



9 November 2020

Memorandum to:

General Manager
Mr Andrew Roach

NEXIA AUSTRALIA DRAFT OCTOBER 2020 REPORT

Following an informal meeting of Councillors this morning to discuss the recommendations of the Nexia Australia draft October 2020 report Councillors present supported in principle the recommendations contained in the Nexia Australia draft October 2020 report; and in particular, in acknowledgement of the following recommendation by Nexia:

'Council needs to restore its cash position to ensure it has sufficient cash to adequately cover trust balances and liabilities for employee leave entitlements, fund day to day operations and meet its obligations as they fall due. This may be achieved through:

- o Budgeting for and achieving cash surpluses*
- o Ensuring expenditure budgets are closely monitored and managed*
- o Carefully monitoring the accumulation of outstanding debts and ensuring appropriate recovery action is taken*
- o Borrowing – whilst Council is currently debt free and does have the ability to borrow under the Local Government Act, it not generally recommended to borrow for operational purposes. Any consideration of borrowing would also need to take into account Council's ability to service the debt. It is also noted that borrowing is a charge on the income of Council and the current uncertainty over Council's income streams may limit the Council's ability to borrow.*
- o The receipt of an injection of additional government funding.'*

that the General Manager have dialogue as soon as possible with senior officers of the Department of Infrastructure, Transport, Regional Development and Communications on the recommendation there be 'an injection of additional government funding' to Council, that injection include, though not be limited to, reimbursement of -

- the funds expended by Council
 - o to meet the biosecurity costs associated with the importation of rock source as dictated under the Federal biosecurity legislation – estimated amount \$4.2M
 - o Aileron Edge – Project Management on behalf of Council - \$0.2M
 - o Boral Resources – Contract variations added during the project \$0.2M
 - o Australian Pavement Specialist – Council Technical Advisor - \$.5M

See attached Mayoral Minute agreed at 28 December 2020 Council meeting.
- the funds expended by Council – amount \$3,935,156 - for Boral to reseal approximately 9 kms of Norfolk roads consistent with the Commonwealth commitment (attached) that "No disadvantage should accrue to the new Norfolk Island Regional Council as a result of the asset transfer process"; namely the transfer of roads from the Commonwealth to Norfolk Island/NIRC under the Land Transfer Ordinance 2016 (Cth).

For your attention please General Manager,

Cr Robin Adams JP
Mayor

Cc: Eric Hutchinson, Administrator



Council Meeting 28 October 2020

MAYORAL MINUTE

7.1 NORFOLK ISLAND REGIONAL COUNCIL AIRPORT RUNWAY UPGRADE

Cr Robin Adams There have been several statements made recently by community members around budget overruns for the Airport Runway project and final costings. Whilst the project is awaiting finalisation administratively, which will include an external audit as per the requirements of our funding agreement, these final reports will be made public through release in the Council business papers in due course.

I want to make clear to the community, there has never been any “overrun” of budget, and the project was delivered on schedule, despite the barriers encountered managing resources through the pandemic.

Council approved the following contracts with respect to the Airport Runway project:

- Boral Resources - Runway reseal & lighting upgrade – contracted amount \$44.9M
- Boral Resources - Biosecurity costs associated with importation of rock resource – estimated amount \$4.2M
- Aileron Edge – Project Management on behalf of Council - \$0.2M
- Boral Resources – Contract variations added during the project \$0.2M
- Australian Pavement Specialist – Council Technical Advisor - \$.5M
- **TOTAL COMMITMENT for project \$50M**
- Funding from the Commonwealth Government - \$43M
- Councils commitment - \$7M
- **ESTIMATED TOTAL COSTS AT COMPLETION - \$48M**

As you can see, there has been no “overrun” for the project. In fact Council’s final contribution is estimated to be \$2M less than the original commitment. The detailed report will be presented to Council once the external audit has been completed in accordance with our contractual commitments with the Commonwealth of Australia.

As a Council we must congratulate the General Manager and his team on delivering the project during these very difficult times, and I particularly want to thank our contractors, Boral, for their professionalism and contributions made whilst here in our community for the past 12 months.



Australian Government

Department of Infrastructure and Regional Development

Mr Peter Gesling
Executive Director
Administration of Norfolk Island

Dear Mr Gesling

I am writing to confirm our previous discussions regarding arrangements for transferring land and property assets on Norfolk Island between the Commonwealth Government and the Administration of Norfolk Island (ANI) and its successor organisation, the Norfolk Island Regional Council (NIRC). These arrangements will be formalised through the *Norfolk Island Land Transfer Ordinance 2016*.

As we have also discussed, the transfer of moveable assets, including equipment, will be managed through a separate exchange of letters between the Chief Financial Officers of the Department of Infrastructure and Regional Development and the ANI.

The key objective of the transfer arrangements is to ensure a fair and equitable distribution of land and property assets to foster the on-going economic development of Norfolk Island and improve the quality of services delivered to the community.

The principles that we have followed to guide the development of the asset transfer schedules between the Commonwealth and Norfolk Island include:

- Asset ownership should reside with the tier of Government that is delivering the function.
- Where possible, the land and property asset transfers should be consistent with the arrangements in place prior to Norfolk Island becoming a self-governing territory in 1979.
- No disadvantage should accrue to the new Norfolk Island Regional Council as a result of the asset transfer process.
- To the extent possible, the transfer of land and property between the Commonwealth and the ANI/NIRC should be of comparable value.
- Private donations of land and property should be appropriately recognised.

Consistent with these principles we have agreed that all roads currently owned by the Commonwealth, unless they occur on Commonwealth land, will be transferred to become the responsibility of the NIRC. The regional council will be eligible to receive Financial Assistance Grant type payments from the Commonwealth which may be used to assist with the maintenance of the increased network of locally managed road infrastructure.

Commonwealth ownership of some parcels of land distributed across Norfolk Island may have a negative impact on future planning and economic development opportunities. For this reason ownership of non-essential Commonwealth land assets will be transferred to the NIRC. The

land parcels transferred to the NIRC can be sold or leased to provide additional revenue, and will also provide additional future income once the regional council moves to introduce land rates on Norfolk Island.

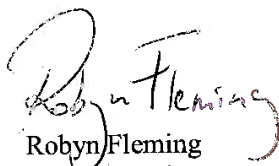
The delivery of health, education and policing services are primarily a state government responsibility. Transferring the ownership of the assets associated with these services to the Commonwealth (as the state) will allow the Commonwealth to fund the significant infrastructure investments necessary to deliver these services to an acceptable level.

I recognise there may be sensitivities relating to the transfer of hospital and education infrastructure, particularly in respect of donations made to these facilities. I would appreciate your advice on any significant community or private contributions so these can be appropriately recognised.

The proposed asset transfer schedules are attached. I appreciate the extensive contribution that you and others in ANI have made to their development.

I would appreciate your written (via email) acknowledgement of these proposed arrangements and the attached asset schedules by 9 June 2016. Subject to your endorsement the schedules will be included in an instrument for the Minister to approve, as outlined in Section 4 of the *Norfolk Island Land Transfer Ordinance 2016*.

Yours sincerely



Robyn Fleming
Executive Director

Local Government and Territories Division

8 June 2016