NORFOLK ISLAND REGIONAL COUNCIL

I hereby give notice that
an Audit Committee Meeting will be held on:

Date:	**Tuesday, 28 November 2017**
Time:	**2pm**
Location:	**Norfolk Island Regional Council Chambers**

AGENDA

Audit Committee Meeting

28 November 2017

Lotta Jackson

GENERAL MANAGER

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1 WELCOME

2 DISCLOSURE OF INTEREST

3 CONFIRMATION OF MINUTES

3.1 MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 17 AUGUST 2017

Author: **Joy Walker, Executive Manager Governance and Human Resources**

RECOMMENDATION

1. That the Minutes of the Audit Committee Meeting held on 17 August 2017 be received and noted.

2. a) That the Audit Committee notes the draft Interim Management Report and External Audit Plan for the year ending 30 June 2017.

   b) That final reports be provided to the Audit Committee once completed by Pitcher Partners and reviewed by Council's management.

   c) Further discussion between the External Auditors and Council staff to occur next week to agree and finalise the External Audit Plan and Interim Management Report.

3. That the Audit Committee note the 2015/2016 closing letter recommendations progress report.

4. That the verbal report provided by the General Manager be noted and the quarterly review of activities Operational Plan 2016-2017 for the period April to June 2017 be received.

5. a) That Council note the Audit and Risk Committee's concerns that Council's decision not to increase the electricity fees and charges for 2017/2018 as previously adopted by Council on 21 December 2016 "Fully Costed Scenario" will result in Council's electricity business unit increasing the deficit in 2017/2018 from $123K to $533K which must have a significant negative impact on not only the current 2017/2018 electricity budget but the long term financial plan which was developed using the "Fully Costed Scenario". The Audit and Risk Committee is of the view that deficits of this magnitude are not sustainable and action should be taken to rectify the situation.

   b) That the five (5) business units Income and Expenditure information be highlighted and headed as "Business Units" at each quarterly budget review.

   c) That Council document how it will mitigate its key financial risks at the first quarterly financial report.

6. a) That the Audit Committee note the information in this report in relation to risk management and continuous improvement functions currently being undertaken by Council.

   b) That at the next Audit Committee meeting a progress report be provided.

7. a) That the Audit Committee note the information in relation to Council's Risk Management Action Plan for 2016/2017.

   b) That the Audit Committee note the information in relation to the updated review from site visit undertaken in April 2017.

8. The Audit Committee notes the Insurable Risk Report.
9. That the Audit Committee note the documentation in relation to Council's Customer Service Charter, Complaints Handling Policy, Feedback form Customer Service Charter and Complaints Handling Process Flowchart.

ATTACHMENTS

1. Minutes of the Audit Committee Meeting held on 17 August 2017

NORFOLK ISLAND REGIONAL COUNCIL

MINUTES

Audit Committee Meeting

17 August 2017

MINUTES OF NORFOLK ISLAND REGIONAL COUNCIL
AUDIT COMMITTEE MEETING
HELD AT THE NORFOLK ISLAND REGIONAL COUNCIL CHAMBERS
ON THURSDAY 17 AUGUST 2017 AT 2PM

PRESENT: Kelly McFadyen (Chair), Christopher Gallagher (Member), Cr Rod Buffett.

IN ATTENDANCE: Lotta Jackson (General Manager), Shane Nankivell (Acting Group Manager, Corporate/Chief Financial Officer), Joy Walker (Executive Manager, Governance and HR), Bruce Taylor (Group Manager Services), James Gauvin (Consulting Accountant) and Carl Millington (Pitcher Partners – via phone).

1 WELCOME

The Chair welcomed the committee to the meeting and opened the meeting at 2.00pm

2 DISCLOSURE OF INTEREST

Nil

3 CONFIRMATION OF MINUTES

3.1 MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 10 MAY 2017

Moved: Chris Gallagher Seconded: Kelly McFadyen

That the Minutes of the Audit Committee meeting held on 10 May 2017 be taken as read and confirmed.

Carried

4 BUSINESS ARISING FROM MINUTES

Councillor Buffett gave a brief verbal report on his attendance at the Local Government NSW New Internal Audit Familiarisation Seminar held in Sydney. Relevant issues discussed included internal audit functions and changes to laws for Councils.

5.3 INTERIM MANAGEMENT REPORT YEAR ENDED 30 JUNE 2017 AND EXTERNAL AUDIT PLAN YEAR ENDING 30 JUNE 2017

The purpose of these two draft reports are to advise the Audit Committee of Pitcher Partners Interim Management Report and External Audit Plan for the year ending 30 June 2017.

The General Manager advised that to date there has been no discussion with the External Auditor regarding these plans. Carl Millington, Pitcher Partners advised that both documents submitted to the Audit Committee are drafts with further discussion to occur with the General Manager.

The Audit Plan identified key risks to the financial statements and set out the scope and timeframes for the audit. The Committee acknowledged this first financial year audit of NIRC is complex with a significant number of areas of high risk requiring review. Complicating factors include the late finalisation of ANI financial statements for 2015-16, receipt of ANAO audit recommendations with only one month remaining in the financial year, uncertainty over NIRC starting numbers, new financial system implementation, new corporate knowledge and prior year balances not reconciling to financial statements.

The Committee discussed the large body of work to be completed for submission of financial statements by 31 October 2017. The Committee commended Council staff on their efforts to achieve submission of financial statements by 31 October, noting the Committee considers the timeframe to deliver a comprehensive, diligent process unreasonable for factors outside managements control.

Pitcher Partners (Carl) agreed with the Chair's comments and time frame for reporting. Trial balance of the general ledger to be reconciled by the first week of September 2017. By 15 September 2017 a client package of information required by the external auditors will be provided to Council. Draft financials due by 30 September 2017. Local Government Solutions template to be used for financial reporting. External auditors will be conducting an audit from 2 to 13 October 2017 with key personnel being required to be available to assist during this period. Final two weeks will have queries being finalised for reporting.

To facilitate the financial statements being submitted by 31 October, the Committee agreed to hold a meeting by teleconference to review the draft financial statements, draft audit management letter and clearance report in the final week of October 2017. Management are to provide the draft Annual Report out of session for the Committee to review. Management are to provide the papers a minimum of 2 full working days prior to the teleconference.

The Chair commented that the matter of the additional fees is to be discussed between Council staff and the External Auditor in the first instance.

Moved: Kelly McFadyen Seconded: Chris Gallagher

1) That the Audit Committee note the draft Interim Management Report and External Audit Plan for the year ending 30 June 2017.
2) That final reports be provided to the Audit Committee once completed by Pitcher Partners and reviewed by Council's management.
3) Further discussion between the External Auditors and Council staff to occur next week to agree and finalise the External Audit Plan and Interim Management Report.

Carried

5.4 AUSTRALIAN NATIONAL AUDIT OFFICE RECOMMENDATIONS UPDATE

The purpose of this report is to provide the audit committee with an update on the progress that Council has undertaken to address the Australian National Audit Offices (ANAO) recommendations from the 2015-16 closing letter for the Administration of Norfolk Island (ANI). The Acting Group Manager Corporate/Chief Financial Officer discussed the closing letter from ANAO in relation to a number of recommendations attached to the report advising that 5 of the 11 recommendations had been completed.

It was recommended by the Audit Committee that in future progress reports for each audit recommendation, the risk rating be noted, a target implementation date be agreed and a responsible officer be assigned.

Moved: Kelly McFadyen Seconded: Chris Gallagher

The Audit Committee note the 2015/2016 closing letter recommendations progress report.

Carl Millington, left the meeting.

5 REPORTS FROM OFFICERS

5.1 QUARTERLY REVIEW OF ACTIVITIES

The General Manager provided a verbal update on the quarterly review of activities, being the final quarter for 2016-17. A copy of the Quarterly Review of Activities – Operational Plan 2016-2017 for the period April to June 2017 was tabled at the meeting, as this report was only approved by Council on 16 August 2017. Over 90% of planned activities were achieved. Key reasons for the activities that were unable to be achieved were documented. An example provided was the inability to complete all planned road works due to a shortage of rock.

Moved: Kelly McFadyen Seconded: Chris Gallagher

That the verbal report provided by the General Manager be noted and the quarterly review of activities Operational Plan 2016-2017 for the period April to June 2017 be received.

Carried

5.2 LONG TERM FINANCIAL PLAN 2018-2027

Shane Nankivell, Acting Group Manager/ Chief Financial Officer presented the report noting the purpose was to present the updated long term financial plan (LTFP) for 2018-2027 and highlight the key changes from the 2017-2026 LTFP.

The Committee acknowledged that the LTFP for 2018-2027 was prepared using the annual budget for 2017-18 as the baseline year and incorporated the full cost recovery of Council's 5 business units. The Committee acknowledged that the LTFP 2018-2027 was adopted by Council at its June 2017 general meeting. The Committee noted that Council's decision to reduce the revenue from electricity fees and charges from what was budgeted results in a $533k deficit.

The Committee discussed other key financial risks affecting the LTFP including the funding of $33 million for airport works, delayed adoption of the airport fee increase, difficulty in accessing capital grants and uncertainty in the timing and value of the Financial Assistance Grant.

The Committee is of the view that the LTFP for 2018-2027 does not represent the long term financial position of NIRC.

The Committee expressed its concern that the budgeted net result for 2017-2018 of $1.9 million had already significantly eroded and sought to understand what action Council intended to take to avoid a deficit result.

RECOMMENDATION

Moved: Chris Gallagher and Kelly McFadyen Seconded: Councillor Rod Buffett

Moved: Chris Gallagher and Kelly McFadyen Seconded: Councillor Rod Buffett

a) That Council note the Audit and Risk Committee's concerns that Council's decision not to increase the electricity fees and charges for 2017/2018 as previously adopted by Council on 21 December 2016 "Fully Costed Scenario" will result in Council's electricity business unit increasing the deficit in 2017/2018 from $123K to $533K which must have a significant negative impact on not only the current 2017/2018 electricity budget but the long term financial plan which was developed using the "Fully Costed Scenario". The Audit and Risk Committee is of the view that deficits of this magnitude are not sustainable and action should be taken to rectify the situation.

b) That the five (5) business units Income and Expenditure information be highlighted and headed as "Business Units" at each quarterly budget review.
c) That Council document how it will mitigate its key financial risks at the first quarterly financial report.

Carried

On behalf of the Audit Committee the Chair, Kelly McFadyen thanked Shane Nankivell for all the work done on the financials and Civica and wished him the best in his next role.

5.5 RISK MANAGEMENT - PROGRESS REPORT

Joy Walker, Executive Manager Governance and Human Resources presented the report advising that Council adopted a monthly Executive Team, Managers and Team Leaders meeting framework in early June 2017 to address any work health and safety risk activities.

Moved: Kelly McFadyen Seconded: Councillor Buffett

That The Audit Committee note the information in this report in relation to risk management and continuous improvement functions currently being undertaken by Council.

That at the next Audit Committee meeting a progress report be provided.

Carried

5.6 RISK MANAGEMENT ACTION PLAN 2016/2017

Joy Walker, Executive Manager Governance and Human Resources presented the paper advising that previous Council staff provided information to the Council's insurers referred to as the Risk Management Action Plan (RMAP) 2016/2017 for the insurers purpose of preparing its insurance renewal for Workers Compensation policies. A copy of the plan was not available.

A brief overview of the work site visits conducted in April 2017 was provided to the Committee.

Moved: Kelly McFadyen Seconded: Councillor Buffett

1) That the Audit Committee note the information in relation to Council's Risk Management Action Plan for 2016/2017.

2) That the Audit Committee note the information in relation to the updated review from site visit undertaken in April 2017.

Carried

5.7 INSURABLE RISK REPORT

Joy Walker, Executive Manager Governance and Human Resources presented the paper advising the Committee of insurable risks that are covered by multiple policies placed through Jardine Lloyd Thompson and Statewide Mutual.

The Committee discussed claims performance and acknowledged that future analysis of claims, trends and risk insights would occur subject to staff resourcing

Moved: Kelly McFadyen Seconded: Chris Gallagher

The Audit Committee notes the Insurable Risk Report..

Carried

5.8 CUSTOMER SERVICE CHARTER

Joy Walker, Executive Manager Governance and Human Resources and Shane Nankivell, Acting Group Manager/ Chief Financial Officer presented the Customer Service Charter and Complaints Handling Policy which has been adopted by Council.

The Committee discussed how complaints and compliments would be utilised for continuous improvement and acknowledged that analysis of trends would occur once more data was available to undertake a meaningful review.

Moved: Kelly McFadyen Seconded: Chris Gallagher

That the Audit Committee note the documentation in relation to Council's Customer Service Charter, Complaints Handling Policy, Feedback form Customer Service Charter and Complaints Handling Process Flowchart.

Carried

6 CLOSE OF COMMITTEE MEETING

The next Audit Committee meeting will be held on Tuesday 28 November 2017, noting an additional meeting via teleconference may be required in the last week of October 2017.

The Chair closed the meeting at 4.00pm

4 BUSINESS ARISING FROM MINUTES

Nil

5 REPORTS FROM OFFICERS

5.1 QUARTERLY REVIEW OF ACTIVITIES - OPERATIONAL PLAN 2017 - 2018

Author: **Lotta Jackson, General Manager**

SUMMARY

The purpose of this report is for Council to note the progress in the Operational Plan 2017 - 2018 for the period July to September 2017.

BACKGROUND

Council adopted the Operational Plan 2017 - 2018 at the Ordinary Council meeting held on 28 June 2017.

RELEVANCE TO THE STRATEGIC PLAN AND RESOURCING STRATEGY

The Operational Plan and the reporting of progress are fundamental to the Strategic Planning framework.

DISCUSSION

The first quarter has provided a start of the activities in the Operational Plan 2017 - 2018.

The details for the July to September quarter can be seen in red in the attachment in the column titled 'progress'.

Some key activities this quarter:

- Economic Development – Hindle Enterprise Group commenced their work with Council and held a public meeting in August. They met with key stakeholder groups and individually with 60 business people.

- A waste management solution was identified with the aim to meet the target of no waste disposal into the sea by June 2018. The solution includes diverting over 70% of the island's waste stream into an on-island composting system and increasing the current recycling streams to include plastics and steel and improve current inefficiencies for offshore recycling with the purchase of a high-density baler and mini sort line. Residual waste (non-organic/non-putrescible) to be baled and sent to mainland Australia for disposal.

- The Mayor presented the Heritage and Culture Strategy 2017 – 2020 to the Australian Convict Sites Steering Committee during their visit in August 2017.

- Several surveys were placed on Council's web-site for public submissions/responses: Road Network Assessment, Time Zone and Customer Service surveys.

- Promotion of Norfolk Island destination through Tripadvisor with a Premium Destination Package, encouraging extra exposure and follow through bookings, and a large marketing campaign push in New Zealand.

- Fire Service personnel have all completed PUA20713 – Cert II in Public Safety (Firefighting Operations and have been accredited with training from NSW Rural Fire Service – RTO.

Relevant certificates have been issued to Council's Fire Service personnel.

- Seven (7) new policies adopted: *Grant Programs Policy, Payment of Expenses and Provision of Facilities to Councillors Policy, Council Seal Policy, Information Technology Policy, Records Management Policy, Related Parties Disclosure Policy, Unreasonable Contact Policy.*

- The below committee meetings were held during this period:
  - Audit Committee - 17 August;
  - Public Reserves - 4 July, 8 August, 5 September;
  - Rock Feed Source Advisory – 24 August;
  - Tourism Advisory – 4 July, 1 August, 5 September.

GOVERNANCE/POLICY IMPLICATIONS

It is good governance to report quarterly on the progress of the Operational Plan 2016 - 2017 Activities to keep the Councillors and the community informed.

LEGAL IMPLICATIONS

Nil

ENVIRONMENTAL IMPLICATIONS

Nil

SOCIAL IMPLICATIONS

Community engagement and keeping the community informed have been key aspects for the Mayor and General Manager with newspaper articles and radio announcements delivered on a weekly basis to keep the community informed of Council's activities.

FINANCIAL IMPLICATIONS

The first quarterly budget review is presented in a separate report within this business paper.

CONCLUSION

Council has been presented with the progress of activities in the Operational Plan 2017 - 2018 for the period July to September 2017, as can be viewed in the Attachment to this report.

RECOMMENDATION

That Council notes the progress of activities in the Operational Plan 2017 – 2018 for the first quarter July to September 2017.

ATTACHMENTS

1. Operational Plan 2017-2018 Quarterly Review July to September

NORFOLK ISLAND REGIONAL COUNCIL

Operational Plan 2017-2018 Quarterly Review July to September 2017

Strategic Direction 1 – "An environmentally sustainable community"

~ Our choices benefit our natural environment and our community

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
1. Use and manage our resources wisely	1.1 Develop a clean energy future	Solar battery storage, or an alternative option, is installed to capture excess electricity generated by photovoltaics. The moratorium on the installation of new photovoltaic systems is lifted. (18/19 – 19/20)	1.1.1 Procure and appoint consultant to complete energy policy	Energy Policy developed for Norfolk Island by December 2017	Services -Manager Commercial and Contracted Services	Procurement process commenced.
			1.1.2 Procure and appoint consultant to complete detailed design through to tender documents including QS	Project commenced for Energy Solution by June 2018	Services -Manager Commercial and Contracted Services	Procurement process commenced – on target.
			1.1.3 Reform the *Electricity Supply Act 1985*	Commence implementation of recommendations from Energy Solution and Energy Policy by June 2018	Services -Manager Commercial and Contracted Services	Changes to the Act have been identified and will be combined with required changes identified in the policy/solution process.

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
	1.2 Protect and enhance our water quality	Council has implemented regular and structured water testing for commercial premises and provides reports to the community. (18/19)	1.2.1 Continued monitoring of private drinking water suppliers to assist businesses to meet their obligations under the *Public Health Act 2010 (NSW)*	All commercial premises have their water tested regularly - December 2017	Services -Health and Water Officer	All commercial premises have had their water tested and have been provided with advice regarding the water quality treatment methods required to ensure compliance with the *Public Health Act 2010 (NSW).* The commencement of the Public Health Act is now delayed until February 2018 and will have a 12-month compliance period following commencement. Regular water quality monitoring of all suppliers of drinking water will be required under the Public Health Act.
			1.2.2 Continued testing of waste water treatment plant to gain evidence to support possible grant funding for major work to be carried out on the treatment plant	Testing conducted and plan developed for grant application by December 2017. Funding secured by June 2018	Services -Health and Water Officer	Routine testing conducted at the Waste Water Treatment Plant continues to demonstrate that the plant is not effectively treating the wastewater before discharge to Headstone. The monitoring results will feed into a grant application under BBRF opening Q2, 2017 for an appropriate study to be conducted to provide recommendations for the most appropriate wastewater treatment system for the island.
	1.3 Reduce, reuse and recover waste and end disposal of waste into the sea	No waste disposal into the sea by June 2018. Incinerator or alternative disposal method in place. Council has a policy of no plastic carry bags in shops by September 2017. Council has provided ongoing and consistent educative recycling information to the community on a minimum of a quarterly basis. (17/18)	1.3.1 Resolve the current disposal options for non-recyclables	No waste disposal into the sea by June 2018	Services -T/L Waste and Environment	A waste management solution was identified with the aim to meet the target of no waste disposal into the sea by June 2018. The solution includes diverting over 70% of the island's waste stream into an on-island composting system and increasing the current recycling streams to include plastics and steel and improve current inefficiencies for offshore recycling with the purchase of a high-density baler and mini sort line. Residual waste (non-organic/non-putrescible) to be baled and sent to mainland Australia for disposal. On 9 August 2017 the tender for a multipurpose high-density baler, mini sort line and bale wrapper opened via Local Government Procurement. The purchase of equipment was

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
						approved by Council on 20 September 2017 and an order was placed. On 20 September 2017 Council approved the tender process to commence for an aerated composting system. Tender Specification documentation was prepared.
			1.3.2 Develop a policy for the sustainable management of recyclable waste streams	Implement waste management policy by June 2018	Services -T/L Waste and Environment	A list of waste streams has been created and will continue to grow to feed into a Waste Management Policy to be developed by June 2018.
			1.3.3 Develop a policy for the phasing out of plastic bags in shops Conduct community engagement and discussions with shops as to alternatives	Council has a policy of no plastic carry bags in shops by September 2017	Services -T/L Waste and Environment	Consultation across a range of retailers occurred on phasing out of plastic bags. Following consultation, it was identified that it was not feasible to develop a policy to have no plastic shopping bags by September 2017 due to: - All retailers hold large amounts of stock that they need to use, so it was unreasonable to expect them to use it all by September 2017; - There is still a limited supply of alternatives such as Boomerang Bags and due to shipping constraints, it can take an extended period of time to order in alternative bags such as paper bags, compostable bags or reusable calico-style bags. As an alternative, a policy was drafted to discourage the use of single use plastic shopping bags and thicker LDPE plastic bags with the intention for the policy to go to Council in October 2017.

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
						On 23 September 2017 Foodland supermarket issued a media release for charging of plastic bags by 1 October 2017 to align with impending Council policy.
			1.3.4 Develop a community education program on recycling and waste minimisation methods	Educative information on recycling is provided to the community (on a minimum quarterly basis). Including information provided to the school	Services -T/L Waste and Environment	Media releases are issued weekly to fortnightly on waste reduction and recycling matters.
	1.4 Plan for additional pressures on water resources, transport, utilities and tele-communications infrastructure	Prepared a strategic plan for additional pressures on water resources, transport, utilities and telecommunications infrastructure in line with a sustainable Population Policy.	1.4.1 Commence the Development of a Population Policy	Relevant statistical data to achieve 1.4 to start being collected in 17/18. Link to Norfolk Island Plan Review 2.1.2	General Manager -Economic Development Coordinator	Part of the ABS statistics now readily available.
		Including advocate for quality mobile and internet services. (19/20)	1.4.2 Complete the development of the Airport Plan	Airport Plan adopted by Council by December 2017. The Airport Plan to include investment strategy, asset management and	Services -Manager Commercial and Contracted Services	The Council will seek the services of a professional organisation that could assist with the preparation of the Airport Plan.

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
				runway capability Concurrently update Airport DCP No. 5 – Airport Land Use and Development Plan		
			1.4.3 Execute Council's resolution with Headstone being the preferred public Quarry, including the development of a plan for the ongoing supply of rock	Development of a sustainable plan for the ongoing supply of rock for public and private use by December 2017 EIS for Headstone Quarry commences Dec 2017	Services -Group Manager Services	
			1.4.4 Assess the pressures on water resources and develop a plan for future water security	Strategic plan for additional pressures on water security developed by June 2018	Services -T/L Waste and Environment	
	1.5 Create a food secure community	Council has promoted home gardening (food) and the use of worm farms. Worm castings and juice are an excellent fertiliser source when growing food. (17/18)	1.5.1 Develop a community education program for the use of and benefits from vermicomposting	Council has promoted home gardening (food) and the use of worm farms by October 2017	Services -T/L Waste and Environment	A worm farm is on display at the Waste Management Centre for the community to view.
	1.6 Create a water secure future	Investigation on water harvesting commenced. (19/20)	No action required 17/18 for this target that is due 19/20	No action required 17/18 for this target that is due 19/20		
	1.7 Keep our waters around Norfolk Island	A monitoring system is in place to monitor responsible activity in	1.7.1 Develop a monitoring system	A monitoring system is in place to monitor responsible activity in	Services -Conservator	

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
	sustainable for the enjoyment of future generations	and on the bays and beaches. (17/18)	for our Bays and Beaches	and on the bays and beaches by March 2018		
			1.7.2 Develop a water quality monitoring regime in the recreational waters in Kingston	Conduct ongoing water quality monitoring of Emily Bay by September 2017	Services -Health and Water Officer	Weekly water quality monitoring is conducted in the KAVHA catchment including all surface waters that discharge into Emily Bay and Slaughter Bay. Water quality analysis is conducted on-island with plans in Quarter 2 2017 to send duplicate samples to a National Association of Testing Authorities (NATA) accredited lab for quality assurance.
			1.7.3 Identify water quality management methodologies to improve water quality in the KAHVA Catchment	Improve water quality entering Emily Bay via Town Creek by December 2017 Complete program to reduce run-off into bores and cap unused bores by December 2017	Services -Health and Water Officer	A report 'Water Quality in the KAVHA Catchment' has been prepared by the Health and Water Officer which details the level of contamination in the catchment, the sources of contamination and the management methodologies required to improve the water quality in the catchment, including the recreational waters of Emily Bay and Slaughter Bay.
2. Preserve a healthy environment	2.1 Retain open spaces and low-density development	All planning instruments maintain existing values of low density and open community spaces. (17/18)	2.1.1 No amendments proposed in the Norfolk Island Plan to remove the low density, open spaces provisions	All planning instruments maintain existing values of low density and open community spaces	Services -Planning and Building Officer	
			2.1.2 Review the Norfolk Island Plan for Norfolk Island, including identifying barriers for economic development	Review conducted of the Norfolk Island Plan 2002 (in CSP pg. 18). Ensuring that the planning framework continues to recognise high conservation value areas (CSP pg. 19) by June 2018	Services -Planning and Building Officer	Significant Development Planning Assessment pathway – Drafting instructions for amendments to *Planning Act 2002 (NI)* prepared with DIRD and drafting has commenced. The amendments to the Planning Act 2002 will frame the amendments to the Norfolk Island Plan 2002 to enable streamlined development assessment of major infrastructure projects.

