

Message

From: Andrew Roach [andrew.roach@nirc.gov.nf]
Sent: 24/04/2020 6:51:34 PM
To: 'PEARSON Nicole' [Nicole.Pearson@infrastructure.gov.au]
CC: 'HOLM Oliver' [Oliver.Holm@infrastructure.gov.au]; 'FOULDS Alex' [Alex.Foulds@infrastructure.gov.au]
Subject: RE: Information from NIRC to assist me [SEC=UNOFFICIAL]

Hi Nicole,

Responses below as requested in red. I've had to make some estimates for some of the questions, but it is based on data we have after 6 weeks of the State of Emergency:

Prior to COVID-19

- How many staff does NIRC have in total? - 201
- Number of casual staff? 76
- Number of permanent/part time staff? 125

Since COVID-19 began until 17 April 2020:

- How many staff has NIRC completely let go because of COVID? Of these people how many can access jobseeker? All 76 casual staff received their last pay week ending 17/4/20. Of which a small number (15) have received a shift this week. All casuals should be able to access Job Seeker (personal choice though).
- How many staff has NIRC kept on retainer (still employed but no work so on unpaid leave or equivalent)? We have kept all 76 on the books, but have made it clear there is no casual hours until further notice. I am working on 30 June.
- How many are casuals with 12 months or greater service? (* if they were employed by a business entity, would be eligible for Jobkeeper) I don't have that number just yet, sorry. I am unaware of any of our casuals that access to another business entity that would claim job keeper for them. Remembering the majority of businesses on the island have no cash flow now (accommodation/cafes/restaurants).
- How many are casuals with less than 12 months service? (and go to Jobseeker) Again, I don't have that number.

From 18 April 2020 forward until 30 June 2020 how many do you anticipate:

- How many staff has NIRC completely let go because of COVID? Of these people how many can access jobseeker? I have commenced discussions with Council around this number. I am estimating the need to find approximately \$2M in costs till 30 June. That would equate to 20-24 staff
- How many staff has NIRC kept on retainer (still employed but no work so on unpaid leave)? No retainers paid. But the casual pool of 76 would also need to be reduced, probably by 50% - 38. If this occurs, we would work on LIFO principle.
- How many are casuals with 12 months or greater service? (* if they were employed by a business entity, would be eligible for Jobkeeper) Don't have that number.
- How many are casuals with less than 12 months service? (and go to Jobseeker) Don't have that number

Total cost overruns to the airport reseat directly the result of COVID-19 to 30 June 2020? Due to the manner in which Council signed the contract we have two aspects. The secured amount that is wholly funded from the Commonwealth is \$43M. This amount is subject to liquidated damages due to COVID-19 delays. This is at approximately \$140K per day. There is a claim negotiation occurring now for a number of days & additional costs such as accommodation (approximately \$3.7M). The second part of the contract is at Councils risk. It represents the biosecurity costs associated with treating the rock that came to the Island, and the return of equipment. That is somewhere between \$3-\$4M. There is an additional \$2-\$3M in additional works also agreed. Council also engaged Boral to complete some road works whilst on Island which represents a spend of \$5M. The total costs to be borne by Council is \$10-\$12M. This will wipe out Councils reserves. Decisions all made before I arrived!

Total cost to date and anticipated until 30 June 2020 for the additional work NIRC has had to undertake to respond to the COVID-19 emergency? I am still working on this figure for you, as until recently there was no system in place to

capture the total costs. Invoices are now rolling in. Very concerning. I can explain more over the phone on this, as I don't want to put in writing just yet. For example, I received the invoice today to transport passengers from the plane, to customs & briefing by Controller, then to accommodation. They are charging Council \$70 per person for this transfer, and then charge for cleaning of bus as well. That's more than a taxi fare from Brisbane Airport to the city! Council provides approximately \$250K per annum for emergencies, and I think this is nearly exhausted, but I need some time to follow up.

Total cost of lost revenue due to reduced aircraft flying into Norfolk Island? Landing fees will be approximately \$1M less than budgeted. That's \$280K per month (nearly 4 months)

Total cost of lost all other revenue due to loss of fees and income due to COVID-19? (a table of cost is good)

Revenue Item	Normal Annual Amount	Est Lost Amount
Airport	3,319,000	1,080,000
Telecom	3,301,000	990,000
Power	3,975,000	1,189,000
Water	620,000	310,000
Liquor Bond	4,250,000	1,275,000
Fuel & Roads	1,090,000	350,000
Toursim	203,000	97,000
TOTALS – estimated		5,291,000

