

Norfolk Island reform 'phase 3'

Overview of cost allocation modelling and restated business level accounts

August 2015

Introduction

Purpose of our work

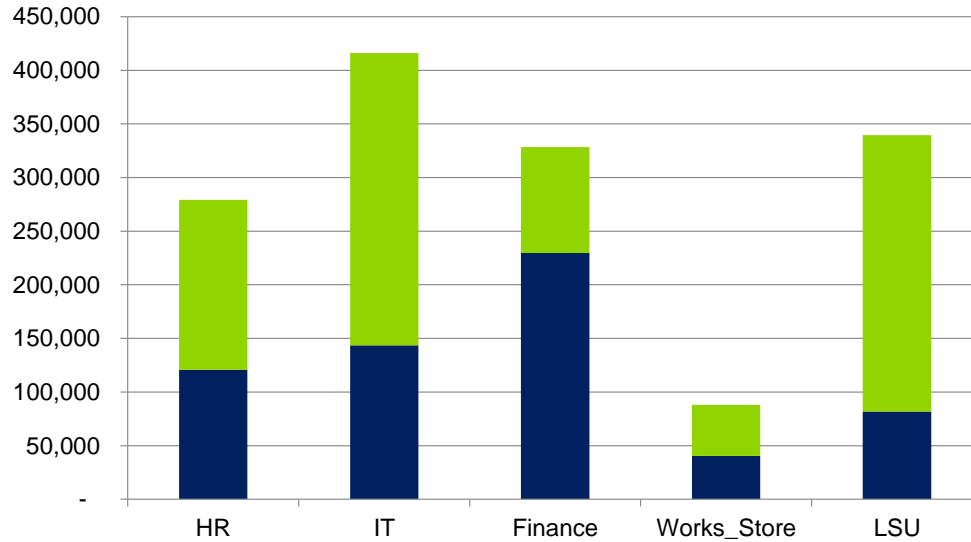
- At the end of last year's GBE review, we noted a number of core requirements in relation to governance, accountability and operations.
- Following on from that we were engaged by the Commonwealth to undertake a three pronged piece of work:
 - Prepare a corporate governance framework which is ready to be rolled out across the NIA
 - Prepare a cost allocation model to allocate the cost of 'shared service' divisions within the NIA to the 19 GBEs under examination
 - Prepare an asset condition assessment of the NIA's asset base (Worley Parsons were engaged to undertake this task).
- This summary report covers the cost allocation modelling. A draft report covering the corporate governance framework has been provided separately to the Commonwealth and NIA, along with the summary presentation provided to the NIG on the 16th of April. Worley Parsons will be providing the findings of the asset condition assessment separately to the Commonwealth and NIA.

Costs to be allocated

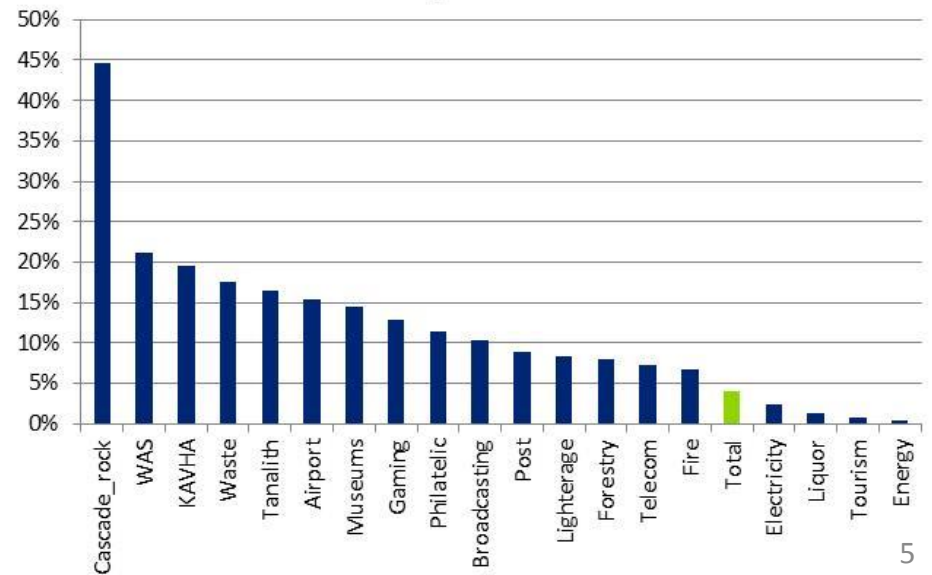
- Guiding principles:
 - Only allocate services for which there is no current charging; otherwise we'd be double counting
 - Allocate services whose function would *materially change* if the GBEs were removed
- Shared services – HR, IT, Legal, Finance, Works Store. Costs are physically incurred, but are recorded at NIA level not attributed to the businesses that use these services
- Rent – rent costs are not physically incurred, but rather it represents a foregone revenue to the NIA – i.e. if the businesses were in private hands they'd pay rent.
- Depreciation – reflects the degradation in assets. Provides an indication of the extent to which maintenance/replacement costs will need to be incurred in future years.
- *Note:* this exercise represents a **first attempt** at allocating costs to individual businesses, and hence understanding the true cost from the NIA's perspective of operating businesses.

Overall summary charts

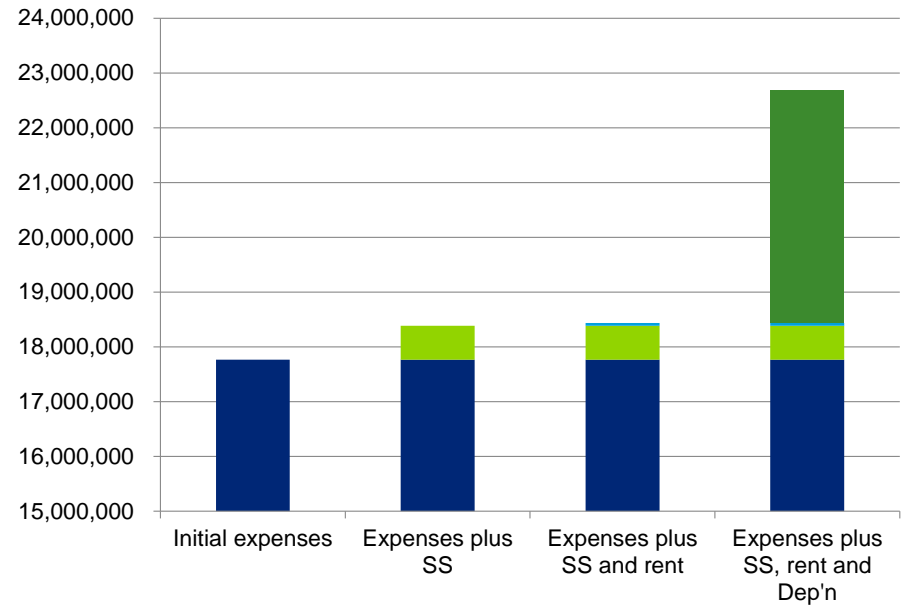
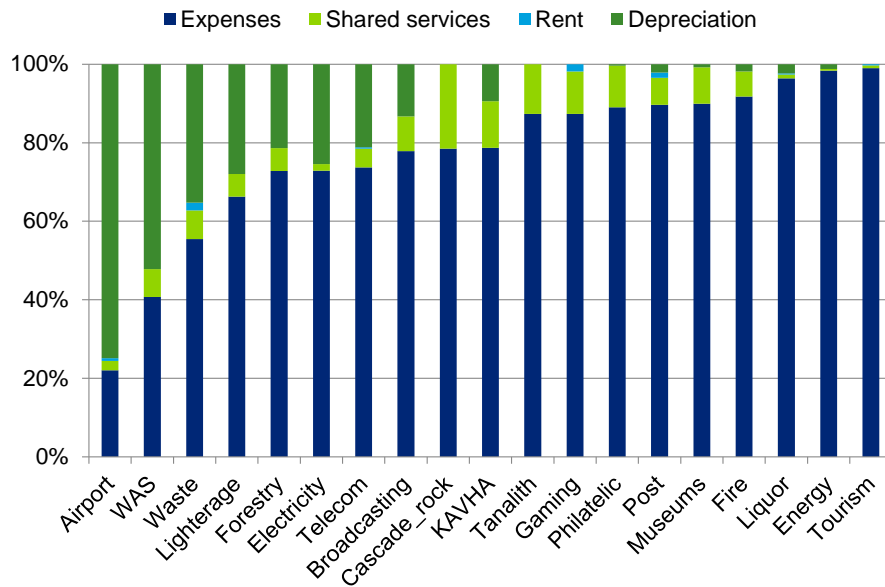
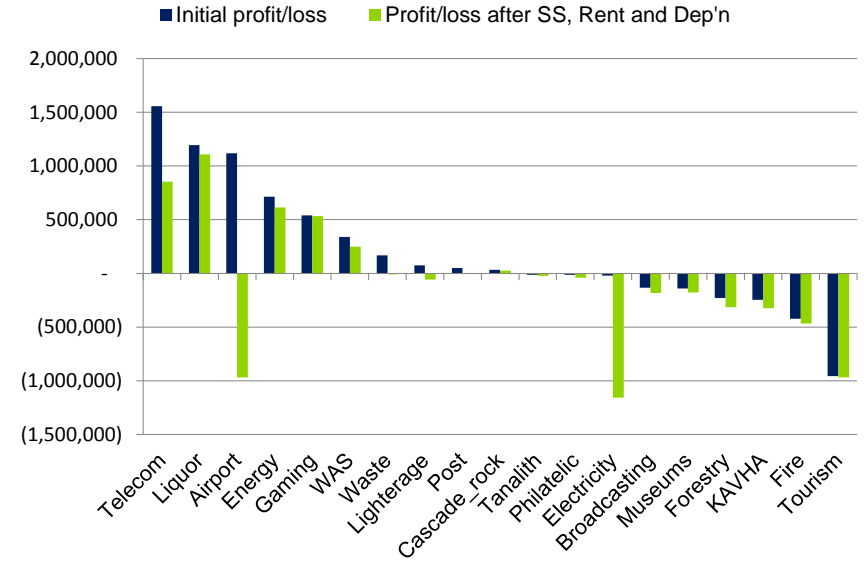
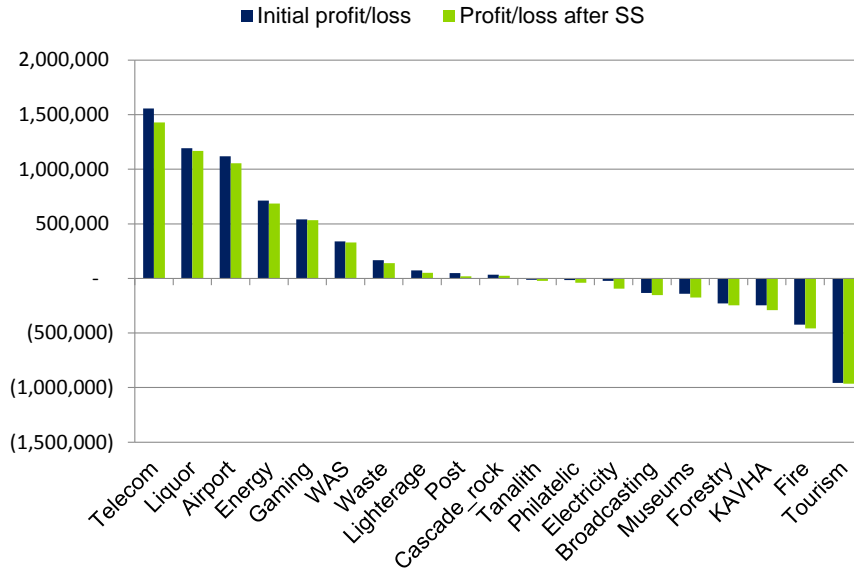
■ Allocable cost ■ Non-allocable cost