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
	2.2 Recognise growth of the population is linked to the long term environmental sustainability of the Norfolk Island community	A sustainable Population Policy is developed, implemented and monitored. The Population Policy is to encourage sustainable growth and work to minimise adverse environmental and social effects, setting redevelopment and growth targets. (18/19)	2.2.1 Commence research and preparations for the development of a Population Policy ensuring relevant data is being captured in 17/18 to assist with this policy development in 18/19 Ensure access to ABS statistics for the census 2016	Review the extensive body of work on previous population studies; the Norfolk Island Plan and its plans for its growth and recent development statistics. Planning for the Population Policy is being developed in conjunction with the release of the ABS statistics census data 2016	General Manager -Economic Development Coordinator	ABS population statistics were made available and public meetings held by ABS staff.
	2.3 Protect and preserve environmentally sensitive areas and those of high conservation value, through improved land management and pest control practices	Identify areas of high conservation value. (17/18)	2.3.1 Identification of areas of high conservation needs are conducted in consultation with the Reserves Advisory Committee	Review Norfolk Island Plan "Conservation Zones and High Conservation preferred dominant Land Use Areas" to identify areas of high conservation value by December 2017	Services -Conservator	Full time Pest and Noxious Weeds Officer appointed – Eradication of feral chooks, cats and rats. Undertake weed eradication within reserves identifying sensitive areas like Ball Bay, Selwyn, 100 Acres Reserves. Identify dwindling populations of sensitive fauna – Euphorbia. Continue 'Plan of Management for Norfolk Island' Review.
	2.4 Support threatened species and minimise the presence of invasive species	A policy is developed and implemented for Council to work collaboratively with graziers and private land owners to manage weeds, pests and animal protection.	2.4.1 Develop a Policy to support threatened species and minimise the presence of invasive species (feral cats, argentine ants, Polynesian and European rat)	Policy developed by November 2017	Services -Manager Local Services and Assets	Policy in progress, working with cattle owners/ others, to ensure equitable for all. Cat and rat eradication continues island wide. The Argentine Ant program continues – Hibiscus Dr area. The ant dog EOI has been completed and further work with drone drop applications are being undertaken and assessed.

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
		Council will review animal registrations and regulate and enforce responsible pet ownership. Feral cats have been addressed in cooperation with National Parks. Reduce or eradicate Argentinian Ants and the Polynesian and European rat. (19/20)	2.4.2 Implement Argentine Ant Eradication Program	Apply for funding for the eradication program. Drone-baiting and detector dog in place by December 2017 Eradicate Argentine Ants by December 2018	Services -T/L Waste and Environment	As part of the Consulting Services Agreement between the Council and CSIRO, CSIRO are required to provide assistance in identifying external funding opportunities to complete the program. Awaiting advice from CSIRO regarding any funding opportunities available. The purpose built drone was trialled in zone 9, zone 11 and zone 4 in September 2017 while CSIRO were on island. This method will be used for Zone 9 (Hibiscus Drive and Two Chimneys Road) in Quarter 2, 2017. On 29 September, a request for quote was released for the dog kennelling and dog handling services for the Argentine Ant detector dog. The dog is in its final stages of training in New Zealand.
	2.5 Ensure a healthy, diverse marine ecosystem	Council has educated the community on the importance and how to maintain a healthy, diverse marine ecosystem, and research to edu-tourism opportunities in this area to further promote this target. (17/18)	2.5.1 Edu-tourism to be investigated as a possible way to study, document and develop the marine ecosystem as well as create an opportunity for a niche tourism market	Council has educated the community on the importance and how to maintain a healthy, diverse marine ecosystem, and research conducted into edu-tourism opportunities in this area to further promote this target	General Manager -Economic Development Coordinator -Team Leader Tourism	The Hindle Enterprise Group commenced their work and facilitation of economic development on the island with 60 individual businesses signing up for one-to-one sessions.

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
	2.6 Protect and preserve vegetation communities and habitat	All planning instruments to respect and protect natural biodiversity. (17/18 or 18/19)	2.6.1 Plans for public reserves are reviewed systematically	Public Reserves Advisory Committee complete review of Plans of Management for all reserves by December 2017. Review objectives and activities to ensure consistent with Norfolk Island Plan allowable activities. Public consultation completed by 31 March 2018. Revised Plans of Management published by 30 June 2018	Services -Conservator	The review of the Plan of Management (POM) for Norfolk Island Reserves is currently underway with input from public consultation. Public Reserves Committee - condensing of POM 2003/Draft POM 2013 into a POM 2017.
			2.6.2 Review the Norfolk Island Plan	Review of the Norfolk Island Plan by June 2018 in 2.1.2 above will include respect and protect natural biodiversity	Services -Planning and Building Officer	
			2.6.3 Schedule of reserves maintenance in place	All reserves are maintained for the enjoyment of the community and visitors. Schedule available July 2017, updated as required	Services -Conservator	Current Reserves used by the public are maintained on a two-weekly roster undertaken by Grounds and Open Spaces crew. A review will be needed to determine a further requirement for extra staffing and/or resources if more Reserve area is added to the roster e.g. Selwyn Reserve/Forestry Reserve.

Strategic Direction 2 – "A proud, diverse and inclusive community"

~ We showcase our unique histories, cultures, customs and people

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
3. Cultural expression is maintained and built heritage is protected	3.1 All cultural traditions and practices in the Norfolk Island Community are recognised and acknowledged	Council includes the Norf'k equivalent in the titles of its Agenda, Minutes, important documents including reports, etc. Council to continue to advocate for the teaching of Norf'k Studies and the Norfolk Island language under LOTE at the Norfolk Island Central School. Remain committed to supporting the objectives of the KAVHA Heritage Management Plan April 2016. (16/17)	3.1.1 Council continues to include the Norf'k equivalent in the titles of its Agenda, Minutes and other important documents including reports	Norf'k equivalent is included in the titles of Council's Agenda, Minutes and other important documents including reports	General Manager	Norf'k equivalent has been included in the titles of Council's Agenda, Minutes and other important documents such as the Heritage and Culture Strategy.
			3.1.2 Support NICS through outreach programs focussed on Norf'k Studies	Council has advocated for the teaching of Norf'k Studies and the Norfolk Island language under LOTE at the Norfolk Island Central School	Mayor General Manager -Economic Development Coordinator -T/L Heritage Management	
			3.1.3 Continue to work with stakeholders to progress the objectives outlined in the KAVHA Heritage Management Plan April 2016	Council remains committed to supporting the objectives of the KAVHA Heritage Management Plan April 2016	Mayor General Manager -T/L Heritage Management	Council hosted a dinner for the visiting KAVHA Advisory Committee and the Australian Convict Sites Steering Committee (ACSSC). Our island's culture was displayed through an array of Norfolk style food (Norf'k wettles) and entertainment provided by the Baunti Beauties.

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
						Team Leader Heritage Management (TLHM) escorted the ACSSC throughout the Museums and discussed opportunities to capitalise and promote the Australian Convict Sites Property World Heritage Listing. General Manager and TLHM met with the Minister, together with the Administrator, Commonwealth Heritage Manager, and on island KAVHA representatives for discussion and overview of the outcomes from the Port Arthur Study Tour May 2017.
	3.2 Uphold, respect, promote and encourage customs, culture, histories and traditions of all cultures and their contribution to the Norfolk Island way of life	A Heritage and Culture Strategy is developed and implemented and made available to the public. (16/17) Prepare a business case to construct a Norfolk Island Cultural Centre to house and showcase cultural objects and display traditional practices. (19/20)	3.2.1 Promote the measures and outcomes of the Heritage and Culture Strategy to the community and Council	Council's role - Actions, Measures and Outcomes detailed in the Heritage and Culture Strategy are recognised and implemented	General Manager -T/L Heritage Management	The Heritage and Culture Strategy 2017 – 2020 has been uploaded onto the Council website. The Mayor presented the Heritage and Culture Strategy 2017 – 2020 to the Australian Convict Sites Steering Committee during their visit in August 2017.
	3.3 Support cultural expression by people from all backgrounds living on Norfolk	A Heritage and Culture Advisory Committee has been formed with Terms of Reference that includes organising and/or promoting	3.3.1 Promote community based cultural events	Cultural events are primarily organised by community groups. Council will promote community cultural events	General Manager -T/L Heritage Management	

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
	Island including the support of contemporary events	cultural events. Advocate for a Preamble to the Norfolk Island Act. (16/17)	3.3.2 Advocate for a Preamble to the Norfolk Island Act	Advocate for a Preamble to the Norfolk Island Act	General Manager; Mayor	Mayoral Minute resolved that the Mayor and General Manager enter into discussions with the Council of Elders.
	3.4 Identify and prioritise the needs of cultural expression	Community cultural satisfaction survey developed and issued to the community twice in the Councils term of office with results collated and reviewed and necessary actions incorporated into relevant strategies. (Surveys in 17/18 and 19/20)	3.4.1 A cultural satisfaction survey based upon the Heritage and Culture Strategy 'What the Community Said' completed by 30 April 2018	Community cultural satisfaction survey developed and issued to the community with results collated and reviewed and necessary actions incorporated into relevant strategies	General Manager -T/L Heritage Management	
	3.5 Identification of heritage assets	Review the definition of heritage assets to consider including culturally significant assets. Review and update existing registers including those attached to the relevant legislation. (17/18)	3.5.1 Review all registers and plans identifying heritage assets; and assess and recommend other Council and community owned culturally significant assets for inclusion in registers Provide recommendations towards updating existing registers including those attached to the relevant legislation Update existing registers	Review and provide recommendations for the definition of heritage assets to consider including culturally significant assets to add to the Norfolk Island Heritage Register. Review existing related rport by 31 January 2018 Review and update	General Manager and Services -Planning and Building Officer -T/L Heritage Management	Identified the existing framework for nominating, assessing and listing heritage assets in the Norfolk Island Heritage Register established under the *Heritage Act 2002 (NI)*. Identified the existing mechanisms to protect and conserve heritage sites and items established in the Norfolk Island Plan 2002 – 'Heritage Overlay'.

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
				existing registers including those attached to the relevant legislation by 30 June 2018		
	3.6 Recognise and protect the contribution of built heritage to local identity and economy	Continue to actively participate in the KAVHA Advisory Committee. (16/17 – 19/20)	3.6.1 Meet with KAVHA Advisory Committee when on island in addition to continuing a pro- active relationship with DIRD	Continue to actively participate in the KAVHA Advisory Committee	General Manager -T/L Heritage Management	Met with KAVHA Advisory Committee August 2017. Provided an update on Museum and Research Centre programs and visitor statistics and presented existing educational resources to assist with the development and implementation of educational programs to encourage student visitation to KAVHA.
	3.7 Protect and maintain heritage sites for the enjoyment of residents and visitors, now and in the future	A Heritage Assets Preservation Policy for all Council owned heritage assets is developed. (17/18)	3.7.1 Develop a Heritage Assets Preservation Policy in conjunction with Operational Plan Action 3.5.1	A Heritage Assets Preservation Policy for all Council owned heritage assets is developed by 30 June 2018	General Manager and Services -Manager Local Services and Assets -T/L Heritage Management	

Strategic Direction 3 – "A caring community"

~ We are friendly, supportive and welcoming

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
4. We work together to achieve our goals	4.1 Encourage an informed community	Update Council's website to allow for easy searching. Council's website is always up to date. At least one media release per month from both the Mayor and General Manager to be issued. (16/17 – 19/20)	4.1.1 Review/create and update website policy and procedures within six months of the new site being 'Live'	Website policy or procedures created and adopted/approved by 30 September 2017	Commercial Hub -Manager Customer Care	Website Management Procedure adopted – this links to overarching IT Policy.
			4.1.2 Update Council's website to allow for easy searching	New website Analytical data reported to Council quarterly. Monthly review of stories/slideshow. Six monthly review of content	Commercial Hub -Manager Customer Care	Website content updated weekly – particularly slideshow. Report on website traffic statistics due November Council meeting.
			4.1.3 The Mayor and the General Manager will keep the community informed through various media outlets	At least one media release per month from both the Mayor and General Manager to be issued	General Manager; Mayor	The Mayor and the General Manager have produced at least one (1) media release per week during this period.
	4.2 Enable broad, rich and meaningful engagement to occur	Continue to actively promote communication avenues for the community to speak to Council (Customer Care, regionalcouncil@nirc.gov.nf). Council meetings are broadcast on local radio. (16/17 – 19/20)	4.2.1 Ensure communication avenues of Customer Care and Regional Council are continually promoted in media communications	Continue to actively promote communication avenues for the community to speak to Council (Customer Care, regionalcouncil@nirc.gov.nf).	Governance and Human Resources -Program Manager	'How can you communicate with Council?' media release issued 29 September 2017 (first quarter) to reiterate and promote Customer Care office and customercare@nirc.gov.nf and regionalcouncil@nirc.gov.nf Media Releases from Council provides content from the relevant manager. Some media releases also specifically direct the community to the relevant senior manager should further clarification be required.

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
						Customer Care and regionalcouncil@nirc.gov.nf actively promoted on radio also – particularly in Mayors Weekly Chat. New branding material on the outside of Customer Care offices help promote increased email traffic to Customer Care.
			4.2.2 Finalise internal procedures for regionalcouncil@nirc.gov.nf and customercare@nirc.gov.nf communications	Internal procedures for regionalcouncil@nirc.gov.nf and customercare@nirc.gov.nf communications completed by September 2017	Governance and Human Resources and Commercial Hub -Program Manager -Manager Customer Care	Rules and procedures are in development.
			4.2.3 Ensure that Radio Norfolk is adequately staffed to allow live broadcasting of Council Meetings and re-broadcasting occurs	Council meetings are broadcast on local radio	Governance and Human Resources -Program Manager	Council ensures that Radio Norfolk is adequately staffed to ensure broadcast of Council Meetings. Council Meetings are broadcast live and replayed the following day also. A link to the broadcast is available on Council's website.
	4.3 Build on our sense of community	The community is overall engaged in various activities and community trust in Council is evident. (19/20)	4.3.1 Review guidelines and advertise for an increased Community Donations Program to support incorporated Community Groups in line with the Community Strategic Plan	Community Donations Program Grant Funding budget increased from 16/17 financial year and distributed to a range of incorporated community groups	General Manager -Executive Assistant to the General Manager	Council allocated funding of $70,000 for the 2017-2018 Community Grant Programs of which $50,000 was allocated to the Community Donations component of the program (the components include the Tertiary Education Bursary and the Queen Victoria Scholarship). The Community Donations Program opened for applications on 20 September 2017.

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
	4.4 Build strong relationships and shared responsibilities	The community has an understanding that Council assets are public assets and that there is a shared responsibility for their upkeep. (18/19)	4.4.1 Encourage community participation in keeping public areas clean and free of weeds	Public areas are frequently utilised and well kept. Number of complaints received remains low	Services -Group Manager Services	
	4.5 Work in partnership to plan for the future	Community engagement is a regular activity for projects that have an impact on the community. (16/17 – 19/20)	4.5.1 Develop a Government Business strategy. Strategy to include investigating and reporting on examples of Public Private Partnership's best practice (pg 28 CSP)	Government Business Strategy - created by November 2017	Services -Group Manager Services	
			4.5.2 Develop an Environment Strategy	Environment Strategy created by February 2018	Services -Manager Local Services and Assets	Building Better Regions Fund (BBRF) Grant received September 2017.
5. Our community is a great place to live and visit	5.1 Promote the community as the place to visit, live, work and invest	An Economic Development Strategy is developed and implemented with evidence of increased population and economic activity. (16/17 – 19/20)	5.1.1 Develop an implementation strategy to set out a vision for growing the economy, including the tourism sector	Economic Strategy adopted by August 2017. Strategy to include six monthly reporting requirements	General Manager -General Manager -Economic Development Coordinator	The Hindle Enterprise Group commenced their work and facilitation of economic development on the island. Part of their brief is to develop an Economic Development Implementation Strategy.
			5.1.2 Increased service levels and commercial functionality to support the economy, including education and tourism sector	Introduction of 4G and new land line system with roll out of new generation of PABX systems	Services -Manager Commercial and Contracted Services	Roll out of new generation of PABX system continues. BBRF was not successful for 4G.

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
	5.2 Connect and protect our communities – Community Safety	Crime remains low and Council has a strong working relationship with the Police. Maintain awareness that Domestic violence is not tolerated. (19/20)	5.2.1 Promote respectful behaviours and a safe community	No offensive activities or behaviours in the community	General Manager; Mayor	
			5.2.2 Mayor and General Manager attend WAGNI Meetings	Mayor and General Manager attended relevant forums	General Manager; Mayor	The General Manager attended and presented at an interagency meeting relating to Child and Family Welfare. The meeting was also attended by Officers from the Department of Premiers and Cabinet.
	5.3 Develop the facilities, resources, capacity and confidence to adapt to changing circumstances	The community has embraced change and developed an understanding in the opportunities for becoming the best small Island in the world. (19/20)	5.3.1 Community meetings held as needed to engage the community in matters relevant to their needs and interests	Council listens to community feedback	General Manager; Mayor	Documents/surveys were placed on Council's web-site for public submissions/responses: Road Network Assessment, Time Zone and Customer Service surveys.
			5.3.2 Council conducts a customer satisfaction survey to ascertain community satisfaction in regard to Council activities. Survey prepared for distribution by July 2017. Survey provided to community in July 2017 for response in August 2017	Customer Satisfaction survey conducted by September 2017	Governance and Human Resources -Executive Manager Governance and Human Resources -Program Manager	Customer Service Survey conducted.

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
	5.4 Equality of access to services, social support, including health, education, child care, cultural, transport and recreational facilities	Council is satisfied that services provided to the Community by Council, by Health, Education and other social services have equality of access. (18/19)	5.4.1 Conduct a community survey or forum(s) to find out the community's experience in relation to health and education services	Gauge community satisfaction by conducting community satisfaction survey by March 2018	General Manager; Mayor	
	5.5 Clarify childcare accreditation	Childcare centres are able to be accredited on Norfolk Island. (18/19)	5.5.1 The General Manager continues to seek clarification on status of Child Care Accreditation	Child Care Accreditation is available to be phased in on Norfolk Island by 18/19	General Manager	Meeting held with mainland Australia staff contracted to assist with the set-up of Family Day Care.
	5.6 Provision of Community based preschool and Long Day Care facilities	Preschool and Long Day Care are available for families with young children. (17/18)	5.6.1 Lobbying and support provided for child care providers	Preschool and Long Day Care are available for families with young children	General Manager; Mayor	Meeting held with mainland Australia staff contracted to assist with the set-up of Family Day Care.
	5.7 Deliver high quality tourism experiences	A variety of visitor experiences are available for all ages and the infrastructure in place to support tourism activities. (19/20)	5.7.1 Implement the Norfolk Island Tourism Strategic Plan 2013 – 2023 actions: Increase visitor numbers Promote investment Improve visitor experiences Develop sustainability, infrastructure and capacity Create employment &	Number of actions implemented successfully. Visitor numbers steadily increasing; Assistance with Niche Market development; Promotion, support and reviews of new tours; Provision of training seminars.	General Manager -Economic Development Coordinator -T/L Tourism	Promotion of Norfolk Island destination through Tripadvisor with a Premium Destination Package, encouraging extra exposure and follow through bookings. Large marketing campaign push in New Zealand. Hindle Enterprise Group facilitated meetings with possible investors. Formation of the Cruise Ship Working Group with objective of improving visitor experiences.

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
			develop skill			Meeting held with Air New Zealand and extra Sydney flights secured for Summer as well as confirmation that no flights will be dropped during Winter 2018. UTC conducted a marketing Information presentation for the Norfolk Island Tourism industry with good attendance.

Strategic Direction 4 – "A successful and innovative community"

~ We work to make our economy grow

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
6. Strong, diverse and vibrant business environment	6.1 Grow and diversify the economy including niche markets	Council continues to employ an Economic Development Coordinator who has identified success factors for economic development, monitored and reported regularly to the community. E.g. the number of small businesses on the island has increased. Advocacy continues for a growing agricultural industry, including export. Investigation conducted into the potential for cottage industries and processing plants. Advocate and promote consumer protection. (16/17 – 19/20)	6.1.1 Actions implemented to encourage business diversification to support the economy of Norfolk Island	The number of small businesses on the island has increased with new business ventures in operation	General Manager -Economic Development Coordinator	The Hindle Enterprise Group commenced their work and facilitation of economic development on the island with 60 individual businesses signing up for one-to-one sessions. One new shop has opened (women's clothing).
			6.1.2 Investigate ways to reduce barriers to agricultural imports and exports, and conduct advocacy for a growing agricultural industry, including export	Barriers identified and removed where possible, and new agriculture opportunities in place	General Manager -Economic Development Coordinator	The Hindle Enterprise Group have been working with local producers and also discussed new ventures such as medicinal cannabis.
	6.2 Incentives for business start up	Advocacy continued for access to Federal Government business start-up and development funding. (18/19)	6.2.1 Investigation on the availability of business start-up programs for potential new business operators on the Island	Progress made on securing Federal Government business start-up and development funding for the Norfolk Island community	General Manager; Mayor	The Hindle Enterprise Group commenced their work and facilitation of economic development on the island with 60 individual businesses signing up for one-to-one sessions.

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
	6.3 Reduction in business costs – greater efficiencies in business costs	Council has investigated and identified barriers to economic growth and diversity, including 'red tape' barriers. Within the areas of Council's control, Council has reduced these barriers. (17/18)	6.3.1 Systematic identification of barriers to business development reported to the Commonwealth for attention and removal where possible	Council has reported to the Commonwealth identified barriers to economic growth and diversity, including 'red tape' barriers	General Manager -Economic Development Coordinator	
	6.4 Secure fibre connectivity for internet access	Continued lobbying for cable to Norfolk Island. (19/20)	Further action to be taken in 18/19	Further action to be taken in 18/19	Services -Group Manager Services	N/A
7. A skilled and competitive workforce	7.1 Create employment opportunities	The Economic Development Strategy is implemented and reported on every six months. The strategy sets out a vision for growing the economy, including the tourism sector. (19/20)	Refer to 5.1.1 above for action for this financial year	Refer to 5.1.1 above for action for this financial year	General Manager -Economic Development Coordinator	
	7.2 Create opportunities for skill development	Advocate for fibre optic cable connectivity for increased business and educational opportunities.	7.2.1 If 4G funding application is unsuccessful, investigate other funding opportunities	Secure grant funding for 4G upgrade to assist with internet business and flexible training/educational opportunities	Services -Group Manager Services	BBRF unsuccessful.

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
		Advocate for the ongoing development of training and work skills. 16/17 – 19/20)	7.2.2 Arrange on-going training for Fire Officers to Public Safety Training Package Certificate III or Certificate IV standard Arrange on-going refreshers and upskilling identified for high voltage training for electrical team	Opportunities are realised for training and up-skilling work skills for both the public service and community	Governance and Human Resources -Executive Manager Governance and Human Resources	Fire Service personnel have all completed PUA20713 – Cert II in Public Safety (Firefighting Operations and have been accredited with training from NSW Rural Fire Service – RTO. Relevant certificates have been issued to Council's Fire Service personnel. Waiting on final accreditation for Supress Wildfire training from NSW Rural Fire Service RTO. Two recruit fire fighters commenced their 16 week training in aviation fire fighting with QFES. On-going and refresher First Aid courses undertaken by Council's staff during the quarter at Airport, Waste Management, Finance, Facilitated Advanced First Aid plus Advanced Resuscitation for Fire Service employees. Advanced Learning in a Heritage Conservation Practice workshop for KAVHA employees. Dangerous Goods training held for Airport staff member. PUA40313-01 V02 - Cert IV in Public Safety (Firefighting Supervision) for one fire service employee.

