

ANNUAL REPORT

2024-2025

ABOUT THIS REPORT

The Norfolk Island Regional Council (NIRC) Annual Report 2024–2025 provides an overview of the activities and achievements of Council during the financial year and its progress towards achieving the Island’s vision through “Our Plan for the Future”.

It also includes the Council’s financial performance as of 30 June 2025, governance and statutory information to assist community understanding of Council performance as a community leader and business entity.

You can download a copy of this report at www.nirc.gov.au/Your-council/Council-documents/Annual-reports.

You can request a printed copy or provide feedback by calling Council on +672 3 22244 or local free call 0100. Alternatively, you can email Council at customercare@nirc.gov.nf.

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

Norfolk Island Regional Council

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Tabled at Council meeting: **xx 2025**
Resolution Number: **2025/xx**

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CULTURAL DECLARATION

It is acknowledged that Polynesians colonised the Island around 1,000 years ago, and that there were two British Penal Colonies on the Island between 1788 and 1854. It is also recognised that in 1856 the Pitcairn Islanders were relocated as a community to Norfolk Island where they have continued to evolve as a people in their new homeland.

Over the years the Norfolk Islanders of Pitcairn descent have been joined by people from around the world drawn to the isolation, natural beauty of the island and the way of life and culture of the Pitcairn community; and today, Norfolk Island has a makeup of people from the United Kingdom and Tahiti (both through descent and directly), from Australia, New Zealand, other Pacific Islands, Russia, Scandinavia, the United States of America, Canada, Fiji and the Philippines.

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ADMINISTRATORS' MESSAGE

The focus for our current period of Administration, which commenced 6 December 2024, has been to ascertain the current operational circumstances and capability of Norfolk Island Regional Council (Council), consider ways to strengthen the organisation in the service of the Norfolk Island community and to transition to a democratically elected Assembly.

Council faces significant financial and operational challenges, with the adopted 2025/2026 budget forecasting a \$4.1 million deficit. While ongoing operational deficits are unsustainable, current capital investment is addressing, in part, the backlog of asset maintenance and asset upgrade works which will benefit Council and the community over the medium to longer term.

As Administrators we have been asked to address challenges, such as financial legacies and the condition of critical service assets. We will rely upon evidence-based information to make decisions to improve and sustain Council's operational capability to deliver essential services which Norfolk Islanders expect, deserve and rely upon.

The financial and operational challenges are opportunities to critically evaluate alternative solutions, to tap into the collective local wisdom of island residents and to consider different approaches. To gather a reliable evidence base, Council is undertaking extensive service reviews and consulting to further understand available options for positive change. Any significant change will be implemented with respect, drawing on community engagement and feedback.

We have been asked by many members of the Norfolk Island community to help the community towards self-governance. Further we have been asked that when decisions are taken to get to this position, we openly justify the reasons, no matter how hard the decision. We commit to explain the rationale of decisions taken, with the goal of organisational self-sufficiency and sustainable service delivery.

(continued)



ADMINISTRATORS' MESSAGE (CONTINUED)

While we limit our commentary to the financial period to which this report relates, we acknowledge the work of former Administrator, Mr Mike Colreavy. We thank the people of Norfolk Island for their welcoming hospitality, their openness to help us understand Norfolk Island unique history, culture and what matters most. We acknowledge the Senior Leadership Team and Council employees, particularly during a time of considerable change.

While Council has faced criticism from a community frustrated with the duration of Council Administration, we recognise the dedication of our operational staff who work in service of the Norfolk Island community every day.

We acknowledge Minister Kristy McBain for her direct support to assist a successful transition out of Administration, and we thank the Australian Government team who support Norfolk Island.

We remain optimistic about the future and are steadfast in our resolve to ensure Norfolk Island Regional Council is in good shape to transition to a democratically elected Assembly. While we focus on the work ahead, we encourage the Norfolk Island community to continue to be involved and contribute to our collective progress.

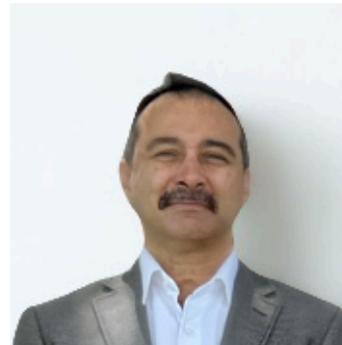
It has been a pleasure to serve the people of Norfolk Island over the past seven (7) months, and we look forward to the year ahead as we tackle challenges and find solutions, in partnership.



A handwritten signature in black ink, appearing to read 'S. Mason'.

Scott Mason

LEAD ADMINISTRATOR



A handwritten signature in purple ink, appearing to read 'G. Mottau'.

Gary Mottau

FINANCIAL ADMINISTRATOR



GENERAL MANAGER'S MESSAGE

Scott Hackney

Acting General Manager

Notwithstanding significant challenges, over the past year, the Norfolk Island Regional Council (NIRC) ensured ongoing delivery of essential services and support to the people of Norfolk Island.

In 2023, the Hon. Kirsty McBain MP, Minister for Regional Development, Local Government and Territories, set up the Norfolk Island Governance Committee (NIGC), tasking it with designing a tailored governance model for Norfolk Island. By November 2024, Minister McBain announced plans to establish a Norfolk Island Assembly by the end of 2025 or earlier, which will take over from NIRC. As of now, it's expected that the Assembly won't be in place before the close of 2025.

Mr Michael Colreavy's term as Administrator concluded on December 5, 2024. On December 6, 2024, two new administrators began: Mr Scott Mason as Lead Administrator, and Mr Gary Mottau as Financial Administrator.

Changes in the General Manager position also contributed to organisational transition, and the team recognises considerable work lies ahead. The most pressing issue this year was an extensive review of the Council's finances, revealing a worsening financial situation.

While striving to manage community resources responsibly, NIRC continues to contend with historical and new financial difficulties. There has not been sufficient investment in asset maintenance, leading to deterioration in essential infrastructure; restoring Council assets to acceptable standards is now estimated at \$57.4 million.

(continued)

GENERAL MANAGER'S MESSAGE (CONTINUED)

New financial challenges have emerged, such as increased competition in areas like Norfolk Telecom and the Liquor Bond. Although Norfolk Telecom is still the main mobile provider, companies like Starlink and NBN have replaced its residential and commercial ADSL services. Once profitable, Norfolk Telecom now operates at a loss, mainly due to a 25% reduction in revenue over recent years.

Council's Liquor Bond once enjoyed monopoly status for liquor imports. This ended when additional licences were issued, reducing annual revenue from nearly \$6 million to less than \$3.5 million, and dividends dropped dramatically from over \$2 million in FY 2021/22 to just breaking even in FY 2024/25.

Another concern is Service Delivery Agreement (SDA) funding from the Commonwealth, which falls short of covering all costs for delivering federal and state services. Future SDA discussions must secure full reimbursement, including Council's corporate overheads tied to these programs.

Council also grapples with substantial debts in rates, electricity and telecommunications. Increased efforts to collect outstanding payments during FY 2024/25 achieved some progress, but debt levels remain high compared to other councils.

Despite tough financial circumstances, NIRC made strides in FY 2024/25 toward boosting efficiency, tightening controls, and improving reporting. Ongoing service reviews help leadership gauge community expectations and clarify the cost of delivery, guiding future policy decisions into FY 2025/26.

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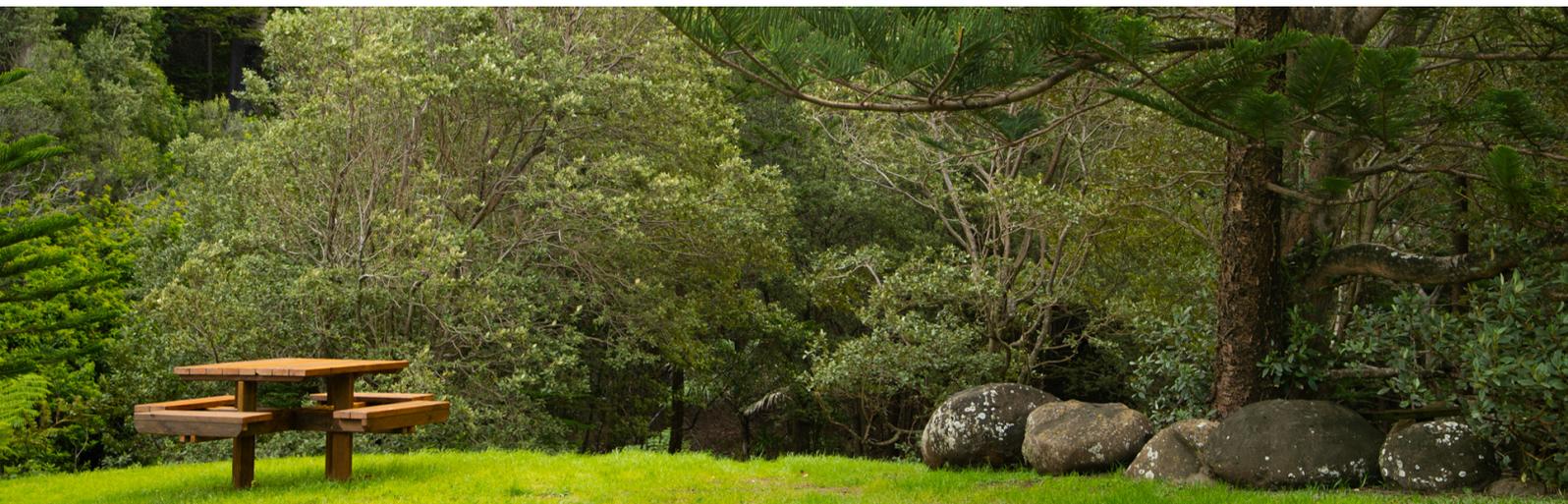
GENERAL MANAGER'S MESSAGE (CONTINUED)

Some notable successes for the Norfolk Island community include:

- Two Commonwealth-funded cargo transfer vessels arrived in April 2025, improving sea freight reliability and enabling use of 20-foot ISO containers. The larger vessels also provide safer working conditions.
- Diesel usage at the Powerhouse fell from 1,590,079 litres in 2022-23 to 1,116,538 litres this year, thanks to greater investment in solar and batteries across the island, including among residents.
- \$1.3m was invested in road infrastructure upgrades.
- Argentine Ants were successfully eradicated from two zones, with two more areas slated for declaration next year.
- A report was commissioned to address the 000 outage and prevent future incidents.
- The Norfolk Island Tourism Hub launched in February 2025, offering local operators, media, and industry partners easy access to resources, strategic insights, and collaborative opportunities with the NI Tourism Team.
- Adoption of a Wastewater Management Strategy provided clear direction for protecting public health and the environment.
- Extension of the Norfolk Island Radio licence to 2030.
- Technical reports into essential powerhouse maintenance were carried out which will lead to major overhaul of critical electrical equipment.

Amidst ongoing changes on the Island, the community's dedication remains unwavering. Council staff continue to ensure essential services and facilities are maintained for both residents and visitors. Alongside the administrators, the Executive Management team is committed to the coming year, focusing on recovering financially while sustaining crucial services for the community.

I commend this report.

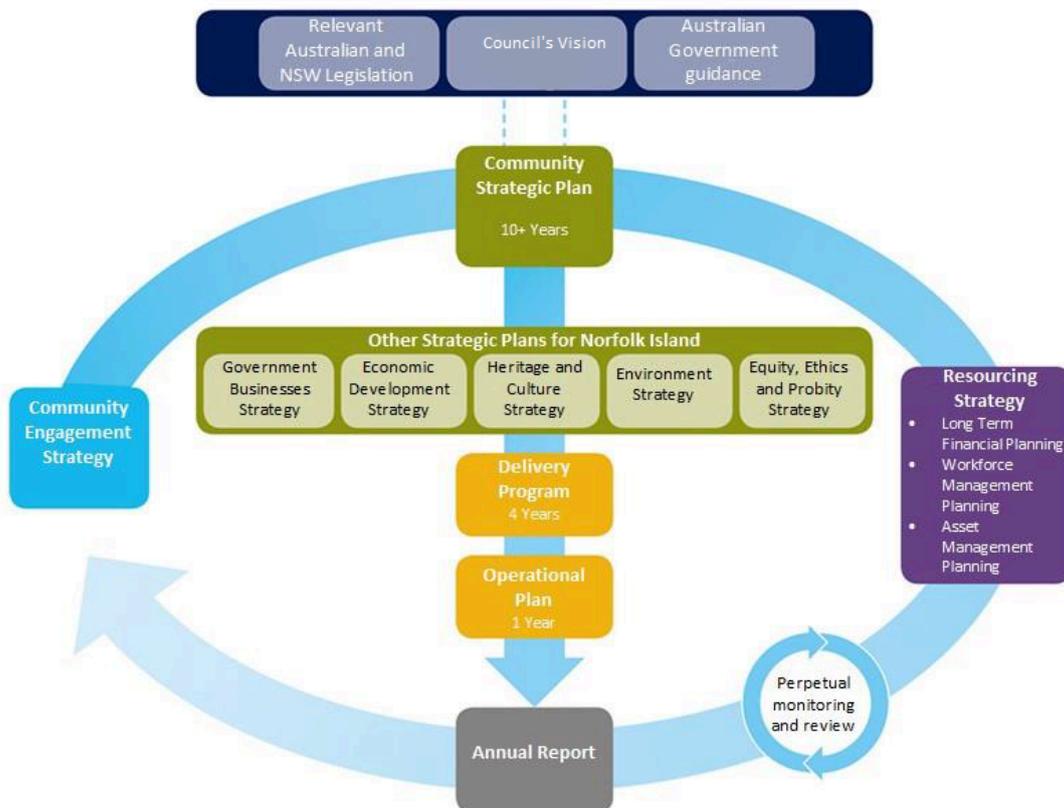


INFORMING OUR COMMUNITY

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

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

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



ABOUT NORFOLK ISLAND

Baut Norf'k

Geographical context

Norfolk Island is a small sub-tropical island, 8km long by 5 km wide and 3,455 hectares in area, located in the south-west Pacific Ocean, 769 km from New Caledonia, 1,673 km from Sydney and 1,074 km from Auckland.

It is often defined by its soaring pine trees and jagged cliffs; however, the Island also boasts stunning sandy beaches such as Emily and Slaughter Bays with their reef-protected waters, and surf beaches, such as Bumbora and Anson Bays.

The Norfolk Island National Park offers a range of walking tracks from relatively easy to more demanding routes, with stunning vistas and views over palm forests from Mt Pitt and Mt Bates.



Norfolk Island Snapshot

Geographic Coordinates	29.03°S, 167.95°E
Coastline	32 km
Climate	Mild and sub-tropical
Highest point	Mount Bates 319m
Timezone	UTC+11:00
Central Business Area	Burnt Pine, Taylors Road
International Calling Code	+6723
Internet TLD	.nf
Drive on	left
Business Language	English
Official Languages	Norf'k and English
Major Industry	Tourism
Population	2,188 (2021 census)

Population

According to the Australian Bureau of Statistics Census Data recently conducted in 2021, Norfolk Island has:

- a population of 2,188
- 48.4 per cent males and 51.6 per cent females with a median age of 50 years
- 1,220 private dwellings
- an average of 2.1 persons in each household
- 29 per cent of its population participating in voluntary work during the last 12 months
- 80.8 per cent of its population with internet access at home

The most common employment sectors include Accommodation and Food Services, Retail Trade, and Public Administration and Safety.