Allocated SS costs relative to initial expenses



Overall summary charts



Restated Business level accounts – 2013-14

	HR	IT	Finance	Works_Store	LSU	Total
Total cost	\$279,180	\$416,161	\$328,503	\$88,011	\$339,390	\$1,451,245
Allocable cost	\$120,915	\$143,512	\$229,550	\$40,338	\$81,822	\$616,136
Non-allocable cost	\$158,265	\$272,649	\$98,953	\$47,672	\$257,568	\$835,108
Allocable share (% of total cost)	43%	34%	70%	46%	24%	42%

Allocation by business (% of allocable cost)

Telecom	15%	32%	12%	22%	35%	21%
Electricity	12%	4%	14%	22%	12%	12%
Airport	10%	9%	10%	11%	15%	10%
KAVHA	7%	9%	6%	6%	5%	7%
Museums	9%	6%	5%	1%	2%	6%
Fire	8%	7%	5%	3%	0%	5%
Post	6%	7%	5%	3%	0%	5%
Waste	5%	1%	7%	11%	1%	5%
Energy	1%	0%	7%	6%	8%	4%
Philatelic	4%	8%	4%	0%	0%	4%
Liquor	7%	4%	4%	1%	2%	4%
Lighterage	6%	1%	5%	3%	1%	4%
Broadcasting	4%	8%	2%	1%	0%	3%
Forestry	6%	0%	3%	6%	2%	3%
WAS	0%	1%	3%	1%	3%	2%
Tanalith	1%	0%	3%	3%	0%	2%
Cascade_rock	0%	0%	3%	1%	2%	1%
Tourism	0%	2%	0%	0%	5%	1%
Gaming	0%	0%	1%	0%	6%	1%
	100%	100%	100%	100%	100%	100%

	Income	Expenses	Initial profit/loss	Shared Services	Rent	Depreciation	Profit/loss after SS	Profit/loss after SS and Rent	Profit/loss after SS, Rent and Dep'n
Telecom	3,529,202	1,972,473	1,556,728	128,145	7,858	566,555	1,428,583	1,420,725	854,170
Liquor	3,490,790	2,297,309	1,193,481	24,333	5,892	55,681	1,169,148	1,163,256	1,107,576
Airport	1,707,311	589,700	1,117,611	63,559	19,245	2,004,076	1,054,052	1,034,807	(969,270)
Energy	6,706,217	5,992,736	713,482	26,506	-	72,857	686,976	686,976	614,119
Gaming	598,434	57,419	541,016	7,129	1,202	-	533,887	532,684	532,684
WAS	403,374	63,266	340,108	11,039	-	81,133	329,069	329,069	247,936
Waste	387,606	219,873	167,732	28,987	7,816	139,742	138,746	130,930	(8,812)
Lighterage	329,772	256,071	73,701	22,263	-	107,984	51,438	51,438	(56,547)
Post	448,951	399,487	49,465	30,669	5,892	9,330	18,796	12,904	3,574
Cascade_rock	67,135	33,012	34,123	9,056	-	-	25,067	25,067	25,067
Tanalith	54,113	66,880	(12,767)	9,712	-	-	(22,479)	(22,479)	(22,479)
Philatelic	197,469	211,577	(14,108)	25,211	-	844	(39,319)	(39,319)	(40,163)
Electricity	3,023,412	3,044,701	(21,289)	72,030	-	1,062,509	(93,319)	(93,319)	(1,155,828)
Broadcasting	45,419	177,871	(132,453)	20,245	-	30,414	(152,698)	(152,698)	(183,112)
Museums	190,650	331,682	(141,032)	34,261	-	2,828	(175,293)	(175,293)	(178,121)
Forestry	3,746	232,158	(228,412)	18,567	-	68,080	(246,979)	(246,979)	(315,058)
KAVHA	39,890	286,133	(246,243)	43,119	-	34,159	(289,362)	(289,362)	(323,521)
Fire	64,657	487,850	(423,193)	33,706	-	9,855	(456,899)	(456,899)	(466,754)
Tourism	91,817	1,048,675	(956,858)	7,599	2,946	-	(964,458)	(967,404)	(967,404)
	21,379,964	17,768,872	3,611,092	616,136	50,851	4,246,047	2,994,956	2,944,105	(1,301,942)

Norfolk Island Cost Allocation Model (NICAM)

Model overview

- A macro and formula driven spreadsheet model which allocates across 19 GBEs the cost of:
 - Shared services (HR, IT, Finance, Works_store, LSU)
 - Rent (foregone revenue from the NIA's perspective)
 - Depreciation (calculated from NIA asset register)
- Allows users to change the cost driver for staffing and non-staffing costs across each SS division
- Allows manual adjustments to initial allocations
- Includes an analytical tab to assess the potential synergies that could be generated by combining individual businesses (e.g. Post and Philatelic)
- Includes a business level dashboard that:
 - Allows individual businesses to be selected;
 - Presents for each business a set of 'initial' and restated accounts, including rent, SS and depreciation allocations; and
 - Includes dynamic summary charts that provide an easy overview of each business's initial and 'true' cost structure.

Model glossary

Output tabs	
Frontpage	"Introductory tab" allowing the user to view high level summary statistics, navigate between the remainder of the model,
Dashboard_Bus	Interactive summary tab showing detailed business level financial accounts (income and expenses), as well as shared service allocations to the individual business and GBEs in total. Users can select the business/year they wish to examine using the drop down boxes at the top of the tab
Dashboard_SS	Summary tab showing overall SS allocations, and business level allocations (% terms and absolute). Also includes summary tables showing restated financial accounts by business
Synergies	An analytical tab allowing the user to consider the extent to which shared service costs or other overhead costs might be reduced by amalgamating certain businesses.
Charts	Summary charts showing SS allocations (in aggregate) and restated accounts (at a business level). Note some charts are also included on the Dashboard_bus and frontpage tabs.
Calculation/collation tabs	
Chart Data	Summary data for charts. Data are taken from the 'Dashboard_Bus' tab with a macro that cycles through all 19 businesses. Thus, the 'update data' button needs to be pressed whenever cost drivers are changed.
Summary	Total cost of each SS division; breakdown into staffing/non staffing and allocable/non-allocable; share of allocable SS cost flowing to each GBE; final SS allocation to each GBE
Summary_int	Collation of relevant GBE specific shares from 'Calcs' tab based on selected cost driver. Includes data block for manual adjustments to shares if desired
Subs_matrix	Share of SS allocations to be applied to sub-units of GBEs(if relevant). Shares are generally based on discussions with individual GBE managers and can be 'written over' if desired.
Calcs	Calculation of specific cost drivers for each GBE and corresponding GBE specific shares. Summary data for initial allocations
Rent	Calculation of hypothetical rent expense for individual GBEs - uses real estate data as of 11 March 2015 and an assumed rental yield

Model glossary

Input data - SS specific	
Staff Stats	NIA staff statistics as of September 2014
Assets_summ	Key summary stats for asset count, fair value and age across each NIA division
Assets_raw	NIA asset register; includes summary calcs used for cost allocations relating to assets
IT_summ	Key summary stats from raw IT data showing number of tickets and time spent on jobs for each individual division of the NIA; fed into calculations for IT allocations
IT_raw	Raw 'tickets' data from IT section - shows every IT job for past 3 years; individual GBEs manually ascribed based on job comments
Finance	Debtors&Creditors from raw financial data;% of time spent on each GBE; info on payables/receivables system used by each GBE
Works	% of staff time from Works Store and grounds divisions working on individual GBEs
LSU	% of total LSU time spent on matters relating to GBEs
Input data - Financial	
2013_14_inc	Financial data taken from NIA financial accounts. The model is dependent on the format of these data - therefore when more recent financial data becomes available it will need to be converted into this format. The format was designed to be as straight forward as possible to replicate (ie. business units on the horizontal, income/expense items on the vertical)
2013_14_exp	
2012_13_inc	
2012_13_exp	
Background/informative	
CD_sel	Background' tab which displays the current cost driver under selction. Users can change the cost driver if they wish, and also restore all data to their default values using the macro button provided.
Names	Names and parameters required for the model to operate
Index	Glossary of individual tabs; overview of colour coding conventions

Model 'Frontpage'

Norfolk Island Cost Allocation Model

Wednesday, 15 July 2015

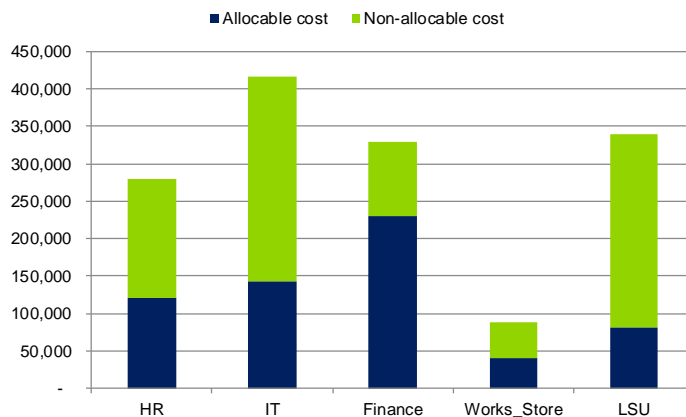
Department of Infrastructure And Regional Development
Administration of Norfolk Island
Frontpage