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
						Commenced Advanced Diploma of Building Surveying for Council's Building Inspector Commenced Certificate IV in Human Resources for Council's Human Resources Officer. Registration with Parasol for one fire service employee to be trained in delivery of Extinguisher and Warden training, then Parasol will issue the certificates.
			7.2.4 Submit reports to Council regularly on training attended and benefits gained from the training	Regular and transparent reporting to the community when any Councillor training is completed for the year until 30 June 2018	General Manager	
8. Successful public private partnerships	8.1 Investigate partnerships to meet current and future infrastructure needs	Partnership funding secured with the Commonwealth for the upgrade of roads infrastructure across the Island. (17/18) Investigate airport runway reseal including funding partnerships. (19/20)	8.1.1 Update/undertake a Road Safety Audit with Asset Management Plan reviews to enable grant funding to be secured for road infrastructure works	Partnership funding secured with the Commonwealth for the upgrade of roads infrastructure across the Island by March 2018	Services and Governance and Human Resources -Group Manager Services -Grants Officer	From a risk perspective Black Spot road funding needs to be sourced via Commonwealth Delivery Service Agreement arrangement to enhance main arterial roads on the island.
			8.1.2 Develop a Roads Program	Roads Program in place and implemented by December 2017	Services -Manager Local Services and Assets	Road network survey undertaken to investigate suitable road standards and upgrades to the road network on Island as part of community consultation. Feedback will allow Local Government Engineering Services, to use this information for future maintenance goals, construction

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
						upgrades and identifying black spot areas for funding grants. A formal Roads program will be developed when rock availability is known after completion of Cascade pier, at this stage January 2017.
			8.1.3 Refer to 1.4.2 above re Airport Plan	Establishment of asphalt plant Airport runway reseal design and specification by December 2017	Services -Manager Commercial and Contracted Services	

Strategic Direction 5 – "An informed and accountable community"

~ We are transparent and accountable for our individual and collective decisions and actions

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	**Responsible Division / Officer**	**Progress July to September 2017**
9. An informed community	9.1 Representative, responsive and accountable community governance	Good governance - Council makes decisions based on information provided by Council Officers. Minimal deferral of decision making and minimal amendments to Officers' recommendations. (16/17)	9.1.1 Good governance practices are followed by the Councillors	Decisions are being implemented in a timely fashion and information shared with the community	General Manager	Council decisions have been implemented in a timely manner during this quarter. There have also been seven (7) Councillor Notices of Motions in addition to business paper reports.
	9.2 Timely, open and fair, evidence based decision making with demonstrated accountability	Good governance - Council officers provide evidence based reports with quality information so that Councillors can make sound decisions. (16/17)	9.2.1 Staff reports are prepared with facts and solid information available for Councillors to make informed decisions	Councillors are satisfied with the standard of staff reports	General Manager	Recommendations are more comprehensive in response to comments made by the Mayor.
	9.3 Provision of quality best practice government administration	Council meets the requirements as set by the Commonwealth for best quality local government administration with 90% of areas reached satisfaction in this term of Council. (19/20)	9.3.1 Activities and KPIs addressed as per schedule prepared by the Commonwealth	80% of areas reached satisfaction by the set time of reporting (set by the Commonwealth)	General Manager	

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
	9.4 Increased stakeholder participation in decision-making	Active community participation on Council Advisory Committees. (19/20)	9.4.1 Facilitate Community Advisory Committees as adopted by Council	Active community participation on Council Advisory Committees	General Manager	The below committee meetings were held: Audit Committee - 17 August Public Reserves - 4 July, 8 August, 5 September Rock Feed Source Advisory – 24 August Tourism Advisory – 4 July, 1 August, 5 September
			9.4.2 Review and amend or make obsolete Community Advisory Committees as identified	Council Advisory Committees meeting 'purpose' and 'role' as set out in each Committees Terms of Reference	General Manager	
	9.5 Reporting required by Integrated Planning and Reporting Framework to demonstrate NIRC performance	Quarterly and annual reporting conducted. Performance is at or above 80% across all activities. (17/18 – 19/20)	9.5.1 Implement the actions in the Operational Plan and report to Council quarterly	Performance of quarterly and annually reporting within the Integrated Planning and Reporting Framework is at or above 80% across all activities	General Manager	
			9.5.2 Review Plan each year	Long Term Financial Plan updated and scenarios reviewed and adopted by Council by 30 June 2018	Commercial Hub -Manager Finance	
			9.5.3 Review Asset Management Plans in line with the Long Term Financial Plan	Asset Management Plans reviewed and adopted by Council by December 2017	Services -Group Managers Services - Manager Local Services and Assets	Assets Management plan ongoing, review to be undertaken on current format.

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	**Responsible Division / Officer**	**Progress July to September 2017**
			9.5.4 Workforce Management Plan Actions: Develop a Performance Management System that includes Operational Plan KPIs/Work Plans and skills acquisition using Authority where possible Ensure staff have the tools and information that they need to carry out their jobs Tools and equipment are safe and a register of maintenance conducted in place	Workforce Management Plan actions for 17/18 are implemented within required timeframes A performance Management System is developed by September 2017 subject to uploading of all relevant data into Authority/Civica Managers and Team Leader meetings set up by July 2017, to meet regularly at least monthly. Agenda items to include tools and information for staff; work health and safety and the identification of solutions to achieve efficiencies and effectiveness in areas across the organisation	Governance and Human Resources -Executive Manager Governance and Human Resources Team Leaders and Managers	Workforce Management Plan ongoing work in progress during the quarter. Performance Management System not purchased for Civica. Regular monthly meetings ongoing.
			9.5.5 Set fees and charges in line with cost of services provided or at profit to build up reserves for future improvements	Fees and charges reviewed and adopted by Council by April 2018	Services and Commercial Hub -Group Manager Services -Group Manager Commercial Hub	

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	**Responsible Division / Officer**	**Progress July to September 2017**
10. Transparency in decision making	10.1 Consistent and sustainable governance through documented processes	The Audit committee is satisfied that there are controls in place to monitor risks and that the Risk Management Framework is implemented. (17/18)	10.1.1 Recommendation/actions from Audit Committee reported to Council on quarterly basis Development of a Fraud and Corruption Prevention Plan by March 2018	Actions identified by the Audit Committee implemented	Governance and Human Resources -Executive Manager Governance and Human Resources	Risk Management Plan ongoing - work in progress during the quarter. A Risk and Internal Audit Officer appointed on a casual basis for two days per week.
	10.2 Equality of access to the same level and quality of government services	Council has a policy in place that ensures equality of access to all its services. (17/18)	10.2.1 Develop an Equity, Ethics & Probity Strategy	Equity, Ethics & Probity Strategy created by 30 June 2018.	General Manager and Governance and Human Resources -General Manger -Executive Manager Governance and Human Resources	Equity, Ethics and Probity Strategy drafted during the quarter. To be reviewed and finalised before submission to Council in June 2018.
			10.2.2 Policy development to occur by December 2017 and following consultation with stakeholders the Policy will be presented to Council meeting before June 2018	Council has a policy in place that ensures equality of access to its services by 30 June 2018	Governance and Human Resources -Executive Manager Governance and Human Resources	The Customer Service Charter outlines the level of service the community can expect from Council as well as information on how the community can provide feedback. To coincide with the adoption of the Charter, Customer Resolution Management (CRM) software will assist Council in better managing our Customers' requests.

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
			10.2.3 Ensure EEO principles are included in all job advertisements and position descriptions i.e. "Experience and understanding of EEO compliance" Ensure all new employees at induction are made aware of EEO. Hold quarterly induction sessions for new staff members Raise awareness of EEO principles at team meetings and in staff newsletter	Actions and Key Performance Indicators from the Equal Employment Management Plan are implemented	Governance and Human Resources -Executive Manager Governance and Human Resources	All advertisements for employment with Council have a clause regarding Equal Employment Opportunity which is: Appointments will be made on merit in compliance with the principles of Equal Employment Opportunity (EEO). Induction Sessions are held when a new employee commences with Council within the first two weeks of their employment. Their immediate supervisor is the person responsible for ensuring that the induction is completed and paperwork returned to HR.
			10.2.4 Deliver, monitor and improve State Type Services	Deliver state type services on behalf of the Commonwealth and report on the KPIs as required	Services -Group Manager Services	State Delivery Agreement (SDA) Program delivered and reporting requirements continue to be updated.
			10.2.5 Develop Customer Service Charter	Customer Service Charter adopted by Council by 31 December 2017	Commercial Hub -Manager Customer Care	Completed and on Councils website.

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	**Responsible Division / Officer**	**Progress July to September 2017**
			10.2.6 Develop schedule to determine when policies will be reviewed Work with Managers to review policies in accordance with timeframes in schedule	Review completed of 100% of Council policies by 30 June 2018	Governance and Human Resources -Program Manager	Policies and Procedures review schedule has been developed. At each monthly EMT+Managers+Team Leaders meeting upcoming and outstanding policies and/or procedures as per the schedule are provided for action and recorded as an action in the minutes of these monthly meetings. First Quarter: 7 new policies adopted: Grant Programs Policy, Payment of Expenses and Provision of Facilities to Councillors Policy, Council Seal Policy, Information Technology Policy, Records Management Policy, Related Parties Disclosure Policy, Unreasonable Contact Policy; 2 reviewed policies adopted; 7 policies made obsolete; and 3 procedures approved.

Strategic Direction 6 – "A healthy and safe community"

~ We provide a safe and healthy place to live, work and visit

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
11. Informed, active and healthy residents	11.1 Value and promote a healthy and active lifestyle	A plan is developed for safe walking and cycle tracks and funding is secured for at least one set of exercise stations. (19/20)	No action required 17/18 for this target that is due 19/20	No action required 17/18 for this target that is due 19/20		
	11.2 Encourage and promote participation in sport and well-being activities	The Mayor and Councillors are visible at sporting events and well-being activities, and actively show support and promote these activities. A community site is identified as the "go to place" for special events, concerts and music activities. (16/17 – 19/20)	11.2.1 Review and advertise for the sports funding program	Sport grant funding policy assessment guidelines reviewed and adopted by September 2017	General Manager -Executive Assistant to the General Manager	Council provided grants to the Norfolk Island community, previously in the form of sports gran funding, the community donations program, bursaries and scholarships. Instead of separate policies it was deemed beneficial to have them contained within one overarching policy. Therefore, the Sport Grant Funding Policy was made obsolete at the July 2017 Council Meeting and a new overarching 'Grant Programs Policy' was adopted at the same meeting. Guidelines were created for the Community Grants Program and approved in August 2017. Applications for that open round opened on 20 September 2017.
			11.2.2 Identify community site as the "go to place" for special events, concerts and music activities	Site identified and used for public/tourist events	General Manager -T/L Tourism	
			11.2.3 Promotion and attendance at sporting events by Councillors to encourage well-being	Mayor and Councillors are visible at sporting events and well-being activities, and actively show support and promote these	Mayor	

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
				activities		
	11.3 Promote the benefits of early intervention and testing	Children have access to early intervention services. (17/18)	11.3.1 Council advocates for children with special needs	Children have access to early intervention services	General Manager Mayor	AngliCare provides services for families and children.
	11.4 Support and foster active, healthy, informed and empowered youth	A youth wellness plan is developed in partnership with youth and community organisations. (17/18)	11.4.1 Develop a Youth Wellness Plan in conjunction with youth and other relevant stakeholders	A Youth Wellness Plan is developed by Manager Customer Care in partnership with youth and community organisations	Commercial Hub -Manager Customer Care	At the project plan stage.
12. Focused and coordinated approach to health care	12.1 Ensure availability of high quality and affordable health and aged care services and facilities	Continued relationship with the Multi-Purpose Service and advocacy on behalf of the community where gaps are identified. (16/17 – 19/20)	12.1.1 Continued relationship with NIHRACS and advocacy on behalf of the community where gaps are identified	Services provided to meet the needs of the Community	General Manager; Mayor	The Mayor has met with the Director at the Hospital and relayed needs and concerns by the community.
	12.2 Appreciate the significant contribution volunteer organisations make to community health and wellbeing and support them to ensure these	The Community Donations Program has assisted a variety of community and volunteer organisations during the life of this Delivery Program. (19/20)	12.2.1 Review and advertise the Community Donations Program	Increase Community Donations Grant budget from last financial year	General Manager -Executive Assistant to the General Manager	The Community Donations Grant budget ha increased from last financial year and it has bee reviewed with new guidelines in place. (Refer t 4.3.1 above for more detail).

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
	services continue to be available					
	12.3 Minimise duplication and maximise coordination of the provision of health and aged care services	Barriers identified and addressed in relation to investment in the provision of aged care facilities. At least one private, government or community based aged care facility is developed or in the planning stage of being developed. (19/20)	Actions will be assigned for 18/19 and 19/20 financial years	Actions will be assigned for 18/19 and 19/20 financial years	General Manager	N/A as no actions assigned for this financial year
	12.4 Advocate for services such as Day Care, Activities and Transport that reflect an aging population and people with disabilities including options for aging in home	Day care activities are available; home care is available and access to facilities are consistently addressed for people with disabilities. (19/20)	Actions will be assigned for 18/19	Actions will be assigned for 18/19	General Manager	White Oaks and Care Norfolk provide activities for the Elderly in the Community.

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
	12.5 Identify issues and respond to mental health, drug and alcohol, domestic violence and child protection needs	Council is facilitating an interagency with clear aims and direction in assisting with responding to mental health, drug and alcohol, domestic violence and child protection. (19/20)	Actions will be assigned for 18/19	Council commences discussions to develop an interagency group in a future year to assist with responding to mental health, drug and alcohol, domestic violence and child protection	General Manager, Mayor	N/A as no actions assigned for this financial year
	12.6 Ensure confidential health support and services	The community is comfortable in accessing health and support services. There is no stigma in accessing these services. (19/20)	Actions will be assigned for 18/19	Actions will be assigned for 18/19		N/A as no actions assigned for this financial year
	12.7 Encourage and support visiting specialist programs	Advocacy conducted to ensure visiting specialists are targeting the population health needs. (16/17 – 19/20)	12.7.1 Advocacy conducted to ensure visiting specialists are targeting the population health needs	Specialists visit the island to meet the needs of the community	General Manager; Mayor	Relationship established with the Manager of the Norfolk Island Health and Residential Aged Care Service. Refer to comments in progress column relating to 12.9.1.
	12.8 Ensure services and programs are available to cater for children, youth and adults with disabilities or special needs	Advocacy conducted to ensure services and programs are available for people with disabilities or special needs. (16/17 – 19/20)	12.8.1 Advocacy conducted to ensure services and programs are available for people with disabilities or specials needs	Services and programs are available for people with disabilities or special needs	General Manager; Mayor	The NDIS is being rolled out on Norfolk Island from July 2018. While NIHRACS will provide clinical support to patients, it is unsure whether NIHRACS will be delivering any services as part of the NDIS program. – refer to notes at 12.9.1
	12.9 Encourage the education and implementation of strategies	Health and well-being programs are supported and promoted in partnership with the Department of Health.	12.9.1 Health and well-being programs are supported and promoted in partnership with	Target for each year as per Delivery Program Target.	Governance and Human Resources -Program Manager	Council acknowledges that it does not play an operational role in the health function for Norfolk Island. A meeting was held with the Manager of the Norfolk Island Health and Residential Aged Care Service (NIHRACS). The NIHRACS Manager advised NIHRACS is 12 months into operation and

'Strategic Objective' from Community Strategic Plan	'How will we get there' taken from the Community Strategic Plan and Delivery Program	Target from Delivery Program including Target Year	Operational Plan Actions	Operational Plan Targets	Responsible Division / Officer	Progress July to September 2017
	designed to build on awareness within the community about the importance of preventative health care and healthy living	Key population health statistics consistently improving: vaccinations, cancer screening and rates of diabetes. (17/18 – 19/20)	NIHRACS			will continue to liaise with the Council on relevant topics. NIHRACS focus at present is reviewing the fundamentals of their operations and at this stage there is no role for Council to play in this action item.
			12.9.2 Liaise with NIHRACS regarding publishing key population health statistics	Encourage NIHRACS to collect and publish key population health statistics including: vaccinations, cancer screening and rates of diabetes to assist with 12.7, 12.8 and 12.9	Governance and Human Resources -Program Manager	Please refer to comments at 12.9.1 above. NIHRACS is currently investigating options to better collect health statistics for Norfolk Island.
13. A safe place for our families and visitors	13.1 Provide adequate infrastructure to maximise a safe visitor experience	Visitor surveys conducted and results used to improve visitor experience. (16/17 – 19/20)	13.1.1 Survey developed and implemented to gather visitor statistics	Target for each year: Visitor surveys conducted and results used to improve visitor experience	General Manager -Economic Development Coordinator -T/L Tourism	Visitor Survey Card data compiled and reports produced. Data indicates overall positive visitor experiences (85% either Great or Beyond Expectations). Any negative feedback processed to make further improvements.
			13.1.2 Undertake audit of employee's licences and tickets to ensure current and compliant	Staff have relevant licences and tickets	Governance and Human Resources -Risk and Internal Audit Officer	Still to be finalised. As Managers advise current licences and tickets are due for renewal training is being arranged via relevant accredited training providers such as ACRS Master Cabler Cards, HPOTS, Chemcert. Currently waiting on confirmation of various course prices from HPOTS as their Training Administration Manager has left their organisation and only recently has another person been appointed to the position.
	13.2 Ensure all services meet minimum health and safety standards	Regulatory function is established and policies developed. Compliance is monitored. (17/18)	13.2.1 Develop a regulatory policy framework	Regulatory function is established and policies developed by July 2018	Governance and Human Resources -Risk and Internal Audit Officer	Ongoing work in progress during the quarter as Risk and Internal Audit Officer only works 2 days per week as a casual.

5.2 STRATEGIC REPORT NOVEMBER 2017 TO MARCH 2018

Author: **Joy Walker, Executive Manager Governance and Human Resources**

SUMMARY

The purpose of this report is to advise the Audit Committee of the Strategic Direction Council will be undertaking in the period November 2017 to March 2018.

BACKGROUND

Lotta Jackson, General Manager provided a strategic overview of NIRC direction for the forthcoming five (5) month period covering the areas listed below.

RELEVANCE TO THE STRATEGIC PLAN AND RESOURCING STRATEGY

Objective 9 – An informed and accountable community. Council is transparent and accountable for its individual and collective decisions and actions.

DISCUSSION

Strategic Report – November 2017 to March 2018

- Complete Annual Report and Audited Financial Reports.
- Working with KMPG to provide information to inform the FAG calculation for Norfolk Island Regional Council.
- Awaiting the ratification of the Enterprise Agreement. Developing procedures and implementation systems in anticipation of the ratification.
- Focus on Expenditure across the organisation with key managers and team leader involvement with the purpose of the next quarterly review being thoroughly investigated both regarding revenue and expenditure.
- Second Accountant to commence.
- Risk and Audit Officer – Risk Management Framework - built on Continuous Improvement Principles.

Key Projects in progress:

- Sustainable Electricity Project;
- Delivery of Generators with RAAFs assistance;
- Aerated Composting System close of Tender and identification of funding;
- Multipurpose Bailer – to be delivered and installed;
- Tender for 3/4G telecommunication to commence;
- Asset Management Plan for roads and roads infrastructure to be completed;
- Airport Plan progression.

GOVERNANCE/POLICY IMPLICATIONS

Nil

LEGAL IMPLICATIONS

Nil

ENVIRONMENTAL IMPLICATIONS

Nil

SOCIAL IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

CONCLUSION

Council actively communicate the key projects to be undertaken during the period November 2017 to March 2018 to ensure that the community is provided with a transparent and accurate information of Council works.

RECOMMENDATION

That Council actively communicate the key projects to be undertaken to ensure that the community is provided with a transparent and accurate information of Council works.

ATTACHMENTS

Nil

5.3 QUARTERLY FINANCIAL REVIEW REPORT AS AT 30 SEPTEMBER 2017

Author: **Rob Carlesso, Group Manager Corporate / Chief Finance Officer**

SUMMARY

To report on the first quarter 2017/18 financial performance of Council's operations and capital expenditure against budget with recommended changes where appropriate.

BACKGROUND

The Quarterly Budget Review Statement (QBRS) presents a summary of Council's financial position at the end of the first quarter 30 September 2017, of the 2017/18 financial year.

The quarterly budget review process is the mechanism through which Council and the community are informed of Council's progress against the Operational Plan (Annual Budget), together with recommendations for changes and reasons for any budget variations.

In accordance with Clause 203 (Budget Review Statements and Revision of Estimates) of the *Local Government (General) Regulations 2005*, the Council must present a report to Council:

> *(1) Not later than 2 months after the end of each quarter, the responsible accounting officer of a Council must prepare and submit to the Council a budget review statement that shows, by reference to the estimate of income and expenditure set out in the Council's Revenue Policy included in the Operational Plan for the relevant year, a revised estimate of the income and expenditure for that year.*
>
> *(2) A budget review statement must include or be accompanied by:*
>
> > *(a) A report as to whether or not the responsible accounting officer believes that the statement indicates that the financial position of the Council is satisfactory, having regard to the original estimate of income and expenditure; and*
> >
> > *(b) If that position is unsatisfactory, recommendation for remedial action.*

The QBRS appears as Attachment 1, and has been produced in accordance with the guidelines and standards issued by the Office of Local Government.

The QBRS consists of seven (7) reports:

1. Income and Expense Statement by Type. This is the format that Council is required to prepare its annual financial statements. The format allows easy comparison of budgets and actuals. It is also in accordance with accounting legislation and procedures.

2. Income and Expense Statement by Business Unit which shows a true cost for each service in detail. This format provides the Council with the ability to assess the actual cost of running each of its services. The income and expense reports include details for adjustments and their reason for any variation to the budget and forecast result.

3. The Capital Budget Review Statement showing details on the progress of actual capital expenses against actual expenses and highlighting any variations.

4. Cash and Investment report follows showing the total cash and investments on hand as at 30 September 2017. It also shows where the extent of funding which may be restricted (committed to specific projects) that limit it being used for any other purpose than for which it is intended.

5. Key Performance Indicator (KPI) Budget Review Statements show the key performance indicators (KPI's) that are used in Local Government. These ratios provide a comparative view of the Council's financial performance against accepted benchmark.

6. Disclosure of information on contracts that the Council has entered into over the value of $50K.

7. Disclosure of any costs associated with consultants and legal fees.

This QBRS also contains a revised forecast for the Statement of Financial Position and the Statement of Cash Flow.

RELEVANCE TO THE STRATEGIC PLAN AND RESOURCING STRATEGY

The Quarterly Budget Review Statement (QBRS) relates to the strategic plan objectives as follows:

Objective 4 – A successful and innovative community.
Objective 5 - An informed and accountable community.
Objective 6 – A healthy and safe community.

DISCUSSION

This quarterly report has been prepared with the best available information and understanding of the Civica financial system. The report is first step in the progress towards improving the accuracy and frequency of financial reporting to Council and managers directly from Civica data sources.

A review of the financial statements for the first quarter period ending 30 September 2017 shows changes to the budget following advice from government for grants and decisions made on service pricing and their effective commencement date which have reduced the forecast budgeted income.

Changes for income budget as at 30 September 2017 include:

- Decrease in electricity income by $410,000 as a result of charges remaining at 62 cents kWh originally budgeted for 68 cents kWh.
- Decrease in electricity income by $35,000 due to delay in commencing charging for solar access from 1 July to 1 Oct 2017.
- Decrease in the amount to be collected from passenger movements of $600,000 due to delay in charge implementation to 1 January 2018 from 1 July 2017.
- Decrease in waste management charges which were delayed one month $21,000.
- Decrease in the amount received from the Financial Assistance Grant $1,970,000.
- No other changes to revenue are recommended from the results of the spending and revenue including Service Delivery Agreement income and expenditure to the 30 September 2017 at this first quarter point in time. Close scrutiny of financial results and their reporting will be made during the next quarterly period to allow sufficient time for new staff to understand and improve operating and functions of the finance system.

There are no changes to Expenditure budgets in this first quarterly review as new staff are familiarising themselves with the system.

The expenditure items for business units as well as the general fund will also be scrutinised over the next quarter and more detail provided.