Any other COVID-19 related costs? If Council cannot find the additional revenue, and we meet all our commitments for the airport and additional roads (contracted), then our financial position will be precarious. I am confident we can work our way out of this situation, but that will mean significant cuts to recurrent expenditure, so that Council can have a sound financial position. That will mean achieving reasonable surpluses for the next 5 years to provide certainty for the next economic challenge for the island. Jobs will need to be shed, primarily from the white collar area, to achieve this. That being said, NIRC's asset base is tired. The commitment for the roads is a great outcome, the airport upgrade and the 4G install are positive. But NIRC's real challenge is the power generation and distribution. These assets are really tired, so much so, that the transformers (6KVW) on the Island are almost impossible to source as the rest of the world are on larger ones (11KVW). The electricity network would cost \$10-\$12M to upgrade to a decent standard, which given our financial predicament, is now even further away than ever.

Sorry to pour my heart out, but use what you need.

Anyway, I hope this helps, and happy to provide anything further you need to strengthen an argument. At Council February meeting, I managed to lock them into a Nine Point Plan, which drove strategic outcomes for the island that would set them on a path of self-sustainability. Here is the link, it was Item 10 in the agenda:

http://www.norfolkisland.gov.nf/sites/default/files/docs/NIRC_Council_Meetings/Agenda/2020-03%20Meeting%20of%20Council%2018%20March%202020%20AGENDA.pdf

I think this is still the driving force for me as General Manager, and one I would like to work closely with you on to achieve, as the end result will mean less dependence on Commonwealth, and better autonomy for the locals.

Thanks again for your support, and have a good weekend.

Best regards,

Andrew Roach

From: PEARSON Nicole <Nicole.Pearson@infrastructure.gov.au>
Sent: Wednesday, 22 April 2020 5:43 PM
To: Andrew Roach <andrew.roach@nirc.gov.nf>
Cc: HOLM Oliver <Oliver.Holm@infrastructure.gov.au>; FOULDS Alex <Alex.Foulds@infrastructure.gov.au>
Subject: Information from NIRC to assist me [SEC=UNOFFICIAL]

UNOFFICIAL

Hi Andrew,

As I mentioned on the telephone earlier, I am working with my colleagues to look at putting forward a case to assist NIRC. I need some facts and figures from you to help me with the arguments. I am hoping that you can tell me the following?

Prior to COVID-19

- How many staff does NIRC have in total?
- Number of casual staff?
- Number of permanent staff?

Since COVID-19 began until 17 April 2020:

- How many staff has NIRC completely let go because of COVID? Of these people how many can access jobseeker?
- How many staff has NIRC kept on retainer (still employed but no work so on unpaid leave or equivalent)?
- How many are casuals with 12 months or greater service? (* if they were employed by a business entity, would be eligible for Jobkeeper)
- How many are casuals with less than 12 months service? (and go to Jobseeker)

From 18 April 2020 forward until 30 June 2020 how many do you anticipate:

- How many staff has NIRC completely let go because of COVID? Of these people how many can access jobseeker?
- How many staff has NIRC kept on retainer (still employed but no work so on unpaid leave)?
- How many are casuals with 12 months or greater service? (* if they were employed by a business entity, would be eligible for Jobkeeper)
- How many are casuals with less than 12 months service? (and go to Jobseeker)

Total cost overruns to the airport reseat directly the result of COVID-19 to 30 June 2020?

Total cost to date and anticipated until 30 June 2020 for the additional work NIRC has had to undertake to respond to the COVID-19 emergency?

Total cost of lost revenue due to reduced aircraft flying into Norfolk Island?

Total cost of lost all other revenue due to loss of fees and income due to COVID-19? (a table of cost is good)

Any other COVID-19 related costs?

Kind regards Nicole

Nicole Pearson

General Manager

Norfolk Island and Mainland Territories
Branch, Territories Division
Department of Infrastructure, Transport,
Regional Development and
Communications

t: 02 6274 7102 | m: 0457 800 444

e: Nicole.pearson@infrastructure.gov.au

GPO Box 594, Canberra ACT 2601



The department proudly acknowledges the Traditional Owners and Custodians of Australia, and their continuing connections to the land, waters and communities. We pay our respects to them and to their Elders past, present and emerging.

UNOFFICIAL

Disclaimer

This message has been issued by the Department of Infrastructure, Transport, Regional Development and Communications. The information transmitted is for the use of the intended recipient only and may contain confidential and/or legally privileged material.

Any review, re-transmission, disclosure, dissemination or other use of, or taking of any action in reliance upon, this information by persons

or entities other than the intended recipient is prohibited and may result in severe penalties.

If you have received this e-mail in error, please notify the Department on (02) 6274-7111 and delete all copies of this transmission together with any attachments.