NAVIGATION

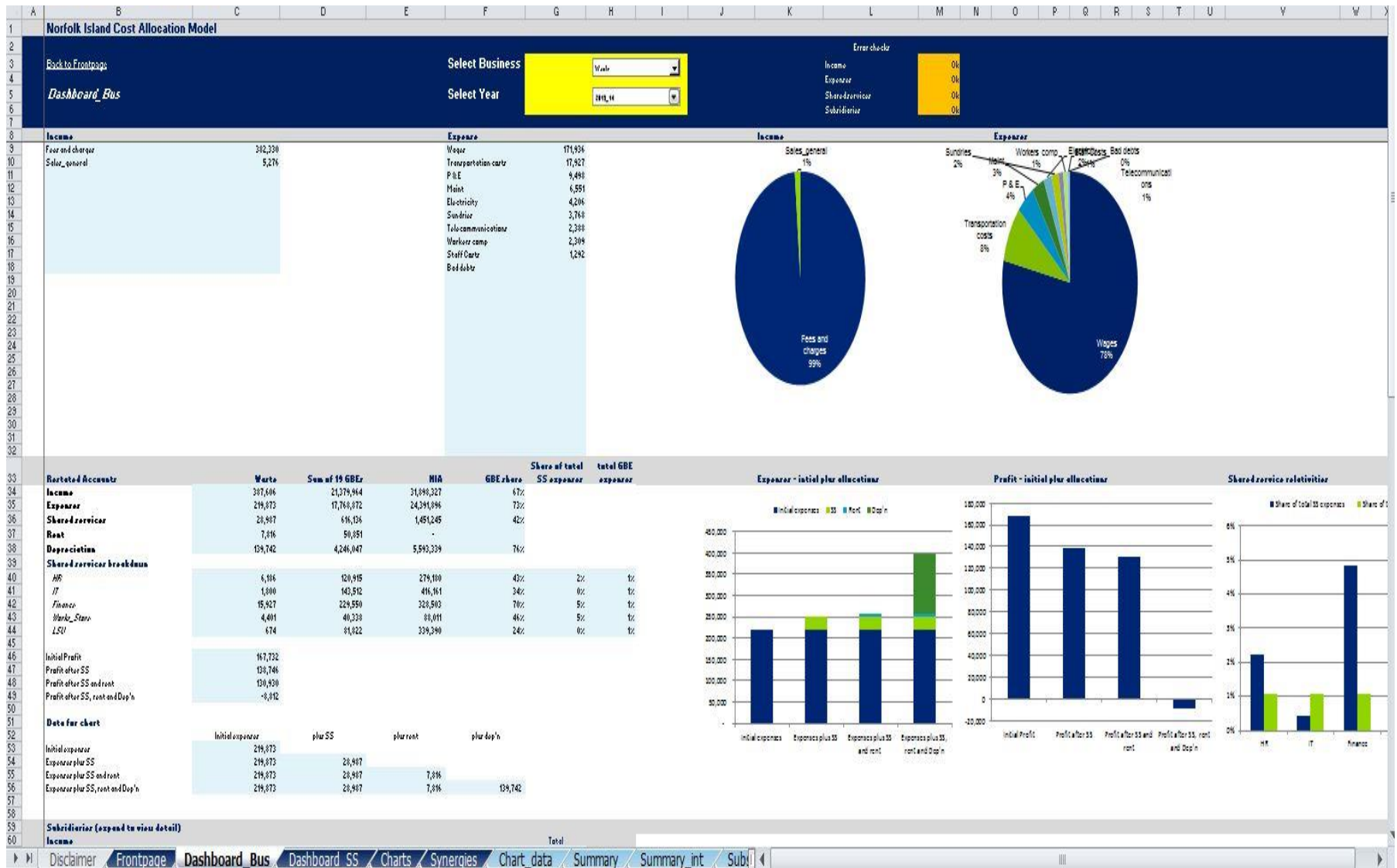
Output tabs	Calculation/collation tabs	Input data - SS specific	Input data - Financial	Background/Informative
Frontpage Dashboard_Bus Dashboard_SS Charts Synergies	Chart Data Summary Summary_int Subs_matrix Calcs Rent	Staff Stats Assets_summ Assets_raw IT_summ IT_raw Finance Works LSU	2013_14_inc 2013_14_exp 2012_13_inc 2012_13_exp	CD_sel Lists Index Names

Summary data	HR	IT	Finance	Works_Store	LSU	Total Shared Services	Depreciation	Rent	
Total cost	279,180		416,161	328,503	88,011	339,390	1,451,245	5,593,339	na
Allocable cost	120,915		143,512	229,550	40,338	81,822	616,136	4,246,047	50,851
Non-allocable cost	158,265		272,649	98,953	47,672	257,568	835,108	1,347,292	na
Allocable share (% of total cost)	43%		34%	70%	46%	24%	42%	76%	na

Shared service allocations (\$)



Model 'Dashboard'



Restated accounts
Business level dashboards

Dashboard overview

Current state

- Taken from Deloitte's 2014 assessment of GBEs
- Provides illustrative information on business' operating mandate, governance arrangements and business model
- **Note** the information provided here is current as of 2014; it does not capture any changes since then. The purpose is merely to demonstrate the starting point vis a vis the current reform process.

Restated Accounts

- Shows initial income and expenses as a line item, as well as estimated shared service allocation, rent expense and depreciation as a line item
- For each SS division, shows business's share of total SS costs as well as share of the total of the 19 GBEs' expenses.
- Point is to illustrate the extent to which individual businesses are relatively more or less reliant on certain types of SS costs compared to aggregate expenses

Amended expenses

- Provides a column chart which illustrates the extent to which the estimated SS, rent and depreciation allocations have affected total expenses.
- First column is initial total expenses, second is initial expenses plus SS allocations, third is initial expenses plus SS plus rent, fourth is initial plus SS plus rent plus depreciation.
- **Note** in order to clearly highlight the allocated amounts, the minimum scale on the axis is greater than zero in some cases.

Income and expenses

- Breakdown of 2013-14 income and expenses from smartstream
- Illustrates where each business's income comes from, and what are the main cost items for each business

- For businesses with sub-units a separate box to the right of the restated accounts provides the initial income and expenses, and allocated shared service costs, for each sub-unit.
- Depreciation and rent are not estimated for sub-units

Amended profitability

- Similar to the amended expenses chart, provides a column chart which illustrates the extent to which the SS, rent and depreciation allocations have affected the business's initial profit or loss.

Airport

Current state

Overview of Business:

Source: DAE analysis & NI consultations

- Service offerings: *Customs, maintenance, security and operations*

Mandate and Operating Model:

- Cost recovery business model: Yes
- Service competition: *Monopoly operations and rental*
- Operational mandate: *Service provision*
- Business model: *Volume business*
- Social or community policy objectives: *Provide safe air transport facility*

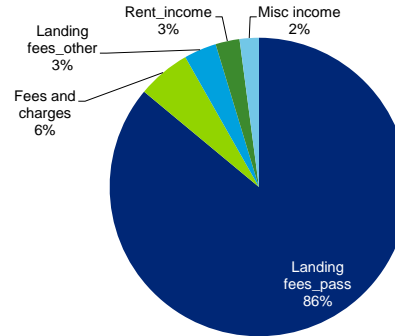
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Governance:

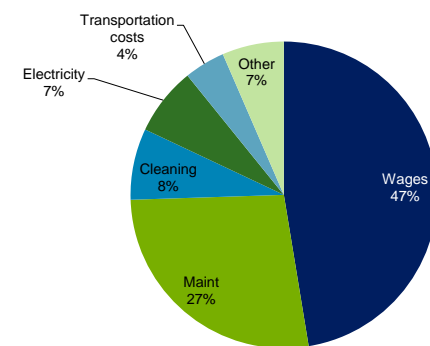
- Responsibility: *NIG responsibility, delegated to CEO*
- Strategic plan: ☒
- Business plan: ☒
- Risk register: ☒
- Business continuity plan: ☒

Informal (I) or formal (F) mechanisms

Income – 2013-14



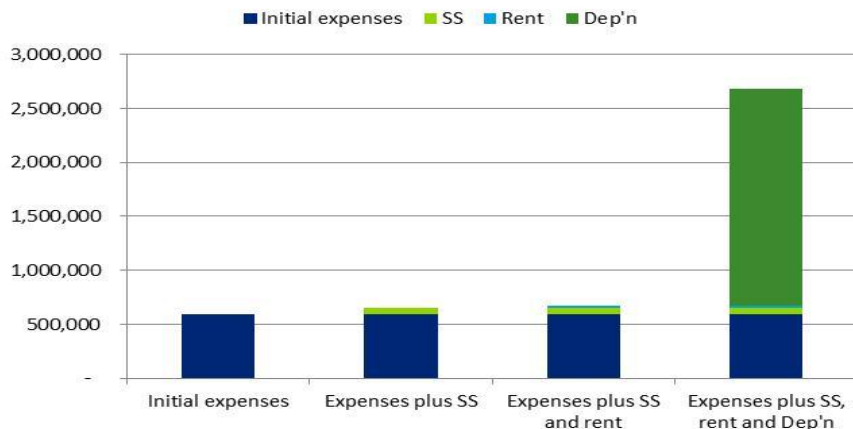
Expenses – 2013-14



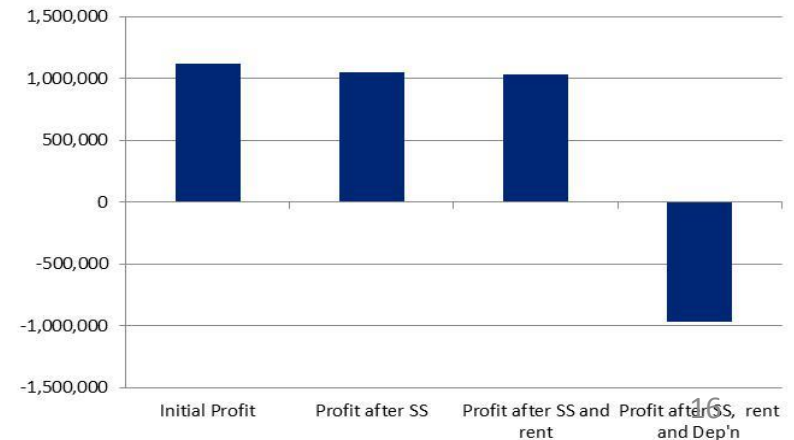
Restated Accounts

Restated Accounts	Airport	Sum of all GBEs	Share of total SS expenses	Share of total GBE expenses	Airport - Maintenance	Airport - Operations	Total
Income	1,707,311	21,379,964			-	1,707,311	1,707,311
Expenses	589,700	17,768,872			164,301	425,399	589,700
Shared services	63,559	616,136			10,514	53,045	63,559
Rent	19,245	50,851			na	na	19,245
Depreciation	2,004,076	4,246,047			na	na	2,004,076
Shared services breakdown							
HR	11,963	120,915	4%	3%	2,393	9,570	11,963
IT	12,220	143,512	3%	3%	-	12,220	12,220
Finance	23,005	229,550	7%	3%	4,601	18,404	23,005
Works_Store	4,401	40,338	5%	3%	3,520	880	4,401
LSU	11,970	81,822	4%	3%	-	11,970	11,970