The five (5) business units Year to Date (YTD) results for this quarter are summarised in the table below and expenditure incudes depreciation:

Business Unit	Revenue	Expenditure	Surplus (deficit)	Comments
Waste	$167,000	$211,000	($44,000)	Timing (1 August) of new fees and charges have had an impact as well as less waste disposed of than anticipated. Approx. $15,000 ticketed sales per month (August and September) budgeted $41,000/month. There is also a delay in the collection of Waste Management Levy.
Airport	$384,000	$568,000	($220,000)	Timing (1 January 2018) of implementing new fees and charges.
Sewer	$100,000	$118,000	($18,000)	Timing of invoices account for less revenue than anticipated at this stage.
Telecom	$841,000	$692,000	$149,000	On target.
Electricity	$723,000	$557,000	$166,000	Fuel costs for August and September yet not included in the expenditure.

Changes to Capital Budget Revenue have incorporated:

- A decrease capital budget adjustment of $3,025,000 from originally budgeted Building Better Regions capital funding mainly impacting on the Waste services and Telecom areas where alternative solutions have been implemented as discussed at previous Council meetings.
- Various transfers of funding between initially specified purchases of capital items.
- Deferment $500,000 of planned (budgeted) for capital works until next year of the Centennial Complex.

The recommended revised changes have reduced the budgeted revenue amount by a significant amount of $3.036 million The outcome of the changes sees a revised forecast net operating loss result of $1.128 million from the previously budgeted net operating profit of $1.9 million. The changes to the budget make Council's financial position for 30/6/18 less satisfactory than at the beginning of the year. Remedial action required to address this forecast result will cover a further request for funding, review of all budget expenditures and income as well as strategy for appropriate asset maintenance.

GOVERNANCE/POLICY IMPLICATIONS

Nil

LEGAL IMPLICATIONS

Nil

ENVIRONMENTAL IMPLICATIONS

Nil

SOCIAL IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

As presented

CONCLUSION

The Quarterly Financial Review Report as at 30 September has significantly reduced the original budgeted sources of revenue. The overall recommended adjustment to Council's budget now results in a deficit result of $1.128M from a previously forecast surplus of $1.9M. The changes are largely as a result of a reduction in the amount of budgeted Grants excepted and impact of adjustments made to service pricing and or commencement of pricing.

Greater scrutiny of budget expenditure and forecast revenues will be completed before the next review to improve the financial outlook.

RECOMMENDATION

That

1. The Quarterly Budget Review Statement and recommendations contained with be adopted and income adjustments be accepted;
2. The Audit Committee notes the deficit of $1.128 million compared to the budgeted surplus of $1.9 million, and this deficit is a result of the following revenue areas having reduction in the budgeted amounts:
   - Decrease in electricity income by $410,000 as a result of charges remaining at 62 cents kWh originally budgeted for 68 cents kWh.
   - Decrease in electricity income by $35,000 due to delay in commencing charging for solar access from 1 July to 1 Oct 2017.
   - Decrease in the amount to be collected from passenger movements of $600,000 due to delay in charge implementation to 1 January 2018 from 1 July 2017.
   - Decrease in waste management charges which were delayed one month $21,000.
   - Decrease in the amount received from the Financial Assistance Grant $1,970,000.
3. The Audit Committee notes the changes to the Capital Budget with a reduction of $3.025 million from the original budget due to the unsuccessful Building Better Regions Funding Application for the Waste and Telecom business service areas.

ATTACHMENTS

1. Quarterly Review as at 30 September 2017

Norfolk Island Regional Council

Quarterly Budget Review Statement

for the period 01/07/17 to 30/09/17

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This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter and should be read in conjuction with the total QBRS report

Norfolk Island Regional Council
Quarterly Budget Review Statement
for the period 01/07/17 to 30/09/17

Report by Responsible Accounting Officer

The following statement is made in accordance with Clause 203(2) of the Local Government (General) Regulations 2005:

It is my opinion that the Quarterly Budget Review Statement for Norfolk Island Regional Council for the quarter ended 30/09/17 indicates that Council's projected financial position at 30/6/18 will be unfavourable at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

My opinion above, that Council's projected financial position as at 30/6/18 will be unsatisfactory has been based on the following factors:

1. Decrease of income budget from an increase in charges from 1 July 2017 for Airport passenger movements were delayed until 1 January 2018. Requiring the budget to be reduced by $600K.
2. Decrease of income budget from electricity charges of $445K. A fee increase for electricity charges to 68 cents per kWh originally budgeted was not accepted requiring a reduction to the income budget of $410K. The delay for implementation of the solar access fee to 1 Oct 2017 has also necessitated reduction to the income budget of an additional $35K.
3. Decrease of income budgeted for the Financial Assistance Grant original budget $4.420M to $2.450M a reduction of $1.970M.
4. Decrease of income budget as a result of delay in the implementation of the Waste Management charges by one month has required a reduction in waste management income by $21K.
5. Forecast decrease in cash from previous year of $2.573M and if this trend continues will put the Council's financial sustainability at risk.

Recommended remedial action to deal with this unsatisfactory position includes:

Further submissions to the Commonwealth Government to seek Financial Assistance Grant (FAG) funding.

Review of all revenue and expenditure to ensure that costs are correctly allocated.

Recognition that budget was based on workings and projections that now will be reviewed in the next quarter.

Focus on fees and charges for all services to identify areas to ensure true service cost recovery.

Review assets to determine a renewals strategy to ensure that they are effectively utilised over the course of their life.

. Ensure that all Service Delivery Agreement costs are fully recovered from the Commonwealth.

Signed: _____ **Date:** **10/11/2017**

Robert Carlesso
Responsible Accounting Officer

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter and should be read in conjuction with the total QBRS report

Norfolk Island Regional Council
Quarterly Budget Review Statement
for the period 01/07/17 to 30/09/17

Income & Expenses Budget Review Statement

Budget review for the quarter ended 30 September 2017
Income & Expenses - Council Consolidated

($000's)	Original Budget 2017/18	Variations for this Sep Qtr	Notes	Projected Year End Result	Actual YTD figures
Income					
Rates and Annual Charges	1,180			1,180	1,174
User Charges and Fees	16,161	(1,066)	1	15,095	2,980
Interest and Investment Revenues	120	-		120	17
Other Revenues	4,930			4,930	1,468
Grants & Contributions - Operating	8,241	(1,970)	2	6,271	990
Grants & Contributions - Capital	3,075	(3,075)	3	-	-
Net gain from disposal of assets	-			-	-
Total Income from Continuing Operations	**33,707**	**(6,111)**		**27,596**	**6,629**
Expenses					
Employee Costs	10,322			10,322	1,926
Borrowing Costs	-			-	-
Materials & Contracts	10,323			10,323	3,425
Depreciation	4,958			4,958	1,240
Other Expenses	3,121			3,121	24
Net Loss from disposal of assets	-			-	-
Total Expenses from Continuing Operations	**28,724**	**-**		**28,724**	**6,614**
Net Operating Result - Continuing Operations	**4,983**	**(6,111)**		**(1,128)**	**15**
Discontinued Operations - Surplus/(Deficit)	-	-		-	-
Net Operating Result from All Operations	**4,983**	**(6,111)**		**(1,128)**	**15**
Net Operating Result before Capital Items	**1,908**	**(3,036)**		**(1,128)**	**15**

1 Decrease in unit cost fees for electricity to .62 cents from budgeted .68 Kwh decrease of $410K, Delayed implementation of solar access fee to 1 Oct 2017 decrease $35k, Passenger movement charges delayed implementation to 1 January 2018 decrease $600K, Waste Management charges delayed implementation one month reduction $21K

2 Financial Assistance Grant $4.420M reduced to $2.450M

3 BBRF Capital Grant for Baler and Telecommunications not successful

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter and should be read in conjuction with the total QBRS report

Norfolk Island Regional Council **Quarterly Budget Review Statement**
Income & Expenses Full Cost of Service

Budget review for the quarter ended 30 September 2017
Income & Expenses - Council Consolidated

($000's)	Original Budget 2017/18	Variations for this Sep Qtr	Notes	Projected Year End Result	Actual YTD figures
Income					
Office of the General Manager	-	-		-	-
Regional Council	-	-		-	0
Governance Management	-	-		-	-
Corporate Services Management (Commercial Mgt)		-		-	-
Finance	30	-		30	4
ICT	-	-		-	-
Records Management	-	-		-	-
Human Resources	-	-		-	-
Employee oncosts	-				-
Services Management	-	-		-	-
Environment, Parks & Reserves	-	-		-	1
Roads Sealed Roads	535	-		535	93
Airport Management	3,363	(600)	1	2,763	348
Cascade Supply of Rock	275	-		275	61
Works Depot (Garage Operations)	-	-		-	12
Fleet Management & Logistics (Plant Operations)	574	-		574	417
Private Works	-	-		-	33
Facilities Management	5	-		5	1
Building & Grounds Maintenance	-	-		-	-
Council & Community Housing	45	-		45	10
Works Store	-	-		-	-
Works Management	0	-		0	11
Tanalith	50	-		50	2
Liquor Mart	3,850	-		3,850	932
Norfolk Fuel	400	-		400	44
Electricity	4,035	(445)	2	3,590	723
Telecom	3,530	-		3,530	842
Heritage Management (Museums)	-	-		-	-
Broadcasting	33	-		33	9
Library	-	-		-	1
Legacy Operations	-	-		-	-
Risk & Internal Audit	-	-		-	27
Legal Services	-	-		-	-
Tourism Burearu	125	-		125	11
Economic Development	-	-		-	-
Council Land	-	-		-	-
Registry, Courts & Lands	35	-		35	0
Customer Care	-	-		-	-
Building & Development Control	20	-		20	6
Public, Health & Safety	-	-		-	2
General Purpose Revenue, Rates & Grants Income	5,520	(1,970)	3	3,550	1,801
Sewerage Services	504	-		504	100
Waste Services	1,140	(21)	4	1,119	167
Cemetary Maintenance	-	-		-	-
NI Fire Service & Community Safety	-	-		-	-
Norfolk Energy	-	-		-	-
Overheads allocated to Capital	-				-9
NIRC only	**24,069**	**(3,036)**		**21,033**	**5,649**
KAVHA Buildings & Grounds Maintenance	495	-		495	110

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter and should be read in conjuction with the total QBRS report

Education	1,310	-	1,310	-
Policing Courts & Legal Services	663	-	663	0
Tribunals, Boards & Statutory Appointments	-	-	-	7
Child Welfare	-	-	-	19
Registry, Licensing & Regulatory	951	-	951	316
Emergency Services	1,074	-	1,074	184
Office of the Administrator	80	-	80	-
Gaming	-	-	-	29
Pest & Noxious Weed Control	372	-	372	77
Ports Management	848	-	848	170
Record Keeping	33	-	33	-
Spatial Policy & Planning	50	-	50	-
ICT Support	69	-	69	-
Pensions Rates Rebates	2	-	2	-
KAVHA Research Centres	100	-	100	(3)
KAVHA Museums	383	-	383	53
SDA Management	78	-	78	-
Workers Compensation	56	-	56	15
Public Health	-	-	-	-
Property Management	-	-	-	-
Recovery				(0)
Adhoc Services	-	-	-	4
Commonwealth Funded Services	6,564	-	6,564	981
Total Income from Continuing Operations	**30,633**	**(3,036)**	**27,597**	**6,630**

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter and should be read in conjuction with the total QBRS report

Norfolk Island Regional Council
Income & Expenses Full Cost of Service

Budget review for the quarter ended 30 September 2017
Income & Expenses - Council Consolidated

($000's)	Original Budget	Variations for this Sep Qtr	Projected Year End Result	Actual YTD figures
Expenses				
Office of the General Manager	-	-	-	107
Regional Council	286	-	286	51
Governance Management	461	-	461	115
Corporate Services Management (Commercial Mgt)	-	-	-	1
Finance	30	-	30	181
ICT	-	-	-	- 33
Records Management	77	-	77	8
Human Resources	-	-	-	39
Employee oncosts	-	-	-	- 379
Services Management	275	-	275	82
Environment, Parks & Reserves	165	-	165	21
Roads Maintenance - Sealed Roads	1,643	-	1,643	497
Airport Management	2,303		2,304	568
Cascade Supply of Rock	117	-	117	40
Works Depot - Garage Operations	721	-	721	97
Fleet Management & Logistics (Plant Operations)	879	-	879	104
Private Works	-	-	-	30
Facilities Management	11	-	11	171
Building & Grounds Maintenance	-	-	-	14
Council & Community Housing	62	-	62	11
Works Store	-	-	-	109
Works Management	-	-	-	34
Tanalith	65	-	65	32
Liquor Mart	2,862	-	2,863	581
Norfolk Fuel	284	-	284	5
Electricity	4,158	-	4,159	556
Telecom	3,355	-	3,355	695
Heritage Management (Museums)	-	-	-	-
Broadcasting	217	-	217	48
Library	45	-	45	10
Legacy Operations	40	-	40	23
Risk & Internal Audit	671	-	671	471
Legal Services	134	-	134	-
Tourism Burearu	1,248	-	1,248	267
Economic Development	159	-	159	56
Council Land	-	-	-	0
Registry, Courts & Lands	6	-	6	0
Customer Care	-	-	-	181
Building & Development Control	233	-	233	32
Public, Health & Safety	135	-	135	12
General Rates & Grants Income	60	-	60	1
Sewerage Services	478	-	478	118
Waste Services	990	-	990	211
Emergency Services - Aviation Rescue & Fire Fighting	-	-	-	-
Cemetary Maintenance	-	-	-	-
NI Fire Service & Community Safety	-	-	-	-
Norfolk Energy	-	-	-	-
Overheads allocated to Capital	(3)	-	(3)	-
Depn unallocated			-	51

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter and should be read in conjuction with the total QBRS report

NIRC only	**22,167**	**-**	**22,169**	**5,219**
KAVHA Buildings & Grounds Maintenance	495	-	495	183
Education	1,310	-	1,310	68
Policing Courts & Legal Services	663	-	663	72
Tribunals, Boards & Statutory Appointments	-	-	-	-
Child Welfare	-	-	-	(0)
Registry, Licensing & Regulatory	951	-	951	86
Emergency Services	1,074	-	1,074	506
Office of the Administrator	80	-	80	-
Gaming	-	-	-	0
Pest & Noxious Weed Control	372	-	372	94
Ports Management	848	-	848	235
Record Keeping	33	-	33	6
Spatial Policy & Planning	50	-	50	10
ICT Support	69	-	69	5
Pensions Rates Rebates	2	-		
KAVHA Research Centres	100	-	100	30
KAVHA Museums	383	-	383	73
SDA Management	78	-	78	22
Workers Compensation	56	-	56	6
Public Health	-	-	-	-
Property Management	-	-	-	-
Recovery				
Adhoc Services	(6)		(6)	-
Commonwealth Funded Services	6,558	-	6,556	1,395
Total Expenses from Continuing Operations	**28,725**	**-**	**28,725**	**6,615**
Net Operating Result - Continuing Operations	**1,908**	**(3,036)**	**(1,128)**	**15**

1 Airport passenger movement charges delayed implementation to 1 January 2018 decrease $600K

2 Decrease in unit cost fees for electricity to .62 cents from budgeted .68 Kwh decrease of $410K, Delayed implementation of solar access fee to 1 Oct 2017 decrease $35K

3 Financial Assistance Grant $4.420M reduced to $2.450M (difference of $1.970M)

4 Waste Management charges delayed implementation one month reduction $21K

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter and should be read in conjuction with the total QBRS report

Norfolk Island Regional Council
Quarterly Budget Review Statement
for the period 01/07/17 to 30/09/17

Income & Expenses Budget Review Statement
Recommended changes to revised budget

Budget Variations being recommended include the following material items:

Notes	Details
1	Income from an increase in charges from 1 July 2017 for Airport passenger movements were delayed until 1 January 2018. Requiring the budget to be reduced by $600K.
2	A fee increase for electricity charges to 68 cents per kWh originally budgeted was not accepted requiring a reduction to the income budget of $410K. The delay for implementation of the solar access fee to 1 Oct 2017 has also necessitated reduction to the income budget of an additional $35K.
3	The income budgeted for the Financial Assistance Grant has been reduced to match the approved grant as advised by the Commonwealth from $4.420M to $2.450M a reduction of $1.970M.
4	A delay in the implementation of the Waste Management charges by one month has required a reduction in waste management income by $21K

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter and should be read in conjunction with the total QBRS report

Norfolk Island Regional Council
Capital Budget Review Statement

Budget review for the quarter ended 30 September 2017
Capital Budget - Council Consolidated

($000's)	Original Budget 2017/18	Variations for this Sep Qtr	Notes	Projected Year End Result	Actual & Committed YTD figures
Capital Expenditure by Project					
New Assets					
Facilities Management Bi Centennial Complex	700	(500)	1	200	9
Waste Services Bailer and Composter	1,620	(1,205)	2	415	378
Rock Mining new quarry project	100			100	
Lighters - new	250			250	
Renewal Assets (Replacement)		-		-	-
				-	
IT Services Upgrades	100	-		100	52
Sewer Services Cameras/Pumps	100	-		100	-
Telecom				-	
Mobile phone network	2,480	(1,860)	3	620	
PABX	50	-		50	
Buildings Maintenance - pipe bender	15	-		15	-
				-	
Airport Services				-	42
Runway GHD option 2	1,000	(100)		900	49
Asphalt Machine	75	-	10	75	-
Slip Rehabilitation	200			200	-
Tractor		100	10	100	
Liquor Bond Store				-	6
Roof	125	(10)	4	115	57
Lighting Retail and Warehouse	50		5	50	6
- Roads		-		-	
Resurfacing	500	-		500	127
Grant Program Contribution	100			100	
Tar Decanter	12			12	
Spray Tanker	350	(60)	6	290	
2 X Spreader Trucks	180			180	
Loader	70	160	6 & 7	230	
Steel Roller	100	(100)	7	-	
- Plant & Equipment		-			4
Crane	700	(700)	8	-	
2 @ 4X4 vans, 2 utes, 5 cars	250	-		250	
Water Blaster/Steamer	15	(15)	9	-	
Diagnostic Equipment	13			13	
Plant Replacements	-			-	
Reserves				-	
Mowers	30			30	
Waterless composting toilets	30	15	9	45	
					14
Electricity Generators X 3	-	1,250	11	1,250	-
Total Capital Expenditure	**9,215**	**(3,025)**		**6,190**	**743**
Loan Redemptions for 2017_18					
Quarry Project	100			100	
Airport Loan	200			200	

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter and should be read in conjuction with the total QBRS report

Total Funding Required	**9,515**	**(3,025)**	**6,490**	
Total Capital Funding Cash and Investments Tab				
Unrestricted Funds	3,689	-	3,689	1,378
Capital Grants & Contributions	-	-	-	-
Reserves:				
- External Restrictions/Reserves	-	-	-	140
- Internal Restrictions/Reserves	6,456	-	6,456	-
New Loans	-	-	-	-
Receipts from Sale of Assets				
- Plant & Equipment	-	-	-	-
- Land & Buildings	-	-	-	-
Total Funding	**10,145**	**-**	**10,145**	**1,518**
Net Capital Funding - Surplus/(Deficit)	**630**		**3,655**	**775**

Notes

1 $200K to complete plan for BBRF Round 3 application
2 Baler ordered additional $10K from Liquor Bond Store
3 3G upgrade or BBRF round 2 funding
4 $10K to Baler
5 $6K refrigerator
6 $60K to Loader
6 &7 $60K from Spray tanker
7 $100K to Loader
8 Crane $700K deferred to 2018/19
9 Additional $15K from Water Blaster towards Waterless composting toilets
10 Purchase of Tractor $100K from Runway GHD funding
11 Electricity Generators X 3, $1.25M

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter and should be read in conjuction with the total QBRS report

Norfolk Island Regional Council

Quarterly Budget Review Statement
for the period 01/07/17 to 30/09/17

Capital Budget Review Statement
Recommended changes to revised budget

Budget Variations being recommended include the following material items:

Notes	Details
1	Budget reduced to $200K to complete plan for BBRF Round 3 application, remaining budget allocation to be carried over to 2018/19
2	Original budget reduced by $1.205M. Not successful in securing Building Better Regions Funding. Reallocated for purchase of Baler which has been ordered with additional funding $10K taken from Liquor Bond Store
3	3G upgrade or BBRF round 2 funding. Not successful in securing Building Better Regions Funding.
4	$10K to Baler from Liquor Bond building refurbishment
5	$6K refrigerator purchased from Liquor bond Lighting and warehouse no change to budget
6 & 7	Reallocation of funding to specific Road Plant and Equipment $60K taken from Spray Tanker, $100K from Steel Roller and allocated to purchasing a new loader (revised budget for this $160K). Alternative option being investigated for the Spray Tanker.
8	Budget assigned to Crane reduced by $700K. Crane purchase deferred to 2018/19
9	Budget originally $15K assigned to purchase the Water Blaster reallocated to Motor Vehicles
10	Asphalt Machine now substituted for purchase of a Tractor $100K
11	Puchase of 3 Electricity Generators $1.250M

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter and should be read in conjunction with the total QBRS report

Norfolk Island Regional Council

Quarterly Budget Review Statement
for the period 01/07/17 to 30/09/17

Cash & Investments Budget Review Statement

Budget review for the quarter ended 30 September 2017
Cash & Investments - Council Consolidated

($000's)	Original Budget 2017/18	Variations for this Sep Qtr	Notes	Projected Year End Result	Actual YTD figures
Externally Restricted (1)					
Developer Contributions - General				-	-
Sewerage Management	-	-		-	-
Domestic Waste Management	-	-		-	-
Commonwealth Funded Services	-	-		-	-
Specific Purpose Unexpended Grants	-	-	1	-	45
External Reserve Description here...				-	
External Reserve Description here...				-	
External Reserve Description here...				-	
External Reserve Description here...				-	
External Reserve Description here...				-	
Total Externally Restricted	**-**	**-**		**-**	**45**
(1) Funds that must be spent for a specific purpose					
Internally Restricted (2)					
Art Gallery	-			-	-
Heritage Program - Verandah Loans Repaid	-			-	
Heritage Program - BHP Restoration	-			-	
Heritage Program - New Monies	-			-	
Two-Up Promotion	-			-	
Infrastructure Replacement	-	6,190		6,190	5,447
Employee Leave Entitlements	-	240		240	170
Security Bonds, Deposits & Retentions	11	15		26	26
Total Internally Restricted	**11**	**6,445**		**6,456**	**5,643**
(2) Funds that Council has earmarked for a specific purpose					
Unrestricted (ie. available after the above Restrictions)	12,707	3,183		3,689	7,142
Total Cash & Investments	**12,718**	**9,628**		**10,145**	**12,830**

Notes -

1 National Library, Historical Ship Wrecks

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter and should be read in conjuction with the total QBRS report

Norfolk Island Regional Council
Quarterly Budget Review Statement
for the period 01/07/17 to 30/09/17

Cash & Investments Budget Review Statement

Comment on Cash & Investments Position

Increasing due to:
1) Receipt of the full years financial assistance grant.
2) One off collection of legacy monies for example GST

Investments

Investments have been invested in accordance with Council's Investment Policy.

