



Norfolk Island Regional Council

Meeting with Department Infrastructure, Transport, Regional Development & Communication

Friday 4 December 2020, 9.30 am

Councillors – Cr Robin Adams (Mayor), Cr John McCoy (Deputy Mayor), Cr Rod Buffett, Cr Dave Porter, Cr Lisle Snell, and Andrew Roach (General Manager).

Department – Sarah Vandebroek, First Assistant Secretary, Territories Division; Oliver Holm, Assistant Secretary, JBT and Interagency Engagement and Coordination; Maria Loyman, Norfolk Island Service Delivery and Jim Baldwin, Director, Norfolk Island Infrastructure

Administrator – Eric Hutchinson and Fiona Anderson

Agenda

1	Welcome and Introductions	10 minutes
2	Discussion around Councils Financial Position & findings of the External Audits by Grassroots Connections and Nexia Australia	30 minutes
3	Possibility of Bridging Finance as requested 12 November 2020	15 minutes
4	Departmental issues that need to be raised, if any	25 minutes
5	Summary & close of meeting 11 am	5 minutes



Council Discussion:

Council at its February meeting resolved to pursue the following 9 point Strategic Action Plan items being:

1. Water Security
2. Renewable Power
3. Island Freight
4. Population Strategy
5. Tourism Regeneration
6. Defence Capability
7. Connectivity
8. Environmental Advancements
9. Operational Challenges

They have been, and remain, the focus of this Council in its pursuit of delivering the vision –

“The best small island in the world”

For Council to take a significant step towards being self-sustaining, it believes that delivering two major infrastructure items from the above list will transform this community, make living costs substantially lower, and improve Island life as we know it. They are:

- Cascade Port development – two stages required. Short term will see a construction of temporary groyne and detailed business plan for the construction of long-term solution costing approximately \$500K. The long-term solution estimated cost by 3rd party being \$24M.
- Undersea Cable – Short term cost for development of business case to aggregate demand on Island and map next steps for NBN development – quote received \$150K. Long-term costs estimated currently at \$55M.

By Council calling for the External Audits, a blueprint has now been developed for Council to implement significant changes to its business delivery. This process will take several years to fully implement and comes at a cost that the existing revenue base of Council cannot meet.

Attached is Council’s assessment of the list of recommendations from the two reports, with estimated costs and comments against each of these tasks. The following table summarises the enormity of this challenge for Council:

Assessment	Definition	No.	Estimated Costs
Short	1-3 months	18	\$365,000
Medium	3-12 months	57	\$10,115,000
Long	12 months +	38	\$33,530,000
TOTALS		113	\$44,010,000

**Bridging Finance:**

The identified short-term costs above of just over \$1M, would be in addition to the original request made 12 November 2020 in Canberra. Councils fortnightly payroll amount is approximately \$350,000. Fortnightly creditors run average is \$150K-\$200K. Councils cash position is now being assessed daily and will be formally reported on 16 December. We are still predicting that Council unrestricted cash will be exhausted by end of December.

Council wants to highlight the effect of Covid on our normal operations, as identified in the External reports, was a drop of approximately \$4M in our normal turnover.

External Audit Assessment:

The attached table has been reviewed by Council through informal meetings. We have not adopted any recommendations, nor have we received any community feedback since the reports have been made public.

Recommendations listed in the table appear as follows:

- Recommendations 1- 84 are from the Grassroots Connections report, with the same number against each as per their report (pages 1 – 10 of attached report)
- Recommendations 85-113 are from the Nexia Australia report (pages 10 – 16 of attached report)
- In some cases, not the full recommendation was brought across from the report, but the main point has been. This was only done for efficiency.
- For more detail on each of the recommendations, the Council relies solely on the original report, where key findings should be read to fully understand the intent of the recommendation.
- This document has been developed more as a reporting tool for Council, and not to replace the original reports.
- The Council is providing its assessment of timeframes, which in some cases varies from the original report.
- The Council has made an estimation of the cost to deliver the recommendation.
- The General Manager has provided commentary against each of the recommendations.