Cultural and Historical Context

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

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

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

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

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

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

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

Legislative Context

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

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

NIRC is unique in that it provides a broad range of local government services to the community of Norfolk Island, as well as commercial type services such as: an international airport, telecommunications, electricity generation and distribution, and liquor wholesale and retail.

NIRC is also contracted to provide Commonwealth funded state-type services, such as motor vehicle licencing.

Federal Legislation in Norfolk Island

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

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

New South Wales Legislation in Norfolk Island (applied law)

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

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

Norfolk Island Continued Legislation

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

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



ABOUT COUNCIL

Baut Kaunsi

On 4 February 2021, Assistant Minister Nola Marino suspended the Council and appointed Mike Colreavy as Interim Administrator pending a Public Inquiry into the Financial Operations of NIRC.

On 6th December 2021, having regard to the findings of the Public Inquiry into the NIRC, the Council was dismissed, and Mr. Mike Colreavy appointed as Administrator of Council for a period of three years until December 2024.

On 13 November 2024, the Hon Kristy McBain MP, Minister for Regional Development, Local Government and Territories, announced a new governance framework for Norfolk Island — the Norfolk Island Assembly — along with an extension of the administration period under a newly appointed team.

To guide the NIRC through this transition, the Minister appointed Scott Mason as Lead Administrator and Gary Mottau as Financial Administrator. Both commenced their roles on 6 December 2024.



OUR STRUCTURE

Auwas Strakcha

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

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

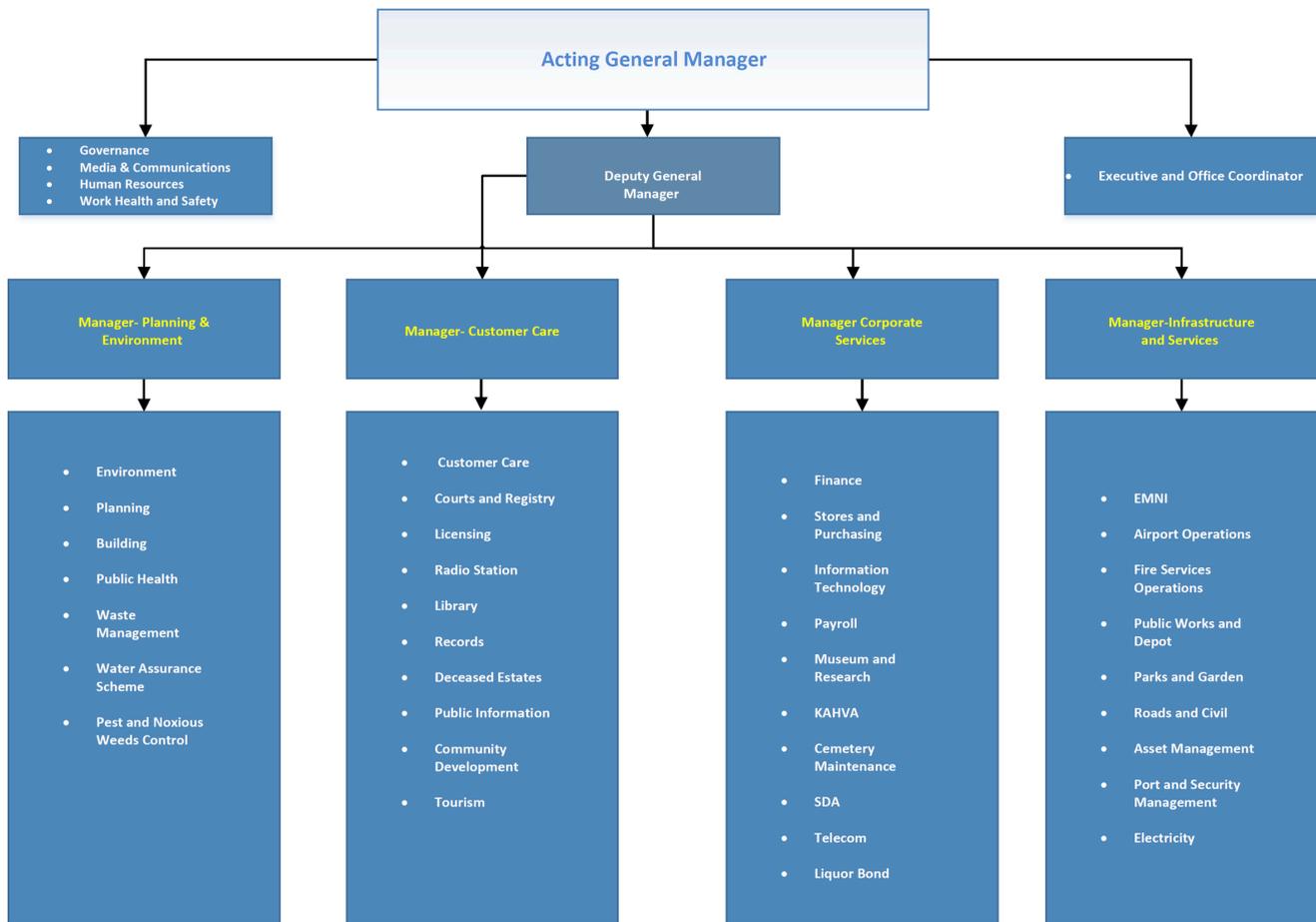
The Executive Management Team are responsible for the functional divisions and branches shown in the organisational chart on the next page. Their role is to assist Council in making timely and informed decisions, backed by trusted advice and supported by effective and inclusive governance.

As leaders of the organisation, the Executive Management Team, Managers, Team and Section Leaders are responsible for ensuring their divisions and branches service the local community effectively and efficiently.





NIRC Organisational Chart



NIRC Management Team

For the reporting period 1 July 2024 to 30 June 2025, the NIRC's management team was as follows:

Position	Management Team
General Manager	Andrew Roach (1 July 2024 - 31 July 2024)
Acting General Manager	Philip Reid (1 August 2024 - 30 June 2025)
Manager Corporate Services	Roger Nielsen (1 July 2024 - 17 November 2024) - Acting John Sevil (Commenced 18 November 2024)
Manager Planning and Environment	Tara Patel
Manager Infrastructure Services	Scott Hackney
Manager Customer Care	Cheryl LeCren

Attendance at Council Meetings

The Administrators attended the following NIRC meetings during the reporting period of 1 July 2024 to 30 June 2025. Twelve (12) Ordinary Meetings of Council were held during the reporting period.

Date	Ord. Meetings Attended Ord. Meetings Held
10 July 2024	Ordinary Council Meeting
7 August 2024	Ordinary Council Meeting
4 September 2024	Ordinary Council Meeting
9 October 2024	Ordinary Council Meeting
6 November 2024	Ordinary Council Meeting
4 December 2024	Ordinary Council Meeting
29 January 2025	Ordinary Council Meeting
26 February 2025	Ordinary Council Meeting
26 March 2025	Ordinary Council Meeting
17 April 2025	Ordinary Council Meeting
May 2025	No meeting held
3 June 2025	Ordinary Council Meeting
25 June 2025	Ordinary Council Meeting

Council did not hold any Extraordinary Meetings or Workshops during the reporting period of 1 July 2024 to 30 June 2025.



Council Advisory Committees

Council Advisory Committees serve as a valued channel for community input on important local matters, ensuring strong representation to provide feedback on specific key issues.

Operating under Council-endorsed Terms of Reference, which are publicly available on Council’s website along with other related resources, these committees provide a formal structure for interested residents and subject matter experts to play an active role in contributing to Council policy and strategic direction. Advisory Committees strength the link between Council and the community and complement other consultation methods.

On 9 June 2021, Council resolved to adopt guidelines to establish the following four (4) Advisory Committees and rescind previous guidelines as per Resolution No. 2021/62. Council then, on 6 October 2021, resolved to appoint the new Advisory Committees as per Resolution No. 2021/128.

On 6 December 2023, Council resolved to extend the term of the Advisory Committees to 30 November 2024 as per Resolution No. 2023/139. On 6 March 2024, Council resolved that the Sustainability and Youth Committees be wound down and closed for the remainder of the Administration term, as per Resolution No. 2024/14.

On 29 January 2025, Council resolved as per Resolution No. 2025/05 to rescind previous guidelines and terms and reference for the previous three (3) committees (and to establish two (2) new committees:

1. Environment and Sustainability Advisory Committee (ESAC)
2. Tourism and Economic Development Advisory Committee (TEDAC)

Council’s standing committees include the Audit, Risk and Improvement Committee and the Road Safety Committee.

Advisory Committee Meeting Dates

Date	Environment and Sustainability Advisory Committee	Tourism and Economic Development Advisory Committee	Road Safety Committee	Audit, Risk and Improvement Committee
July 2024	-	-	-	02/07/2024
August 2024	-	-	-	-
September 2024	-	-	-	11/09/2024
October 2024	-	-	-	-
November 2024	-	-	-	18/11/2024
December 2024	-	-	-	-
January 2025	-	-	-	-
February 2025	-	-	-	28/02/2025
March 2025	-	-	-	-
April 2025	-	-	-	-
May 2025	-	-	-	-
June 2025	05/06/2025	-	05/06/2025	05/06/2025 11/06/2025

OUR COMMUNICATIONS AND COMMUNITY ENGAGEMENT

Engiejen lorngfe awas komyuuneti

Communications and Media

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

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

- Media Releases (63)
- Gazettes (50)
- Emergency Management Norfolk Island; facilitated Media Releases (1)
- Norfolk Fuss (12) Monthly Editions

Public Access Meetings

As per Council's Code of Meeting Practice, residents, ratepayers, applicants, consultants or other persons may apply to address Council in relation to any matter listed for consideration in a Council Business Paper.

Public Access meetings held during the reporting period are outlined in the following table.



Public Access has been used in this reporting period by the following persons or organisations:

	Meeting date	Item	Organisation / Interest Group
1	29 January 2025	12.1 Fees and Charges – Electricity Supply Charges 12.3 Audit, Risk and Improvement Committee Delegates	<u>Visions Assembly Delegation</u> Geoff Edwards Tet Grube Wayne Robinson Mary Christian-Bailey
2	29 January 2025	12.1 Fees and Charges – Electricity Supply Charges 12.5 Draft NI Wastewater Management Strategy 2024	Clare McPherson Sandy Zerby
3	26 February 2025	15.3 Electricity Monthly Review	Geoff Edwards Wayne Robinson
4	30 June 2025	14.2 2025/26 Operational Plan and Budget 15.7 Management of Unreasonable Contact with Council and Council Staff	Cherri Buffett – President, Norfolk Island Chamber of Commerce

Public Community Engagement Meetings

Council has engaged with the community throughout the reporting period and continues to actively seek broad consultation to better understand the different views present in the community. The following community consultation and public meetings were held during the reporting period:

Dates	Subject
27 March 2025	Draft Wastewater Management Plan
May 2025	Independent Electricity Tariff Review
4 June - 5 June 2025	Review of Community Engagement Strategy

Submissions

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

Date placed on exhibition	Document or matter	No. of submissions
6 November - 12 December 2024	Electricity tariffs	49
29 January - 28 March 2025	Wastewater Management Strategy	57
26 February - 28 March 2025	Code of Meeting Practice	0
26 February - 8 April 2025	Investment Policy	0
18 April - 16 May 2025	2025/26 Budget and Operational Plan	11

SERVICE DELIVERY AGREEMENT (SDA)

Serwes Deliwri Griiment

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

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

A Deed of Variation to the SDA and Schedule of Services 2022-2023 was agreed on 25 July 2022.

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

In 2024-2025 the Commonwealth provided \$3.5M for delivery of services under the SDA.

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

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



SERVICE DELIVERY AGREEMENT (SDA) CONT'D

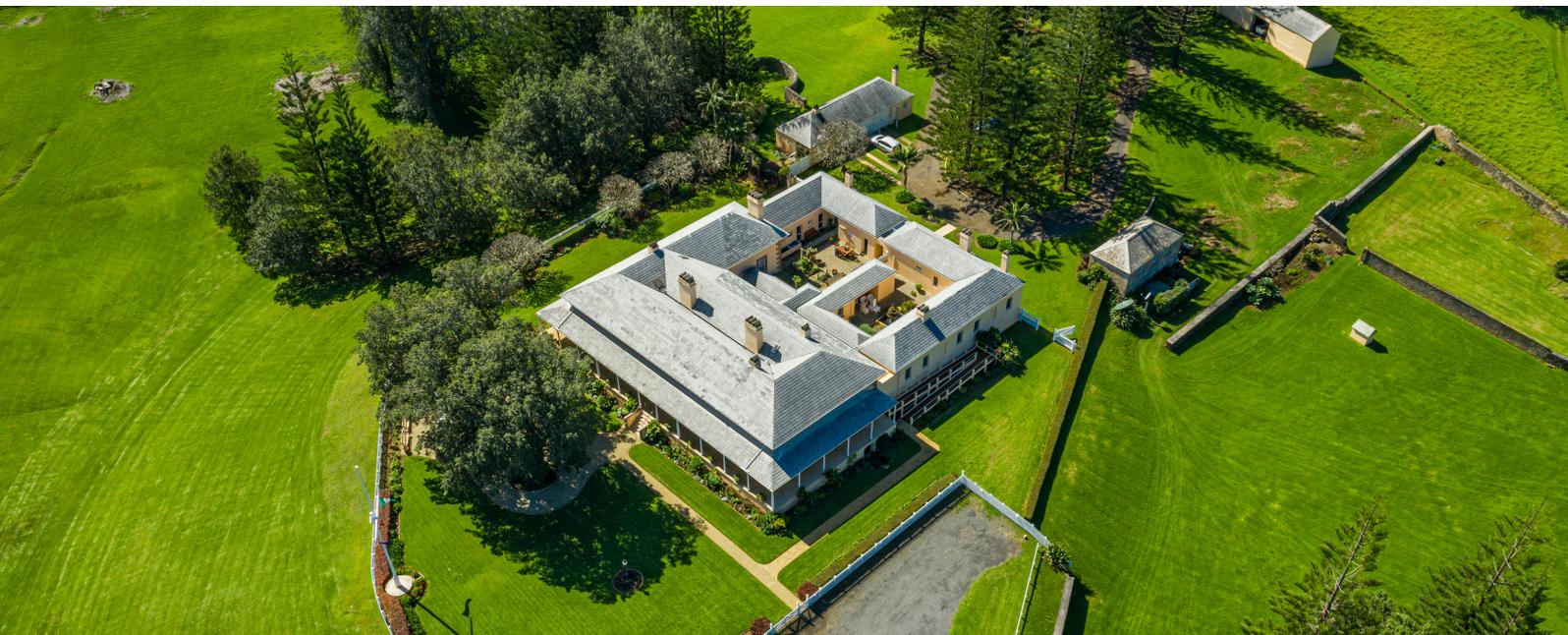
Current Service No.	Service	Delivery
1	Deceased Estates & Probates	Policing ceased 2019-2020
2	Courts, Tribunals & Boards	
3	Registry and Licencing	
4	Emergency Management	
5	Workplace Health and Safety (WHS) Advisor	
6	Gaming	
7	Pest, Disease and Noxious Weed Control	
8	Ports Management	
9	Records Management	
10	Spatial Policy and Planning	
11	Pensioner Rebates	
12	Service Delivery Agreement (SDA) Management	Added 2017-2018
13	Public Health	Added 2017-2018
14	Tourism	Added 2022-2023
15	Queensland Professionals' Accommodation	Added 2022-2023
16	Waste and Wastewater Services	Added 2022-2023
17	External Audit Findings	Added 2022-2023
18	Reserve Mamangement	Added 2022-2023
19	Electricity Network	Added 2022-2023

SERVICE DELIVERY AGREEMENT (SDA) CONT'D

Ceased SDA Services

The following services formally provided under the SDA have been ceased:

Original Service No.	Service	Delivery
1	Education	Ceased 2017-2018
4	Child Welfare	Ceased 2016-2017
6a	Emergency Services – Ambulance	Ceased 2018-2019
6b	Emergency Services – Marine Rescue	Ceased 2020-2021
7	Kingston & Arthurs Vale Historic Area & Museums	Ceased 2022-2023
8	Office of Administrator	Ceased 2018-2019
9	Lotteries Gaming	Ceased 2016-2017
11	Workers Compensation	Ceased 2020-2021
15	ICT Support	Ceased 2019-2020
19	Property Management	Ceased 2018-2019
20	Adhoc Services	Ceased 2018-2019



SERVICE REVIEW PROGRAM

During 2024-25, Norfolk Island Regional Council introduced its first Service Review Framework to provide a structured and transparent way to examine how core services operate and where improvements may be possible. The program brings together information from the major service areas and establishes a consistent approach for planning and undertaking reviews to assess efficiency, performance and long-term sustainability. It also combines data, insights and operational knowledge to provide a clear picture of how Council services are performing.