Cash

The Cash at Bank figure included in the Cash & Investment Statement totals $12,830

This Cash at Bank amount has been reconciled to Council's physical Bank Statements.
The date of completion of this bank reconciliation is 30/09/17

Reconciliation Status

The YTD Cash & Investment figure reconciles to the actual balances held as follows:			**$ 000's**
Cash at Bank (as per bank statements)			2,437
Investments on Hand			9,000
less: Unpresented Cheques	(Timing Difference)		-
add: Undeposited Funds	(Timing Difference)		
less: Identified Deposits (not yet accounted in Ledger)	(Require Actioning)		
add: Identified Outflows (not yet accounted in Ledger)	(Require Actioning)		-
less: Unidentified Deposits (not yet actioned)	(Require Investigation)		
add: Unidentified Outflows (not yet actioned)	(Require Investigation)		
Reconciled Cash at Bank & Investments			**12,830**
Balance as per Review Statement:			**12,830**
Difference:		*	**-**

Recommended changes to revised budget

Budget Variations being recommended include the following material items:

Notes	Details
	N/A

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter and should be read in conjuction with the total QBRS report

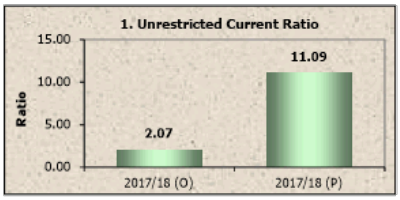
Norfolk Island Regional Council

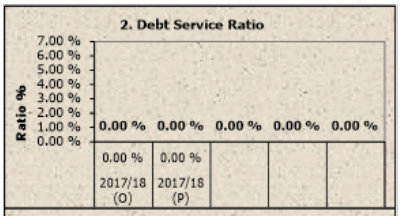
Quarterly Budget Review Statement
for the period 01/07/17 to 30/09/17

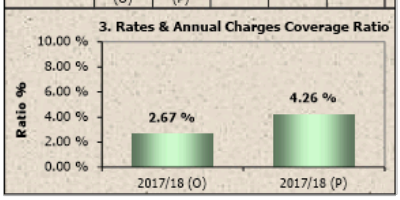
Key Performance Indicators Budget Review Statement

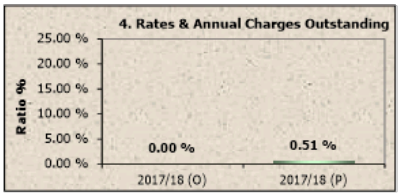
Budget review for the quarter ended 30 September 2017

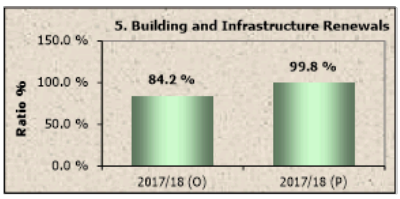
($000's)	Current Projection Amounts 17/18	Current Projection Indicator 17/18	Original Budget 17/18
The Council monitors the following Key Performance Indicators:			
1. Unrestricted Current Ratio			
Unrestricted Current Assets	11,719	11.09	2.07
Unrestricted Current Liabilities	1,057		
To assess the adequacyof working capital and its ability to satisfy obligations in the short term for the unrestricted activities of council.			
2. Debt Service Ratio			
Interest Expense	0	0.00 %	
Unrestricted, Non-Capital Income	0		
To assess the impact of loan interest repayments on the discretionary revenue of council.			
3. Rates & Annual Charges Coverage Ratio			
Rates & Annual Charges	1,174	4.26 %	2.67 %
Income from Continuing Operations	27,597		
To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.			
The Council monitors the following Key Performance Indicators:			
4. Rates & Annual Charges Outstanding			
Rates, Annual & Extra Charges Outstanding	3	0.51 %	0.00 %
Rates, Annual & Extra Charges Collectible	661		
To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.			
5. Building and Infrastructure Renewals			
Asset Renewals	5225	99.8 %	84.2 %
Depreciation and Impairment	5236		
To asses the rate at which these assets are being renewed relative to the rate at which they are depreciating.			











This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter and should be read in conjuction with the total QBRS report

Norfolk Island Regional Council
Quarterly Budget Review Statement
for the period 01/07/17 to 30/09/17

Review Statement of Financial Position

Budget review for the quarter ended 30 September 2017

($000's)	2016/17 AFS 2017/18	Changes to Financial Position if Approved Other than by QBRS	Notes	Projected Year End Result
Assets				
Cash and Equivalents	12,718	(2,573)		10,145
Investments	-	-	1	-
Receivables	1,967	(327)		1,640
Inventories	1,502	109		1,611
			2	-
Non-Current Assets			3	-
Property, Plant and Equipment	122,039	1,232		123,271
				-
TOTAL ASSETS	**138,226**	**(1,559)**		**136,667**
Liabilities				
Payables	1,149	(200)		949
Borrowings	286	(86)		200
Provisions	185	55		240
				-
Non-Current Liabilities				-
Borrowings	11,000	(200)		10,800
				-
TOTAL LIABILITIES	**12,620**	**(431)**		**12,189**
NET ASSETS	**125,606**	**(1,128)**		**124,478**
Equity				
Retained Surplus	125,606	(1,128)		124,478
TOTAL EQUITY	**125,606**	**(1,128)**		**124,478**

Statement of Cash Flows
Quarterly Budget Review Statement
for the period 01/07/17 to 30/09/17
Norfolk Island Regional Council

($000's)	2016/17 AFS 2017/18	Projected Year End Result
Cash flows from operating activities		
Receipts		
Rates and annual charges	1106	1180
User charges and fees	10319	15422
Investment and interest revenue received	247	120
Grants and contributions	4096	4930
Other	7981	6271
Payments		
Employee benefits and oncosts	-7143	-10267
Material and contracts	-8090	-10632
Other	-8799	-3121
Net cash provided (or used in) operating activities	-284	3903
Cash flows from investing activities		
Receipts		
Sale of infrastructure, property, plant and equipment	47	0
Payments		
Purchase of Infrastructure, property, plant and equipment	-901	-6190
Other investing activity payments	0	
Net cash provided (or used in) investing activities	-853	-6190
Cash flows from financing activities		
Receipts		
Proceeds from borrowings and advances	0	0
Other financing activity receipts	0	0
Payments		
Repayment of borrowings and activities	-383	-286
Other financing activity payments	0	
Net cash flow provided (or used in) financing activities	-383	-286
Net increase/decrease in cash and cash equivalents	-1521	-2573
Plus cash and cash equivalents - beginning of year	0	12718
Plus cash transferred on creation of NIRC	14239	0
Cash and cash equivalents - end of year	12718	10145

Norfolk Island Regional Council
Quarterly Budget Review Statement
for the period 01/07/17 to 30/09/17

Contracts Budget Review Statement

Budget review for the quarter ended 30 September 2017
Part A - Contracts Listing - contracts entered into during the quarter

Contractor	Contract detail & purpose	Contract Value	Start Date	Duration of Contract	Budgeted (Y/N)
Hindle Group	Economic Development and Marketing #	72,000	01/07/18	Six Months	Y
Relief Acting Chief Fire Officers		79,749	01/07/18		Y
Queensland Fire and Emergency Services	Aviation Fire Fighting Training and	173,575	01/08/18	Five Months	Y

Notes:

1. Minimum reporting level is 1% of estimated income from continuing operations of Council or $50,000 - whatever is the lesser.
2. Contracts listed are those entered into during the quarter being reported and exclude contractors on Council's Preferred Supplier list.
3. Contracts for employment are not required to be included.

PLUS Travel and accommodation

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter and should be read in conjunction with the total QBRS report

Norfolk Island Regional Council
Quarterly Budget Review Statement
for the period 01/07/17 to 30/09/17

Consultancy & Legal Expenses Budget Review Statement

Consultancy & Legal Expenses Overview

Expense	YTD Expenditure (Actual Dollars)		Budgeted (Y/N)
Consultancies	28,800	[1]	Y
Legal Fees			N

Definition of a consultant:

A consultant is a person or organisation engaged under contract on a temporary basis to provide recommendations or high level specialist or professional advice to assist decision making by management. Generally it is the advisory nature of the work that differentiates a concultant from other contractors.

Comments

Expenditure included in the above YTD figure but not budgeted includes:

Details

[1] Hindle Group

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter and should be read in conjuction with the total QBRS report

5.4 OUTSTANDING AUDIT RECOMMENDATION REPORT

Author: **Rob Carlesso, Group Manager Corporate / Chief Finance Officer**

SUMMARY

This report has been produced that provides a record to track the progress of recommendations made from independent audit.

BACKGROUND

Recommendations made by independent Audit are important to improve processes and systems that support good governance practices which ultimately give stakeholders confidence in the management and operations of NIRC.

RELEVANCE TO THE STRATEGIC PLAN AND RESOURCING STRATEGY

Strategic Direction 4 – A successful and innovative community

Strategic Direction 5 - An informed and accountable community

DISCUSSION

In order to improve processes and systems, actions from staff from recommendations received from Audit are reported so that the Audit Committee can gauge progress of improvements and assist to set priorities for actions. Any completed actions approved by the Audit Committee can be deleted. As this is the initial report any changes or suggestions that may improve the intention of the report would be welcome.

GOVERNANCE/POLICY IMPLICATIONS

nil

LEGAL IMPLICATIONS

nil

ENVIRONMENTAL IMPLICATIONS

nil

SOCIAL IMPLICATIONS

nil

FINANCIAL IMPLICATIONS

nil

CONCLUSION

Please find attached the 'Outstanding Recommendation Report' which will ensure that progress to meet the agreed Audit recommendations are reported and tracked to improve processes and procedures to ultimately enhance the governance of the organisation.

RECOMMENDATION

That the *Outstanding Audit Report* be noted.

ATTACHMENTS

1. Outstanding Audit Recommendation Report

Audit Report	Risk Identified	Responsible Office	Actions for Mitigation	When
Australian National Audit Office Financial Statements Audit 2015-16 Final Closing Letter 10 May 2017	**Going Concern – NIRC** Ongoing capacity to pay for anticipated expenses without Commonwealth support lead to a material uncertainly in its capacity to adequately cover expenditures.	Group Manager Corporate/ CFO	Improved financial reporting to management providing greater scrutiny and control on finances. Strategic plans for long term sustainability. Focus on revenue streams for example SDAs to ensure full cost recovery and profit margin. Introduction of revenues and review of charges to reach cost recovery. Obtaining greater certainty for grants revenue from Government. Conservative approach to budgets.	Ongoing
	Revenue and Receivables – Understatement or overstatement of revenue associated with poor book keeping, system or human error or fraud. Recognition of revenue not in accordance with Aust. Accounting Standards. Recognition and recoverability of money owed to ANI and appropriate control over write offs.			
	Financial Statements Reporting and Quality Assurance – Absence of reconciled balances, formal quality review, incomplete or inaccurate identification of inter entity related transactions between ANI and other Territory authorities, such as Norfolk Island Hospital. Non compliance with the required		Consideration - The transitional operating environment, which has seen significant staff turnover, impacted the ANI's ability to refine and improve the quality of reporting processes and the timely supply of evidence to support the financial statements. Going forward, timely and accurate management reports are needed to anticipate NIRC's cash flow needs and to manage NIRC's business affairs. To achieve this there will need to be internal policy alignment, better analysis of inter-entity transactions and a better understanding of	

Audit Report	Risk Identified	Responsible Office	Actions for Mitigation	When
	financial framework – Norfolk Island Commonwealth Finance Minister's Orders 2011.		consolidation reporting	
	Legislative Compliance		Formal representations were received outlining all current and pending legal claims within the ANI. These have been appropriately disclosed within the 2015–16 financial statements.	
	Employee Benefit and Provision		All payments honoured by ANI and not carried over to NIRC	
	Budetary Reporting and Appropriation Management – The ANAO notes that the ANI's formal process to approve budget cost centre movements was not effectively operating for the last quarter of the financial year, which resulted in overspends from initial budgeted positions. While these overspends were largely attributed to additional costs associated with the transition, going forward it is important that formal budget management and approval processes are re-established to ensure policy outcomes are being achieved effectively. Timely and accurate reporting against budget assists in the short-term management of cash flow needs.			
	Inventory Management – A key judgement made by the ANI within			

Audit Report	Risk Identified	Responsible Office	Actions for Mitigation	When
	their 2015–16 financial statements was the application of an impairment provision on their store's inventory balances. The provision was estimated to reflect the value of slow moving and obsolete stock and has been appropriately disclosed within Note 1.4: Significant Accounting Judgements and Estimates. **Supplier Expense Payable and Associated Contract Management Processes –** While no material errors were identified, the ANAO observed a number of weaknesses in relation to the ANI's procurement and delegation processes.			
	Asset Management and Capital Budgeting No formal asset management plan and capital budget. Recommendation – that NIRC develops a formal capital budget and asset management plan so that consideration of future capital costs can be prioritised and included in cash flow forecasts.		NIRC has formerly approved both a 2016/17 Capital Budget and initial Asset Management Plans at Council meetings in its first 6 months of operation. These will be further developed and improved in 2017 as part of the 2017/18 budget process and will align with the 2016/17 Risk Management Action Plan (RMAP), currently being developed.	March 2018
	Policies and Procedures & Corporate Governance –	All Executive Managers	NIRC is in the process of developing policies in regards to risk management. Additionally it has set	Ongoing

Audit Report	Risk Identified	Responsible Office	Actions for Mitigation	When
	Post the development of key policies it is important that there are regular and formal processes in place to monitor the implementation and adherence to the policy requirements. These processes help confirm that areas of non-compliance are identified and addressed to ensure mitigation against any potential financial statement risks. It is important that the level of monitoring and policy requirement is commensurate with the risk associated with the process.		up an Audit Committee in accordance with legislative guidelines which will address relevant audit issues in regards to NIRC's obligations going forward from 1 July 2016. External Auditor appointed for 6 years.	
	Inventory Management – Recommended: Define new business rules for the pricing of incoming stock. For example, it may be possible to have a flat rate charge for all freight charges. New business rules would help maintain accurate and up-to-date cost data. In conjunction with a Capital Management Strategy, develop a strategic plan for the on-going future management and direction of the store's inventory warehouse. This plan should include future expectations around the management of the warehouse; stock holding and service requirements and responsibilities as well as stock	Manager Corporate/CFO	Stocktake completed in October 2017. Obsolete stock was written down. Support store person engaged. Continue to review stores processes and systems to improve efficiency of its inventory management. IT printer stores and stationery now expensed. Reviewing ordering processes. Transition to new Civica stores system complete and used to improve control and reporting. Monitoring and plans to reduce inventory stocks where applicable taking consideration of Norfolk Islands remoteness.	May 2018

Audit Report	Risk Identified	Responsible Office	Actions for Mitigation	When
	purchasing and budgetary arrangements. Manage all stores inventory purchase and procurement arrangements are in accordance with current policies and guidelines. Going forward the NIRC should consider centralising the approval and processing of these arrangements. These observations are relevant to other inventory management areas within the NIRC.			
	Procurement and delegations The ANAO recommends that the NIRC: - maintain adherence to its own internal procurement and delegation policies; and - consider centralising and automating (through the new FMIS) all procurement and purchase order approval arrangements.	Manager Corporate/CFO	Delegation polices and processes now implemented. Central purchasing also in place. This may be reviewed to improve procurement efficiency.	Completed
	Financial Statements preparation & management reporting 2015/16 Audit has noted areas where refinement or improvement to current financial and management reporting processes are required: - earlier identification of all 'inter-agency' relationships that are	Group Manager Corporate/CFO	Will discuss these issues in more detail with External Auditors to address major risks in this area.	January 2018

Audit Report	Risk Identified	Responsible Office	Actions for Mitigation	When
	required to be eliminated for financial reporting consolidation purposes. This identification would be assisted through the development of business rules for the processing and management of internal ANI (now NIRC) cross-charging protocols; - consider the expansion of the current monthly reporting and balance sheet reconciliation processes to include significant accrued expense and revenue items. This will then assist in having accurate monthly financial reports and managing the year-end cut-off reporting process within the NIRC; - tighter enforced segregation of duties around the process and access of key financial functions. A key example is access and documentation management around the processing and review of key financial journals; and opportunities to further refine and simplify work papers that support the note disclosures within the ANI's (and now, NIRC's) financial statements.			
	Cash Management Prior year trust acquittal and legacy bank	Group Manager Corporate/CFO	Bank reconciliations being completed monthly. Cash balances reported.	Completed

Audit Report	Risk Identified	Responsible Office	Actions for Mitigation	When
	reconciliation issues continue to remain unresolved, with the 30 June reconciling variance currently reported on the schedule of unadjusted differences. Unreconciled bank accounts need to be dealt with promptly because it can be an indicator of theft or error. As illustrated here, the ANI has not resolved the current variance with their operating account as at 30 June 2016. In view of these issues, the prior year cash management finding continues to remain unresolved. Going forward the NIRC should: - finalise outstanding acquittal processes for the Airline Services trust account; - implement tighter controls around trust reporting and management. This includes considering if there is need for the physical separation of trust monies from operational bank accounts, and separating the recording and reporting in the general ledger; and ensure month-end reconciliations are completed for all bank accounts (including term deposit and trust accounts), and that these reconciliations are supported by evidence of a formal review process.		Current variance under review with current audit	January 2018

Audit Report	Risk Identified	Responsible Office	Actions for Mitigation	When
	GST Compliance Management In view of the legislation ceasing, no additional compliance activity was undertaken during 2015–16. More broadly, the refinement of controls and frameworks to ensure the completeness of all revenue streams should be a key area of focus for the NIRC. While the GST compliance issue will cease to be applicable for 2016–17, through the repealing of the Norfolk Island Goods and Services Tax Act 2007, the observations and risks from this finding may continue to be relevant. Where revenue relies upon customer information there needs to be a compliance framework established that is commensurate with the risk.		NIRC has concerns in regards to recognition of GST income that has been set by the ANI in conjunction with these financial reports as audited by ANAO. NIRC notes that a compliance framework had not been addressed earlier – previous management response.	
	HR payroll management process A review of the ANI's HR management and payroll processes during 2015–16 has also found the following areas for improvement: - strengthening current payroll payment processes through the development of a formal payroll reconciliation and authorisation		Payroll processes improved. NIRC has identified significant shortfalls in the HR process and is currently addressing this. Reviews of all position descriptions, Enterprise bargaining, staff HR appointments and transfer to Civica's HR and payroll modules will assist in improving all HR and payroll related processes. A process of approval by Group Managers of individual payrolls run fortnightly will be instigated. Ongoing training in regards to meeting delegations and approvals for financial and payroll functions will occur.	

Audit Report	Risk Identified	Responsible Office	Actions for Mitigation	When
	process for each pay-run; - increasing the visibility and oversight of the HR area on payroll and leave provision arrangements; - look for opportunities to further automate aspects of the ANI's (and now the NIRC's) payroll process, as current arrangements are still very manual and labour intensive; and continue to enforce the requirement to maintain appropriate supporting documentation for all employee commencements and terminations.			
	Financial statement system limitations The NIRC is currently implementing a new system called Civica. This system is planned to be in operation by February 2017 and will be initially running in parallel with SmartStream. The lessons from the limitations of SmartStream should be taken into account as part of the implementation. Key examples include: • streamlining or simplifying the current chart of account and cost centre structure (particularly around repairs and maintenance		The ANI's Chart of Accounts and Cost Centre structure has been amended to suit the NIRC's operations during the current financial year as no planning or actual transition occurred. This will be further refined during the additional transition to Civica in 2016/17. Works Orders, as part of Civica will accurately identify all work done by function and type. Auditors currently reviewing transition of finance information to Civica. Details on account mapping has been provided.	Commenced 1/7/2017

Audit Report	Risk Identified	Responsible Office	Actions for Mitigation	When
	accounts); • development of business rules for the processing and management of internal cross-charges as well as the processing journals to re-allocate cost centre movements; • further consideration on the general ledger structure as there is inherent complexity in keeping the current six trial balance arrangements; and • defining the key reporting functionality and requirements that the NIRC will need for management, financial and audit purposes. Improvements in these areas will lead to more efficient and accurate financial reporting. As part of the transition, there is an opportunity for the new executive within the NIRC to re-define and streamline both internal management reporting and financial statement preparation processes. Simplified financial reporting arrangements will allow the NIRC to have access to 'real time' year-to-date results, which will assist with timely monitoring of cash flow and long-term budget monitoring.			

Audit Report	Risk Identified	Responsible Office	Actions for Mitigation	When
	While the FMIS upgrade is necessary, and will assist in the delivery of efficiencies to the Island, in preparation for the upgrade the NIRC may also want to consider the following steps: • simplifying the number of general ledger and cost centre accounts; • reducing the number of individual trial balances within the entity; • simplifying or removing some of the internal cross charge processing; • automating a number of current manual financial processing arrangements; • re-enforcing system built segregation of duties for all key processing and posting transactional arrangements (particularly journal management); and considering digitalised reporting and recording keeping processes (where possible).			
	Contract Management During testing at year-end, the ANAO noted improvements in the management		Contracts have been reviewed and updated to ensure their validity in relation to current work practices as they relate to NIRC.	Commenced 1/7/2017 and ongoing

Audit Report	Risk Identified	Responsible Office	Actions for Mitigation	When
	of their contract register. Notwithstanding these observations, the ANAO noted that there are still improvements required with regard to: - all contractual arrangements within the NIRC are recorded on the register; and - the NIRC's contract register is regularly updated to reflect current financial circumstances, particularly around the outstanding contractual values and the start and end date for each contract. The centralisation and regular monitoring of contractual commitment arrangements will assist the NIRC better manage future cash-flow forecasts.			
	Other matters **Financial statements reporting within the NIRC** As part of the transition, there is an opportunity for the new executive within the NIRC to re-define and streamline both internal management reporting and financial statement preparation processes. Simplified financial reporting arrangements will allow the NIRC to have access to 'real time' year-to-date results, which will assist with timely monitoring of cash flow and long-term budget monitoring.			TBA

Audit Report	Risk Identified	Responsible Office	Actions for Mitigation	When
	While the FMIS upgrade is necessary, and will assist in the delivery of efficiencies to the Island, in preparation for the upgrade the NIRC may also want to consider the following steps: • simplifying the number of general ledger and cost centre accounts; • reducing the number of individual trial balances within the entity; • simplifying or removing some of the internal cross charge processing; • automating a number of current manual financial processing arrangements; • re-enforcing system built segregation of duties for all key processing and posting transactional arrangements (particularly journal management); and considering digitalised reporting and recording keeping processes (where possible).			
	<u>Worker's Compensation</u> It is important that the observations contained in the NERA performance audit are considered, particularly with regard to embedding key governance arrangements and determining how the strategic future of the scheme will operate. <u>Airport levies</u> The ANAO notes that the new airline fees			Ongoing

Audit Report	Risk Identified	Responsible Office	Actions for Mitigation	When
	and charges were not correctly applied during 2015–16, resulting in an under-charging of $70k, which was required to be invoiced in October 2016. While this transaction has been correctly accrued for within the 2015–16 financial statements, it is important that the NIRC implement appropriate management oversight over all future changes to fees and charges. <u>Norfolk Telecom</u> The ANAO notes that with the introduction of the NBN, the ANI's ADSL internet revenue has begun to significantly decline. As this position continues to worsen future consideration will be required on the current contractual obligations. At the time of signing, the NIRC have been prudent with future cash flow forecasts for ADSL, but at this stage have not made an active decision as to the future status of the O3B contract. <u>Norfolk Island Tourist Bureau (NIGTB)</u> The NIGTB was abolished as a separate statutory agency, effective 14 December 2015, with the functions, staff and balances becoming the responsibility of the ANI as a business entity from 15 December 2015. The ANAO notes that the physical transfer of functions, staff			

Audit Report	Risk Identified	Responsible Office	Actions for Mitigation	When
	and balances did not occur until post 30 June 2016, meaning formal governance arrangements were not in place for a period of seven months. <u>Norfolk Energy</u> The ANAO notes that as the NIRC finalises its tender and contractual obligations for a new fuel supplier, it is important that appropriate records and documentation are maintained up to the date of transition.			
Interim Management Letter Pitcher Partners	**Opening Balances / Transfer of Balances to Civica** - 30 June 2016 trial balance from ERP Smartstream does not agree to the audited financial statements of the previous administration. This appears to be due to audit adjustments posted to the financial statements but not the trial balance; - 30 June 2016 trial balance does not balance to zero; and - Reconciliation of balances transferred to Civica to be completed to ensure that data has been accurately and completely transferred to Civica.		With the trial balance not balancing back to zero from the previous system the opening balances were difficult to ascertain, also the 'correct' balance needs to be transferred to civica and that is not necessarily what is in the previous system. As the statements are a 'snapshot' in time as at 30th June 2017, all balance sheet items will be correct with audit evidence. The 2016-17 year will be a year of correction so that there is a sound foundation going forward.	

Audit Report	Risk Identified	Responsible Office	Actions for Mitigation	When
	Lack of Segregation of Duties These include but are not limited to personnel being involved in all aspects of key cycles. For example, in the debtor/revenue cycle there are employees who are responsible for invoicing, receipting, credit notes and bank reconciliation. Also, in the purchases and payables cycle there are employees who can raise a purchase order, approve purchase orders, process invoices for payment and approve EFT payments. We recommend that the roles and responsibilities for the various finance staff be clearly documented. This will assist in identifying higher risk areas and allow management to where possible, arrange for the various duties to be segregated as much as is practicable or alternatively implement compensating controls.		With a small finance team that is relatively new to their roles it has been a matter of training and cross training staff to cover each other in the event of absences. As the department matures and staff are comfortable in their roles and are capable of performing them without oversight or assistance, the roles can become more clearly defined and segregated	
	Cash Collection Procedures From our review of the cash handling procedures at both the Liquormart and Customer Service Centre we have noted that the cash handling procedures can be improved. Currently our understanding it there is no review process with regards to end of day cash reconciliations and till reconciliations.		Staff at both customer care and the liquor bond have been advised of this and a new process of counting each other's tills has been applied. A cash handling procedure will be developed in the near future. When the internal auditor position is filled random checks can take place as an extra safeguard.	

