal

21 October 2025
Armidale NSW

Messrs Scott Mason and Gary Mottau
Administrators
Norfolk Island Regional Council
PO BOX 95
NORFOLK ISLAND 2899

21 October 2025

Dear Scott and Gary

**Report on the Conduct of the Audit
for the year ended 30 June 2025
Norfolk Island Regional Council**

We have audited the general purpose financial statements (GPFS) of the Norfolk Island Regional Council (the Council) for the year ended 30 June 2025 as required by section 415 of the *Local Government Act 1993 (NSW)(NI)* (the Act).

Our audit was conducted in accordance with the agreed terms of our engagement letter, in accordance with mandatory Australian Auditing Standards, the Act and *Local Government (General) Regulations 2005*.

We expressed a modified opinion on the Council's General Purpose Financial Statements.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2025 is issued in accordance with section 417(3) of the Act. This Report should be read in conjunction with our audit opinion on the financial statements issued under section 417(2) of the Act.

Significant audit issues and observations

We identified the following significant audit issues and observations during our audit of the Council's financial statements.

Modification to the opinion in the Independent Auditor's Report

Waste removal

Management and the Administrators of Council make the following statement in their Statement of Administrators and Management made pursuant to Section 413(2)(c) of the Local Government Act 1993 (NSW) (NI) (as amended):

"NIRC is jointly and severally liable for the obligation to remove waste from Norfolk Island. As there are many uncertainties surrounding the amount to be recognised the amount cannot be reasonably estimated and may be partially or fully met by other parties. The best estimate of the expenditure required to settle the present obligation at the end of the reporting period is

between \$19.6 million and \$22.8 million. These are costs only, assume no revenue offset and are the freight cost to transport and process all off the island. Unexpended funds of around \$1.5 million are held to be utilised against this cost. Therefore, the liability is understated by somewhere between \$18.1 million and \$21.3 million. Around 60% of this cost is the freight of bulky waste material and 30% is freight of metal waste from the island. The future cost may be reduced significantly if container handling can be utilised. In addition, Council is seeking expertise to mitigate or reduce other waste removal costs, such as asbestos and tyres”

AASB 137 Provisions, Contingent Liabilities and Contingent Assets requires a provision to be recognised in the financial statements when:

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3. a reliable estimate can be made of the amount of the obligation.

No provision has been recognised within the financial statements of Council for the 2024-25 financial year due to the uncertainties detailed within their Statement of Administrators and Management. This is a limitation on the scope of our audit as we were unable to obtain sufficient appropriate audit evidence to:

- Support the provision for waste removal that should be recorded in the Statement of Financial Position and related notes as at 30 June 2025
- Determine the impact on the ‘Accumulated surplus’ in the Statement of Changes in Equity and Statement of Financial Position
- Determine the impact on the Income Statement from any movement in the provision for waste removal that should have been recognised during the 2024-25 financial reporting period.

Consequently, we were unable to provide an opinion that the affected amounts were materially correct.

This has resulted in the audit opinion on the Council’s 30 June 2025 general purpose financial statements (GPFS) to be modified.

Refer to the Independent Auditor’s Report on the GPFS.

Financial performance overview

INCOME STATEMENT

Operating result

	2025	2024	Variance
	\$000	\$000	%
Rates and annual charges revenue	3,525	3,271	7.8
Grants and contributions revenue	15,203	20,977	27.5
Operating result from continuing operations	(4,839)	2,082	332.4
Net operating result before capital grants and contributions	(7,086)	(1,691)	319.0

Rates and annual charges revenue (\$3.5 million) increased by \$254,000 (7.8 per cent) in 2024–25 in line with the expected budgeted increase.

Grants and contributions revenue (\$15.2 million) decreased by \$5.7 million, mainly as a result of:

- \$2.3 million reduction in operating grants under the Priority Projects program due to no further grants to be received
- \$1.86 million net decrease to funding relating to the Service Delivery Agreement (SDA) grants. This is predominately related to capital grants due to finalisation of projects relating to the SDA in prior year
- \$1.2 million reduction in funding in relation to providing telecommunication data service to the medical and educational facilities
- \$730,000 not received for Roads to Recovery program as funding agreement ended 30 June 2024
- \$722,000 reduction in other grants provided last year for specific purposes.

Offset by:

- \$792,000 increase to funding for telecommunications relating to the satellite uplift program
- \$357,000 increase in funding under the Priority Projects program for installation of digital radio network and solar panel.

The Council's operating result from continuing operations (deficit of \$4.8 million including depreciation and amortisation expense of \$8.6 million) was \$6.9 million lower than the 2023–24 result. This is mainly attributed to:

- the decreases in grants and contributions described above
- an increase to depreciation and amortisation expense of \$1.5 million due to the first year of depreciation post comprehensive revaluations at 30 June 2024 which resulted in an increment of \$54.8 million to IPP&E.