Amended expenses



Amended profitability



Broadcasting

Current state

Overview of Business:

Source: DAE analysis & NI consultations

- Service offerings: *News updates, entertainment, community announcements*

Mandate and Operating Model:

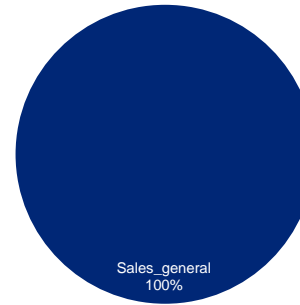
Supported through informal (I) or formal (F) mechanisms

- Cost recovery business model: *No*
- Service competition: *Legislated monopoly*
- Operational mandate: *Service provision*
- Business model: *Break even/cost recovery*
- Social or community policy objectives: *Provide the community with news and current affair updates*

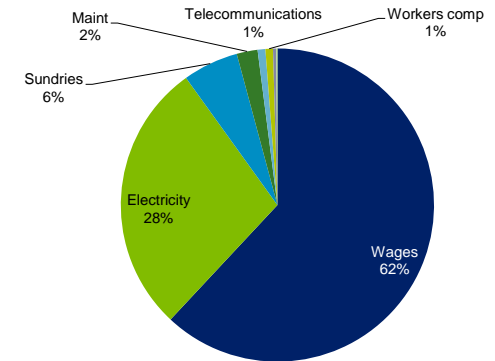
Governance:

- Responsibility: *NIG responsibility, delegated to CEO*
- Strategic plan: ☒
- Business plan: ☒
- Risk register: ☒
- Business continuity plan: ☒

Income – 2013-14



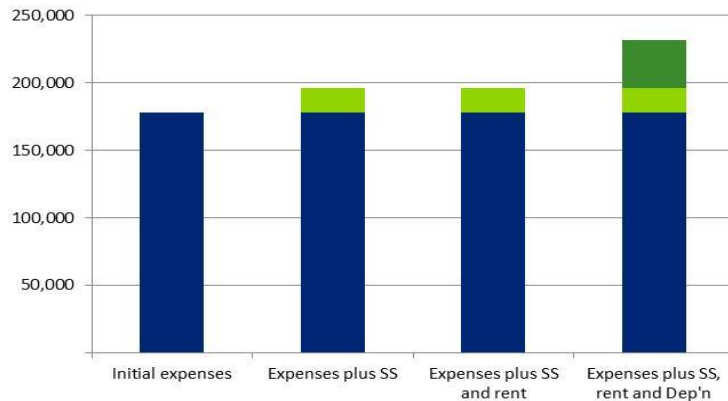
Expenses – 2013-14



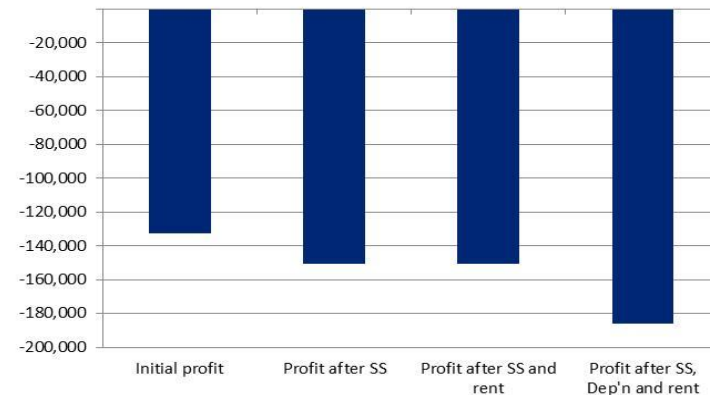
Restated Accounts

Restated Accounts	Broadcasting	Sum of all GBEs	Share of total SS expenses	Share of total GBE expenses
Income	45,419	21,379,964		
Expenses	177,871	17,768,872		
Shared services	20,245	616,136		
Rent	-	50,851		
Depreciation	30,414	4,246,047		
Shared services breakdown				
HR	4,514	120,915	2%	1%
IT	11,898	143,512	3%	1%
Finance	3,539	229,550	1%	1%
Works_Store	293	40,338	0%	1%
LSU	-	81,822	0%	1%

Amended expenses



Amended profitability



Cascade_rock

Current state

Overview of Business:

Source: DAE analysis & NI consultations

- Service offerings: *Production and sale of Cascade rock*

Mandate and Operating Model:

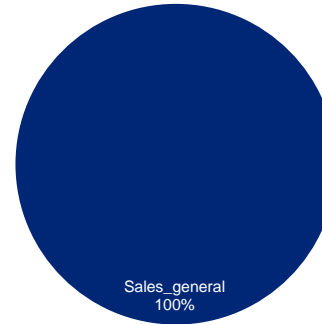
- Cost recovery business model: *No*
- Service competition: *Effective monopoly*
- Operational mandate: *Profit generating*
- Business model: *Volume business*
- Social or community policy objectives: *nil*

Governance:

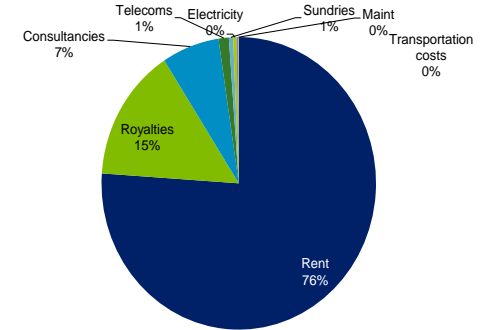
- Responsibility: *NIG responsibility, delegated to CEO*
- Strategic plan: ☒
- Business plan: ☒
- Risk register: ☒
- Business continuity plan: ☒

Informal (I) or formal (F) mechanisms

Income – 2013-14



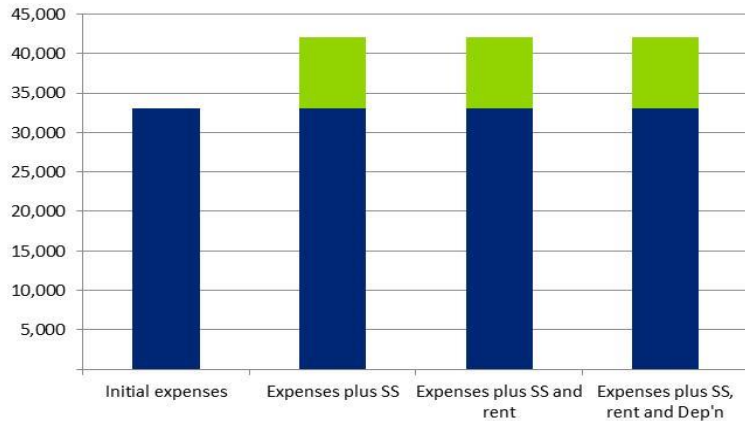
Expenses – 2013-14



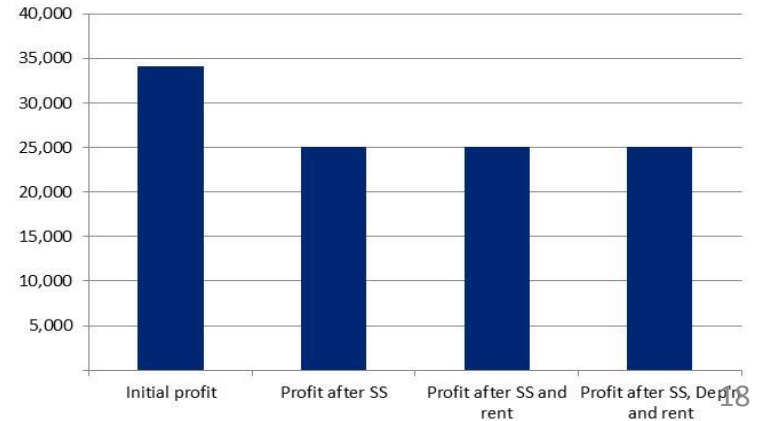
Restated Accounts

Restated Accounts	Cascade_rock	Sum of all GBEs	Share of total SS expenses	Share of total GBE expenses
Income	67,135	21,379,964		
Expenses	33,012	17,768,872		
Shared services	9,056	616,136		
Rent	-	50,851		
Depreciation	-	4,246,047		
Shared services breakdown				
HR	-	120,915	0%	0%
IT	-	143,512	0%	0%
Finance	7,079	229,550	2%	0%
Works_Store	293	40,338	0%	0%
LSU	1,684	81,822	0%	0%

Amended expenses



Amended profitability



Electricity

Current state

Overview of Business:

Source: DAE analysis & NI consultations

- Service offerings: *Distribution of electricity to Norfolk Island*

Mandate and Operating Model:

- Cost recovery business model: Yes
- Service competition: *Legislated monopoly*
- Operational mandate: *Essential service provision*
- Business model: *Volume business*
- Social or community policy objectives: *Provide accessible and consistent electricity to NI*