Audit Report	Risk Identified	Responsible Office	Actions for Mitigation	When
	We recommend that at the end of each day the cash collections process be reviewed and improved where practicable. This could include: - End of day cash count including float balance be reviewed and signed off by another team member that was not responsible for the till during that day. We also point out that this will not reduce the risk of collusion between team members which is also an inherent risk when small teams are involved. - Alternatively, random checks by a finance team member or internal audit team member would be preferable.			
	Supplier Masterfile Maintenance The supplier masterfile should have controls in place to prevent unauthorised changes. We recommend: - that restrictions are placed on who has permission to add a new supplier or change supplier details such as bank account details; - All changes should be supported by relevant documentation		We are currently waiting on Civica to provide us advice about what 'roles' provide what access to certain functions within Civica. Currently you assign a role or multiple roles to a user to grant them access and unfortunately it isn't a turn on turn off function for certain programs. If there is we are unaware of how to do this and are in contact with Civica to provide this information. A new process will be put in place to provide documentation surrounding any changes to the bank details.	

Audit Report	Risk Identified	Responsible Office	Actions for Mitigation	When
	behind the change made. This could include a form required to be completed and authorised at an appropriate level prior to data entry. - As part of this process and Masterfile change report should be reviewed on a monthly basis with all supporting documents filed with the report. Such records should also be maintained by NIRC. - a regular review of Purchase orders that have not been receipted as well as goods receipts without purchase orders as part of this process.		We will be in contact with Civica to seek advice about an audit log for changes to AP. GR cannot be processed without a PO and the PO without receipts will be reviewed in the near future.	
	Purchase Order Approvals Based on our current understanding it appears as though the delegation of authority limits set for purchase order approvals are being easily circumvented. We recommend that the authority levels for purchase orders be reviewed and ensure that employees are only able to approve purchase orders in their own name and within their relevant delegated authority limit.		As some of the purchasing at NIRC is centralised due to freight and shipping arrangements the stores roles are 'alternate requisitioners' for some other staff members. These alternative requisitioners must have a signed hardcopy for every purchase order they raise on someone else's behalf. The civica authority system ensures that purchases cannot be risen above a requisitioners threshold and if it is above their threshold it goes to the new level up for approval.	
	Credit Card Expenses We recommend that the current credit		This policy will be reviewed and undated in the near future as part of the policy review process.	

Audit Report	Risk Identified	Responsible Office	Actions for Mitigation	When
	card policy be updated to require that all credit card purchases require supporting documentation and explanation of what the purchase is in relation to. Ideally this would involve completing a form identifying the card holder, expense description, amount and GL code to be allocated. This form should be signed by the card holder and reviewed by the finance manager and signed off as reviewed with no issues noted or to flag issues raised.		Currently we receive invoices for all the credit card statements except for two. These people will be advised that they will need to provide invoices to reconcile against their statements. Currently the statements are reviewed and verified by the team leader finance.	
	Stores Depot We understand that there has been a person engaged to go through all inventory items at the stores depot to count the stock on hand and amend the stock balances and the way quantities are recorded in order to correct the errors noted. We have been advised this will likely be a long process and recommend this be corrected as soon as is practicable starting with high turnover stock items as well as relatively high value stock items to ensure these are correct as a priority.		This process is still ongoing, and Council is looking at ways to speed up the process and even perform a full stocktake to verify balances. Council will also need to look at its resources and ensure that it completes annual stocktakes. This process is time-consuming but can be improved by a review of the store and its activities/ inventory carried.	

5.5 2016-17 FINANCIAL STATEMENTS

Author: **Rob Carlesso, Group Manager Corporate / Chief Finance Officer**

SUMMARY

The purpose of this report is to present to Council the Draft 2016-17 Financial Statements and to subsequently refer the Statements for audit. In accordance with Section 416 of the *Local Government Act 1993 (NSW)(NI)* Council is required to pass a resolution to this effect.

BACKGROUND

Council is required annually to complete year-end Financial Statements in accordance with Section 413 (1) of the *Local Government Act 1993 (NSW)(NI)*. These reports are to be completed as soon as practicable after the end of financial year in accordance with Australian Accounting Standards.

Council has four (4) months from the end of financial year to prepare, adopt and have audited the financial reports in accordance with Section 416 (1) of the *Local Government Act 1993(NSW)(NI)*.

Council has applied to the Department of Infrastructure and Regional Development for an extension until 30th November 2017.

RELEVANCE TO THE STRATEGIC PLAN AND RESOURCING STRATEGY

Strategic Direction 5 'An Informed and Accountable Community'.

DISCUSSION

In order to continue to progress toward lodgment of the Financial Statements, it is now required that Council refer the attached Draft Financial Statements for audit and that it makes a resolution in accordance with Section 413 (2c) of the *Local Government Act 1993 (NSW) (NI)* that the report is in accordance with:

- The *Local Government Act 1993 (NSW) (NI)* and the regulations made there under,
- The Australian Accounting Standards, and
- The Local Government Code of Accounting Practice and Financial Reporting.
- That it presents fairly the Council's operating result and financial position for the year,
- That the Council is not aware of any matter that would render this report false or misleading in any way, and
- The statements accord with Council's accounting and other financial records.

Council is also required to delegate authority to the Mayor, Deputy Mayor, General Manager, and Responsible Accounting Officer to sign the 'Statement by Council and Management' that forms part of the financial report in accordance with Clause 215 of the *Local Government (General) Regulation 2005*.

Given the tight timeframes within which the audited financial statements need to be lodged with the Department of Infrastructure and Regional Development and the timing for the Auditor's Report to be presented to the general public, it would also be prudent at this time to delegate authority to the General Manager to finalise the date at which the auditor's report and financial statements are to be presented to the public in compliance with Section 418 (1) of the *Local Government Act (NSW) (NI).*

These are draft annual financial statements and this report is to authorise their submission to the external auditors only. The figures in the report are to the best of our knowledge and may be subject to change based on the conduct of the audit. A full presentation about Council's financial performance for 2016/17 will be provided to Council in December.

GOVERNANCE/POLICY IMPLICATIONS

Financial Statements and their audit support good governance.

LEGAL IMPLICATIONS

In accordance with section 413(1) of the *Local Government Act 1993 (NSW)(NI)* this statement is required to be completed.

ENVIRONMENTAL IMPLICATIONS

Nil

SOCIAL IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

The Financial Statements and subsequent audit findings will enhance governance and assist to improve and strengthen Council financial processes.

CONCLUSION

These are draft annual financial statements and this report is to authorise their submission to the external auditors only. The figures may be subject to change based on the conduct of the audit. A full presentation about Council's financial performance for 2016/17 will be provided to Council in December.

RECOMMENDATION

That the '2016-17 Draft Annual Financial Statements' be received and noted with any comment provided to the Chief Financial Officer and the External Auditor.

ATTACHMENTS

1. Draft 2016-17 Annual Financial Statements

Norfolk Island Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the period 01 Jul 2016 to 30 June 2017

NORFOLK ISLAND REGIONAL COUNCIL

Norfolk Island Regional Council

General Purpose Financial Statements
for the period 01 Jul 2016 to 30 June 2017

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Overview

(i) These financial statements are General Purpose Financial Statements and cover the operations for Norfolk Island Regional Council.

(ii) Norfolk Island Regional Council is a body politic of NSW, Australia – being constituted as a local government area by proclamation and is duly empowered by the Local Government Act 1993 (NSW) (NI).

Council's Statutory Charter is detailed in Paragraph 8 of the LGA and includes giving Council;

- the ability to provide goods, services and facilities, and to carry out activities appropriate to the current and future needs of the local community and of the wider public,
- the responsibility for administering regulatory requirements under the LGA and
- a role in the management, improvement and development of the resources in the area.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

(iii) All figures presented in these financial statements are presented in Australian currency.

(iv) These financial statements were authorised for issue by the Council on 15th November 2017 Council has the power to amend and reissue these financial statements.

Norfolk Island Regional Council

General Purpose Financial Statements
for the period 01 Jul 2016 to 30 June 2017

Statement by Councillors and Management
made pursuant to Section 413(2)(c) of the *Local Government Act 1993 (NSW) (NI)* (as amended)

The attached General Purpose Financial Statements have been prepared in accordance with:

- the *Local Government Act 1993 (NSW)* (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 financial statements:

- present fairly the Council's operating result and financial position for the period 01 Jul 2016 to 30 June 2017, and
- accord with Council's accounting policies, processes, and other records.

We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 15/11/2017

Cr Robin Adams
Mayor

Cr John McCoy
Deputy Mayor

Lotta Jackson
General Manager

Robert Carlesso
Responsible Accounting Officer

Norfolk Island Regional Council

Income Statement
for the period 01 Jul 2016 to 30 June 2017

	Notes	$ 1/7/16 to 30/6/17
Income from continuing operations		
Revenue:		
Rates and annual charges	3a	1,153,807
User charges and fees	3b	12,237,358
Interest and investment revenue	3c	247,051
Other revenues	3d	7,980,868
Grants and contributions provided for operating purposes	3e,f	4,096,276
Grants and contributions provided for capital purposes	3e,f	—
Other income:		
Net gains from the disposal of assets	5	47,389
Total income from continuing operations		25,762,750
Expenses from continuing operations		
Employee benefits and on-costs	4a	7,328,604
Borrowing costs	4b	—
Materials and contracts	4c	6,588,024
Depreciation and amortisation	4d	4,500,474
Other expenses	4e	10,334,288
Total expenses from continuing operations		28,751,389
Operating result from continuing operations		(2,988,640)
Net operating result for the period		**(2,988,640)**
Gain on local government amalgamation		
Net assets and liabilities transferred from former entities	24	128,208,687
Net result for the period		125,220,047
Net operating result for the period before grants and contributions provided for capital purposes		(2,988,640)

Norfolk Island Regional Council

Statement of Comprehensive Income

for the period 01 Jul 2016 to 30 June 2017

	Notes	$ 1/7/16 to 30/6/17
Net result for the year (as per Income Statement)		125,220,047
Other comprehensive income:		
Amounts which will not be reclassified subsequently to the operating result		
Gain (loss) on revaluation of I,PP&E	20b (ii)	–
Adjustment to correct prior period errors		–
Impairment (loss) reversal relating to I,PP&E	20b (ii)	–
Other movements		
Total items which will not be reclassified subsequently to the operating result		–
Total other comprehensive income for the period		–
Total comprehensive income for the period		125,220,047

Norfolk Island Regional Council

Statement of Financial Position
as at 30 June 2017

	Notes	$ 2017
ASSETS		
Current assets		
Cash and cash equivalents	6	12,718,076
Investments		–
Receivables	7	1,966,558
Inventories	8	1,116,108
Other	8	–
Total current assets		**15,800,742**
Non-current assets		
Infrastructure, property, plant and equipment	9	122,039,374
Other	8	–
Total non-current assets		**122,039,374**
TOTAL ASSETS		137,840,116
LIABILITIES		
Current liabilities		
Payables	10	1,148,764
Borrowings	10	286,063
Provisions	10	185,243
Total current liabilities		**1,620,070**
Non-current liabilities		
Borrowings	10	11,000,000
Provisions	10	–
Total non-current liabilities		**11,000,000**
TOTAL LIABILITIES		12,620,070
Net assets		125,220,047
EQUITY		
Retained earnings	19	125,220,047
Revaluation reserves	19	–
Other reserves	19	–
Total equity		125,220,047

Norfolk Island Regional Council

Statement of Cash Flows

for the period 01 Jul 2016 to 30 June 2017

	Notes	$ 1/7/16 to 30/6/17
Cash flows from operating activities		
Receipts:		
Rates and annual charges		1,105,665
User charges and fees		10,318,942
Investment and interest revenue received		247,051
Grants and contributions		4,096,276
Other		7,980,868
Payments:		
Employee benefits and on-costs		(7,143,361)
Materials and contracts		(7,704,131)
Other		(9,185,524)
Net cash provided (or used in) operating activities	11b	(284,214)
Cash flows from investing activities		
Receipts:		
Sale of infrastructure, property, plant and equipment		47,389
Payments:		
Purchase of infrastructure, property, plant and equipment		(900,855)
Other investing activity payments		–
Net cash provided (or used in) investing activities		(853,465)
Cash flows from financing activities		
Receipts:		
Proceeds from borrowings and advances		–
Other financing activity receipts		–
Payments:		
Repayment of borrowings and advances		(383,051)
Other financing activity payments		–
Net cash flow provided (used in) financing activities		(383,051)
Net increase/(decrease) in cash and cash equivalents		(1,520,730)
Plus **cash and cash equivalents – beginning of year**	11a	–
Plus **cash transferred on creation of Norfolk Island Regional Council**	24	14,238,807
Cash and cash equivalents – end of the year	11a	12,718,076

Please refer to Note 11 for information on the following:
- Non-cash financing and investing activities
- Financing arrangements

Norfolk Island Regional Council

Statement of Changes in Equity

for the period 01 Jul 2016 to 30 June 2017

1/7/16 to 30/6/17	Notes	Retained Earnings $	Asset Revaluation Reserve $	Other Reserves $	Total Equity $
Opening balance		–	–	–	–
a. Transferred on creation of NIRC	24	128,208,687	–	–	128,208,687
b. Changes in accounting policies (prior year effects)		–	–	–	–
Revised opening balance		128,208,687	–	–	128,208,687
c. Net operating result for the year		(2,988,640)	–	–	(2,988,640)
d. Other comprehensive income					
– Revaluations: IPP&E asset revaluation reserve	9a	–	–	–	–
– Revaluations: other reserves	19	–	–	–	–
– Transfers to Income Statement	19	–	–	–	–
Other comprehensive income		–	–	–	–
Equity – balance at end of the reporting period		125,220,047	–	–	125,220,047

Norfolk Island Regional Council

Notes to the Financial Statements

for the period 01 Jul 2016 to 30 June 2017

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Norfolk Island Regional Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 1. Summary of significant accounting policies

The principal 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.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the Local Government Act 1993 (NSW) and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not-for-profit entity for the purpose of preparing these financial statements.

(i) New and amended standards adopted by Council

AASB 124 Related Party Disclosures was adopted during the year, the impact of this standard had no impact on reporting financial position or performance, however note 23 has been added.

(ii) Early adoption of standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2016.

(iii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and certain classes of property, plant and equipment.

(iv) 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 estimated fair values of infrastructure, property, plant and equipment.

Significant judgements in applying the Council's accounting policies

(i) Impairment of Receivables

Council has made a judgement about the impairment of a number of its receivables in Note 7.

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below.

Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is measured on major income categories as follows:

(i) Rates, annual charges, grants, contributions

Grants and contributions are recognised as revenue when the Council obtains control over the assets comprising these receipts.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

Control over contributed assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value at the date of transfer.

Norfolk Island Regional Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed in Note 3(g). The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at reporting date.

(ii) User charges and fees

User charges and fees are recognised as revenue when the service has been provided or when the penalty has been applied, whichever first occurs.

(iii) Sale of infrastructure, property, plant and equipment

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

(iv) Interest

Interest income is recognised using the effective interest rate at the date that interest is earned.

(v) Rent

Rental income is accounted for on a straight-line basis over the lease term.

(vi) Other income

Other income is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

(c) Principles of consolidation

(i) The Consolidated Fund

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.

Cash and other assets of the workers compensation scheme have been included as part of the Consolidated Fund.

(ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (NSW) (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.

Trust monies and property held by Council but not subject to the control of Council have been excluded from these reports. A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

(iii) County Councils

Council is not a member of any county councils.

(iv) Interests in other entities

Subsidiaries

Council has no interest in any subsidiaries.

Joint arrangements

Council has no interest in any joint arrangements.

(d) Leases

Leases of property, plant and equipment where Council, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases where Council is a lessor is recognised as income on a straight-line basis over the lease term.

Norfolk Island Regional Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

(e) Impairment of assets

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets 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). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) Cash and cash equivalents

For Statement of Cash Flow presentation purposes, cash and cash equivalents includes 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 and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

(g) Inventories

(i) 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.

Cost comprises direct materials, direct labour, and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on 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.

(ii) Inventory held for distribution

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.

(iii) Land held for resale

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

(h) Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets arising from employee benefits; and financial assets.

Council holds no non-current held for sale assets.

(i) Investments and other financial assets

Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at

Norfolk Island Regional Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

Council holds none of these assets apart from trade receivables.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which that are classified as non-current assets.

Loans and receivables are included in other receivables (note 8) and receivables (note 7) in the Statement of Financial Position.

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.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Impairment

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(i) Assets carried at amortised cost

For loans and receivables the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

Collectability of receivables is reviewed on an on-going basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. A provision for impairment of receivables is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The amount of the impairment loss is recognised in the income statement within other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

Investment Policy

Council has an approved investment policy. Investments are placed and managed in accordance with that policy and having particular regard to authorised investments. Council maintains an investment policy that complies with the Act and ensures that it exercises the care, diligence and skill that a prudent person would exercise in investing Council funds.

(j) Fair value estimation – financial instruments

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using

Norfolk Island Regional Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(k) Infrastructure, property, plant and equipment (IPPE)

Council's assets have been revalued to fair value in accordance with Australian Accounting Standards. At reporting date, the following classes of IPPE were stated at their fair value:

Externally valued:
- Operational Land
- Buildings – Specialised/Non-Specialised
- Other Structures
- Roads Assets including sealed and unsealed roads, bridges and footpaths
- Waste Water Network
- Other Infrastructure

As approximated by depreciated historical cost:
- Plant and Equipment
- Office Equipment
- Furniture and Fittings

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. Council has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

For all other asset classes, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date. If any such indication exists, Council determines the asset's fair value and revalue the asset to that amount. Full revaluations are undertaken for all assets on a five-year cycle.

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognised in the Income Statement relating to that asset class, the increase is first recognised in the Income Statement.

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.

Depreciation

Land is not depreciated.

Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	
- Office Equipment	3 to 10 years
- Furniture and Fittings	2 to 20 years
- Computer Equipment	2 to 5 years
- Vehicles	2 to 10 years
- Yellow Plant	5 to 20 years
- Other Plant and Equipment	2 to 30 years
Buildings	
- Buildings	20 to 100 years
Waste Water	
- Dams and reservoirs	80 to 100 years
- Reticulation pipes: PVC	70-80 years
- Reticulation pipes: other	25 to 75 years
- Pumps and telemetry	15 to 20 years
Stormwater assets	
- Drains	80 to 100 years
- Culverts	50 to 80 years
Transportation assets	
- Sealed roads: surface	20 years
- Sealed roads: structure	60 to 300 years
- Unsealed roads	20 years

Norfolk Island Regional Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

- Bridge: concrete	100 years
- Bridge: other	50 years
- Road pavements	60 years
- Kerb, gutter and footpaths	40 years
Other infrastructure assets	
- Bulk earthworks	Infinite
- Other infrastructure	10 to 200 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(l) Investment property

Council does not own or operate investment property.

(m) Payables

These amounts represent liabilities for goods and services provided to the Council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and all consideration paid or liabilities assumed, is recognised in other income or finance costs.

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(o) Borrowing costs

All borrowing costs are expensed.

(p) Provisions

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of Council's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(q) Employee benefits

(i) 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 is recognised in the provision for employee benefits. All other short-term

Norfolk Island Regional Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

employee benefit obligations are presented as payables.

(ii) 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.

(iii) Retirement benefit obligations

Employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to defined contribution plans on behalf of its employees.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(r) Land under roads

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment.

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 in accordance with AASB 1051 Land Under Roads.

(s) Self-insurance

Council does not self-insure.

(t) Intangible assets

Council has not classified any assets as intangible.

(u) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST where applicable, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable where applicable. The net amount of GST recoverable from, or payable to the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which that are recoverable from, or payable to the taxation authority are presented as operating cash flows.

(v) New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and which have not been applied.

Council does not consider that these standards are likely to have a material impact on the Council's future financial statements, financial position, financial performance, or cash flows.

(w) Comparative figures

As Council is a new entity there are no comparative figures reported for this financial year.

(x) Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

Norfolk Island Regional Council

Notes to the Financial Statements
for the period 01 Jul 2016 to 30 June 2017

Note 2(a). Council functions/activities – financial information

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).				
	Income from continuing operations	Expenses from continuing operations	Operating result from continuing operations	Grants included in income from continuing operations	Total assets held (current & non-current)
	$ 1/7/16 to 30/6/17	$ 1/7/16 to 30/6/17	$ 1/7/16 to 30/6/17	$ 1/7/16 to 30/6/17	$ 1/7/16 to 30/6/17
Governance, Administration and Revenue	4,604,076	6,222,434	(1,618,358)	68,200	16,541,234
Infrastructure	262,833	1,937,066	(1,674,233)	102,690	21,629,948
Community Services	5,502,655	6,557,727	(1,055,072)	–	16,375,571
Tourism	143,549	1,260,130	(1,116,580)	100,000	698,697
Business Services	7,347,290	7,453,842	(106,551)	–	82,594,666
Commonwealth Service Delivery	5,113,276	5,320,191	(206,915)	1,959,386	–
Total functions and activities	22,973,680	28,751,389	**(5,777,709)**	2,230,276	137,840,116
General purpose income	2,789,070	–	2,789,070	1,866,000	–
Operating result from continuing operations	25,762,750	28,751,389	(2,988,640)	4,096,276	137,840,116

1. Includes: rates and annual charges (incl. ex-gratia), untied general purpose grants and unrestricted interest and investment income.

Norfolk Island Regional Council

Notes to the Financial Statements
for the period 01 Jul 2016 to 30 June 2017

Note 2(b). Council functions/activities – component descriptions

Details relating to the Council's functions/activities as reported in Note 2(a) are as follows:

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.

COMMUNITY SERVICES

This fuction includes all other general services provided to the community such as broadcasting, parks and recreation, facilities, customer care, housing, library, and building and development.

TOURISM

All costs for the promotion and management of tourism and marketing for the Island.

BUSINESS SERVICES

Includes Council's main commercial business operations of the Telecom, electricity provision, waste management, sewerage, and airport management.

COMMONWEALTH SERVICE DELIVERY

All activities provided under the formal Service Delivery Arrangement with the Commonwealth Government including education, KAVHA, emergency services, lighterage, and registry and licencing.