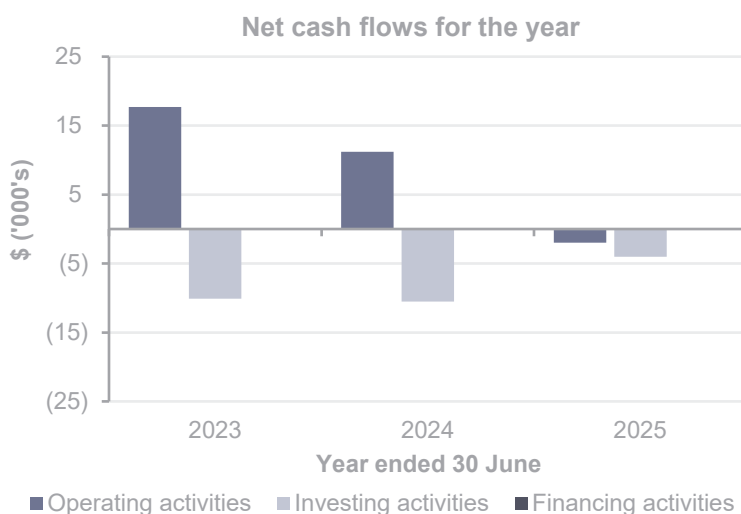
- an increase of \$1.8 million in materials and services expenditure mainly due to increased telecom costs relating to new license renewals
- offset by an increase of \$2.5 million to user charges and fees due to increased aerodrome and electricity charges.

The net operating result before capital grants and contributions (deficit \$7.1 million) was \$5.4 million lower than the 2023–24 result. This is due to the changes as explained above.

STATEMENT OF CASHFLOWS

Cash from operating activities decreased by \$13.2 million, notably due decreases in grants and contributions receipts. For a detailed explanation see commentary above.

Cash outflows from investing activities improved by \$6.5 million due to a decrease in capital expenditure on Infrastructure, Property, Plant and Equipment.



FINANCIAL POSITION

Cash and investments

Cash and investments	2025	2024	Commentary
	\$000	\$000	
Total cash, cash equivalents and investments	18,595	24,569	Major external restrictions include specific purpose unexpended grants and curator for deceased estates.
Restricted and allocated cash, cash equivalents and investments:			Externally restricted cash, cash equivalents and investments decreased \$5.7 million due to less carried forward grant funding at year end and a pay out of deceased estates during the year.
• External restrictions	6,462	12,183	
• Internal allocations	7,611	7,409	Internal restrictions increased \$202,000 which is made up of allocations for employee leave entitlements and carry over works.

PERFORMANCE MEASURES

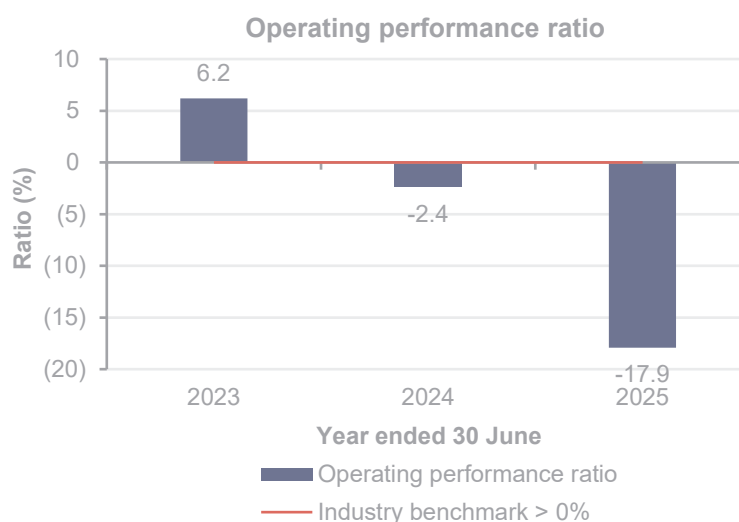
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the NSW Office of Local Government (OLG) within the Department of Planning and Environment.

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 set by OLG is greater than zero per cent.

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

This reduction can be attributed to decreases in grants received for operating purposes during the year.



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 industry benchmark set by OLG is greater than 60 per cent.

The Council met the industry benchmark for the current reporting period. The improvement is predominately attributable to decreases in grant funding received during the year as well as increases to aerodrome and electricity charges.



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 set by OLG is greater than 1.5 times.