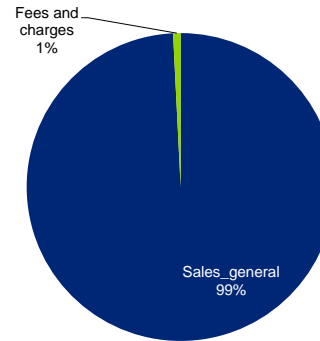
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Governance:

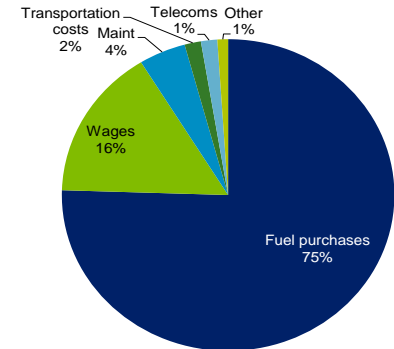
- Responsibility: *NIG responsibility, delegated to CEO*
- Strategic plan: ☒
- Business plan: ☒
- Risk register: ☒
- Business continuity plan: ☒

Informal (I) or formal (F) mechanisms

Income – 2013-14



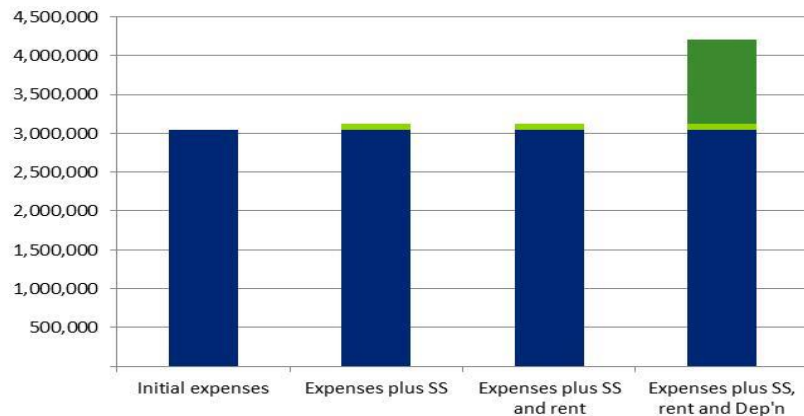
Expenses – 2013-14



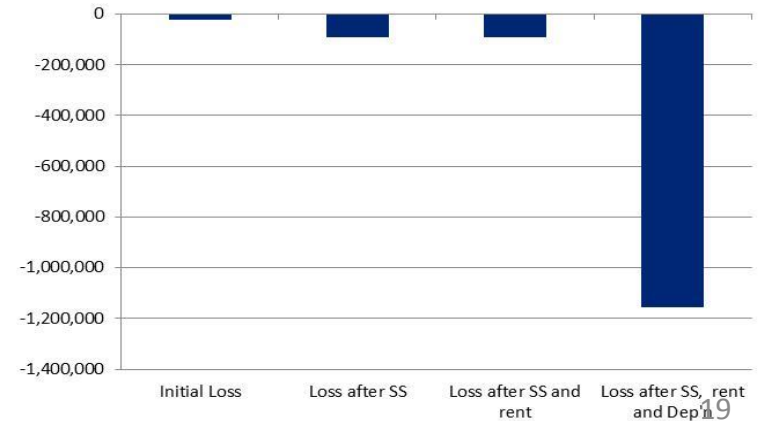
Restated Accounts

Restated Accounts	Electricity	Sum of all GBEs	Share of total SS expenses	Share of total GBE expenses	Electricity - Powerhouse	Electricity - Reticulation	Total
Income	3,023,412	21,379,964			-	3,023,412	3,023,412
Expenses	3,044,701	17,768,872			2,713,576	331,126	3,044,701
Shared services	72,030	616,136			19,455	52,575	72,030
Rent	-	50,851			na	na	-
Depreciation	1,062,509	4,246,047			na	na	1,062,509
Shared services breakdown							
HR	14,903	120,915	5%	15%	7,451	7,451	14,903
IT	5,577	143,512	1%	15%	2,789	2,789	5,577
Finance	33,120	229,550	10%	15%	-	33,120	33,120
Works_Store	8,801	40,338	10%	15%	4,401	4,401	8,801
LSU	9,629	81,822	3%	15%	4,815	4,815	9,629

Amended expenses



Amended profitability



Energy

Current state

Overview of Business:

Source: DAE analysis & NI consultations

- Service offerings: Purchasing of petrol, diesel and jet fuel and maintaining facilities

Mandate and Operating Model:

- Cost recovery business model: Yes
- Service competition: Effective monopoly
- Operational mandate: Essential service provision
- Business model: Volume business
- Social or community policy objectives: Provide NI with energy

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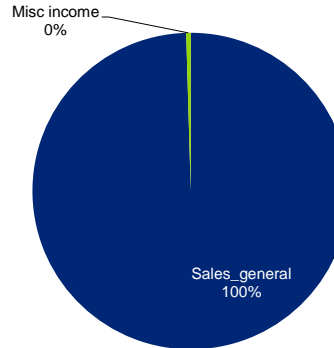
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Governance:

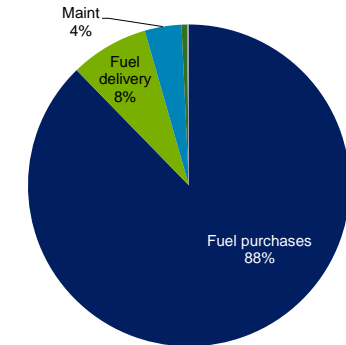
- Responsibility: *NIG responsibility, delegated to CEO*
- Strategic plan: ☐
- Business plan: ☐
- Risk register: ☐
- Business continuity plan: ☐

Informal (I) or formal (F) mechanisms

Income – 2013-14



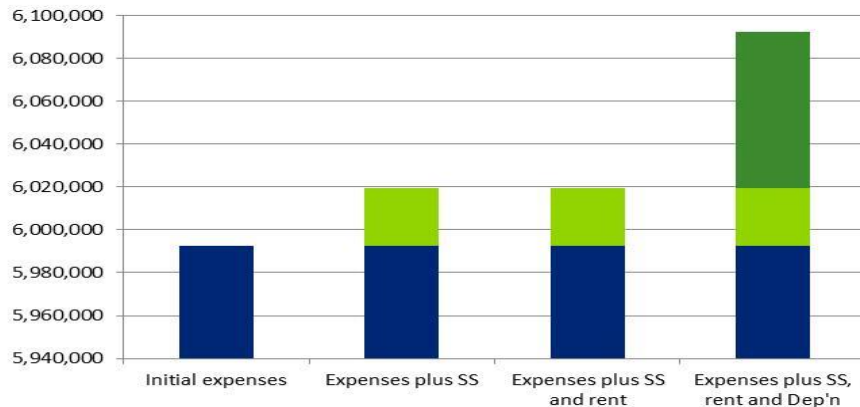
Expenses – 2013-14



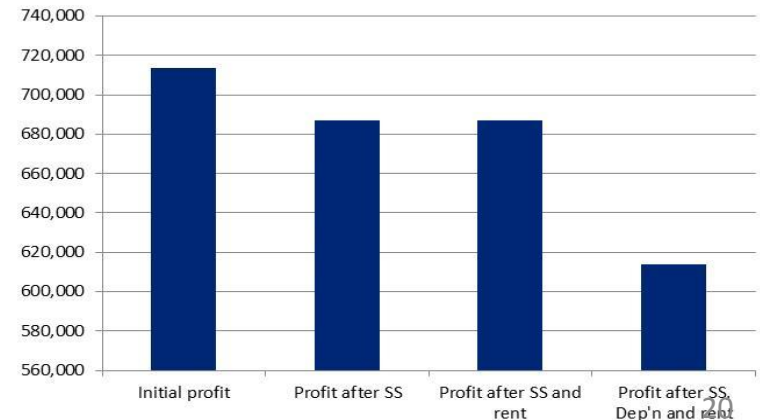
Restated Accounts

Restated Accounts	Energy	Sum of all GBEs	Share of total SS expenses	Share of total GBE expenses
Income	6,706,217	21,379,964		
Expenses	5,992,736	17,768,872		
Shared services	26,506	616,136		
Rent	-	50,851		
Depreciation	72,857	4,246,047		
Shared services breakdown				
HR	1,364	120,915	0%	29%
IT	-	143,512	0%	29%
Finance	15,927	229,550	5%	29%
Works_Store	2,347	40,338	3%	29%
LSU	6,869	81,822	2%	29%

Amended expenses



Amended profitability



Fire

Current state

Overview of Business:

Source: DAE analysis & NI consultations

- Service offerings: *Fire and emergency services provider to the airport and community*

Mandate and Operating Model:

- Cost recovery business model: *No*
- Service competition: *Effective monopoly*
- Operational mandate: *Essential service*
- Business model: *break even/cost recovery business*
- Social or community policy objectives: *Provide emergency services to NI*

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Governance:

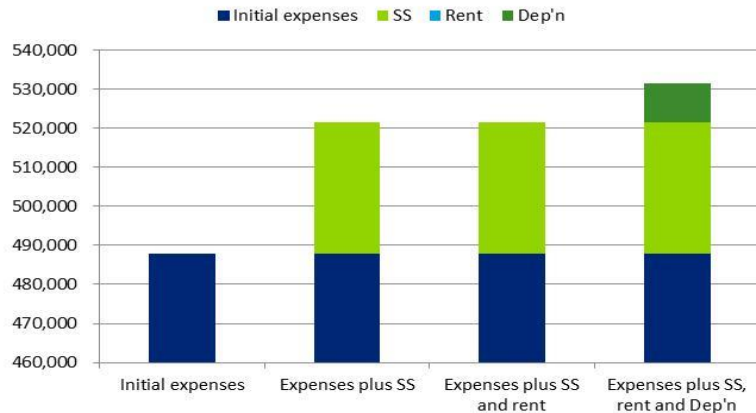
- Responsibility: *NIG responsibility, delegated to CEO*
- Strategic plan: ☐
- Business plan: ☐
- Risk register: ☒
- Business continuity plan: ☐