Each review draws on input from all levels of the service through operational 'Day in the Life' observations that capture practical experience from staff working in the field. The service review process also provides for targeted community engagement where proposed changes may influence service delivery or community outcomes.

In 2025-26 Council will apply this process across areas such as Electricity, Telecom, Airport, Fire Services, Waste, Wastewater, Roads, Tourism and Customer Care. The outcomes will identify what is working well, highlight areas for improvement and guide future decisions on how services can be delivered in a sustainable and transparent way.

Through this program, Council aims to support continuous improvement, strengthen the way services are delivered and help ensure they continue to meet the needs of the Norfolk Island community.



STATUTORY REPORTING

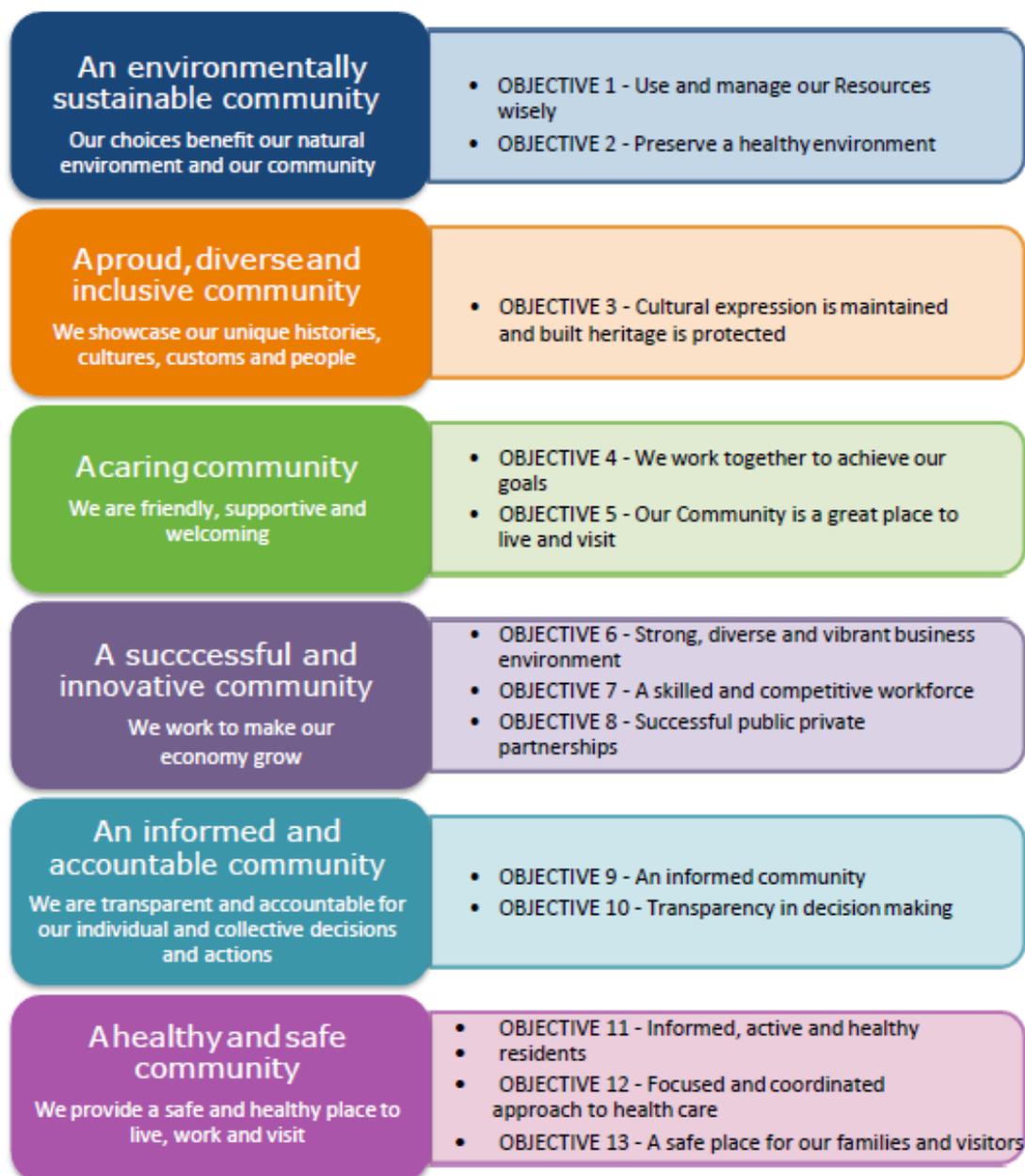


STATUTORY REPORTING

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

1.1 Delivery Program and Operational Plan

Below is an extract from the Norfolk Island Community Strategic Plan 2016-2026



1.2 Professional Development of Administrators

There has been no professional development undertaken in 2024-2025.

1.3 Overseas visits – Administrators, Staff or Representatives of Council

There has been no overseas travel undertaken in 2024-2025.

1.4 Fees and Expenses for the Administrators

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

Details	GPFS Note E1-1 Category	Amount (\$)
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		
Administrators' Allowance	Short-term benefits	152,904
Administrators' Superannuation	Post-employment benefits	15,736
TOTAL		168,640
Accommodation, Travel and Incidentals	Not applicable	33,038
GRAND TOTAL		201,678



1.5 General Manager and Senior Staff Remuneration

General Manager Remuneration

Norfolk Island Regional Council employed a General Manager during the financial year from 1 July 2024 - 31 July 2024 with a total remuneration package of \$587,631 and an Acting General Manager from 1 August 2024 - 30 June 2025 with a total remuneration package of \$309,455.

Details	GPFS Note E1-1 Category	General Manger Amount (\$)	Acting General Manger Amount (\$)
Total value of the salary component of the package	Short-term benefits	149,966	278,832
Total bonus, performance or other payments that do not form part of the salary component	Termination benefits	424,973	Nil
Total amount payable by the Council by way of the employer's superannuation contribution	Post-employment benefits	12,692	30,623
Total value of any non-cash benefits for which the employee may elect under the package	Not applicable	Nil	Nil
Total amount payable by the Council by way of fringe benefits tax for any such non-cash benefits	Not applicable	Nil	Nil

Senior Staff Remuneration

Norfolk Island Regional Council employed the following Senior Staff positions with a total remuneration package of (\$888,604):

- Manager Corporate Services
- Manager Planning and Environment
- Manager Infrastructure Services
- Manager Economic Development (until 31 July 2024)
- Manager Customer Care

Details	GPFS Note E1-1 Category	Amount (\$)
Total value of the salary component of the package	Short-term benefits	708,319
Total bonus, performance or other payments that do not form part of the salary component	Termination benefits	83,743
Total amount payable by the Council by way of the employer's superannuation contribution	Post-employment benefits	96,542
Total value of any non-cash benefits for which they may elect under the package	Not applicable	Nil
Total amount payable by the Council by way of fringe benefits tax for any such non-cash benefits	Not applicable	Nil

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

Norfolk Island Regional Council is committed to fostering a workplace that reflects and respects the diversity of our community. We support the principles and merits of a full Equal Opportunity Program and Employment process across all aspects of our operations. Our goal is to be an employer of choice by attracting, developing, and retaining talented individuals from all backgrounds.

Our commitment to providing equal employment opportunities and creating an inclusive, respectful, and supportive work environment. It ensures that all employment practices are free from discrimination and promote fairness, equity, and diversity.

Our activities are guided by the following principles:

- **Equity:** All individuals are treated fairly and with respect, regardless of their background or personal characteristics.
- **Inclusion:** We value and embrace diversity in all its forms, including but not limited to race, ethnicity, gender, age, disability, sexual orientation, religion, and cultural background.
- **Merit-Based Employment:** Recruitment, selection, promotion, and development decisions are based on merit, qualifications, and performance.
- **Cultural Competence:** We actively promote multiculturalism and social justice principles in our workplace culture and service delivery.

We recognise that diversity strengthens our organisation. We are committed to:

- Identifying and removing barriers to employment for individuals from traditionally underrepresented or disadvantaged groups.
- Creating pathways for people with disabilities, culturally and linguistically diverse communities, and others who may face systemic barriers.
- Promoting flexible work arrangements to support work-life balance and inclusion.



1.6 Activities Undertaken to Implement the Equal Employment Opportunity (EEO) Management Plan (Cont'd)

Responsibilities:

- **Managers and Supervisors** are responsible for modelling inclusive behaviours, and addressing any breaches.
- **Employees** are expected to treat others with respect and contribute to a positive and inclusive workplace.
- **Human Resources** will monitor compliance, provide training, and support inclusive recruitment and development practices.

Discrimination, harassment, bullying, and victimisation are not tolerated under any circumstances. These behaviours are contrary to our ICARE values and may be unlawful under applicable legislation, including:

- *Racial Discrimination Act 1975 (Cth)*
- *Sex Discrimination Act 1984 (Cth)*
- *Disability Discrimination Act 1992 (Cth)*
- *Australian Human Rights Commission Act 1986 (Cth)*
- *Workplace Gender Equality Act 2012 (Cth)*
- *Age Discrimination Act 2004 (Cth)*

Employees who believe they have been subjected to discrimination or unfair treatment are encouraged to raise their concerns through the Council's grievance resolution procedures. All complaints are handled confidentially, fairly, and without retaliation.



1.7 Public Access to Information

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

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

For the reporting period 1 July 2024 to 30 June 2025 there were 36 FOI applications received.

Quarter	Number Received	Number Finalised	Number where full access was granted
Q1	3	23	1
Q2	9	7	1
Q3	7	6	1
Q4	17	11	4
TOTAL	36	47	7

More information in relation to Council's FOI process can be found on Council's website at link: <https://www.nirc.gov.au/Corporate-finance/Governance/Freedom-information>.

The website also contains a disclosure log of documents, where access has been granted.

1.8 Legal proceedings

Amounts incurred by the Council during the year in relation to legal proceedings taken by or against the Council (including amounts, costs and expenses paid or received by way of out of court settlements, other than those the terms of which are not to be disclosed) and a summary of the state of progress of each legal proceeding and (if it has been finalised) the result: \$342,650.

1.9 Financially Assisting Others – Community Grants Program

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

For the 2024-2025 reporting period the total funding made available under the program is \$0.

- Number of applications received = 0
- Number of applications approved = 0
- Total value of funding to the community = \$0

1.10 Externally Delegated Functions

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

1.11 Controlling Interests

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

1.12 Council's Participation in Partnerships, Corporations or Joint Ventures

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

1.13 Contracts Awarded in Excess of \$150,000

Details of each contract awarded by the Council during the 2024-2025 financial year for amounts greater than \$150,000 (except employment contracts – contracts of service).

Name of Contractor	Date	Nature of Goods or services provided	Total amount payable (or estimates to be payable) under the contract
Online 3	6 November 2024	Variation to the contract for managed IT services for Norfolk Island Regional Council	688,000
Toll Remote Logistics	29 January 2025	Supply of bulk fuel for a period of three (3) years	8,000,000 (estimate over three years)
Cottle's Crusher and Concrete	26 February 2025	Removal and crushing of rock at Young's Quarry	1,783,000
Redond Gary Australia	1 May 2025	Supply of a truck-mounted elevated work platform	637,445
Telstra	9 June 2025	Installation of a digital radio network	1,114,096



1.14 Rates and Charges Written Off During the Year

There was no abandonment of rates during this reporting period and no small debt amounts that is less than \$2.00 written off at the end of the financial year. All other outstanding rates and charges were carried forward to the 2025–2026 financial year.

1.15 Environmental Upgrade Agreements

The Norfolk Island Regional Council has not entered into any Environmental Upgrade Agreements in accordance with any requirements imposed under s406. (*Local Government Act 1993* (NSW) (NI) s54P).

1.16 Report on Capital Works Projects

The following capital works were undertaken during the financial year.

- Road infrastructure replacement - \$1.3M
- Youngs Road Quarry Rock (Blasting and Inventory Production) - \$1.8M
- Purchase of Lighterage Vessels - \$2.3M
- Sewer Treatment Plant Upgrade (Design) - \$0.5M
- Digital Radio Network Installation - \$1.1M

1.17 Works on Private Land

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

1.18 Report on Special Variation Expenditure if Required to do so by the Instrument Made by the Minister

There has been no special variation expenditure in the 2024–2025 financial year.



