

MEDIA RELEASE

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NORFOLK ISLAND REGIONAL COUNCIL CALLS FOR URGENT REFORM ON DEPRECIATION

The Norfolk Island Regional Council (NIRC) has submitted a comprehensive position paper to the Queensland Local Government Depreciation Taskforce, highlighting the urgent need for policy reform and increased financial support to address the unique challenges of managing depreciation expense in remote communities.

NIRC's submission, endorsed by Council and prepared in response to the Queensland Government's call for input, outlines the significant pressures faced by the Council due to its remote location, ageing infrastructure and limited funding environment. Depreciation, while a non-cash accounting expense, has a profound impact on Council's ability to maintain and renew essential community assets.

Lead Administrator Scott Mason emphasised the importance of sharing Norfolk Island's unique circumstances, stating, "I think it's important that we tell the Norfolk story so that policymakers and decision-makers in Queensland can take into account some of the challenges that exist here." This sentiment is reflected throughout the submission, which details how NIRC's depreciation expense is largely unfunded, contributing to a substantial infrastructure backlog and a limited capacity to generate own-source revenue.

Remote councils like NIRC face higher per capita costs, greater reliance on government grants and unique sustainability challenges compared to urban councils. The Council's 2025–26 budget forecasts an \$8.5 million depreciation expense against a \$4.1 million operating deficit, with nearly half of depreciation unfunded. Over the next decade, anticipated asset renewals exceed \$50 million, far outpacing available resources.

The position paper also features a case study on NIRC's electricity business, which underscores the risks posed by ageing infrastructure and deferred renewals. Critical assets, such as the Island's main power switchboard and transformers, are at or near the end of their useful lives, with replacement costs estimated between \$11 million and \$18.5 million—well beyond Council's current funding capacity.

Financial Administrator Gary Mottau expressed the Council's efforts to provide a clear picture of the situation, noting that, "This position paper includes an Infrastructure Schedule, and I am very pleased and proud for this organisation that we are able to include this schedule."

NIRC is advocating for the indexation of Federal Financial Assistance Grants to ensure funding keeps pace with inflation and rising costs, ongoing Commonwealth support for depreciation on grant-funded assets and full cost recovery for services delivered under Service Delivery Agreements with other levels of government.

NIRC's experience offers valuable insights for the Taskforce as it develops recommendations to enhance the resilience of local governments across Queensland and Australia.

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