Informal (I) or formal (F) mechanisms

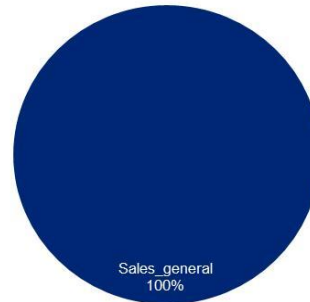
Restated Accounts

Restated Accounts	Fire	Sum of all GBEs	Share of total SS expenses	Share of total GBE expenses	Fire - Community	Fire - Management	Fire - ARFFS	Total
Income	64,657	21,379,964			64,657	-	-	64,657
Expenses	487,850	17,768,872			22,863	194,405	270,582	487,850
Shared services	33,706	616,136			-	33,706	-	33,706
Rent	-	50,851			na	na	na	-
Depreciation	9,855	4,246,047			na	na	na	9,855
Shared services breakdown								
HR	10,140	120,915	4%	2%	-	10,140	-	10,140
IT	10,005	143,512	2%	2%	-	10,005	-	10,005
Finance	12,387	229,550	4%	2%	-	12,387	-	12,387
Works_Store	1,173	40,338	1%	2%	-	1,173	-	1,173
LSU	-	81,822	0%	2%	-	-	-	-

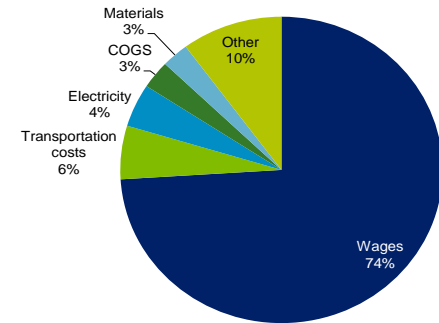
Amended expenses



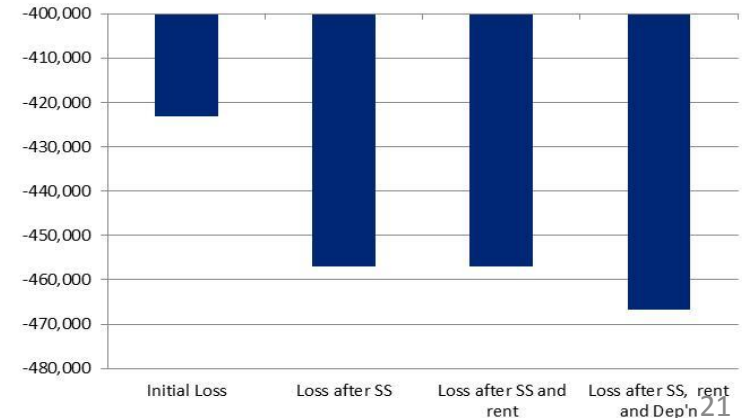
Income – 2013-14



Expenses – 2013-14



Amended profitability



Forestry

Current state

Overview of Business:

- Service offerings: *Sell pine, maintain reserves, plant trees, weeding and other conservation activities.*

Mandate and Operating Model:

- Cost recovery business model: *No*
- Service competition: *Effective monopoly*
- Operational mandate: *Service Provision*
- Business model: *break even/cost recovery*
- Social or community policy objectives: *Ensure reserves are safe and well maintained*

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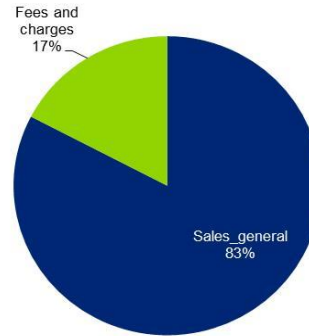
Governance:

- Responsibility: *NIG responsibility, delegated to CEO*
- Strategic plan: ☒
- Business plan: ☒
- Risk register: ☒
- Business continuity plan: ☒

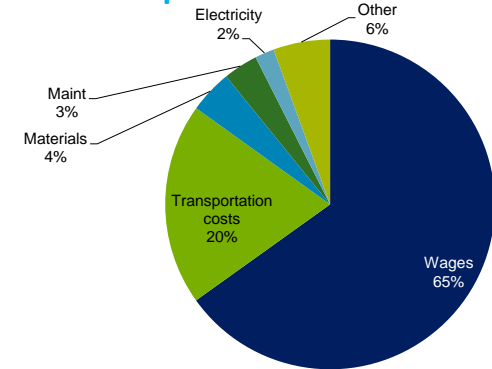
Informal (I) or formal (F) mechanisms

Source: DAE analysis & NI consultations

Income – 2013-14



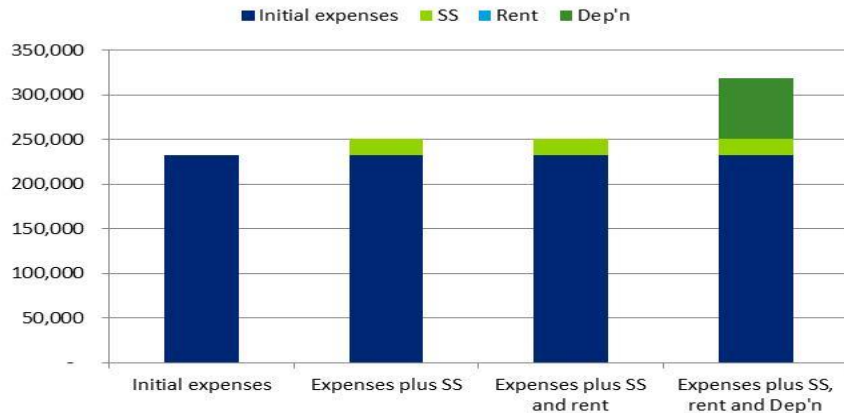
Expenses – 2013-14



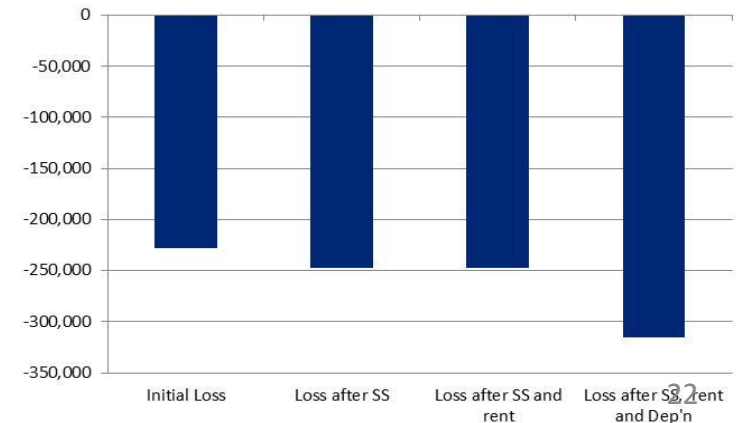
Restated Accounts

Restated Accounts	Forestry	Sum of all GBEs	Share of total SS expenses	Share of total GBE expenses	Forestry - Forests	Forestry - Plantations	Total
Income	3,746	21,379,964			3,746	-	3,746
Expenses	232,158	17,768,872			194,623	37,535	232,158
Shared services	18,567	616,136			11,258	7,308	18,567
Rent	-	50,851			na	na	-
Depreciation	68,080	4,246,047			na	na	68,080
Shared services breakdown							
HR	6,814	120,915	2%	1%	5,382	1,432	6,814
IT	610	143,512	0%	1%	305	305	610
Finance	7,079	229,550	2%	1%	3,539	3,539	7,079
Works_Store	2,347	40,338	3%	1%	1,173	1,173	2,347
LSU	1,717	81,822	1%	1%	859	859	1,717

Amended expenses



Amended profitability



Gaming

Current state

Overview of Business:

Source: DAE analysis & NI consultations

- Service offerings: *Grants bookmaking and online gaming licenses*

Mandate and Operating Model:

- Cost recovery business model: Yes
- Service competition: *Legislated monopoly*
- Operational mandate: *Profit generating service*
- Business model: *Volume business*
- Social or community policy objectives: *Not encourage problem gambling*

Governance:

- Responsibility: *NIG responsibility, delegated to CEO*
- Strategic plan: ☒
- Business plan: ☒
- Risk register: ☒
- Business continuity plan: ☒

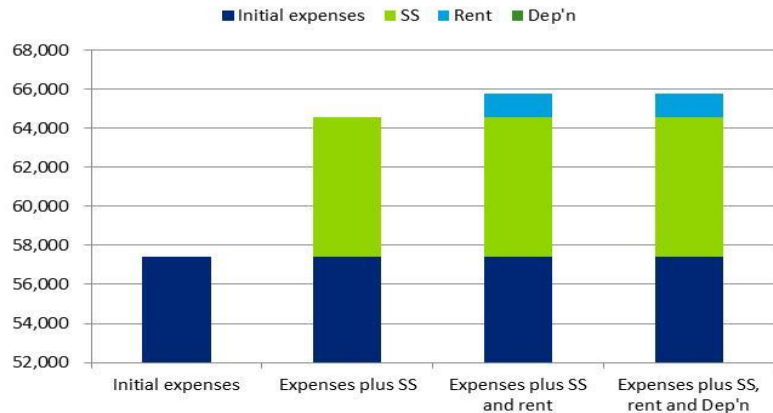
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Informal (I) or formal (F) mechanisms

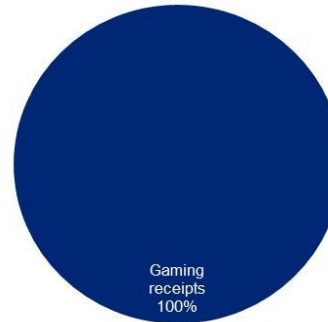
Restated Accounts

Restated Accounts	Gaming	Sum of all GBEs	Share of total SS expenses	Share of total GBE expenses
Income	598,434	21,379,964		
Expenses	57,419	17,768,872		
Shared services	7,129	616,136		
Rent	1,202	50,851		
Depreciation	-	4,246,047		
Shared services breakdown				
HR	157	120,915	0%	0%
IT	51	143,512	0%	0%
Finance	1,770	229,550	1%	0%
Works_Store	-	40,338	0%	0%
LSU	5,151	81,822	2%	0%

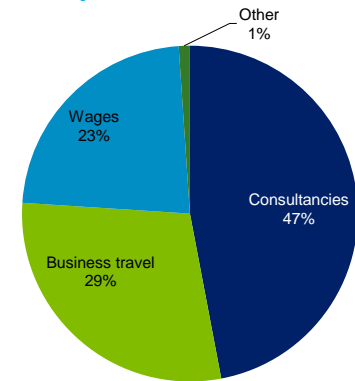
Amended expenses



Income – 2013-14



Expenses – 2013-14



Amended profitability



Current state

Overview of Business:

Source: DAE analysis & NI consultations

- Service offerings: *Maintenance and development of Kingston and Arthurs Vale Historic Area (KAVHA)*

Mandate and Operating Model:

- Cost recovery business model: *No*
- Service competition: *Effective monopoly*
- Operational mandate: *Service provision*
- Business model: *Break even/cost recovery*
- Social or community policy objectives: *Preserve cultural and historical assets of NI*

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Governance:

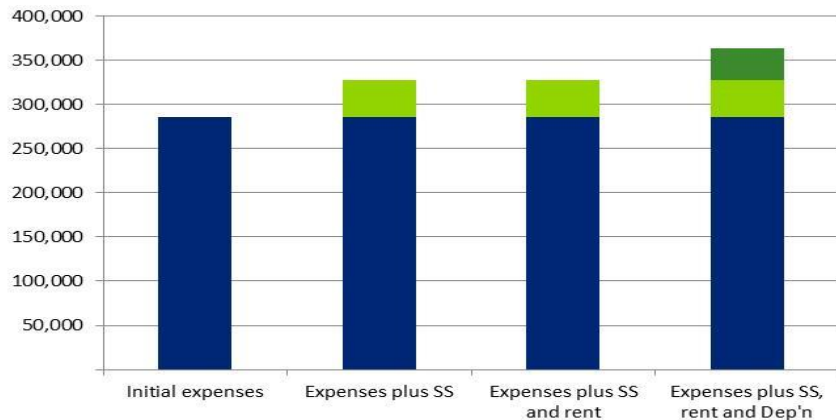
- Responsibility: *NIG responsibility, delegated to CEO*
- Strategic plan: ☒
- Business plan: ☒
- Risk register: ☒
- Business continuity plan: ☒

Informal (I) or formal (F) mechanisms

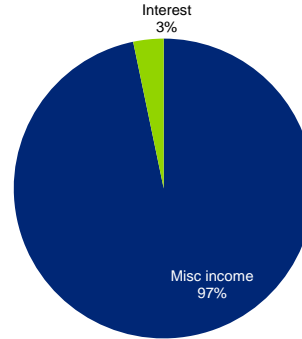
Restated Accounts

Restated Accounts	KAVHA	Sum of all GBEs	Share of total SS expenses	Share of total GBE expenses
Income	39,890	21,379,964		
Expenses	286,133	17,768,872		
Shared services	43,119	616,136		
Rent	-	50,851		
Depreciation	34,159	4,246,047		
Shared services breakdown				
HR	8,806	120,915	3%	1%
IT	13,430	143,512	3%	1%
Finance	14,157	229,550	4%	1%
Works_Store	2,347	40,338	3%	1%
LSU	4,379	81,822	1%	1%

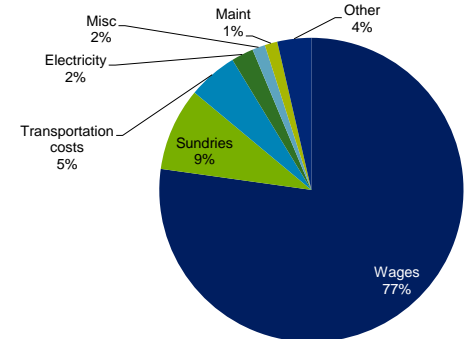
Amended expenses



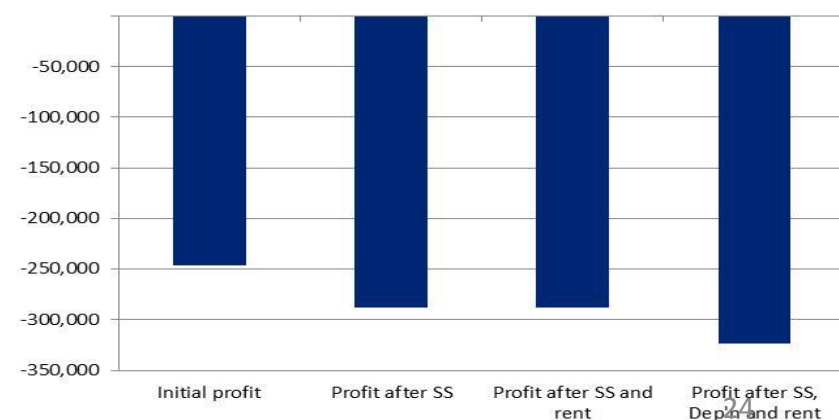
Income – 2013-14



Expenses – 2013-14



Amended profitability



Lighterage

Current state

Overview of Business:

Source: DAE analysis & NI consultations

- Service offerings: *Transportation of goods from ships to land*

Mandate and Operating Model:

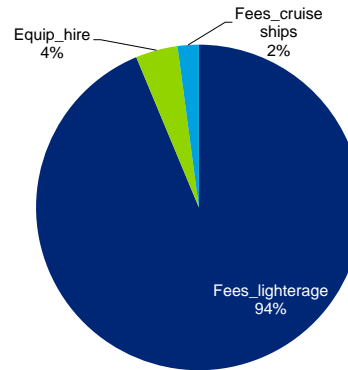
- Cost recovery business model: *unclear*
- Service competition: *Effective monopoly*
- Operational mandate: *Service provision*
- Business model: *Break even/cost recovery*
- Social or community policy objectives: *Transportation of NI's goods*

Informal (I) or formal (F) mechanisms

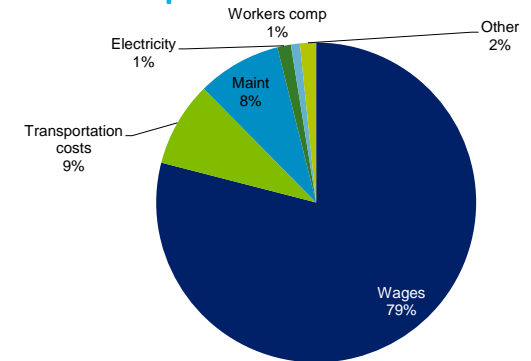
Governance:

- Responsibility: *NI's responsibility, delegated to CEO*
- Strategic plan: ☒
- Business plan: ☒
- Risk register: ☒
- Business continuity plan: ☒

Income – 2013-14



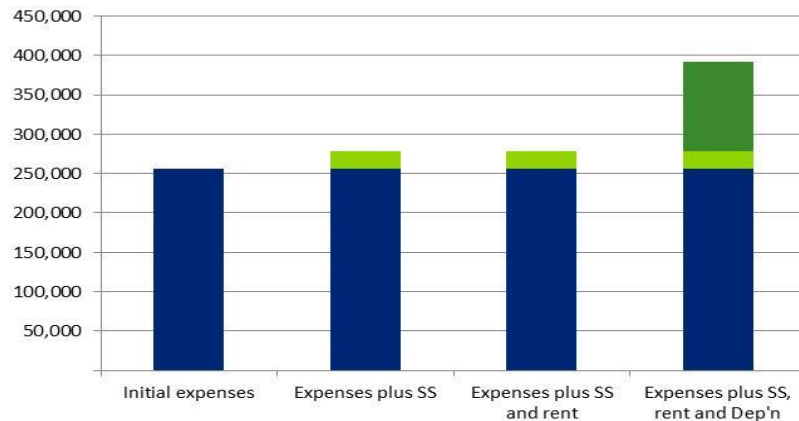
Expenses – 2013-14



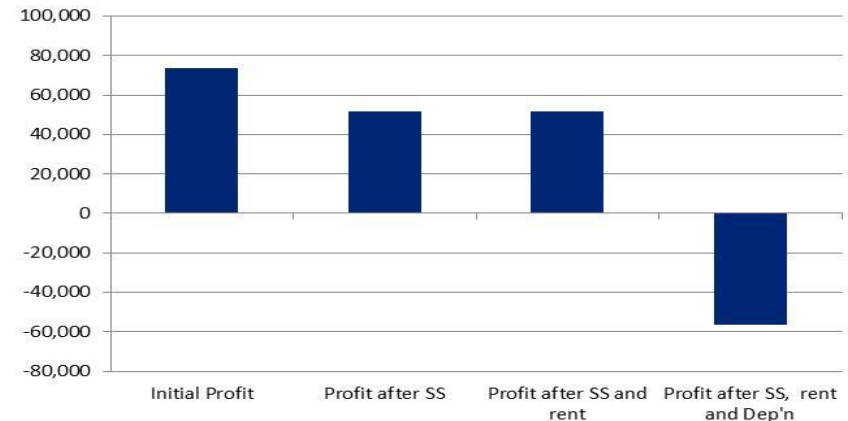
Restated Accounts

Restated Accounts	Lighterage	Sum of all GBEs	Share of total SS expenses	Share of total GBE expenses
Income	329,772	21,379,964		
Expenses	256,071	17,768,872		
Shared services	22,263	616,136		
Rent	-	50,851		
Depreciation	107,984	4,246,047		
Shared services breakdown				
HR	6,931	120,915	2%	1%
IT	1,081	143,512	0%	1%
Finance	12,387	229,550	4%	1%
Works_Store	1,173	40,338	1%	1%
LSU	690	81,822	0%	1%

Amended expenses



Amended profitability



Liquor

Current state

Overview of Business:

Source: DAE analysis & NI consultations

- Service offerings: *Importation, storage and retail of alcohol on Norfolk Island. Collection of alcohol duty*

Mandate and Operating Model:

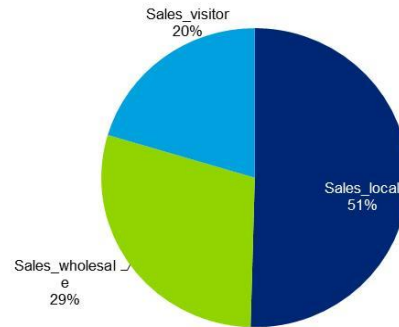
- Cost recovery business model: Yes
- Service competition: *Wholesale: legislative monopoly; Retail: competitive*
- Operational mandate: *Profit generating*
- Business model: *Margin business*
- Social or community policy objectives: *As needs basis*