1.19 Other Statutory Reporting Requirements

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

- Detailed statement on activities relating to enforcing and ensuring compliance with the Companion Animals Act and Regulation [*Companion Animals Act 1998* (NSW) and Companion Animals Regulation 2008 (NSW) do not apply to Norfolk Island].
- Particulars of compliance with and effect of planning agreements in force during the year [*Environmental Planning and Assessment Act 1979* (NSW) does not apply to Norfolk Island].
- Councils must prepare an annual report on the public authority's obligations under the *Public Interest Disclosure Act 1994* (NSW) for submission to the Minister responsible for the public authority. A copy of the report is to be provided to the Ombudsman. [*Public Interest Disclosure Act 1994* (NSW) and Regulation do not apply to Norfolk Island].
- Councils considered to be 'human service agencies' under the *Carers Recognition Act 2010* (NSW) (i.e. councils that provide services directed at carers and/or people being cared for by carers) must report on compliance with the Act for the reporting period [*Carers Recognition Act 2010* (NSW) does not apply to Norfolk Island].
- Recovery and threat abatement plans – Councils identified in a plan as responsible for implementation of measures included in the plan, to report on actions taken to implement measures as to the state of the environment in its area [*Fisheries Management Act 1994* (NSW) does not apply to Norfolk Island].
- Information on the implementation of Council's Disability Inclusion Plan [*Disability Inclusion Act 2014* (NSW) does not apply to Norfolk Island].
- Details of inspections of private swimming pools [*Swimming Pools Act 1992* (NSW) does not apply to Norfolk Island].
- A statement detailing the stormwater management services provided (if levied) – not levied by Council.
- A statement detailing the coastal protection services provided (if levied) – not levied by Council.

1.20 Audited Financial Reports

Audited Financial Reports for the 2024–2025 financial year were received at Council's Ordinary Meeting held 29 October 2025 as part of Resolution No. 2025/171 and are provided as an appendix to this report.

Please see Appendix 2.

APPENDIX 1

ANNUAL ACTIVITY TO DELIVER THE OPERATIONAL PLAN 2024-2025



Year End Summary and Q4 Performance Report

The Operational Plan is a key plan for our Council, which translates our priorities and services, set out in our Delivery Program, into measurable actions for the financial year.

The corporate planning process supports leadership and innovation by both council and community fostering discussion about funding priorities, service levels, our local identity, as well as planning in partnership for a more sustainable future. This report provides a snapshot of the organisation's performance in delivering the actions outlined in Council's annual Operational Plan.

The following report provides an operational snapshot and key achievements within the four Service areas: Corporate and Finance, Planning and Environment, Infrastructure Services, and Customer Care.

2025 Year End Summary

At the close of the period 37% of the overall plan's programs and initiatives are currently in progress and on track, 1% are currently delayed or At Risk, 13% of programs and initiatives are discontinued and 49% of programs are complete.

The Delivery Program

As part of the new governance framework, the development of a new Delivery Plan will need to be considered within the first few months of Administration ending, when such time arises. Council will continue to report quarterly on the Operational plan.

Summary of Status

The graphics below provide a summary of the status of the four Strategic areas of Council.

1. Corporate and Finance
2. Infrastructure Services
3. Planning and Environmental Services
4. Customer Care

Overall Summary



Image: Overall Summary

Note: Due to a reorganisation of portfolios, Economic Development is not included as a strategic area for 2024-25.

Overall Summary

The Overall summary provides a summary of the Status of all Tasks across the four Strategic Areas.

The graph provides the breakdown into Status sections, as follows:

ON TRACK The Task is currently on track and in process.

AT RISK The Task has been temporarily stalled or is awaiting additional planning or resourcing to continue.

COMPLETED The appropriate action and steps have been undertaken, and the Task has been successfully completed.

DISCONTINUED Activities that have been put on hold, deferred or will no longer be delivered.

Strategic Area Summary

The Plan Summaries provide a summary of the status of the Tasks that sit within each of the four individual Strategic Areas.

The graphs provide the status breakdown in line with the four status descriptions above.

Strategic Area 1

Owner: John Sevil



Operational Area: 9 Task: 45 KPI (Activity): 49

CORPORATE SERVICES

Strategic Area 4

Owner: Scott Hackney



Operational Area: 10 Task: 41 KPI (Activity): 55

INFRASTRUCTURE SERVICES

Strategic Area 3

Owner: Cheryl (Sarlu) LeCren



Operational Area: 10 Task: 33 KPI (Activity): 61

CUSTOMER CARE

Strategic Area 5

Owner: Tara Patel



Operational Area: 4 Task: 29 KPI (Activity): 38

PLANNING & ENVIRONMENTAL SERVICES

Project Updates

A copy of the end of the year end Summary and Q4 performance Report progress report, along with previous progress reports can be located on Council's website at the following link:

<https://www.nirc.gov.au/delivery-program>

NORFOLK ISLAND REGIONAL COUNCIL ACHIEVEMENTS

This section provides an outline of Norfolk Island Regional Council's achievements in implementing its Operational Plan and progress throughout the year.

Planning and Environment

Emily Bay Water Quality Testing

In 2024–25, Council kept our community and visitors informed by carrying out weekly water quality testing at Emily Bay, Lone Pine and Slaughter Bay and openly sharing Enterococci MPN/100ml results and updates with the community via the NIRC website and Facebook, ensuring transparency and community confidence.

During the cooler months, heavy rain and stormwater runoff events temporarily impacted water quality. Council provided timely updates so even the bravest winter swimmers could make safe, informed choices.

At the same time, Council continued routine testing at key creek and waterway locations around the Island. Testing not only provides a snapshot of a waterway's health, monitoring helps identify potential sources of pollution, protect public health, and safeguard our unique island ecosystems by keeping a close watch on freshwater systems.

Together, these efforts not only protect public health but also compliments Norfolk Island's natural beauty.

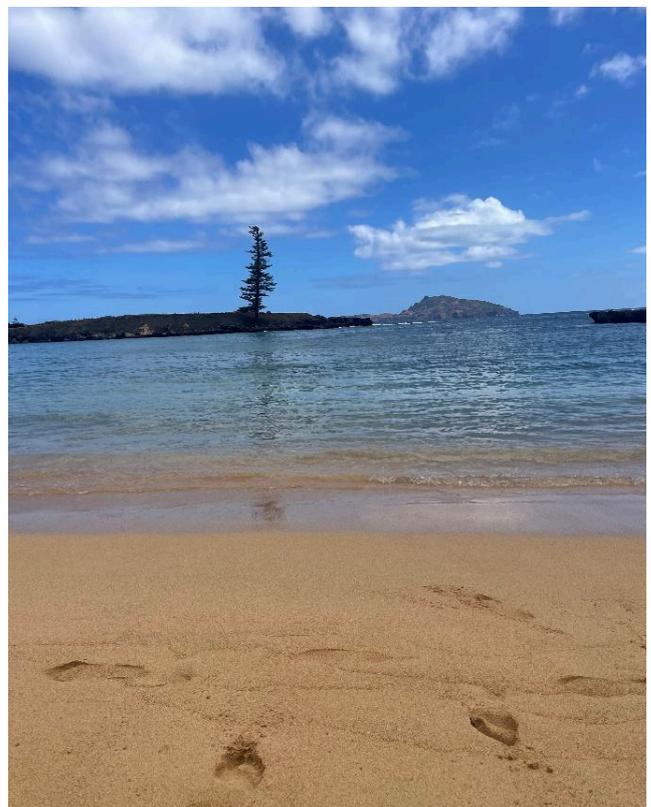


Image: Emily Bay

Desalination Plant

Council continued to strengthen Norfolk Island's drought resilience through the operation and maintenance of the Desalination Plant at Cascade Bay.

This critical resource provided a secure supply of high-quality water during the 2024/25 drought, ensuring no household was without water, while public standpipe supplies remained available for livestock and agricultural needs. Council worked closely with water carters, supplying water produced through the desalination plant to customers around the Island. Approximately 1.6 million litres of desalinated water was produced for the community between January and April 2025.



Image: Desalination Kliplock Tank, Cascade

Declining rainfall in recent decades, driven in part by climate change, has heightened the Island's water security vulnerability. In 2024, Norfolk Island recorded only 653.8 mm of rain, well below the long-term mean of 1,288.8 mm. Between August 2024 and April 2025 only 327.2 mm of rainfall was recorded, underscoring the urgent need for robust drought management strategies.

Given Norfolk Island's isolation and the high cost of importing water, building self-reliance through secure local supplies such as desalination is essential to safeguarding the community's future water security.

Looking ahead, NIRC is exploring opportunities to expand capacity and integrate desalination more effectively into Norfolk Island's long-term drought management plan.

These efforts strengthen the Island's resilience, reduce reliance on limited groundwater, and protect the community against future climate variability.

Water Tank Satellite Monitoring

NIRC introduced satellite-connected tank level monitors, Agbot, on several key NIRC water resources.

This system provides real-time data via a mobile app, allowing Environment and Infrastructure staff to remotely track water levels and respond quickly to supply pressures.

Together, these initiatives strengthen Norfolk Island's self-reliance, reduce dependence on groundwater, and ensure that both the community and agriculture can withstand future drought conditions.



Image: Agbot mobile satellite data dashboard



Image: Norfolk Island's iconic Fish Fry

Food Safety

In 2024–25, NIRC achieved a record number of registered and inspected food outlets, with 139 licences issued across the Island. This included all progressive dinner operators and market stall vendors, ensuring that every part of Norfolk Island's diverse food scene meets high standards of food safety and compliance.

These efforts not only help keep our community safe but also protect the strong reputation of Norfolk Island's local food producers.

By maintaining high food safety standards, Council supports public health while giving both visitors and residents confidence to enjoy the Island's unique food experiences.

Wastewater Management Strategy

In 2025, Council formally adopted the Wastewater Management Strategy (WMS), setting a clear direction for protecting public health and the environment. The Strategy provides a framework for infrastructure planning. Identifying risks and opportunities, ensuring that wastewater challenges are effectively managed across the Island.

By implementing the principles of the WMS, Council is reducing the risk of contamination in ground water and recreational areas, protecting both water quality and fragile ecosystems.

The Strategy also supports residents and businesses through education and guidance, helping the community play an active role in managing on-site wastewater systems.

This long-term approach strengthens Norfolk Island's resilience and safeguards the Island's natural environment for future generations.

Sewage Treatment Plant Upgrade

The Sewage Treatment Plant (STP) upgrade design project continues and is an important component in safeguarding public health and protecting Norfolk Island's environment.

The upgrade will modernise wastewater treatment processes, improve system reliability, and ensure compliance with environmental standards.

Once complete, the upgraded STP will help to protect our marine parks, and support sustainable improvements by providing wastewater infrastructure that meets the needs of residents, businesses, and visitors.

This project forms a cornerstone of Council's long-term strategy to deliver safe, resilient, and environmentally responsible wastewater services for the Norfolk Island community



Image: Rotating Biological Contactors (RBC) - Wastewater treatment plant

Compostable Nappy Trial

Norfolk Island Regional Council and Revolve Your World sponsored a three-week trial of Eenee compostable nappies and wipes at Banyan Park Early Learning Centre.

The trial was a great success, with staff highly rating the nappies and finding the compostable nappy products easy to use and functional. As a result of the excellent trial outcomes, Banyan Park continues to use compostable nappies and wipes.

The three-week trial used more than 900 compostable nappies which diverted around 184kg of sanitary waste exported for landfill. This swap saves around 3 tonnes of sanitary waste having to be exported to landfill every year!



Image: Bulky Waste Area

Argentine Ants Eradication Program Update

In the 24-25 financial year, the program has successfully eradicated Argentine Ants from two zones, with two more identified for declaration in the coming year, proving with the right treatments and technologies eradication is possible.

The trials of Kermit, a protein bait recently included in the program, and new drone technologies, are showing promising results especially on cliff and difficult to access areas. Treatments using Kermit are showing drastic reductions in Argentine Ant populations after 3 treatments, while significantly reducing the risk to bees as the bait is protein based rather than sugar.

These areas have always been a barrier in achieving eradication and suppression, so this is a major step forward. We've also been working with other departments and specialists in designing tailored treatment options for around sensitive fauna. While this is early stages it's promising to see that treatment can continue while still minimising impact to non-target species.

Enviro Program

The Environment Program through the support of the nursery, volunteer groups, weed control programs, planting days, and coordinated pest control have ensured that the sensitive flora and fauna of Norfolk Island has remained protected through the islands driest period on record followed by it's wettest.

In difficult growing conditions, the NIRC supported nursery was able to maintain a surplus of 1,600 plants and over 25 species ready for community planting days and public space plantings once conditions allowed.

The reserves have been seeing biodiversity milestones reached through vigilant weeding programs and propagation of plants, both transplanted and existing. The weeding has been a team effort between the volunteer groups staying on top of small weeds in reserves and contracted weed control removing woody weeds to allow native regrowth.

Norfolk Island Conservations Volunteers (NICV) alone spent 1200 hours in the reserves, covering an area of 5,000 Acres, while removing thousands of bags of weeds.

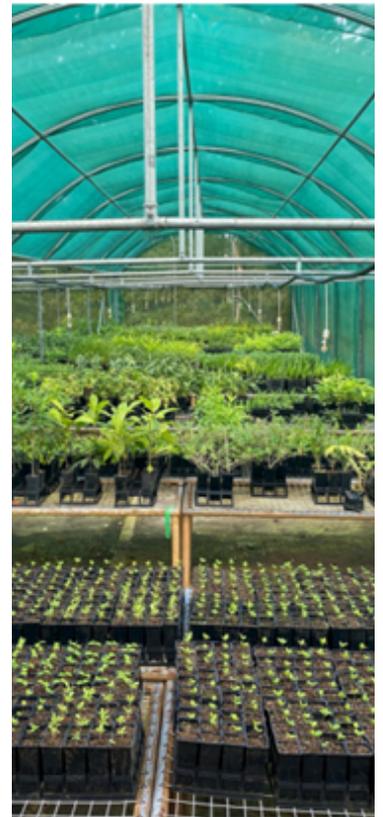


Image: Nursery



Image: Volunteers, NIRC, Norfolk Island National Park working together on a planting in 100 Acres

This year we were able to incorporate efforts from the Norfolk Island National Parks - Restoring the Bounty Project team in assisting our engaged contractors to weed control previously inaccessible areas within Ball Bay and follow that work up with planting in excess of 700 native plants, greatly increasing the biodiversity of the area.

This partnership has also benefitted with assisted Pest Control in our reserves across the island. With coordinated trapping, baiting, and removal we have protected endangered and endemic species of land snails as well as other animal species.

In a few targeted reserves we have been working on improving access for both workers and the community through making safe access pathways. The goal being to allow for better management of those natural areas while increasing community utilisation of the natural areas of the reserves.

Customer Service

Tourism Australia's Best Beaches Announcement 2025

People are starting to notice the best small island in the world. We know exactly how beautiful our beaches are, and we think they're incomparable, and now the world is catching up!

Australia is spoilt for choice when it comes to stunning beaches, but in the annual Top 10 Best Beaches list, released by Brad Farmer AM and Tourism Australia, Emily Bay on Norfolk Island has been crowned the third best beach in Australia.

It's the first time Norfolk Island has featured in this ranking, proving what locals have always known - this place is something special. A perfect horseshoe-shaped cove framed by towering Norfolk Pines, Emily Bay is more than just a pretty postcard. The crystal-clear bay, sheltered by a coral reef, invites lazy afternoon floats, effortless snorkelling, and unhurried moments of pure bliss. There's no rush here - just inviting, shallow waters lapping golden sand, and time moving at a gentler pace. "I have a soft spot for Norfolk Island, and I'm absolutely thrilled about its top three ranking this year, it really is a hidden gem hiding in plain sight. Many Australians don't realise there is a South Pacific Island paradise in their backyard," said beach expert, Brad Farmer AM.

Just 35 square kilometres, with endless history, culture and stories, this is a destination where history, nature, and culture intertwine, where locals wave at every passing car, and where cows have the legal right of way on winding country roads. But what truly sets Norfolk Island apart is its raw, unspoiled beauty - coastlines that take your breath away, rolling hills dotted with free-roaming cows, and an island way of life that invites you to pause, breathe, and soak it all in. Locals, of course, have long known how special Emily Bay.



Image: Emily Bay Lagoon

The Norfolk Island Tourism HUB

This dedicated platform – a key milestone of the Norfolk Island Tourism Strategy 2024 – 2027 is the go-to resource for essential tools, insights and assets to help you promote, market and share the story of our island. Designed specifically for local operators, media and industry partners, the Hub provides easy access to resources, strategic insights and opportunities to collaborate with the NI Tourism Team.

New Tourism Branding for 2025

Following extensive consultation and direct feedback from members of the community and industry partners, a new look Norfolk Island Tourism Brand was launched this year. This achievement would not have been possible without the incredible contributions of our community and industry partners, whose insights and invaluable feedback have helped create something we can all be proud of.

The new brand embodies the essence of Norfolk Island, by celebrating the iconic Norfolk Pine as a living emblem of Norfolk Island's identity - Strong, Graceful and Enduring. It represents the island's deep connection to its natural surroundings, cultural heritage, and timeless way of life. With this fresh look, vibrant identity, and thoughtful storytelling, the new brand helps visually bring to life the Tourism Industry Future Vision to position Norfolk Island as a boutique South Pacific Island destination for high value, low impact modern travellers of all ages.



Image: Tourism Branding

Australian Tourism Exchange - (ATE) 27 April – 1 May 2025

ATE is Australia Tourism's premier event bringing together the countries tourism businesses, wholesalers and key travel sellers from around the world to connect via scheduled appointments and a range of networking events.

The 2025 ATE was recently held at the Brisbane Convention & Exhibition centre. During the four days a total of 60,000 appointments were made between tourism experiences and destination with international travel buyers.

The feedback was positive with many of the meetings generating strong leads and opportunities for tourism growth.

Norfolk Island Radio

Following governance and legislative changes in 2016, the Broadcasting Services Act 1992 (CTH) was extended to Norfolk Island which required Radio Norfolk to be registered with the ACMA (Australian Communications and Media Authority) and hold the relevant broadcasting licence. The difficulty in achieving this registration and licence was that Radio Norfolk was owned and operated by the Norfolk Island Regional Council, a body politic, and the broadcasting legislation does not allow registration by a government entity.

Radio Norfolk was already a member of the Community Broadcasting Association of Australia (CBAA) and they advised that a community broadcasting licence would be the best fit, reflecting the goals of Council; however, in order for Radio Norfolk to apply it would need to form an incorporated association separately to Council, with the establishment of a board / committee to provide oversight and transparency.

ACMA would only accept applications from companies that are formed in Australia or in an external Territory and that represent community interest.

On 9 June 2023, Norfolk Island Radio Pty Ltd (NIR) was established as a not-for-profit, company limited by guarantee for the sole purpose of providing for the delivery of an ongoing community broadcasting service on Norfolk Island beyond June 2025, when Council's community broadcasting licence was due to expire. Council could not apply for an extension of its licence beyond June 2025 in accordance with the Broadcasting Services Act 1992.

A transfer application was submitted to ACMA seeking transfer from Council to Norfolk Island Radio Pty Ltd on October 2024. The transfer application was approved by ACMA on 28 November 2024.

Norfolk Island Regional Council is the sole member of Norfolk Island Radio Pty Ltd, with the original Directors of Norfolk Island Radio being Andrew Roach, Mike Colreavey and Phil Reid.

In August 2024 an Expression of Interest was released to replace Mr. Roach and Mr. Colreavey as Directors. The NIR Board at their September 2024 Board meeting approved a recommendation to Council, in its capacity as sole member of NIR, recommending John Kenny and Brent Adams for appointment as company directors.

In March 2025, Council received notification that the community broadcasting licence had been renewed for a further 5 years until June 2030.

In June 2025, a service level agreement was finalized between Norfolk Island Regional Council and NIR for the provision of staff, services and funding for operational purposes via a Council grant.

History on the move

For NIRC records staff and their offsideers, relocating over one thousand archive boxes was all in a day's work.

The project saw the transfer of 1,300 archive boxes of ANI/NIRC records from Guard House New Military Barracks to ANZCAN, Anson Bay. The move was part of Commonwealth requirements, with NIRC relocating the last of the historical Norfolk Island records along with their shelving to Anson Bay.

These records are vital to the organisation and community to assist in understanding past decision-making, agreements entered into and as historical records of projects and lands across the Island, going back as far as the 1930's. Special care was taken to relocate and rehouse the records in their new home to ensure their safekeeping for many years to come.



Image: Staff organising records



Image: Council's records storage area

Infrastructure Services

Road Projects

From July to December 2024, road reconstruction works were undertaken on New Farm Road in several stages between Country Road and Bumbora Road. This large project has dramatically improved the road user experience on this section for residents and tourists alike.



Image: New Farm Road

Rock Stockpiles

Over the last six months, the Roads Depot has started to see improved stockpile levels to allow ongoing operational repairs and start to undertake capital works including road reconstruction as part of the FY 2025-26 capital programme.



Image: Middlegate Road



Image: New Farm Road

Tar Seal

In June 2025, the Roads Team undertook a trial using tar emulsion sprayed as a seal-only layer over on Middlegate Road. This rejuvenation of the road surface sees that most moisture will run off the road, rather than soaking into the road and opening up new potholes. Based on lessons learnt from the trial of this treatment, on roads of varying condition, we will continue to use and evaluate this treatment across the Island where deemed appropriate.

As an example of how successful this treatment can be in the right locations, since June 2025, Middlegate Road had only seen two potholes form after a couple of months instead of the typical hundreds that would form during wet weather. It is positive action that assists in buying time; as the reactive fixing of potholes has very significant time and material costs, and restricts time spent on proactive maintenance and road reconstructing works.

Potholes

Road repairs typically require a couple of dry days after each rain event before potholes have adequately dried to enable repair. Unfortunately, each day of rain pushed out the timeline for reaction maintenance on all roads. This maintenance also requires a steady supply of road making material, which has not been available until more recently, playing a significant role in the general decline of the condition of many roads.

Due to these factors, the condition of the roads across the island unfortunately deteriorated significantly during the financial year due to materials committed to the important road reconstruction project on New Farm Road. However, towards the end of the financial year Youngs Quarry started to provide enough rock to the crushers to replenish stockpiles. This then allowed road maintenance to begin to address potholes across the Island.

Since May 2025, material outgoings have indicated that the same materials used to repeatedly fix potholes could have reconstructed or re-sheeted significant segments of road. Whilst it is acknowledged that securing resources and funding can be and will continue to be an issue on the Island, there is evidence that suggests prior approaches in maintaining the roads has not provided effective outcomes for the community, as most roads on the Island would typically be scheduled for resurfacing or replacement well before their current levels.

With that in mind we have looked at changed methods on works prioritisation procedures to improve how roads are targeted for maintenance dependent on factors such as level of use, topography, tourism, resources available and hierarchy within the road system. Alternate road maintenance options were also devised to provide better value for the community and improving the longevity of the roads until they can be scheduled for maintenance, rehabilitation or renewal.



Image: Pothole patching

Airport Operations: Commitment to Safety and Preparedness

In November 2024, the Norfolk Island Airport Emergency Committee convened to review and strengthen emergency preparedness under the Civil Aviation Safety Regulations and Part 139 Manual of Standards (MOS). The meeting focused on refining the Aerodrome Emergency Plan (AEP), confirming agency roles, and updating critical contact details and maps.

A key outcome was the scheduling of a desktop emergency exercise for December 2024. This exercise will test coordination among airport operations, emergency services, and supporting agencies, ensuring readiness for scenarios such as aircraft incidents on land or at sea. The proactive approach reinforces Norfolk Island Airport's commitment to compliance with MOS Part 139 and to safeguarding passengers, staff, and the community.

Throughout the year, airport operations continued to meet regulatory requirements, maintaining a high standard of safety and reliability for all aerodrome activities.



Image: Coulson Aviation Lockheed C-130H Hercules aircraft

Fire Services: Strengthening Our Team for the Future

Despite a challenging start to the financial year, Norfolk Island Fire Service achieved a significant milestone with the successful negotiation and signing of its Enterprise Agreement. This agreement brings our firefighters' conditions in line with industry standards on mainland Australia, ensuring fair recognition for the vital work they perform.

The resolution of this agreement has paved the way for renewed stability and growth. With improved conditions now in place, the Service is actively moving toward recruiting additional staff to strengthen emergency response capability for the Norfolk Island community.

This achievement reflects the commitment of both the Fire Service and the Norfolk Island Regional Council to maintaining a professional, well-supported emergency service that meets national standards while serving the unique needs of our island.

Facilities Management

Council facilities and built infrastructure continues to be an important and significant part of Council's Asset Management.

Drought resilience and water sustainability has been a focus for the sector with maintenance primarily targeting roof repair works and installation of new guttering for reliable rain water collection. A series of maintenance and construction projects were carried out to drought proof council buildings with repairs for roofs, guttering, downpipes, and water tanks maintenance to manage overflow and water collection. In prioritising these critical maintenance and construction projects Council aims to ensure drought resistance and operational continuity of council buildings. Included in this exercise are the following Council buildings and locations:

- Rawson Hall & Supper Room
- Works Depot garages and warehouses including Stores
- Liquor Bond building
- Power House
- Electricity Office Shed
- ANZCAN building

New Water collection tanks were installed at the Council owned and managed accommodation at the Taylors Roads (TR) Units with three (3) new above ground tanks to increase water storage capacity by an extra 260,000 ltrs. TR Units houses a number of teachers under tenure at the Norfolk Island Central School on behalf of the Queensland Education Department, plus personnel and contracting resources outsourced due to shortages on-Island.



Image: Water tanks at TR Units

Ports Management

The year saw a strong focus on workplace health and safety risks and improvements, with a Commonwealth government audit highlighting areas needing attention. As a result, the Council has set about establishing stakeholder forums, redrafting Traffic Management Plans, creating the Port Operations Manual and the establishment of the role of Port Operations Supervisor. There is a quarterly Ports Management Committee meeting, this was established this financial year, and includes staff from Council, Border Force, Biosecurity, Lighterage, Transam (Stevodores) and the Norfolk Island Police Force. The aim of this Committee is to coordinate operations at the port(s) during cruise and cargo ship days, to ensure information flow and all regulatory requirements are met and all operations are conducted in a safe manner.

Two new Cargo Transfer Vessels (CTV), were successfully and safely delivered to the Island from the manufacturer. These vessels were funded under a Commonwealth grant, they are to undergo sea trials and, following familiarisation with the Lighterage team, will be in operations, unloading cargo ships before Christmas 2025. The use of these vessels aids with ongoing sea freight reliability for the island. Also, future proofing the island to be able to carry 20-tonne 20-foot containers, with one of the benefits being to enable the export of some of the island's waste in this manner. The larger working platforms of the new vessels allow for greater safety for the lighterage workers. Their design also includes removable bulwarks on the front and back to facilitate the carriage of longer cargo, such as roofing sheets or power poles, in addition to containerised cargo.

There was a school competition to name the two CTV's and Year Two twins Phoenix and Jax Evans won. The vessels were named Trumpi and Oefi - local names for two of Norfolk Islanders' favourite eating fish.

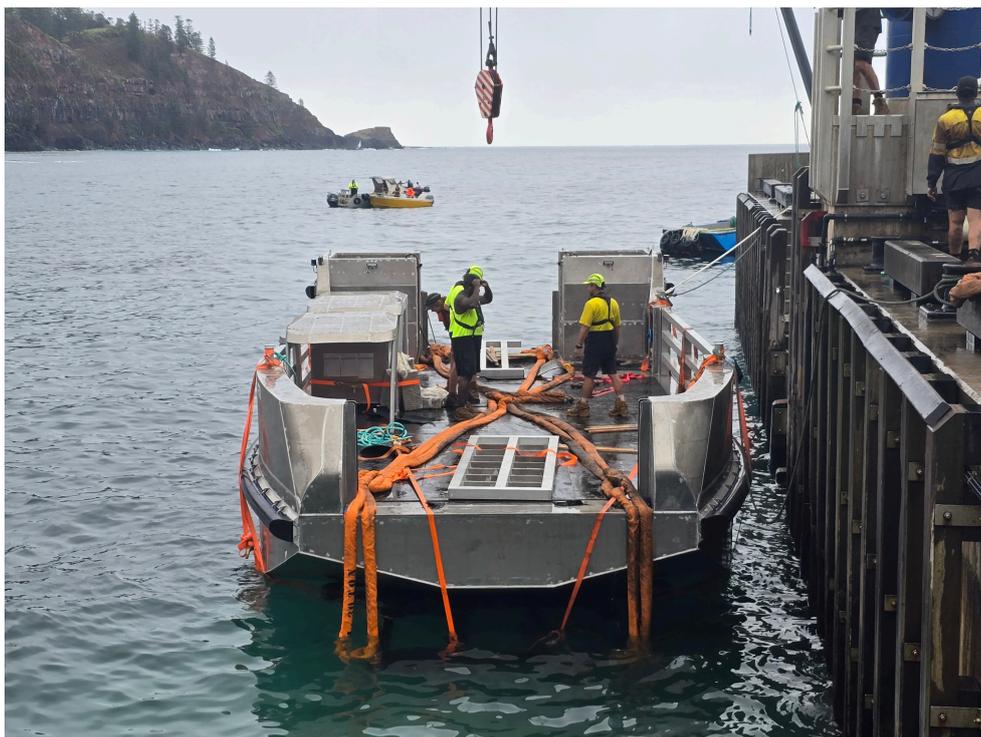


Image: Cargo Transfer Vessel (CTV)

Electricity

Unlike other councils, NIRC owns and is responsible for the operation and generation of the Island's power supply. The Council supplies electricity to just over 1,600 customers through a mix of diesel generators and a 2.5MWh Tesla battery, supported by customer-owned solar and battery systems.

This financial year saw a large increase of solar and battery investments across the Island. This had a positive impact on Council's diesel consumption; dropping from 1,590,079 litres in the 2022-23 financial year down to 1,116,538 litres this financial year.

Work in this financial year has seen the ongoing replacement of aged power poles and servicing on high voltage equipment to ensure this essential service is provided to the community. Installation of metering on network transformers has commenced to aid in the study of, and to maintain, network stability; this work will continue next financial year.

Electricity partnered with the Commonwealth on the KAVHA sewer upgrade project and installed new transformers at Emily Bay and the Cenotaph.



Image: Tesla battery at Powerhouse

Corporate and Finance

Financial Results

Council experienced challenges during the financial year ended 30 June 2025 which resulted in a net operating deficit of \$4.84m (as compared to a \$0.5m Original Budget estimated surplus). The primary drivers of this deficit are: 1) approximately \$4.0m in budgeted grant revenue was not received and 2) Council incurred various one-off costs in the first quarter of the financial year that were also not budgeted. As part of Council's efforts to minimise the deficit, cost reduction measures were introduced, although their full impact will not be recognised until the 2025-26 financial year. Efforts, such as comprehensive service reviews, are underway to bring Council into a state of long-term financial sustainability, although some degree of additional ongoing grant funding will be needed to support local government operations.

Council's Long Term Financial Plan (LTFP) was updated for the 2025-26 financial year and published to the community on 25 June 2025 as part of the FY 2025/26 operational plan materials. The LTFP forecasts a declining financial position for Council over the next ten (10) years due to recurring operating revenues being insufficient to offset recurring operating expenses plus asset renewal obligations. Council currently has a significant backlog in renewal of its fixed assets and annual operating income only represents, on average, slightly more than half of the cash needed to fund the required annual renewals.

NIRC Audit Program

Norfolk Island Regional Council's audit environment incorporates an annual external audit, an ongoing internal audit program, along with quarterly meetings of the Audit, Risk and Improvement Committee (ARIC).

External Audit

Council's external auditors, Forsyths Chartered Accountants, were appointed on 12 August 2022 for a six-year period. Forsyths issued a modified audit opinion on the 2024-2025 General Purpose Financial Statements on 21 October 2025 as a result of uncertainty around Council's outstanding liability associated with the management of waste removal.

Internal Audit

Council continues to engage Pacifica Chartered Accountants to undertake the internal audit function. Internal audit reports and findings are regularly discussed with management, Council and the Audit, Risk and Improvement Committee (ARIC).

Audit, Risk and Improvement Committee

The Audit, Risk and Improvement Committee (ARIC) met four (4) times during the 2023-2024 financial year on the following dates, all of which included discussion of the Quarterly Work Program:

- Wednesday, 11 Sep 2024
- Monday, 18 Nov 2024
- Friday, 28 Feb 2025
- Thursday, 5 June 2025

Several new members joined the Committee during the 2024-25 financial year:

- Kathryn Campbell
- Joseph Vescio (resigned 26 My 2025)
- Timothy Cronin

In addition to the work conducted as per the Audit, Risk and Improvement Committee's Annual Work Plan, the meetings are also attended by Council's external auditors (Forsyths), internal auditors (Pacifica), members of senior management and Council's administrators, as required.

Other Projects

Corporate and Finance played a key role in supporting various other strategic and operational Council initiatives during the 2024-25 financial year:

- Pursuant to Resolution No. 2025/4, Council engaged with an independent consulting firm to seek advice related to electricity tariffs, pricing levels and billing arrangements. This work was completed in June 2025 and presented to Council in July 2025.
- A new departmental staffing model was implemented during the 2024-25 financial year which returned most of Council's day-to-day finance processes, such as accounts payable and receivable to Norfolk Island from Brisbane.
- The department helped to upskill the organisation by facilitating financial literacy and ERP system training sessions, as well as improving access to financial data for internal end-users.
- Staff deployed a purchasing card tracking software which allows Council cardholders to receipt and reconcile transactions more easily and quickly.

APPENDIX 2

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



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:

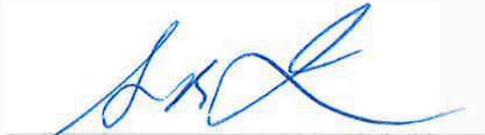
- the *Local Government Act 1993* (NSW) (NI) (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and professional pronouncements, and
- the *Local Government Code of Accounting Practice and Financial Reporting*.

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

	Notes	Actual 2025 \$	Actual 2024 \$
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

	Notes	Actual 2025 \$	Actual 2024 \$
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

	Notes	2025			2024		
		Accumulated surplus \$	IPPE revaluation surplus \$	Total equity \$	Accumulated surplus \$	IPPE revaluation surplus \$	Total equity \$
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	C1-6	–	–	–	–	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			
<i>Receipts:</i>			
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
<i>Payments:</i>			
(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	(2,031,824)	11,225,838
Cash flows from investing activities			
<i>Receipts:</i>			
–	Proceeds from sale of IPPE	70,922	–
6,015,000	Grants, subsidies, contributions and donations	–	–
<i>Payments:</i>			
(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	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.

	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

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

	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	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			
Proceeds from disposal – plant and equipment	C1-6	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			
Less: carrying amount of infrastructure assets sold/written off	C1-6	–	(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				

continued on next page ...

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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 \$
(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 \$
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	4,520,772	4,976,581

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

By aggregated asset class	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
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	846,683	(116,327)	730,356	–	–	–	–	–	(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
		Stormwater assets	
Water and sewer assets		Drains	80 to 100
Dams and reservoirs	80 to 100	Culverts	50 to 80
Bores	20 to 40	Flood control structures	80 to 100
Reticulation pipes: PVC	70 to 80		
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
		Other infrastructure assets	
Transportation assets		Bulk earthworks	20
Sealed roads: surface	20	Swimming pools	50
Sealed roads: formation	Indefinite	Unsealed roads	20
Unsealed roads	20	Other open space/recreational assets	20
Bridge: concrete	100	Other infrastructure	20
Bridge: other	50		
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

Notes	2025 Current Actual \$	2025 Non-current Actual \$	2024 Current Actual \$	2024 Non-current Actual \$
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	<u>2,425,259</u>	<u>–</u>	<u>2,326,526</u>	<u>–</u>

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
	\$	\$
<p>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.</p>		
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 < 5 years \$	≥ 5 years \$	Total \$
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 \$	Overdue debts 0 - 30 days \$	31 - 60 days \$	61 - 90 days \$	> 91 days \$	Total \$
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 \$	payable in: ≤ 1 Year \$	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)

		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	2025	2024
Notes		\$	\$	\$	\$	\$	\$	\$	\$
Recurring fair value measurements									
Infrastructure, property, plant and equipment									
	C1-6								
		30/06/2023	30/06/2023	16,301,350	16,301,350	–	–	16,301,350	16,301,350
		30/06/2023	30/06/2023	–	–	21,992,614	20,753,288	21,992,614	20,753,288
		30/06/2024	30/06/2024	–	–	–	4,289,610	–	4,289,610
		30/06/2024	30/06/2024	–	–	117,749,151	142,847,126	117,749,151	142,847,126
		30/06/2024	30/06/2024	–	–	–	903,600	–	903,600
		30/06/2024	30/06/2024	–	–	5,165,852	5,393,200	5,165,852	5,393,200
		30/06/2024	30/06/2024	–	–	6,514,638	35,190,054	6,514,638	35,190,054
		30/06/2020	30/06/2020	–	–	10,732,711	12,552,553	10,732,711	12,552,553
		30/06/2024		–	–	30,735,600	–	30,735,600	–
		30/06/2024		–	–	10,611,671	–	10,611,671	–
		30/06/2024		–	–	22,093,793	–	22,093,793	–
				16,301,350	16,301,350	225,596,030	221,929,431	241,897,380	238,230,781
Total infrastructure, property, plant and equipment									

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

continued on next page ...

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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 \$
--	----------------------	----------------------

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: customer care@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) (NL)*, 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

ARMIDALE

121 Rusden Street
PO Box 114
Armidale NSW 2350
Phone 02 6773 8400
Fax 02 6772 9957
armidale@forsyths.com.au

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”

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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.

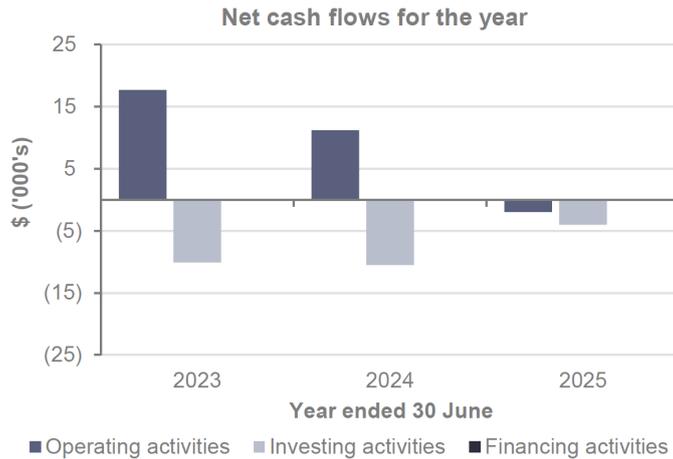
- an increase of \$1.8 million in materials and services expenditure mainly due to increased telecom costs relating to new license renewals
- offset by an increase of \$2.5 million to user charges and fees due to increased aerodrome and electricity charges.

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.

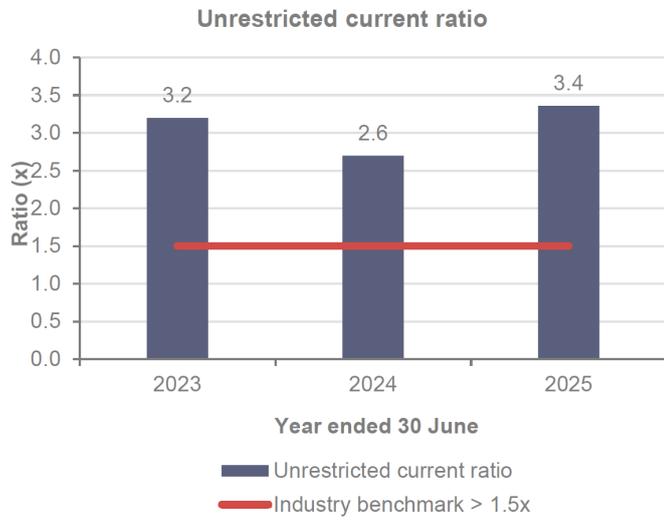
The Council met the industry benchmark for the current reporting period. The improvement is predominately attributable to decreases in grant funding received during the year as well as increases to aerodrome and electricity charges.



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.

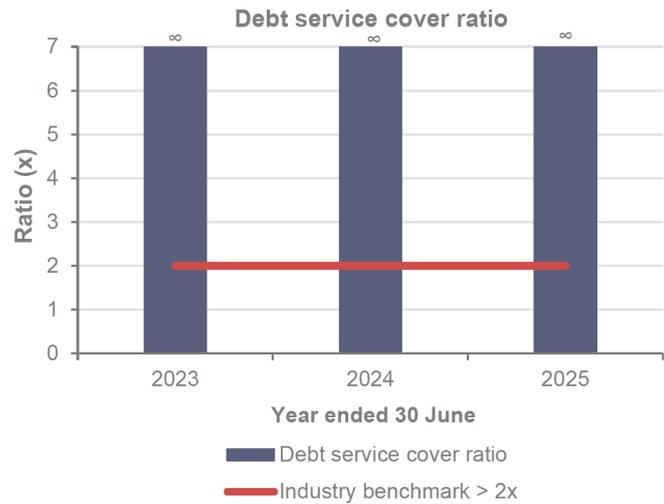
The Council exceeded the OLG industry benchmark for each of the three reporting periods analysed.



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.

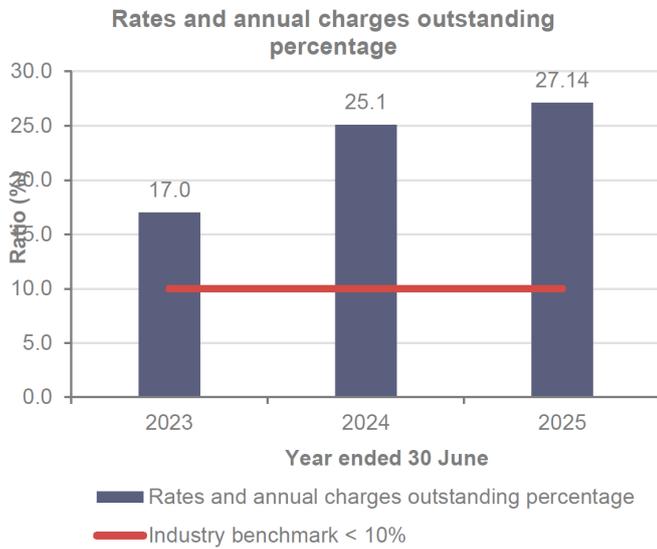
Council has no debt arrangements, and therefore exceeds the industry benchmark for the reporting period.



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.

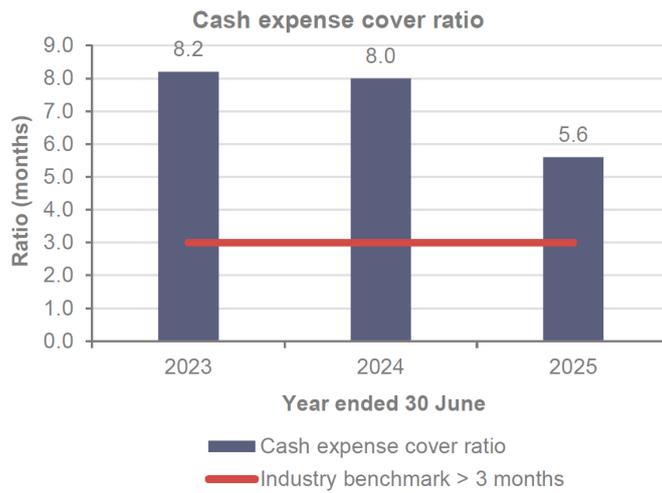
The Council has not met the industry benchmark in any of the three reporting periods analysed.



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

APPENDIX 3

SPECIAL FINANCIAL SCHEDULES FOR THE YEAR ENDED 30 JUNE 2025



Norfolk Island Regional Council

Permissible income for general rates

	Notes	Calculation 2024/25 \$	Calculation 2025/26 \$
Notional general income calculation ¹			
Last year notional general income yield	a	1,770,687	1,916,415
Notional general income	c = a + b	1,770,687	1,916,415
Permissible income calculation			
Percentage increase	d	8.23%	3.50%
Plus percentage increase amount ²	f = d x (c + e)	145,728	67,146
Sub-total	g = (c + e + f)	1,916,415	1,983,561
Total permissible income	k = g + j	1,916,415	1,983,561
Less notional general income yield	l	1,916,415	1,983,561
Catch-up or (excess) result	m = k - l	-	-
Carry forward to next year	p = m + n + o	-	-

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) The 'percentage increase' is provided for informational purposes only as the applied legislation does not subject Norfolk Island Regional Council to NSW "rate-pegging".

Scott Hackney
Acting General Manager
Norfolk Island Regional Council
PO BOX 95
NORFOLK ISLAND 2899

24 October 2025

AGREED-UPON PROCEDURES REPORT ON PERMISSIBLE INCOME

We have performed the procedures instructed by Norfolk Island Regional Council ('the Council') and described below with regard to the Permissible Income for the year ending 30 June 2026.

Responsibilities of the Council

The Council has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Council is responsible for the subject matter on which the agreed-upon procedures are performed.

Agreed-upon procedures

Our engagement was undertaken in accordance with the ASRS 4400: *Agreed-Upon Procedures Engagements to Report Factual Findings*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Council, and reporting the findings, which are factual results of the agreed-upon procedures performed. We take no representation regarding the appropriateness of the agreed-upon procedures.

The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed is that of the Council. The following procedures were performed solely to assist you in evaluating the truth and accuracy of the Permissible Income:

- a) Review land value reconciliation and ensure the rates applied to land value are based on source information and reasonable
- b) Assess 5 land value reconciling items including non-rateable and split lots agree to supporting documentation
- c) Agree rate per land value, minimum rate for each category to approved council minutes and approved operational plan/fees and charges schedule
- d) Agree rating amounts per schedule to rates ledger report showing software calculation of rates especially agree rates per category (commercial, residential, etc)

- e) Review calculation of permissible income for general rates to determine that the reported permissible income is in accordance with inputs.

Because the above procedures do not constitute either an audit in accordance with Australian Auditing Standards or a review in accordance with Australian Auditing Standards applicable to review engagements, we do not express any assurance on the attached Permissible Income.

Had we performed additional procedures or had we performed an audit in accordance with Australian Auditing Standards or a review in accordance with Australian Auditing Standards applicable to review engagements, other matters might have come to our attention that would have been reported to you.

Findings

The results of our agreed upon procedures are as follows:

- (a) We obtained and reviewed land value reconciliation as at 30 June 2025 against Valuer General Supplementary List.

Council’s system reconciles with the Valuer General Supplementary List as at 30 June 2025 as shown below:

	Valuer General	Council System	
Listing Date	Land Value	Rateable land	Non-rateable land
30 June 2025	\$471,787,017	\$470,587,017	\$1,200,000

- (b) Assess 5 land value reconciling items including non-rateable and split lots agree to supporting documentation.

We selected a sample of 5 reconciling land values including non-rateable and split lots.

For each of the 5 selected we were able to validate their exclusion from the rateable land listing.

- (c) We have obtained permissible income workings for 2025-26 and agreed rate per land value, minimum rate for each category to approved council minutes and approved operational plan/fees and charges schedule.

We have agreed all minimum rates per category included within the permissible income workings included within the GENERAL RATES – 2025-26 Rates Modelling workpaper to the operational plan for 2025-26 approved 25 June 2025.

We have agreed rating amounts per schedule to rates ledger report showing system calculation of rates and agreed rates per category.

The rates levied per Council’s rating system differs to the total permissible income work papers as shown below:

	Permissible Income	Rates Levied	Variance
Rating amounts	\$1,983,561	\$1,960,870	\$22,691

We confirmed that the difference is due to the Commonwealth funded portion of pensioner concession rebates that is covered by the Service Delivery Agreement.

- (d) We reviewed calculation of permissible income for general rates for 2025-26 to determine that the reported permissible income is in accordance with inputs.

We did not identify any instances where the permissible income of \$1,983,561 was not calculated in accordance with the inputs within the General Rates – 2025-26 Rates Modelling workpaper.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or distributed to any other party. This report relates only to the Council’s Permissible Income for the year ending 30 June 2026 specified above and does not extend to any other financial information of the Council taken as a whole.



Forsyths Business Services Pty Limited



Jacob Sauer
 Principal

Norfolk Island Regional Council

Report on infrastructure assets as at 30 June 2025

Asset Class	Asset Category	Estimated cost		2024/25 Required maintenance ^a	2024/25 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost					
		to bring assets to satisfactory standard	to bring the agreed level of service set by Council					1	2	3	4	5	
		\$	\$	\$	\$	\$	\$						
Buildings	Buildings – specialised	8,276,400	8,276,400	635,000	232,329	21,992,614	49,493,495	9.0%	4.0%	70.0%	16.0%	1.0%	
	Sub-total	8,276,400	8,276,400	635,000	232,329	21,992,614	49,493,495	9.0%	4.0%	70.0%	16.0%	1.0%	
Airport runway	Sealed roads	–	–	78,600	100,939	117,749,151	131,284,905	96.0%	4.0%	0.0%	0.0%	0.0%	
	Sub-total	–	–	78,600	100,939	117,749,151	131,284,905	96.0%	4.0%	0.0%	0.0%	0.0%	
Sewerage network	Sewerage network	1,678,500	1,678,500	457,400	117,546	5,165,852	13,171,210	0.0%	26.0%	62.0%	1.0%	11.0%	
	Sub-total	1,678,500	1,678,500	457,400	117,546	5,165,852	13,171,210	0.0%	26.0%	62.0%	1.0%	11.0%	
Other infrastructure assets	Other	2,336,262	2,336,262	84,000	81,046	6,514,638	16,533,711	26.0%	24.0%	36.0%	9.0%	5.0%	
	Sub-total	2,336,262	2,336,262	84,000	81,046	6,514,638	16,533,711	26.0%	24.0%	36.0%	9.0%	5.0%	
Roads and bridges	Roads and bridges	18,400,000	18,400,000	1,053,000	356,117	30,735,600	47,017,919	25.0%	7.0%	28.0%	32.0%	8.0%	
	Sub-total	18,400,000	18,400,000	1,053,000	356,117	30,735,600	47,017,919	25.0%	7.0%	28.0%	32.0%	8.0%	
Telecommunications	Telecommunications	553,000	553,000	233,400	140,754	10,611,671	23,518,007	10.0%	39.0%	49.0%	1.0%	1.0%	
	Sub-total	553,000	553,000	233,400	140,754	10,611,671	23,518,007	10.0%	39.0%	49.0%	1.0%	1.0%	
Electricity	Electricity	26,156,600	26,156,600	348,000	264,780	22,093,793	45,928,400	19.0%	26.0%	13.0%	10.0%	32.0%	
	Sub-total	26,156,600	26,156,600	348,000	264,780	22,093,793	45,928,400	19.0%	26.0%	13.0%	10.0%	32.0%	
Total – all assets		57,400,762	57,400,762	2,889,400	1,293,511	214,863,319	326,947,647	48.2%	11.9%	24.3%	9.0%	6.6%	

(a) Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Norfolk Island Regional Council

Report on infrastructure assets as at 30 June 2025

Infrastructure asset performance indicators (consolidated) *

	Amounts 2025 \$	Indicator 2025	Indicator 2024	Benchmark
Buildings and infrastructure renewals ratio				
Asset renewals ¹	<u>1,865,769</u>	24.96%	0.00%	> 100.00%
Depreciation, amortisation and impairment	<u>7,475,681</u>			
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	<u>57,400,762</u>	26.72%	0.00%	< 2.00%
Net carrying amount of infrastructure assets	<u>214,863,319</u>			
Asset maintenance ratio				
Actual asset maintenance	<u>1,293,511</u>	44.77%	∞	> 100.00%
Required asset maintenance	<u>2,889,400</u>			
Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	<u>57,400,762</u>	17.56%	∞	
Gross replacement cost	<u>326,947,647</u>			

(*) All asset performance indicators are calculated using classes identified in the previous table.

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Scott Hackney
Acting General Manager
Norfolk Island Regional Council
PO BOX 95
NORFOLK ISLAND 2899

24 October 2025

AGREED-UPON PROCEDURES CERTIFICATE ON REPORT ON INFRASTRUCTURE ASSETS

We have performed the procedures instructed by Norfolk Island Regional Council ('the Council') and described below with regard to the Report on infrastructure assets as at 30 June 2025.

Responsibility for the Report on infrastructure assets

The Council has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Council is responsible for the subject matter on which the agreed-upon procedures are performed.

Agreed-upon procedures

Our engagement was undertaken in accordance with the ASRS 4400: *Agreed-Upon Procedures Engagements to Report Factual Findings*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Council, and reporting the findings, which are factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed is that of the Council. The following procedures were performed solely to assist you in evaluating the truth and accuracy of the Report on infrastructure assets:

- a) Reconcile the Report on infrastructure assets to the General Purpose Financial Statements for the year ending 30 June for the following:
 - i. Actual maintenance in total
 - ii. Net carrying amount by asset class sub-total
 - iii. Gross carrying amount by asset class sub-total

- b) Reconcile the Report on infrastructure assets to the relevant adopted asset management plans for each asset class sub-total for the following:
 - i. Estimated cost to bring assets to satisfactory standard
 - ii. Estimated cost to bring to the agreed level of service set by Council
 - iii. Required maintenance
 - iv. Assets in condition as a percentage of gross replacement cost

- c) Report on any data used to prepare the Report on infrastructure assets which has not been reviewed or updated within 5 years of period end.

Because the above procedures do not constitute either an audit in accordance with Australian Auditing Standards or a review in accordance with Australian Auditing Standards applicable to review engagements, we do not express any assurance on the report on infrastructure assets.

Had we performed additional procedures or had we performed an audit in accordance with Australian Auditing Standards or a review in accordance with Australian Auditing Standards applicable to review engagements, other matters might have come to our attention that would have been reported to you.

Findings

The results of our agreed upon procedures are as follows:

- (a) We have reconciled the Report on infrastructure assets to the general purpose financial statements for the year ended 30 June 2025 for the following:
 - i. Actual maintenance in total
 - ii. Net carrying amount by asset class sub-total
 - iii. Gross carrying amount by asset class sub-total.

From our testing no issues were identified.

- (b) We have performed reconciliation of the Report on infrastructure assets to the relevant adopted asset management plans from 2023 for each asset class sub-total for the following:
 - i. Estimated cost to bring assets to satisfactory standard

There is no documentation of estimated cost to bring assets to satisfactory standard in the approved asset management plan for each asset class.

Management confirmed they have not used the approved asset management plans to calculate the estimated cost to bring assets to satisfactory standard.

Alternatively, they have calculated it as the gross replacement cost of all assets within an asset class which at 30 June 2025 had an assigned condition of 4 or 5 as reported in the fixed asset register at 30 June 2025.

- ii. Estimated cost to bring to the agreed level of service set by Council

The estimated costs to bring to agreed level of services differ to the approved asset management plans of Council. Refer to **Table 1** for discrepancies identified between the report on infrastructure (SS7) and the approved asset management plans (AMP).

Management confirmed they have not used the approved asset management plans to calculate the estimated cost to bring to the agreed level of service set by Council.

Management for the purposes of preparing the Report have not differentiated between the estimated cost to bring assets to satisfactory standard and cost to bring to agreed level of service set by Council. See above for management calculation methodology.

iii. Required maintenance

The required maintenance, except for Sewerage network assets, varies from the approved asset management plans of Council. Reconciliation in **Table 1** document the discrepancies identified between the report on infrastructure (SS7) and the approved asset management plans (AMP).

Management confirmed they have not used the approved asset management plans to calculate the required maintenance.

Alternatively, they have used calculations provided by an external consultant, Integran, for each asset class.

iv. Assets in condition as a percentage of gross replacement cost

Our assessment identified that the assets in condition as a percentage of gross replacement cost differ to the approved asset management plans for each asset class reported. Refer to **Table 1** for discrepancies identified between the report on infrastructure (SS7) and the approved asset management plans (AMP).

We have confirmed with management they have not used the approved asset management plans to calculate assets in condition as a percentage of gross replacement cost.

Management have used more up to date information including the condition assessments from the infrastructure revaluations which occurred in 2023-24 and are recorded within Council’s fixed asset register as at 30 June 2025.

- (c) We have reviewed the asset management plans for the following asset classes and note that they were reviewed within 5 years of period end.

Asset Management Plan	Adopted on
Buildings	5 July 2023
Other infrastructure	5 July 2023
Roads and drainage	7 June 2023
Sewerage assets	November 2023

Council’s asset management plans were not updated or created to reflect newly created asset classes as a result of the revaluation in the financial year 2024. We acknowledge that, at the time of preparing this report, asset management plans for the following asset classes are in draft:

- Airport

- Other Infrastructure
- Roads and Drainage
- Electricity
- Telecommunications.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or distributed to any other party. This report relates only to the Council's Report on infrastructure assets as at 30 June 2025 specified above and does not extend to any other financial information of the Council taken as a whole.

Forsyths

Forsyths Business Services Pty Limited

A handwritten signature in black ink, appearing to read "JS", written over a light blue horizontal line.

Jacob Sauer
Principal

Table 1 Reconciliation of Report on infrastructure assets (SS7) and approved asset management plans (AMP)

Asset Class	ii) Est cost to bring to the agreed level of service set by Council (\$)			iii) Required maintenance (\$)			iv) Assets in condition as a % of gross replacement cost									
	SS7	AMP	Variance	SS7	AMP	Variance	condition 1		condition 2		condition 3		condition 4		condition 5	
Buildings	8,276,400	623,100	7,653,300	635,000	80,000	555,000	9%	14%	4%	3%	70%	67%	16%	13%	1%	3%
Sewerage network	1,678,500	346,000	1,332,500	457,400	457,000	400	0%	7%	26%	84%	62%	2%	1%	0%	11%	0%
Roads and bridges	18,400,000	1,200,000	17,200,000	1,053,000	400,000	731,600	25%	6%	7%	9%	28%	38%	32%	37%	8%	10%
Airport runway*	-		-	78,600			96%		4%		0%		0%		0%	
Other infrastructure assets	2,336,262	1,160,000	27,885,862	84,000	302,973	362,427	26%	16%	24%	35%	36%	34%	9%	8%	5%	7%
Telecommunications#	553,000			233,400			10%		39%		49%		1%		1%	
Electricity#	26,156,600			348,000			19%		26%		13%		10%		32%	

* reclassified from Roads as a result of 2024 revaluation

reclassified from Buildings and Other infrastructure assets as a result of 2024 revaluation

APPENDIX 4

ADMINISTRATORS' TERMS OF REFERENCE



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Australian Government

**Department of Infrastructure,
Transport, Regional Development,
Communications and the Arts**

Mr Scott Mason

Via: [REDACTED]

Dear Mr Mason

Amended Terms of Appointment as Norfolk Island Regional Council (NIRC) Administrator

Subsequent to discussions with Phil Reid, Acting General Manager of the Norfolk Island Regional Council, the terms of your appointment have been varied with regards to some administrative processes. I understand you have been consulted regarding these changes and are amenable to them. A copy of the amended terms is attached.

Should you wish to discuss this further, please contact me on [REDACTED] or [REDACTED]

Yours sincerely

Kim Forbes
First Assistant Secretary
Territories Division
December 2024

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TERMS AND CONDITIONS FOR THE APPOINTMENT OF MR SCOTT MASON AS ADMINISTRATOR OF THE NORFOLK ISLAND REGIONAL COUNCIL

Terms to supersede those sent on 5 November 2024.

Introduction

These terms and conditions relate to the appointment of Mr Scott Mason as Lead Administrator of the Norfolk Island Regional Council (NIRC). For the purpose of this document, 'Lead Administrator' is taken to mean the appointed Administrator specified in the *Appointment of Norfolk Island Regional Council Administrators Proclamation 2024* to have and to exercise the functions of the mayor of the NIRC pursuant to subsection 258(1B) of the *Local Government Act 1993* (NSW)(NI).

Role

As Lead Administrator of the Norfolk Island Regional Council (NIRC), Mr Mason will assume all the functions of the NIRC and of a NIRC councillor in accordance with the *Local Government Act 1993* (NSW) (NI), as well as the functions of the mayor of the NIRC as described in that Act. Mr Mason will be supported by another administrator who specialises in financial matters and governance. This additional administrator will have the functions of the NIRC and a NIRC councillor but not those functions of the mayor.

The NIRC has been in administration since 6 December 2021 and is currently in a period of transition following the Australian Government's commitment in April 2024 to implement a bespoke model of local government on Norfolk Island. This new model will involve replacing the NIRC with a new local governance body currently under development. Development of the model is being managed by the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the Department), and led by the Norfolk Island Governance Committee (NIGC). Mr Mason's insights, expertise and experience may be drawn on by the NIGC but he is not expected to be otherwise involved in this work.

Mr Mason's priorities during the term of appointment are:

- Embed and expand upon the progress made by the previous Administrator towards the NIRC's (and, by extension, the new governance body's) capacity for effective and sustainable local government.
- Maintain momentum towards meeting the outstanding recommendations of relevant enquiries and reports.
- Strengthen the relationship between the NIRC and the Norfolk Island community.
- Ensure the Minister and the Department are informed about emerging and ongoing issues and community attitudes on Norfolk Island.
- Prepare the NIRC for transition out of administration. (While it is intended that the NIRC will remain in administration until the new local governance model is established, NIRC should be capable of maintaining effectiveness and sustainability in its current form, should the Minister choose to withdraw it from administration prior to the new governance model being implemented.)

Mr Mason's appointment will commence on 6 December 2024 and end on 31 December 2025. The Minister may terminate the appointment earlier than the given date should circumstances warrant. The appointment may also be extended by negotiation and the consequent making of a further proclamation.

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Mr Mason is expected to commit the necessary time to effectively undertake the role as set out in these terms and conditions. The average time commitment is expected to be two days per week for the period of the appointment. This can be flexibly allocated to meet the needs of the role.

Additionally, travel to Norfolk Island will be required an estimated eight times per year. Visits typically take three days, including travel time, though longer visits may be appropriate to maximise the value of face-to-face engagement with the NIRC staff and community stakeholders.

Reporting

At least once a month, both NIRC Administrators are required to meet by teleconference with the First Assistant Secretary responsible for the Territories Division (FAS Territories).

The Administrators should provide a written Administrators' Report to the Department and the Minister every three months on matters relating to the administration of the NIRC, including updates and information from the Financial Administrator and any emerging issues that may warrant the attention of the Department.

The Administrators should provide a final written Administrators' Report should be provided by the Administrators to the Department by 1 December 2025.

Salary and superannuation

Mr Mason will receive an annual salary of \$104,467.75 (inclusive of GST, if payable). Should the appointment end prior to its full term, or be extended for any period, this salary will be paid pro rata based on the number of weeks in the shortened or lengthened appointment.

Superannuation will be paid at a rate of 11.5%.

Salary and superannuation will be paid by the NIRC on a pay cycle consistent with management of payroll by the NIRC.

Travel, accommodation and reimbursable costs

Flights, accommodation and hire car associated with Mr Mason's travel to Norfolk Island, as well as any other travel necessary for this role, will be managed by the NIRC. NIRC Administrators are entitled to fly business class to Norfolk Island.

Travel expenses such as meals, parking tickets and ride fares will be reimbursed by NIRC, via a per diem payment of \$196.35 per person, for the days which Mr Mason travels to and from Norfolk Island and the days spent on Norfolk Island.

Mr Mason must ensure he does not obtain any private benefit from travel relating to this appointment (for example, benefits accrued under airline loyalty schemes). No arrangements or reimbursements will be made for travel undertaken or proposed to be undertaken by Mr Mason's spouse or partner (if any) in order for his spouse or partner (if any) to accompany him while performing his role.

During visits to Norfolk Island, Mr Mason will be provided with facilities and equipment necessary to fulfil his role, including but not limited to:

- an appropriately furnished room, including office equipment, on the NIRC premises
- stationery items, including notepaper, pens, folders, etc
- office support services, including use of the chamber/committee room for meetings
- manuals and reference material.

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As required, and subject to agreement, Mr Mason will also be provided with telecommunication and/or IT equipment necessary for use during visits to Norfolk Island.

Equipment provided by the Department or the NIRC remain the property of the Department or the NIRC and are to be returned when Mr Mason's appointment ends. They must not be used for personal purposes (except for reasonable incidental personal use), personal benefit or political purposes.

Mr Mason may be entitled to reimbursement of expenses incurred during the course of his appointment that are not related to travel if those costs are reasonably necessary for him to fulfil his role and would not have been incurred in the normal course of events if he had not been appointed. These costs should be discussed with the NIRC prior to payment.

Policies and procedures

Mr Mason must perform this role in accordance with the policies and procedures reflected in the *Local Government Act 1993* (NSW) (NI) which includes the *Model Code of Conduct for Local Councils in NSW*, and if made, procedures of the NIRC.

When working on Norfolk Island, Mr Mason must cooperate with all safety requirements provided for in the NIRC's safety systems and consult with the Department on any matter where he believes an uncontrolled safety risk exists.

Interpretation

These terms and conditions are intended to operate instead of version four of NIRC policy 1.02 'Payment of expenses and provision of facilities to councillors policy' adopted on 21 August 2019 by resolution 2019/155 and any earlier or subsequent versions of that policy.

In the event of an inconsistency between the Act, the policies and procedures to which the NIRC is subject (including those that apply to councillors and/or the Mayor) and/or these terms and conditions, the matter is, as soon as reasonably practicable, to be referred to the FAS Territories or their nominated representative, who will be responsible for resolving the matter.

The NIRC Administrator is not an employee of the NIRC.

Variation

These terms and conditions may only be varied by agreement in writing between the FAS Territories and Mr Mason and any consequent approvals or instruments made by appropriate delegates.

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Australian Government

**Department of Infrastructure,
Transport, Regional Development,
Communications and the Arts**

Mr Gary Mottau

Via: [REDACTED]

Dear Mr Mottau

Amended Terms of Appointment as Norfolk Island Regional Council (NIRC) Administrator

Subsequent to discussions with Phil Reid, Acting General Manager of the Norfolk Island Regional Council, the terms of your appointment have been varied with regards to some administrative processes. I understand you have been consulted regarding these changes and are amenable to them. A copy of the amended terms is attached.

Should you wish to discuss this further, please contact me on [REDACTED] or [REDACTED]

Yours sincerely

Kim Forbes
First Assistant Secretary
Territories Division
December 2024

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• (02) 6274 7111 • infrastructure.gov.au

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TERMS AND CONDITIONS FOR THE APPOINTMENT OF MR GARY MOTTAU AS ADMINISTRATOR OF THE NORFOLK ISLAND REGIONAL COUNCIL

Terms to supersede those sent on 5 November 2024.

Introduction

These terms and conditions relate to the appointment of Mr Gary Mottau as an Administrator of the Norfolk Island Regional Council (NIRC).

Role

As an Administrator of the Norfolk Island Regional Council (NIRC), Mr Mottau will assume all the functions of the NIRC and of a NIRC councillor in accordance with the *Local Government Act 1993* (NSW) (NI). Mr Mottau will be appointed alongside another administrator who will assume these same functions as well as the functions of the mayor of the NIRC pursuant to subsection 258(1B) of the *Local Government Act 1993* (NSW)(NI).

The NIRC has been in administration since 6 December 2021 and is currently in a period of transition following the Australian Government's commitment in April 2024 to implement a bespoke model of local government on Norfolk Island. This new model will involve replacing the NIRC with a new local governance body currently under development. Development of the model is being managed by the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the Department), and led by the Norfolk Island Governance Committee (NIGC). Mr Mottau will provide insights, expertise and experience to the NIGC as required.

Mr Mottau's priorities during the term of appointment are:

- Embed and expand upon the progress made by the previous Administrator towards the NIRC's (and, by extension, the new governance body's) capacity for effective and sustainable local government.
- Improve the NIRC's strategic financial and governance planning and management through strengthening processes and uplifting staff capability. This may include identifying gaps in training and development and making recommendations to the NIRC General Manager on ways they could be filled.
- Work with the NIRC General Manager and staff to increase community understanding about the relationship between council revenue and service delivery.
- Maintain momentum towards meeting the outstanding recommendations of relevant enquiries and reports.
- Prepare the NIRC for transition out of administration. (While it is intended that the NIRC will remain in administration until the new local governance model is established, NIRC should be capable of maintaining effectiveness and sustainability in its current form, should the Minister choose to withdraw it from administration prior to the new governance model being in place.)

Mr Mottau's appointment will commence on 6 December 2024 and end on 31 December 2025. The Minister may terminate the appointment earlier than the given date should circumstances warrant. The appointment may also be extended by negotiation and the consequent making of a further proclamation.

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Mr Mottau is expected to commit the necessary time to effectively undertake the role as set out in these terms and conditions. The average time commitment is expected to be four days per month for the period of the appointment. This can be flexibly allocated to meet the needs of the role.

Additionally, travel to Norfolk Island will be required an estimated eight times per year. Visits typically take three days, including travel time, though longer visits may be appropriate to maximise the value of face-to-face engagement with the NIRC staff and community stakeholders.

Reporting

At least once a month, both NIRC Administrators are required to meet by teleconference with the First Assistant Secretary responsible for the Territories Division (FAS Territories).

The Administrators should provide a written Administrators' Report to the Department and the Minister every three months on matters relating to the administration of the NIRC, including updates and information from the Financial Administrator and any emerging issues that may warrant the attention of the Department.

The Administrators should provide a final written Administrators' Report to the Department by 1 December 2025.

Salary and superannuation

Mr Mottau will receive an annual salary of \$44,771 (inclusive of GST, if payable). Should the appointment end prior to its full term, or be extended for any period, this salary will be paid pro rata based on the number of weeks in the shortened or lengthened appointment.

Superannuation will be paid at a rate of 11.5%.

Salary and superannuation will be paid by the NIRC on a pay cycle consistent with management of payroll by the NIRC.

Travel, accommodation and reimbursable costs

Flights, accommodation and hire car associated with Mr Mottau's travel to Norfolk Island, as well as any other travel necessary for this role, will be managed by the NIRC. NIRC Administrators are entitled to fly business class to Norfolk Island.

Travel expenses such as meals, parking tickets and ride fares will be reimbursed by the NIRC, via a per diem payment of \$196.35 per person, for the days which Mr Mottau travels to and from Norfolk Island and the days spent on Norfolk Island.

Mr Mottau must ensure he does not obtain any private benefit from travel relating to this appointment (for example, benefits accrued under airline loyalty schemes). No arrangements or reimbursements will be made for travel undertaken or proposed to be undertaken by Mr Mottau's spouse or partner (if any) in order for his spouse or partner (if any) to accompany him while performing his role.

During visits to Norfolk Island, Mr Mottau will be provided with facilities and equipment necessary to fulfil his role, including but not limited to:

- an appropriately furnished room, including office equipment, on the NIRC premises
- stationery items, including notepaper, pens, folders, etc
- office support services, including use of the chamber/committee room for meetings
- manuals and reference material.

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As required, and subject to agreement, Mr Mottau will also be provided with telecommunication and/or IT equipment necessary for use during visits to Norfolk Island.

Equipment provided by the Department or the NIRC remain the property of the Department or the NIRC and are to be returned when Mr Mottau's appointment ends. They must not be used for personal purposes (except for reasonable incidental personal use), personal benefit or political purposes.

Mr Mottau may be entitled to reimbursement of expenses incurred during the course of his appointment that are not related to travel if those costs are reasonably necessary for him to fulfil his role and would not have been incurred in the normal course of events if he had not been appointed. These costs should be discussed with the NIRC prior to payment.

Policies and procedures

Mr Mottau must perform this role in accordance with the policies and procedures reflected in the *Local Government Act 1993* (NSW) (NI) which includes the *Model Code of Conduct for Local Councils in NSW*, and if made, procedures of the NIRC.

When working on Norfolk Island, Mr Mottau must cooperate with all safety requirements provided for in the NIRC's safety systems and consult with the Department on any matter where he believes an uncontrolled safety risk exists.

Interpretation

These terms and conditions are intended to operate instead of version four of NIRC policy 1.02 'Payment of expenses and provision of facilities to councillors policy' adopted on 21 August 2019 by resolution 2019/155 and any earlier or subsequent versions of that policy.

In the event of an inconsistency between the Act, the policies and procedures to which the NIRC is subject (including those that apply to councillors) and/or these terms and conditions, the matter is, as soon as reasonably practicable, to be referred to the FAS Territories or their nominated representative, who will be responsible for resolving the matter.

NIRC Administrators are not employees of the NIRC.

Variation

These terms and conditions may only be varied by agreement in writing between the FAS Territories and Mr Mottau and any consequent approvals or instruments made by appropriate delegates.

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APPENDIX 5

MESSAGE FROM THE FORMER ADMINISTRATOR



FORMER ADMINISTRATOR'S MESSAGE

I was NIRC's Administrator during the 2024-2025 reporting period until 5 December 2024.

At the time of my appointment, much of Norfolk Island's solid waste was dumped into the Pacific Ocean at Headstone by, or at the behest of NIRC. Under my administration NIRC stopped that environmentally irresponsible practice and examined alternative waste management solutions.

The 2024-2025 General Purpose Financial Statements include a statement by the Administrators and Management that "NIRC is jointly and severally liable for the obligation to remove waste from Norfolk Island." That statement goes on to reflect on the significant extent of that liability.

There is no legal liability on NIRC to remove the waste from Norfolk Island. I had approved arrangements for large quantities of solid waste to be recovered for reuse with the residual to be stockpiled pending a solution to its disposal. NIRC's attempts to make affordable arrangements to export the residual waste were unsuccessful. NIRC's Auditor has qualified their report on the Financial Statements. If a constructive obligation now lies with NIRC to export the residual waste, it should only be on the basis that there is no alternative solution.

Prior to my departure from NIRC, after I tabled my final Report No 8 to the Minister for Regional Development, Local Government and Territories at the Council meeting on 4 December 2024, Council adopted my valedictory minute and a supporting video describing the key challenges encountered and progress achieved during NIRC's period of administration up to then. Accessing these will provide readers of the 2024-2025 Annual Report with candid insights into the parlous state of NIRC's affairs when it was placed under administration, and into my and then General Manager, Andrew Roach's endeavours to bring NIRC's governance, environmental, asset and financial management arrangements under effective control, and to improve services to the Norfolk Island community.

I commend these to you.

NIRC's 4 December 2024 Council Meeting Minutes:

(Go to: Item 9 Administrator Minute – Valediction; and Council meeting video stream from 1:14:50 to 1:51:20) - Final Report No 8 to the Minister:

<https://www.nirc.gov.au/files/assets/public/v/1/your-council/documents/about-council/report-fit-for-the-future.pdf>

Mike Colreavy

ADMINISTRATOR (6 December 2021 to 5 December 2024)



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