Norfolk Island Regional Council

Notes to the Financial Statements
for the period 01 Jul 2016 to 30 June 2017

Note 3. Income from continuing operations

	Notes	$ 1/7/16 to 30/6/17
(a) Rates and annual charges		
Ordinary rates		
Residential		400,877
Farmland		31,440
Business		154,755
Absentee Land Owner's Levy		166,133
Total ordinary rates		**753,205**
Annual charges		
Waste Services		3,413
Sewerage Services		397,189
Other		-
Total annual charges		**400,602**
TOTAL RATES AND ANNUAL CHARGES		1,153,807

Norfolk Island Regional Council

Notes to the Financial Statements

for the period 01 Jul 2016 to 30 June 2017

Note 3. Income from continuing operations (continued)

	Notes	$ 1/7/16 to 30/6/17
(b) User charges and fees		
Waste Management Levy		622,416
Sewerage services		(8,286)
Drainage services		-
Waste management services (non-domestic)		-
Other		-
Total user charges		**614,130**
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions		
Court Fees		11,260
Inspection services		-
Planning and Building Regulation		20,404
Private works		156,099
Registration fees		667,974
Regulatory fees		1,971
Town planning		691,451
Animal Registration		30,638
Roads Levy		187,566
Other		147,480
Total fees and charges – statutory/regulatory		**1,914,843**
(ii) Fees and charges – other		
Aerodrome		1,806,871
Electricity Charges		2,335,840
Equipment Rental		11,125
Donations Received		1,456
Lighterage Charges		549,876
License Fees		30,860
Refunds		(23,888)
Quarry revenues		371,602
Hall Hire		2,295
Advertising Revenue		34,070
Telecom Sales		3,516,412
Other Sundry Income		3,000
E-Tops		350,344
Credit Card Surcharge		1,410
Gaming Revenue		700,108
Other		17,005
Total fees and charges – other		**9,708,386**
TOTAL USER CHARGES AND FEES		12,237,358

Norfolk Island Regional Council

Notes to the Financial Statements
for the period 01 Jul 2016 to 30 June 2017

Note 3. Income from continuing operations (continued)

	Notes	$ 1/7/16 to 30/6/17
(c) Interest and investment revenue (including losses)		
Interest		
– Interest on overdue rates and annual charges (incl. special purpose rates)		1,751
– Interest earned on investments (interest and coupon payment income)		245,300
Other		–
TOTAL INTEREST AND INVESTMENT REVENUE		247,051
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)		1,751
General Council cash and investments		245,300
Total interest and investment revenue recognised		247,051
(d) Other revenues		
Rental income – other council properties		165,963
Insurance claim recoveries		79,000
Sales – general		33,639
Tourism Sales		45,634
Liquor Bond Sales		3,948,849
Fuel Sales		3,355,767
KAHVA Sales and Entry Fees		284,826
Tanalith Services		46,937
Other		20,252
TOTAL OTHER REVENUE		7,980,868

Norfolk Island Regional Council

Notes to the Financial Statements
for the period 01 Jul 2016 to 30 June 2017

Note 3. Income from continuing operations (continued)

	$ Operating 1/7/16 to 30/6/17	$ Capital 1/7/16 to 30/6/17
(e) Grants		
General purpose (untied)		
Financial assistance – general component	1,791,000	–
Financial assistance – local roads component	102,690	–
Pensioners' rates subsidies – general component	23,400	–
Other grants	–	–
Total general purpose	**1,917,090**	**–**
Specific purpose		
Tourism Grant	100,000	–
Other Grants	112,308	–
Service Delivery Agreement	1,966,878	–
Total specific purpose	**2,179,186**	**–**
Total grants	**4,096,276**	**–**
Grant revenue is attributable to:		
– Commonwealth funding	2,105,998	
– Service Delivery Agreement	1,990,278	–
	4,096,276	**–**
(f) Contributions		
Council received no contributions for the 2016/17 financial year.		
TOTAL GRANTS AND CONTRIBUTIONS	4,096,276	–

Norfolk Island Regional Council

Notes to the Financial Statements

for the period 01 Jul 2016 to 30 June 2017

Note 4. Expenses from continuing operations

	Notes	$ 1/7/16 to 30/6/17
(a) Employee benefits and on-costs		
Salaries and wages		6,440,902
Travel expenses		77,432
Employee leave entitlements (ELE)		422,766
Superannuation		320,094
Workers' compensation insurance		67,340
Other		70
Total employee costs		**7,328,604**
Less: capitalised costs		—
TOTAL EMPLOYEE COSTS EXPENSED		7,328,604
Number of 'full-time equivalent' employees (FTE) at year end		**105**
(b) Borrowing costs		
(i) Interest bearing liability costs		
Interest on overdraft		—
Interest on loans		—
Other debts		—
Total interest bearing liability costs		—
Less: capitalised costs		—
Total interest bearing liability costs expensed		—
TOTAL BORROWING COSTS EXPENSED		—
(c) Materials and contracts		
Raw Materials and Consumables		1,646,332
General Contract and Project Costs		2,025,633
– Telecom and Satellite Bandwidth		1,932,106
– Policing, Legal, and Inmate Incarceration		351,179
– Fuel Cartage and Tank Maintenance		809,102
Auditors Remuneration (1)		(180,013)
Legal expenses: other		3,685
Total materials and contracts		**6,588,024**
Less: capitalised costs		—
TOTAL MATERIALS AND CONTRACTS		6,588,024

The total remuneration expected to be paid for the audit of the 2016/17 annual financial statements is $78,000. The negative value for expenses this year is due to an estimate of fees for the 2015/16 statements of the Norfolk Island Administration being accrued back to that entity.

Norfolk Island Regional Council

Notes to the Financial Statements
for the period 01 Jul 2016 to 30 June 2017

Note 4. Expenses from continuing operations (continued)

	Notes	$ 1/7/16 to 30/6/17
(d) Depreciation, amortisation and impairment		
Depreciation and amortisation		
Plant and equipment		502,162
Office equipment		23,793
Furniture and fittings		618
Infrastructure:		
– Buildings – non-specialised		208,625
– Buildings – specialised		457,038
– Other structures		126,286
– Roads		1,943,732
– Bridges		23,726
– Footpaths		13,932
– Sewerage network		102,719
– Other infrastructure		1,097,845
Intangible assets	25	–
Total gross depreciation and amortisation costs		4,500,474
Less: capitalised costs		–
Total depreciation and amortisation costs		4,500,474
TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED		4,500,474

Norfolk Island Regional Council

Notes to the Financial Statements
for the period 01 Jul 2016 to 30 June 2017

Note 4. Expenses from continuing operations (continued)

	Notes	$ 1/7/16 to 30/6/17
(e) Other expenses		
Advertising		18,774
Bad and doubtful debts		11,932
Bank charges		59,416
Cost of sales		5,784,243
Computer software charges		1,274,363
Councillor expenses – councillors' fees		51,230
Councillors' expenses (incl. mayor) – other (excluding fees above)		36,869
Donations, contributions and assistance to other organisations		39,869
Insurance		469,991
Postage		41,062
Printing and stationery		231,098
Subscriptions and publications		18,210
Telephone and communications		67,873
Tourism expenses (excluding employee costs)		779,425
Hire and Rental Fees		78,376
Membership Fees		9,490
Library Resources		6,256
Freight Costs		565,544
Other		790,267
Total other expenses		**10,334,288**
Less: capitalised costs		–
TOTAL OTHER EXPENSES		10,334,288

Note 5. Gains or losses from the disposal of assets

Plant and equipment	
Proceeds from disposal – plant and equipment	47,389
Less: carrying amount of plant and equipment assets sold/written off	–
Net gain/(loss) on disposal	**47,389**
Infrastructure	
Proceeds from disposal – infrastructure	–
Less: carrying amount of infrastructure assets sold/written off	–
Net gain/(loss) on disposal	**–**
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS	47,389

Norfolk Island Regional Council

Notes to the Financial Statements
for the period 01 Jul 2016 to 30 June 2017

Note 6. – Cash Assets

	Notes	1/7/16 to 30/6/17 Current	1/7/16 to 30/6/17 Non-current
Cash and cash equivalents (Note 6a)			
Cash on hand and at bank		1,523,599	–
Cash-equivalent assets [1]			
– Short-term deposits		11,194,478	–
– Other financial assets		–	–
Total cash and cash equivalents		**12,718,076**	–
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS		12,718,076	–

[1] Those investments where time to maturity (from date of purchase) is < 3 mths.

Cash, cash equivalents and investments were classified at year end in accordance with AASB 139 at fair value through the profit and loss. Refer to Note 22 for information on fair value measurement.

Council cash was not subject to any internal or external restrictions at balance date.

Note 7. Receivables

Purpose			
Rates and annual charges		48,142	–
Interest and extra charges		269,082	–
User charges and fees		1,059,104	–
Electricity debtors		586,865	–
Telecom Debtors		191,396	–
Other debtors		–	–
Total		**2,154,588**	–
***Less:* Provision for Impairment**			
Rates and annual charges		–	–
Interest and extra charges		(188,030)	–
Total provision for impairment – receivables		**(188,030)**	–
TOTAL NET RECEIVABLES		1,966,558	–

There are no restrictions applicable to the above assets.

Norfolk Island Regional Council

Notes to the Financial Statements
for the period 01 Jul 2016 to 30 June 2017

Note 7. Receivables (continued)

	Notes	Current	Non-current

Notes on debtors above:

(i) Rates and annual charges outstanding are secured against the property.

(ii) Doubtful rates debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.

(iii) Interest was charged on overdue rates and charges at 7.50%. Generally all other receivables are non-interest bearing.

(iv) Please refer to Note 15 for issues concerning credit risk and fair value disclosures.

Note 8. Inventories and other assets

(a) Inventories

	Current	Non-current
(i) Inventories at cost		
Stores and materials	664,846	–
Trading stock	451,262	–
Other	–	–
Total inventories at cost	**1,116,108**	–
TOTAL INVENTORIES	1,116,108	–
(b) Other assets		
Other	–	–
TOTAL OTHER ASSETS	–	–
TOTAL INVENTORIES AND OTHER ASSETS	**1,116,108**	–

Externally restricted assets
There are no restrictions applicable to the above assets.

(i) Other disclosures

(a) Inventories recognised as an expense for the year included:	
– Stores and materials	368,702
– Trading stock	4,065,155

(b) Inventory write downs

$386,337 was recognised as an expense relating to the write down of inventory balances held during the year.

Refer to Note 22. Fair value measurement for information regarding the fair value of other assets held.

Norfolk Island Regional Council

Notes to the Financial Statements

for the period 01 Jul 2016 to 30 June 2017

Note 9a. Infrastructure, property, plant and equipment

Asset class	IPP&E transferred from NIA as at 01/7/2016			Asset movements during the reporting period						as at 30/6/2017		
	Gross Carrying Amount	Accumulated Depreciation	Net Carrying Amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Gross Carrying Amount	Accumulated Depreciation	Net Carrying Amount
Capital work in progress	–	–	–	900,855		–	–	–	–	900,855	–	900,855
Plant and equipment	4,012,295	(664,896)	3,347,399	–	–	–	(502,162)	–	–	4,012,295	(1,167,058)	2,845,237
Office equipment	72,276	(15,779)	56,497	–	–	–	(23,793)	–	–	72,276	(39,572)	32,704
Furniture and fittings	6,178	(618)	5,560	–	–	–	(618)	–	–	6,178	(1,236)	4,942
Plant and equipment (under finance lease)	–	–	–	–	–	–	–	–	–	–	–	–
Land:												
– Operational land	11,204,702	–	11,204,702	–	–	–	–	–	–	11,204,702	–	11,204,702
– Community land	–	–	–	–	–	–	–	–	–	–	–	–
Infrastructure:												
– Buildings – non-specialised	11,345,900	(7,434,318)	3,911,583	–	–	–	(199,912)	–	–	11,345,900	(7,634,229)	3,711,671
– Buildings – specialised	23,532,400	(13,856,583)	9,675,818	–	–	–	(462,751)	–	–	23,532,400	(14,319,333)	9,213,067
– Other structures	4,206,050	(2,702,256)	1,503,795	–	–	–	(126,286)	–	–	4,206,050	(2,828,542)	1,377,508
– Roads	95,619,635	(29,263,420)	66,356,215	–	–	–	(1,943,732)	–	–	95,619,635	(31,207,151)	64,412,483
– Bridges	1,772,436	(705,713)	1,066,723	–	–	–	(23,726)	–	–	1,772,436	(729,439)	1,042,997
– Footpaths	696,600	(208,980)	487,620	–	–	–	(13,932)	–	–	696,600	(222,912)	473,688
– Sewerage network	5,408,737	(1,914,008)	3,494,729	–	–	–	(102,719)	–	–	5,408,737	(2,016,726)	3,392,011
– Other infrastructure	49,942,732	(25,414,378)	24,528,354	–	–	–	(1,100,845)	–	–	49,942,732	(26,515,223)	23,427,510
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT	207,819,941	(82,180,947)	125,638,994	900,855	–	–	(4,500,474)	–	–	208,720,796	(86,681,421)	122,039,374

Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Refer to Note 22. Fair value measurement for information regarding the fair value of other infrastructure, property, plant and equipment.

Norfolk Island Regional Council

Notes to the Financial Statements

for the period 01 Jul 2016 to 30 June 2017

Note 9b. Externally restricted infrastructure, property, plant and equipment

Council has no externally restricted infrastructure, property, plant and equipment.

Note 9c. Infrastructure, property, plant and equipment – current year impairments

Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

Note 10a. Payables, borrowings and provisions

	Notes	Current	Non-current
Payables			
Goods and services – operating expenditure		758,848	–
Accrued expenses:			
– Salaries and wages		127,912	–
– Other expenditure accruals		–	–
Security bonds, deposits and retentions		99,812	–
Interfund Liability to Workers' Compensation		162,191	–
Total payables		**1,148,764**	–
Borrowings			
Bank overdraft		–	–
Loans – unsecured		286,063	11,000,000
Total borrowings		**286,063**	**11,000,000**
Provisions			
Employee benefits:			
Annual leave and TOIL		170,535	–
Long service leave		14,708	–
Employee leave entitlement on-costs		–	–
Total provisions		**185,243**	–
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		1,620,070	11,000,000

(i) Liabilities relating to restricted assets

There are no restricted assets (external or internal) applicable to the above liabilities.

TOTAL PAYABLES, BORROWINGS AND PROVISIONS	1,620,070	11,000,000

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 15.

Norfolk Island Regional Council

Notes to the Financial Statements

for the period 01 Jul 2016 to 30 June 2017

Note 10b. Description of and movements in provisions

	2016	1/7/16 to 30/6/17				
Class of provision	**Opening balance**	**Additional provisions**	**Decrease due to payments**	**Remeasurement effects due to discounting**	**Unused amounts reversed**	**Closing balance as at 30/6/17**
Annual leave and TOIL	–	392,776	(222,241)	–	–	170,535
Long service leave	–	14,708	–	–	–	14,708
Other leave - TOIL	–	–	–	–	–	–
Employee leave entitleme	–	–	–	–	–	–
Self insurance	–	–	–	–	–	–
Other	–	–	–	–	–	–
TOTAL	–	**407,484**	**(222,241)**	–	–	**185,243**

Employees entitlements represents those benefits accrued and payable as a result of past service.

Note 11. Statement of cash flows – additional information

	Notes	$ 2017
(a) Reconciliation of cash assets		
Total cash and cash equivalent assets	6	12,718,076
Less: bank overdraft	10	–
Balance as per the Statement of Cash Flows		**12,718,076**
(b) Reconciliation of net operating result to cash provided from operating activities		
Net result from Income Statement		**(2,988,640)**
Adjust for non-cash items:		
Depreciation and amortisation	9a	4,500,474
Net losses/(gains) on disposal of assets		(47,389)
Non-cash capital grants and contributions		–
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables		(2,154,588)
Increase/(decrease) in provision for doubtful debts		188,030
Decrease/(increase) in inventories		(1,116,108)
Increase/(decrease) in payables		1,148,764
Increase/(decrease) in employee leave entitlements		185,243
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		**(284,214)**
(c) Financing arrangements		
(i) Unrestricted access was available at balance date to the following lines of credit:		
Bank overdraft facilities (1)		500
Credit cards/purchase cards		50,000
Total financing arrangements		**50,500**

All amounts remained unused at balance date.

Norfolk Island Regional Council

Notes to the Financial Statements
for the period 01 Jul 2016 to 30 June 2017

Note 11. Statement of cash flows – additional information (continued)

(d) Bank guarantees
Council has not provided any bank guarantees to any party.

(e) Net cash flows attributable to discontinued operations
Please refer to Note 24 for details of cash flows that relate to discontinued operations

Note 12. Commitments for expenditure

(a) Capital commitments (exclusive of GST)

Council has no significant capital commitments at balance date

Note 13. Statement of performance measurement – indicators

	Amounts 2017	Indicator 2017	Benchmark
Local government industry indicators – consolidated			
1. Operating performance ratio			
Total continuing operating revenue [1] excluding capital grants and contributions less operating expenses / Total continuing operating revenue [1] excluding capital grants and contributions	(2,988,640) / 25,762,750	-11.60%	>0.00%
2. Own source operating revenue ratio			
Total continuing operating revenue [1] excluding all grants and contributions / Total continuing operating revenue [1]	21,666,474 / 25,762,750	84.10%	>60.00%
3. Unrestricted current ratio			
Current assets less all external restrictions [2] / Current liabilities less specific purpose liabilities [3,4]	15,800,742 / 1,620,070	9.75x	>1.5x
4. Debt service cover ratio			
Operating result [1] before capital excluding interest and depreciation/impairment/amortisation / Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,264,784 / 383,051	3.30x	>2x

Norfolk Island Regional Council

Notes to the Financial Statements

for the period 01 Jul 2016 to 30 June 2017

Note 13. Statement of performance measurement – indicators (continued)

		Amounts 2017	Indicator 2017	Benchmark
5. Rates, annual charges, interest and extra charges outstanding percentage				
Rates, annual and extra charges outstanding / Rates, annual and extra charges collectible		48,142 / 1,153,807	4.17%	< 5% Metro <10% Rural
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits / Payments from cash flow of operating and financing activities	x12	12,718,076 / 24,416,067	6.25 mths	> 3 mths

(1) Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets.

(2) Refer Notes 6-8 inclusive. Also excludes any real estate and land for resale not expected to be sold in the next 12 months.

(3) Refer to Note 10(a).

(4) Refer to Note 10(a)(ii) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

Note 14. Investment properties

Council has not classified any land or buildings as 'investment properties'.

Note 15. Financial risk management

Risk management

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and (4) interest rate risk.

The 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 the Council.

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 Council's finance section under policies approved by the Council. The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

Fair value is determined as follows:

– **Cash** and **cash equivalents**, **receivables**, **payables** – are estimated to be the carrying value that approximates market value.

– **Borrowings** and **held-to-maturity** investments – are based upon estimated future cash flows discounted by the current mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.

Refer to Note 22 Fair value measurement for information regarding the fair value of financial assets and liabilities.

Norfolk Island Regional Council

Notes to the Financial Statements
for the period 01 Jul 2016 to 30 June 2017

Note 15. Financial risk management (continued)

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council has an investment policy which complies with the *Local Government Act 1993* and Minister's investment order. This policy is regularly reviewed by Council and it's staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The risks associated with the investments held are:

– **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

– **Interest rate risk** – the risk that movements in interest rates could affect returns and income.

– **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

(a) Market risk – price risk and interest rate risk

The following represents a summary of the sensitivity of Council's Income Statement and accumulated surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

	Increase of values/rates		Decrease of values/rates	
1/7/16 to 30/6/17	**Profit**	**Equity**	**Profit**	**Equity**
Possible impact of a 10% movement in market values	–	–	–	–
Possible impact of a 1% movement in interest rates	127,181	127,181	(127,181)	(127,181)

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees. The major risk associated with these receivables is credit risk – the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts – 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 the payment of debt.

Norfolk Island Regional Council

Notes to the Financial Statements

for the period 01 Jul 2016 to 30 June 2017

Note 15. Financial risk management (continued)

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.

A profile of Council's receivables credit risk at balance date follows:

	2017 Rates and Charges	2017 Other Receivables
(i) Ageing of receivables – %		
Current (not yet overdue)	0%	41%
Overdue	100%	59%
	100%	100%

(ii) Ageing of receivables – value		Rates and Charges	Other Receivables
Rates and annual charges	**Other receivables**		
Current	Current	–	856,060
< 1 year overdue	0 – 30 days overdue	48,142	767,895
1 – 2 years overdue	31 – 60 days overdue	–	177,942
2 – 5 years overdue	61 – 90 days overdue	–	5,229
> 5 years overdue	> 91 days overdue	–	299,320
		48,142	2,106,447

(iii) Movement in provision for impairment of receivables	2017
Balance at the beginning of the year (NIA)	–
+ new provisions recognised during the year	188,030
– amounts already provided for and written off this year	–
– amounts provided for but recovered during the year	–
– previous impairment losses reversed	–
Balance at the end of the year	188,030

Norfolk Island Regional Council

Notes to the Financial Statements
for the period 01 Jul 2016 to 30 June 2017

Note 15. Financial risk management (continued)

(c) Liquidity risk

Payables and borrowings are both subject to liquidity risk – 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 maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's payables and borrowings are set out in the maturity table below.

	Subject to no maturity	payable in: ≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs	Total cash outflows	Actual carrying values
1/7/16 to 30/6/17									
Bank overdraft	–	–	–	–	–	–	–	–	–
Trade/other payables	99,812	1,048,951	–	–	–	–	–	1,148,763	1,148,764
Loans and advances	–	286,063	200,000	200,000	200,000	200,000	10,200,000	11,286,063	11,286,063
Total financial liabilities	**99,812**	**1,335,014**	**200,000**	**200,000**	**200,000**	**200,000**	**10,200,000**	**12,434,826**	**12,434,827**

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk through the diversification of borrowing types, maturities and interest rate structures.

The following interest rates were applicable to Council's borrowings at balance date:

	2017 Carrying value	Average interest rate
Bank overdraft	–	0.00%
Trade/other payables	1,148,764	0.00%
Loans and advances – fixed interest rate	11,286,063	0.00%
	12,434,827	

Norfolk Island Regional Council

Notes to the Financial Statements
for the period 01 Jul 2016 to 30 June 2017

Note 16. Material budget variations

Council's original financial budget for 16/17 was adopted by the Council on 17th August 2016

While the Income Statement included in this General Purpose Financial Report must disclose the original budget adopted by Council, the Local Government Act 1993 requires Council to review its financial budget on a quarterly basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This note sets out the details of **material variations** between Council's original budget and its actual results for the year as per the Income Statement – even though such variations may have been adjusted for during each quarterly budget review.

Note that for variations* of budget to actual :
Material variations represent those variances that amount to **10%** or more of the original budgeted figure.
F = Favourable budget variation, **U** = Unfavourable budget variation

1/7/16 to 30/6/17

	Budget	Actual	Variance*		
REVENUES					
Rates and annual charges	650,000	1,153,807	503,807	78%	F
Rates revenue is higher due to the inclusion of the absentee land owners' levy and sewerage charges in the actual figures.					
User charges and fees	18,730,000	12,237,358	(6,492,642)	(35%)	U
When User fees and Charges and Other revenues are reviewed in concert there is only a 3.2% immaterial variance.					
Interest and investment revenue	200,000	247,051	47,051	24%	F
Average cash balances were higher than forecast due to higher revenue for the year due to much lower capital expenditure than planned.					
Other revenues	870,000	7,980,868	7,110,868	817%	F
When User fees and Charges and Other revenues are reviewed in concert there is only a 3.2% immaterial variance.					
Operating grants and contributions	3,884,000	4,096,276	212,276	5%	F
No budget variation details are required - variance is < 10%					
Capital grants and contributions	–	–	–	0%	F
No budget variation details are required.					
Net gains from disposal of assets	–	47,389	47,389	0%	F
There was originally expected to be no profit from the disposal of surplus plant items however given the low valuations of plant assets all sale proceeds have been recognised as profit.					

Norfolk Island Regional Council

Notes to the Financial Statements

for the period 01 Jul 2016 to 30 June 2017

Note 16. Material budget variations (continued)

1/7/16 to 30/6/17	Budget	Actual	Variance*		
EXPENSES					
Employee benefits and on-costs	8,912,000	7,328,604	1,583,396	18%	F
This variance is princially due to the several positions which were vacant during the year for longer than expected.					
Borrowing costs	–	–	–	0%	F
No budget variation details are required					
Materials and contracts	12,701,000	6,588,024	6,112,976	48%	F
Materials and Contracts and Other Expenses must be reviewed together as the budget versus actuals basis is mixed. The small increase over the two is primarily due to the late disposal of the fuel operations, with some offsetting savings in other operations.					
Depreciation and amortisation	5,748,000	4,500,474	1,247,526	22%	F
A revaluation of Council assets was performed after the original budget was developed. This provided more reliable values for replacement costs and useful lives on which to base Council's depreciation expense.					
Impairment expenses	–	–	–	0%	F
No budget variation details are required					
Other expenses	1,239,000	10,334,288	(9,095,288)	(734%)	U
Materials and Contracts and Other Expenses must be reviewed together as the budget versus actuals basis is mixed. The small increase over the two is primarily due to the late disposal of the fuel operations, with some offsetting savings in other operations.					
Net losses from disposal of assets	–	–	–	0%	F
No budget variation details are required					
Operating result from discontinued operations	–	–	–	0%	F
No budget variation details are required					

Norfolk Island Regional Council

Notes to the Financial Statements
for the period 01 Jul 2016 to 30 June 2017

Note 17. Contingencies and other assets/liabilities not recognised

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 30/6 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.

(i) 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.

ASSETS NOT RECOGNISED:

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

Norfolk Island Regional Council

Notes to the Financial Statements
for the period 01 Jul 2016 to 30 June 2017

Note 18. Interests in other entities

Council has no interest in any controlled entities, joint arrangements or associates.

Note 19. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

	Notes	2017
(a) Retained earnings		
Movements in retained earnings were as follows:		
Balance at beginning of year		–
a. Correction of prior period errors	20 (c)	–
b. Changes in accounting policies (prior period effects)	20 (d)	–
c. Other comprehensive income (excl. direct to reserves transactions)		–
c. Net result for the year		125,220,047
d. Transfers between equity		–
Balance at end of the reporting period		125,220,047

(b) Revaluation reserves

Council has no reportable equity reserves.

Note 20. 'Held for sale' non-current assets and disposal groups

Council did not classify any non-current assets or disposal groups as 'held for sale'.

Note 21. Events occurring after the reporting date

Events that occur between the end of the reporting period (30 June 2017) and the date when the financial statements are 'authorised for issue' have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the applicable 'authorised for issue' date relating to these General Purpose Financial Statements. Accordingly, the 'authorised for issue' date is 15th November 2017.

Events that occur after the reporting period represent one of two types:

(i) Events that provide evidence of conditions that existed at the reporting period

These financial statements (and the figures therein) incorporate all 'adjusting events' that provided evidence of conditions that existed at 30 June 2017.

Norfolk Island Regional Council

Notes to the Financial Statements
for the period 01 Jul 2016 to 30 June 2017

Note 21. Events occurring after the reporting date (continued)

(ii) Events that provide evidence of conditions that arose after the reporting period

These financial statements (and figures therein) do not incorporate any 'non-adjusting events' that have occurred after 30 June 2017 and which are only indicative of conditions that arose after 30 June 2017. Council is unaware of any material or significant 'non-adjusting events' that should be disclosed.

Note 22. Fair value measurement

The Council measures infrastructure, property, plant and equipment at fair value on a recurring basis.

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).

(1) The following table presents all assets and liabilities that have been recognised at fair values:

1/7/16 to 30/6/17		Fair value measurement hierarchy			
		Level 1	Level 2	Level 3	Total
Recurring fair value measurements	Date of latest valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Infrastructure, property, plant and equipment					
– Operational land	30/06/16	–	11,204,702	–	11,204,702
– Buildings – non-specialised	30/06/16	–	–	3,711,671	3,711,671
– Buildings – specialised	30/06/16	–	–	9,213,067	9,213,067
– Other structures	30/06/16	–	–	1,377,508	1,377,508
– Roads	30/06/16	–	–	64,412,483	64,412,483
– Bridges	30/06/16	–	–	1,042,997	1,042,997
– Footpaths	30/06/16	–	–	473,688	473,688
– Sewerage network	30/06/16	–	–	3,392,011	3,392,011
– Other infrastructure	30/06/16	–	–	23,427,510	23,427,510
Total infrastructure, property, plant and equipment		–	11,204,702	107,050,934	118,255,636

Norfolk Island Regional Council

Notes to the Financial Statements
for the period 01 Jul 2016 to 30 June 2017

Note 22. Fair value measurement (continued)

(3) Valuation techniques used to derive level 2 and level 3 fair values

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 (IPP&E)

All infrastructure, property, plant, and equipment were valued prior to the creation of Norfolk Island Regional Council as an entity. They were all valued by independent valuation firm, Australis Asset Advisory Group. 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.

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 varing 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 created by Australis (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 obsolesce 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).

Norfolk Island Regional Council

Notes to the Financial Statements
for the period 01 Jul 2016 to 30 June 2017

Note 22. Fair value measurement (continued)

(4). Fair value measurements using significant unobservable inputs (level 3)

a. The following tables present the changes in level 3 fair value asset classes.

	Operational Land	Buildings Non-Spec.	Buildings Specialised	Other Structures	Roads
Balance on creation of NIRC	-	-	-	-	-
Initial recognition NIA assets donated to Council	11,204,702	3,911,583	9,675,818	1,503,795	66,356,215
Disposals (WDV)	-	-	-	-	-
Depreciation expense	-	(199,912)	(462,751)	(126,286)	(1,943,732)
Closing balance – 30/6/17	**11,204,702**	**3,711,671**	**9,213,067**	**1,377,508**	**64,412,483**

	Bridges	Footpaths	Sewerage Network	Other Infra.	Total
Balance on creation of NIRC	-	-	-	-	-
Initial recognition NIA assets donated to Council	1,066,723	487,620	3,494,729	24,528,354	122,229,538
Disposals (WDV)	-	-	-	-	-
Depreciation expense	(23,726)	(13,932)	(102,719)	(1,100,845)	(3,973,902)
Closing balance – 30/6/17	**1,042,997**	**473,688**	**3,392,011**	**23,427,510**	**118,255,636**

b. Information relating to the transfers into and out of level 3 fair valuation hierarchy (table above) includes:

All changes to level 3 hierarchy assets occurred as result of the ordinary course of Council business and relate to the recognition of depreciation expenses, purchases and disposals of assets. The only exception is the initial recognition of assets contributed as part of the creation of Norfolk Island Regional Council. There were no transfers to or from levels 1 or 2 during 2016/17.

c. Significant unobservable valuation inputs used (level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various level 3 asset class fair values.

Class	Fair value	Valuation technique/s	Unobservable inputs
I,PP&E			
Buildings – non-specialised	3,711,671	Cost approach	Condition rating, remaining life, replacement cost
Buildings – specialised	9,213,067	Cost approach	Condition rating, remaining life, replacement cost
Other structures	1,377,508	Cost approach	Condition rating, remaining life, labour hours, raw material usage
Roads	64,412,483	Cost approach	Condition rating, remaining life, labour hours, raw material usage
Bridges	1,042,997	Cost approach	Condition rating, remaining life, labour hours, raw material usage
Footpaths	473,688	Cost approach	Condition rating, remaining life, labour hours, raw material usage
Sewerage network	3,392,011	Cost approach	Condition rating, remaining life, labour hours, raw material usage
Other infrastructure	23,427,510	Cost approach	Condition rating, remaining life, labour hours, raw material usage

(5). Highest and best use

All of Council's non-financial assets are considered as being utilised for their highest and best use.

Norfolk Island Regional Council

Notes to the Financial Statements
for the period 01 Jul 2016 to 30 June 2017

Note 23. Related party disclosures

a. Key management personnel

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.

The aggregate amount of KMP compensation included in the Income Statement is:

Compensation:	**Actual 1/7/16 to 30/6/17**
Short-term benefits	623,351
Post-employment benefits	6,234
Other long-term benefits	–
Termination benefits	–
Total	**629,584**

b. Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council parkland by KMP) will not be disclosed.

After a review of all transactions between Council and the reported related parties, it is deemed that no transaction was material in value or nature. Some close family members of key management personnel are employed by Council but their engagements were all entered into indepentantly of the associated KMP and on Council's standard employment terms and conditions.

Norfolk Island Regional Council

Notes to the Financial Statements
for the period 01 Jul 2016 to 30 June 2017

Note 24. Creation of Norfolk Island Regional Council

At 30th June 2016 the Norfolk Island Administration (NIA) ceased to exist. Much of the operations and assets of that entity transferred to become the Norfolk Island Regional Council (NIRC) with the remainder transferring directly to Commonwealth control.

Gain on local government amalgamation		Actual
Assets and liabilities transferred from former entities	a	128,208,687
Accounting policy adjustments	b	–
		128,208,687

a. Assets and liabilities transferred from former councils

(i) Carrying amount of assets and liabilities transferred

Assets and liabilities of NIA have been recognised by the Council at the carrying amount recorded by the former entity with the exception of infrastructure and property which was independently valued between the ceasing of NIA and the creation of NIRC. Council believes the carrying amounts are not materially different from their fair values as at the date of transfer.

The fair value of the net assets has been shown as a gain on local government amalgamation in the income statement and further information is provided on the next page.

	Norfolk Island Administration	Gain on Amalgamation
ASSETS		
Current assets		
Cash and cash equivalents	14,238,807	14,238,807
Receivables	102,719	102,719
Inventories	–	–
Total current assets	**14,341,526**	**14,341,526**
Non-current assets		
Infrastructure, property, plant and equipment	125,536,275	125,536,275
Intangible assets	–	–
Total non-current assets	**125,536,275**	**125,536,275**
TOTAL ASSETS	139,877,801	139,877,801
LIABILITIES		
Current liabilities		
Payables (excluding bank overdraft)	–	–
Borrowings	469,114	469,114
Total current liabilities	**469,114**	**469,114**
Non-current liabilities		
Borrowings	11,200,000	11,200,000
Total non-current liabilities	**11,200,000**	**11,200,000**
TOTAL LIABILITIES	11,669,114	11,669,114
Net assets transferred	128,208,687	128,208,687

Norfolk Island Regional Council

Notes to the Financial Statements
for the period 01 Jul 2016 to 30 June 2017

Note 24. Local Government amalgamation (continued)

(ii) Adjustments between former council carrying amount of assets and fair values recognised

There were no significant changes to the balance of net assets related to the initial recognition of assets and liabilities from the Norfolk Island Administration to the Norfolk Island Regional Council.

5.6 PROGRESS OF INTERNAL AUDIT AND RISK MANAGEMENT

Author: **Joy Walker, Executive Manager Governance and Human Resources**

SUMMARY

The purpose of this report is to advise on the progress of internal audit and risk management framework within Council.

BACKGROUND

In June 2017 Council implemented a Continuous Improvement process. This process allows the Executive Team, Managers and Team Leaders to meet on a monthly basis to discuss matters relevant to continuous improvement across all of Council's work areas.

RELEVANCE TO THE STRATEGIC PLAN AND RESOURCING STRATEGY

10.1 Transparent in decision making

DISCUSSION

Continuous Improvement is a key factor is driving change within Council. Ideas come from the talents of the existing workforce. All employees should be continually seeking ways to improve their work performance. It helps staff to take ownership for their work, can help reinforce team working, thereby improving worker motivation.

GOVERNANCE/POLICY IMPLICATIONS

It is the Audit Committee's position in Council to address the matter of risk management in a systematic manner, involving staff, to maximise the use of its resources to the overall benefit of the community and minimise in a cost effect manner the potential for loss, damage and injury.

LEGAL IMPLICATIONS

Nil

ENVIRONMENTAL IMPLICATIONS

Nil

SOCIAL IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Some expenditure may occur where specific areas are identified in the continuous improvement process, such as signage.

CONCLUSION

That the Audit Committee note the current status of the Continuous Improvement process implemented by Council as at 31 October 2017.

RECOMMENDATION

That the Audit Committee note the current status of the Continuous Improvement process implemented by Council in the attachment to this report.

ATTACHMENTS

1. **Continuous Improvement Register Update October 2017**

NIRC RISK MANAGEMENT – CONTINUOUS IMPROVEMENT REGISTER 2017-2018

Tourism	Risk	Mitigation	Outcome
	Dangerous, steep stairs to store room	Signage has been installed Non-slip caution tape has been fixed to all steps Stock has been moved to a downstairs storage area to reduce the risk of injury.	12/9/17 (RE) Risk reduced by installing precautions
	Customer complaints/abuse	Complaints procedure has been established Staff trained to follow the procedure for all negative feedback This ensures the best outcome for all involved (staff, customer & target of complaint)	12/9/17 (RE) Complaints procedure minimises the chance of conflict. Training reduces the likelihood of a negative outcome
	Uneven access to pathway	Risk pointed out by a NIRC staff member A tripping hazard exists between the pathway and the footpath This needs to be assessed for risk potential and actioned accordingly Yes it is the pathway leading into the VIC from the roadside footpath. It is only about 2-3 cm difference in levels but I guess for a wheelchair it is not great and could be a trip hazard.	12/9/17 (RE) Yet to action

Human Resources	Risk	Mitigation	Outcome
	Access to HR Records (Internally)	Ensure HR personnel records are secured by locking entry door to HR	Personnel records secured
	Electronic access to HR records	Ensure only authorised personnel have access to relevant drives on server	Restricted access authorised.
	Staff Recruitment/Vacancies	Perception about working for NIRC Councillors need to sell NIRC as employer of choice	NIRC attracts merit based employees to positions
	Upskilling of staff	Being able to undertake role/s. Develop a succession plan for future of NIRC	Skilled workforce to meet Council and community needs
	Taking Accountability and responsibility for your own work	Be accountable and responsible - do not push it up the line	Employees accountable for work performance
	Inadequate resources, tools and equipment	Review in line with approved budget and items for purchase	Upgraded to meet Council's workforce needs

Finance	Risk	Mitigation	Outcome
	1 – Loss of system data	Regular backups are performed	Loss of data minimised
	2 – Loss of Corporate Knowledge	Standard SOP's are developed and cross training of staff in different tasks	New staff can pick up jobs and undertake tasks immediately.
	3 – Fraudulent Activities	External audit, dual authorisations, segregation of duties, internal auditor	Risk of fraud and errors minimised.

Planning	Risk	Mitigation	Outcome
	Rushed / poor assessment of development applications (DA's) – can result in poor recommendations / decisions; which can be challenged in Administrative Review Tribunal or Administrative Appeals Tribunal	Ensure adequate resources to adhere to statutory time frames for development assessment; and allow for thorough consideration and assessment of DA's; identify challenging issues and collaborate for advice and contribution from other teams.	
	Under skilled or under trained staff; not able to fulfil statutory responsibilities under Planning and / or Building Act; risk of challenge to decisions; incorrect or poor advice given to community; inadequate communication.	Ensure that individuals have the skills and / or training necessary to fulfil the responsibilities of a position.	
	Field and site inspections- potential physical danger; potential for bad public relations / council image if permissions are not required	Always seek land owners permission to access private property; ensure punctuality for on-site meetings; always advise land owner / site manager of building sites when accessing the site so they are aware of who is on site; where on site and at what time. Wear appropriate clothing if necessary to avoid danger. (shoes, hard hats, HV vests)	
	Dealing with various Acts, regulations and instrument; need to follow and abide by laws and apply with diligence and consistency to avoid legal challenge.	Always seek legal advice when in doubt; follow any legal advice provided.	

Heritage Management	Risk	Mitigation	Outcome
Collection management information database system	Database system outdated Insufficient/incorrect data recorded Loss of data due to IT failure to back up or external interference of IT system	- Investigate updated database systems and source funding for procurement (Investigated updating data base system currently trialling demonstration version to confirm IT requirements. Funding approved) - Ensure data is backed up - Offsite hard copies of files for museum collection (work in progress)	Secure museum collection and library database management
Museum Collections	Natural disasters Theft Fire	Disaster management plan Disaster bins – containing emergency 'clean up' items (complete for all venues) Priority collection salvage list and salvage procedures Disaster response team and contacts Security procedures for display cabinets and buildings	Securing collections using measures that are effective to attain the best possible or tolerable outcomes in adverse circumstances
Promote and protect Norfolk Island's heritage and culture	Loss of heritage assets Loss of culture Failure to recognise Heritage Management's contribution towards the visitor experience Failure to recognise Heritage Management's contribution towards the economy	Develop and implement and Heritage and Culture Strategy (completed and adopted by Council June 2017) Promote contribution of Heritage Management towards the visitor experience and the economy to all stakeholders. (ongoing)	Protected and promoted heritage and culture contributing to the visitor experience and the community.

Heritage Management	Risk	Mitigation	Outcome
Human Resources	Lack of staff to populate roster affecting customer/community service Lack of ability to fulfil obligation to Commonwealth and Museum Trust ensuring the collections are available to community and visitors Lack of qualified personnel ensuring proper care and management of collections	Develop business case for the support of engagement of casual staff to maintain sufficient pool of casuals Offer permanent casual positions to existing long term staff providing more than casual ad-hoc hours Continued professional positions within the Heritage Management area Provide opportunities for professional development (attained 2 x internships for Museum and Research Officer and Collections Officer at the ANMM) Cross train and upskill existing staff	A harmonious and effective team providing good customer service and quality visitor experience Fulfilling our obligations for the Museum Trust and the Commonwealth ensuring the collections are protected, displayed and interpreted.
Buildings – display and storage	Inadequate museum collection storage facility in a repurposed 1970's built house. Exhibition limitations in heritage buildings Hazards Damage to collections Reduced visitor access Reduced visitor experience Reduced opportunities for development of library services	Implement pest management control systems Implement environmental control systems (ongoing) Implement environmental control systems (purchased additional dehumidifiers, investigating environmental data loggers) Provide signage including wayfinding for visitor's safety and comfort Record and report maintenance issues (ongoing) Promote the library services to the community	Risk to collections is managed as low as practicably possible. Customers and community are provided with safe and comfortable access to the services provided by Heritage Management.
Funding	Loss of funding to ensure the protection, display and interpretation of collections	Promote the value of the Heritage Management to all stakeholders – internally and externally. Manage existing budgets for efficiency and	Continued valued contribution of the Heritage Management area to all stakeholders – economically, culturally,

	Loss of funding to continue providing a library service to the community	effectiveness Apply for grant funding (ongoing)	spiritually and environmentally.

Area Records	Risk	Mitigation	Outcome
Records	Only one person (Program Manager) is undertaking Administrator duties for CM9 (e.g. setting up a new user profile)	Manager Customer Care undertook all the CM9 Admin/Power User training with the Program Manager. However, will train the Records and Administration Officer to do more of the day to day things if Program Manager ever sick or on leave.	Manager Customer Care knows contacts at Civica if needs be to set up and was in training. Records and Administration Officer will be trained in due course – closer to the time of CM9 implementation.
Records	Need to protect physical records from insects and vermin in records storage areas, including ANZCAN.	Program Manager and Records and Administration Officer currently putting together a strategic pest control plan for these areas including regular monitoring (e.g. insect sticky traps to monitor numbers). Will consult with the Conservation Officer also for advice.	Strategy not yet complete, ongoing. 26/9/17 (SQ) Have implemented regular cleaning schedule for all records storage area.

Area Records	Risk	Mitigation	Outcome
Records	Risk that staff don't understand what records need to be kept and what can be legally destroyed (and when and how) with the introduction of the Archives Act to NI.	Records staff are aware that they are not to destroy any documents at this point in time, and if they are unsure to speak to the Program Manager. Program Manager working with National Archives so that retention and disposal authorities are available for all NIRC Records. Training on this matter will be provided at the CM9 raining. Program Manager would like to work with HR to put some material together to allow record keeping information to be part of NIRC's induction process for new employees. Program Manager will create a Normal Administrative Procedure document outlining standard documents that are not required to be kept (e.g. duplicates and the like).	Mitigation work being undertaken.

Area	Risk	Mitigation	Outcome
Assets	NIRC doesn't have an asbestos register for its buildings.	Blake Hunton was going to put a proposal to EMT to get contractors in to do this.	
New Military Barracks Building	Black and other mould growing in work areas – especially windows and Law Library and hallway books.	Blake Hunton was putting a proposal to EMT to have a full time cleaner for NIRC.	

Area – Fire Service	Risk	Mitigation	Outcome
Fire Service	Insufficient staff to maintain Category or continuous operations	Commence succession training for staff in Cert IV and eventually Diploma in Firefighting Operations. Advertise for Auxiliary Firefighter and Permanent Firefighter positions.	Ongoing recruitment closes 31/7/17 2xpermanent and 2xauxiliary fire fighters. 2 permanent fire fighters to QFES for 16 week course from August to December in Aviation Fire Fighting.
Fire Service	Unqualified staff attending off airport wildfire incidents	Acquire accredited training material from NSW Rural Fire Services (RFS) and upskill staff in both theoretical knowledge and practical application	Commenced training material provided and copied to allow refresher and initial training to occur. Certificate Cert II PUA 20713 In Public Safety (Firefighting Operations) completed October 2017. Units covered were: Prepare, Maintain and Test Response Equipment, Respond to Wildfire, Prevent Injury (Fire Specific), Operate Communications Systems and Equipment, Work in a Team, Work Effectively in a Public Safety Organisation. Certificate III PAU 30713 in Public Safety (Fire Fighting Operations) – Suppress Wildfires completed October 2017 Cert IV

Fire Service	Unqualified staff attending off airport wildfire incidents	Acquire accredited training material from Queensland Fire and Emergency Service (QFES) and upskill staff in both theoretical knowledge and practical application	QFES training and assessment undertaken in October 2017 for 5 courses Road Crash Rescue Hazmat Management Suppress Urban Fire Operate Pumps Maintain Safety and Drive under Operational Conditions
Fire Service	Identified during CASA Audit possible risk to firefighter health and wellbeing insufficient Breathing Apparatus (BA) and BA communications.	Extra BA set has been ordered and UHF radios (both fixed and portable) ordered	Radios have arrived, fixed units to be mounted in vehicles, brackets to be installed in vehicles for the portable radios.
Fire Service	Insufficient water supply to protect vital island assets due to current hydrant installation and water catchment facilities	Repair/ replace island hydrant pump and pipe work and installation of a 135,000 litre low profile water storage tank at the fire station	On going
Fire Service	Delayed response to investigation of off airport alarms and incidents due to ageing response vehicles i.e. Red Ute – 1997 (20 years old) with 240,000klms Silver vehicle – 2001 (16 years old) with 150,000klms	Purchase of two new replacement vehicles	On going New first response vehicle Nissan Ute 2009 model being purchased from QFES at cost of $5K with delivery due mid-December 2017

			One vehicle to be purchased in 2018/2019 budget if insufficient funds for financial year 2017/2018.
Area - Customer Care	**Risk**	**Mitigation**	**Outcome**
Customer Care	Loss of corporate knowledge	Look for ways to retain staff in Customer Care.	
Customer Care	Financial loss	Adequate cash handling procedures and financial controls in place.	
Customer Care	Reputational damage through misinformation given to the public	Ensure all staff are well informed and skilled. Weekly Team Meetings.	
Customer Care	Damage to Telecom infrastructure	Ensure Customer Care team are briefed on the security requirements of the Telecom building.	

Area - Information Technology	Risk	Mitigation	Outcome
IT	Virus / security breach	Ensure adequate virus protection as well as annual security testing program. Create strong policy to limit risk.	
IT	Loss of corporate knowledge	Look for ways to retain staff in IT.	
IT	Redundancy of products	Implement a monitoring program for existing software and hardware, planned replacement schedule (AMP) and budget.	
IT	Force majure / disaster	Ensure adequate disaster recovery procedures are in place as well as secure, frequent backups to multiple off site locations.	

Area - Registry Courts and Lands	Risk	Mitigation	Outcome
Registry Courts and Lands	Loss of corporate knowledge	Need to create a succession plan for the two Court and Tribunal employees. Both highly skilled and if either of them was ill for an extended period of time we would be in bother.	
Registry Courts and Lands	Changes to Legislation	Any change to Legislation may modify the requirements and volume of tasks this teams do. This could increase or decrease. May require more staff with other skill sets, or, we may end up with no applicable NI laws come July 2018. Or we might end up with additional IT requirements in order to communicate to Aus re State type functions.	
Registry Courts and Lands	Fire	A lot of records in this office are hardcopy. A fire could destroy most of our records. We have started making electronic copies of records but lack resource. CM9 will assist when up and running.	

Area - Registry Courts and Lands	Risk	Mitigation	Outcome
Registry Courts and Lands	Public perception / reputational damage	Ikey and Midge act under statute law. Sarlu is more Council related functions such as rates and GIS. There are concerns that the two functions are two closely situated and this could create a conflict of interest, particularly say someone was to seek legal action against Council re rates	

Updated comments in RED AS AT 31/10/17

5.7 MEETING DATES FOR 2018

Author: **Joy Walker, Executive Manager Governance and Human Resources**

SUMMARY

The purpose of this report is to confirm the proposed meeting dates for the Audit Committee in 2018.

BACKGROUND

Council's Audit Committee meets quarterly to review the

RELEVANCE TO THE STRATEGIC PLAN AND RESOURCING STRATEGY

10.1 Transparent in decision making.

DISCUSSION

Council's Audit Committee meets on a quarterly basis to obtain information it needs; discuss any matters with the external auditor or other external party (subject to their legal obligations to protect information and confidentiality considerations); request the attendance of any employee or Councillor at Committee meetings; obtain external legal or professional advice considered necessary to meet its responsibilities within budget allocations.

GOVERNANCE/POLICY IMPLICATIONS

The Audit Committee provides independent assurance and assistance to Council on risk management, control, governance and external accountability responsibilities.

LEGAL IMPLICATIONS

The quarterly meeting dates comply with the Audit Committee's Charter requirements.

ENVIRONMENTAL IMPLICATIONS

Nil

SOCIAL IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

The costs associated with the Audit Committee meeting schedule for February and May 2018 are covered in the current 2017/2018 financial budget for the period ending 30 June 2017.

Once the 2018/2019 budget is prepared and adopted the costs associated with the August and October meeting schedule will be covered in that budget.

CONCLUSION

That the Audit Committee meeting dates for 2018 being 28 February 2018, 30 May 2018, 8 August 2018 and 30 October 2018 be confirmed.

RECOMMENDATION

That the Audit Committee dates for 2018 being 28 February 2018, 30 May 2018, 8 August 2018, and 30 October 2018, be received and confirmed.

ATTACHMENTS

Nil

6 CLOSE OF COMMITTEE MEETING