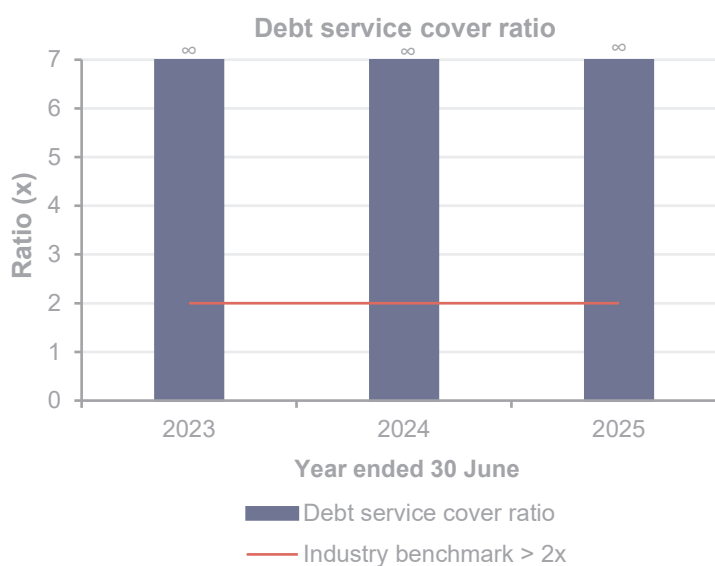
The Council exceeded the OLG industry benchmark for each of the three reporting periods analysed.



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 set by OLG is greater than two times.

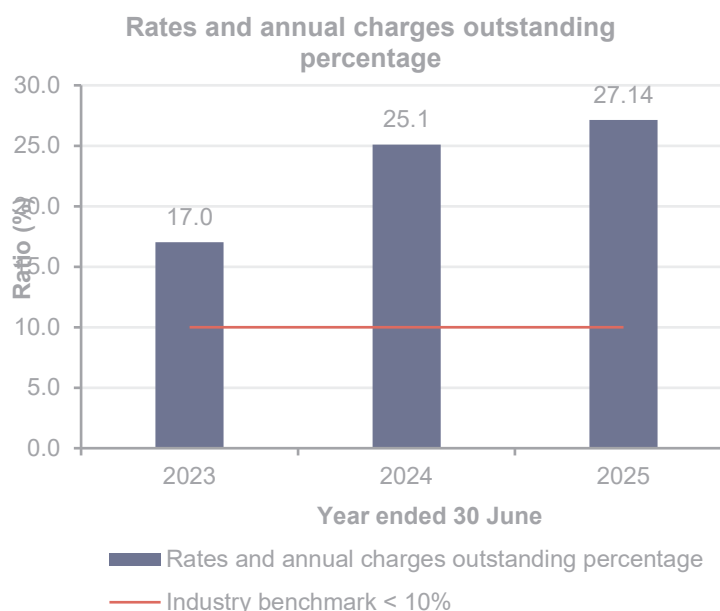
Council has no debt arrangements, and therefore exceeds the industry benchmark for the reporting period.



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 set by OLG is less than 10 per cent for regional and rural councils.

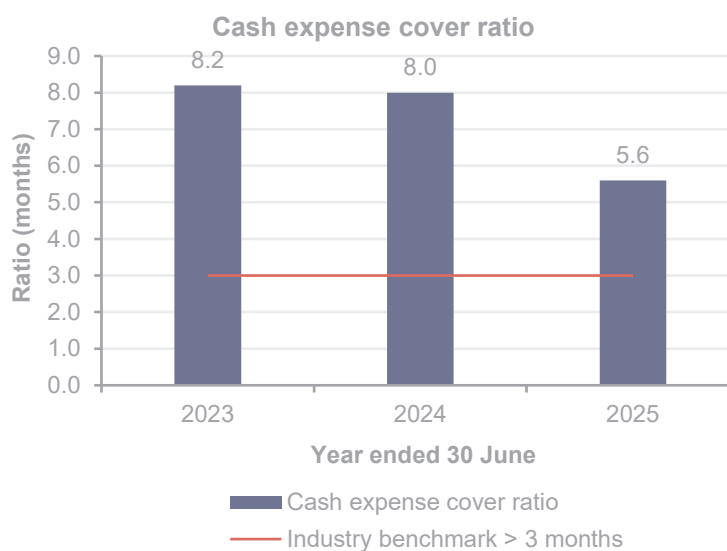
The Council has not met the industry benchmark in any of the three reporting periods analysed.



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 set by OLG is greater than three months.

The Council exceeded the OLG benchmark for the reporting period, however, it has deteriorated from prior years due to a reduction in cash and cash equivalents during the year.



Other matters

Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial statements. The Council's:

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit

We commend the Council's staff for their courteous and professional manner they have acted throughout the audit, and their acknowledgement of the issues raised.



Jacob Sauer
Audit Principal, Forsyths

cc: Mr Scott Hackney, Acting General Manager
Ms Katie Sexton, Chair, Audit, Risk and Improvement Committee
Ms Kim Forbes, First Assistant Secretary, Territories Division, Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts