

12.2 2021-22 LAND RATE MODEL

SUMMARY

The purpose of this report is to seek approval from Council to place the proposed rating model for 2021-2022 on public exhibition for a period of 28 days.

2021-2022 LAND RATES MODEL – ADMINISTRATOR’S STATEMENT

The report before me today observes that the current suspension of NIRC’s elected governing body is due primarily to the financial position that Council is in, and that Council’s financial sustainability is uncertain into the future, with minimal cash reserves remaining on hand. As a result of recent over-spending patterns, one of which involved the additional allocation of approximately \$4.8M to the airport runway reseal project, NIRC’s working capital is substantially depleted. It is stated in the report that, in the short term, it is incumbent on NIRC, as a minimum, to try and maintain existing services to meet the needs of the community. In reviewing NIRC’s 2019-2020 financial statements, the auditor has expressed concerns about NIRC’s continuing status as a ‘going concern’. These things tell us that something must change for NIRC to be financially sustainable into the future.

The small % rate increases adopted in recent years were insufficient to maintain service levels, let alone to renew NIRC’s ageing and failing assets to the extent now required. Significant steps need to be taken to start improving NIRC’s revenue streams and to provide evidence to the Commonwealth, on which so much reliance has been placed for bail-out assistance, that NIRC itself is taking necessary actions to rectify its financial position.

NIRC needs to start rebuilding its cash reserves immediately, to start renewing its failing assets, and to continue providing adequate services to the community. A degree of catch-up is required after several years in succession of inadequate rate increases.

I am being told that NIRC would, by now, be insolvent but for the unplanned \$3M cash injection received from the Commonwealth in December 2020. Councils elsewhere in Australia do not have the luxury of a Government agency coming to their rescue with endowments on the scale seen here. It cannot be presumed that the Government bail-out that occurred here will occur again without NIRC showing a preparedness to improve its efficiency and the community shouldering a fair share of the costs.

We know that the long-planned rate increase of 1.5% barely covers inflation, that a 5% rate increase will raise an additional \$60K, and that a 10% rate increase will raise an additional \$120K. In the circumstances, a 10% rate increase has been recommended.

I have noted that a 10% rate increase will add \$50 to \$60 to the typical residential rate bill in 2021-2022. Although I am cognizant that any increase will impose unwelcome pressure on ratepayers, from today’s report, and from my own review of NIRC’s financial position, I am persuaded that the recommendation in this report should be adopted. I am also of the view that NIRC must commit to a program of continuous improvement aimed at delivering efficiency gains and I think it is not unreasonable to aim for gains of 5% in that regard in 2021-2022.

With these matters in mind, I hereby resolve as follows:

RESOLUTION 2021/51

The Interim Administrator Resolved the following:

That Council

- (1) Endorses the placing of the proposed 2021-22 rating model with a yield percentage increase of 10% on public exhibition for a period of 28 days, as detailed below:

Category	Base Rate – 10%	Multiplier – 10%
Residential	\$264.00	0.002570898
Business	\$758.00	0.006125609
Farmland	\$220.00	0.001345139
Mining	\$0.00	0.00000000

- (2) Notes that the increase in the Rating Yield percentage being proposed is for 2021-22 and as part of the preparation of the 2021-22 budget, the Council's existing Long Term Financial Plan will be updated to include a review of the assumptions that are used to develop the financial plan forecasts, such as future rate yield percentage (%) increases, and that this report be presented to Council at its December ordinary meeting.
- (3) Asks the General Manager to investigate re-establishment of the calculation and reporting of the Island's Retail Price Index, to be used as a reference for calculating future Rating Yield percentages and Council fees and charges.
- (4) Implements a continuous improvement program aimed at delivering 5% in efficiency gains across the organisation in the 2021 – 2022 Budget to be reported to Council by 30 September 2021.
- (5) That my comments made now, on this subject be recorded in the minutes of this meeting.

CARRIED

2:22pm – Administrator was notified that the Funeral Procession for Duncan Sanderson will be passing Council. Administrator authorised a recess of about 15 minutes before resuming the Council Meeting.

Meeting Adjourned into a short recess.

2:29pm – Council Meeting Resumed after short recess.

13 REPORTS FROM MANAGER ECONOMIC DEVELOPMENT**13.1 MARINE PARKS PROJECT SURVEY RESULTS REPORT****SUMMARY**

The purpose of this report is to inform Council and Community of the results from the Marine Parks survey conducted in March 2021.

RESOLUTION 2021/52

The Interim Administrator Resolved the following:

That the Marine Parks Survey Results Report be noted.

CARRIED**13.2 NORFOLK ISLAND LIQUOR BOND SALES PERFORMANCE REPORT****SUMMARY**

Norfolk Island Liquor Bond (NILB) Sales Performance as at March 2021.

RESOLUTION 2021/53

The Interim Administrator Resolved the following:

That Council notes the Norfolk Island Liquor Bond's performance to date.

CARRIED

14 REPORTS FROM MANAGER SERVICES**14.1 FINAL REPORT ON HANDOVER OF THE WORKERS COMPENSATION SCHEME - EXTERNAL AUDIT FINDING 113****SUMMARY**

The purpose of this report is to provide an update on External Audit Finding No.113 (EAF 113).

RESOLUTION 2021/54

The Interim Administrator Resolved the following:

That Council notes the information provided in the report.

CARRIED**14.2 SERVICES UPDATE****SUMMARY**

The purpose of this report is to provide an update on work in the Services Department.

RESOLUTION 2021/55

The Interim Administrator Resolved the following:

That Council notes the information provided in the report.

CARRIED

15 REPORTS FROM MANAGER PLANNING AND ENVIRONMENT**15.1 PLANNING AND ENVIRONMENT UPDATE****SUMMARY**

The following provides a summary of planning and environment activities for the reporting period. This includes planning and building approvals, waste and environment, public health, and environmental protection and reserves.

RESOLUTION 2021/56

The Interim Administrator Resolved the following:

That Council notes the information provided in the report.

CARRIED**16 REPORTS FROM MANAGER CUSTOMER SERVICE****16.1 RECORDS DIGITISATION PROJECT****SUMMARY**

This report is to provide information in relation to records administered by the Council and, to request support to seek funding to allow the digitisation of records and modification of the Library building to be compliant with National Archives standards for the storage of records.

RESOLUTION 2021/57

The Interim Administrator Resolved the following:

That Council authorises the General Manager to seek funding for the:

- (i) refurbishment of the current Library to meet the standards of National Archives of Australia (NAA) legislation, and
- (ii) digitisation of records.

CARRIED

17 NOTICES OF MOTION

Nil

18 URGENT BUSINESS WITHOUT NOTICE

Nil

19 CONFIDENTIAL MATTERS FOR CONSIDERATION

Nil

20 QUESTIONS FOR THE NEXT MEETING

Nil

Prior to closing, the Administrator made mention of two matters:

- i. Minister Marino announced on the 27 April 2021 an order extending the Interim Administrator's Appointment for another three months from the 5 of May until the 5 August 2021.

- ii. The Public Inquiry has consumed a lot of staff resources issuing numerous summons and subpoenas – which as at end of last week, had occupied around 500 hours of staff time. As a result, the normal business of Council has been affected reducing the size of this business paper, but with the submissions period coming to a close on Friday 7 May – Council officers expect to provide more comprehensive reports to the June Council Meeting.

The next Ordinary Meeting of Council will take place on Wednesday 9 June 2021 at the Norfolk Island Regional Council Chambers commencing at 2:00pm.

There being no further business the Administrator declared the meeting closed at 2:43pm.

I hereby certify that the foregoing is a true record of the Minutes of the Proceedings of the Ordinary Meeting of Council held on Wednesday 5 May 2021.

Submitted to the Ordinary Meeting of Council held on Wednesday 9 June 2021.

NIRC Interim Administrator

Mr. Mike Colreavy

Date

NIRC General Manager

Mr. Andrew Roach

Date