Informal (I) or formal (F) mechanisms

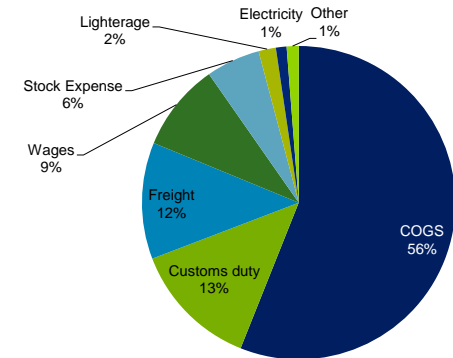
Governance:

- Responsibility: *NI/G responsibility, delegated to CEO*
- Strategic plan: ☒
- Business plan: ☒
- Risk register: ☒
- Business continuity plan: ☒

Income – 2013-14



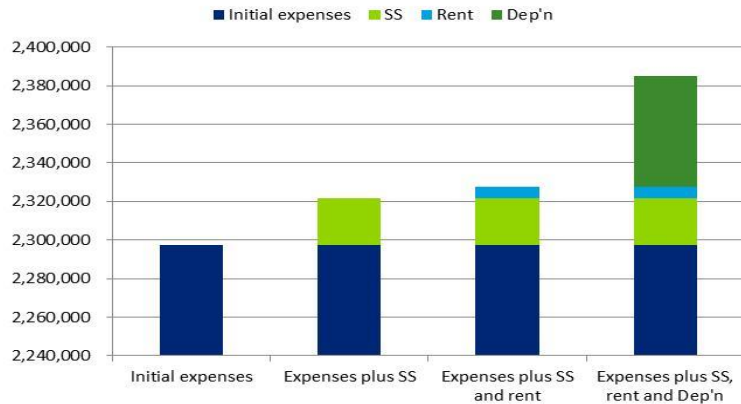
Expenses – 2013-14



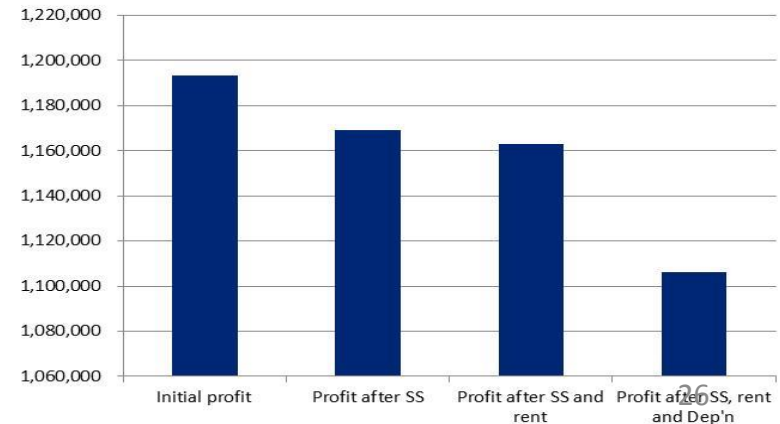
Restated Accounts

Restated Accounts	Liquor	Sum of all GBEs	Share of total SS expenses	Share of total GBE expenses	Liquor - Wholesale	Liquor - Retail	Total
Income	3,490,790	21,379,964			1,018,513	2,472,277	3,490,790
Expenses	2,297,309	17,768,872			670,289	1,627,020	2,297,309
Shared services	24,333	616,136			19,118	5,215	24,333
Rent	5,892	50,851			na	na	5,892
Depreciation	55,681	4,246,047			na	na	55,681
Shared services breakdown							
HR	7,860	120,915	3%	11%	5,240	2,620	7,860
IT	5,321	143,512	1%	11%	3,547	1,774	5,321
Finance	8,848	229,550	3%	11%	8,406	442	8,848
Works_Store	587	40,338	1%	11%	293	293	587
LSU	1,717	81,822	1%	11%	1,631	86	1,717

Amended expenses



Amended profitability



Museums

Current state

Overview of Business:

Source: DAE analysis & NI consultations

- Service offerings: *Restoration, preservation, display and provision of educative material regarding the museum assets*

Mandate and Operating Model:

- Cost recovery business model: *No*
- Service competition: *Competitive landscape*
- Operational mandate: *Service Provision*
- Business model: *break even/cost recovery*
- Social or community policy objectives: *Preserve cultural and historical assets of NI and educate people on NI's heritage*

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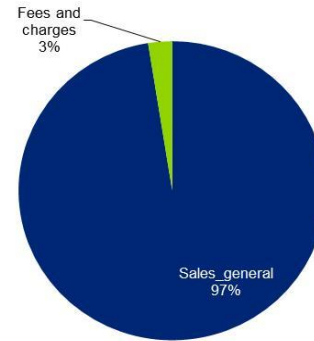
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Governance:

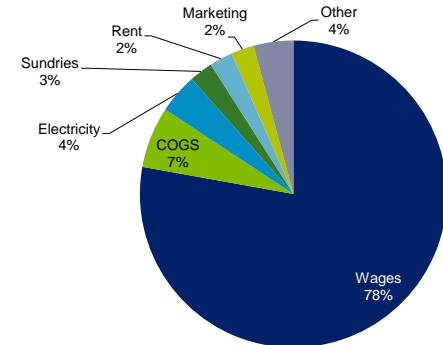
- Responsibility: *NIG responsibility, delegated to CEO*
- Strategic plan: ☒
- Business plan: ☒
- Risk register: ☒
- Business continuity plan: ☒

Informal (I) or formal (F) mechanisms

Income – 2013-14



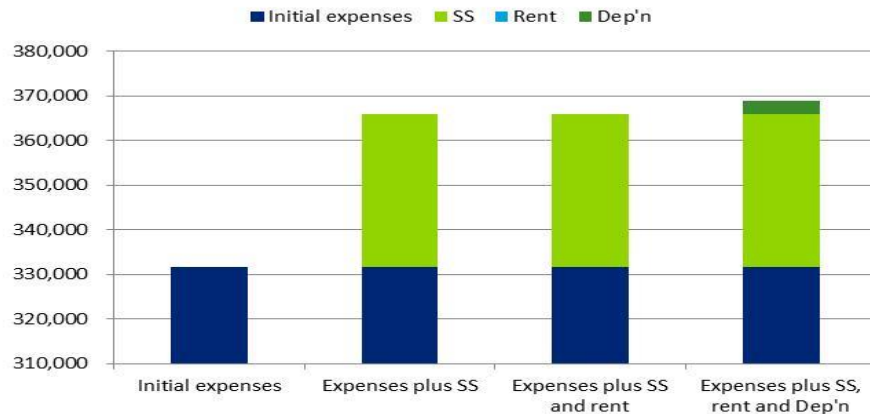
Expenses – 2013-14



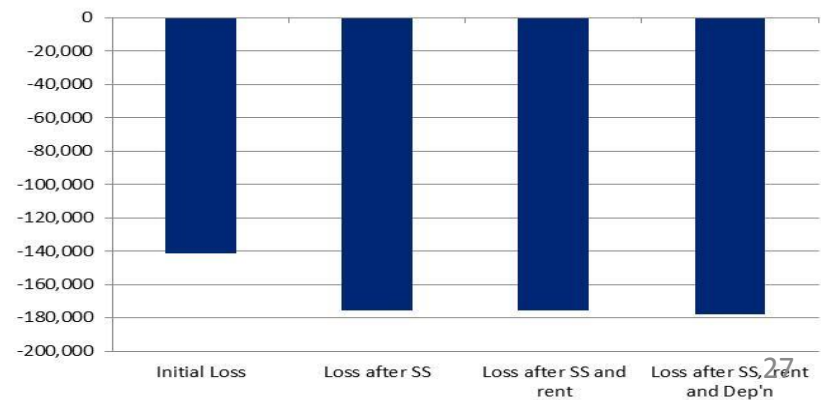
Restated Accounts

Restated Accounts	Museums	Sum of all GBEs	Share of total SS expenses	Share of total GBE expenses	Museums - Collections	Museums - Conservation	Museums - Trial of 15	Museums - Bookshop	Total
Income	190,650	21,379,964			-	132,923	25,490	32,237	190,650
Expenses	331,682	17,768,872			210,238	55,631	29,839	35,973	331,682
Shared services	34,261	616,136			27,953	2,140	3,680	488	34,261
Rent	-	50,851			na	na	na	na	-
Depreciation	2,828	4,246,047			na	na	na	na	2,828
Shared services breakdown									
HR	10,475	120,915	4%	2%	7,107	2,140	740	488	10,475
IT	9,084	143,512	2%	2%	9,084	-	-	-	9,084
Finance	12,387	229,550	4%	2%	9,910	-	2,477	-	12,387
Works_Store	293	40,338	0%	2%	235	-	59	-	293
LSU	2,021	81,822	1%	2%	1,617	-	404	-	2,021

Amended expenses



Amended profitability



Philatelic

Current state

Overview of Business:

Source: DAE analysis & NI consultations

- Service offerings: Provide stamps to Postal office, stamp yearbooks, postcards and collector stamps.

Mandate and Operating Model:

- Cost recovery business model: No
- Service competition: Legislated monopoly wholesale; retail competition
- Operational mandate: service
- Business model: Margin business
- Social or community policy objectives: Provide stamps to NI post

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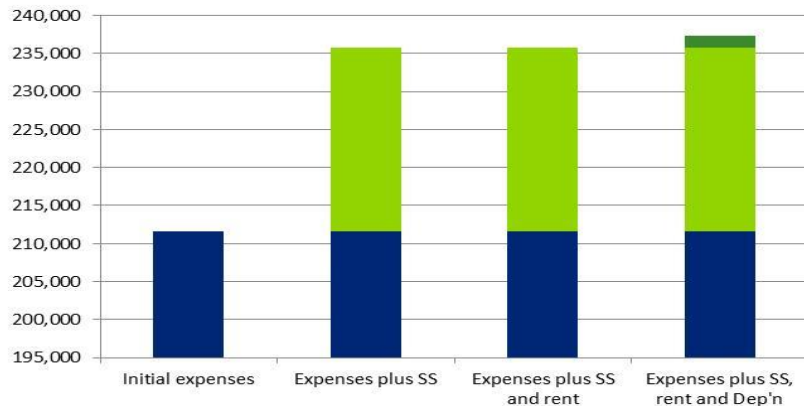
Governance:

- Responsibility: NIG responsibility, delegated to CEO
- Strategic plan: X
- Business plan: X
- Risk register: X
- Business continuity plan: X

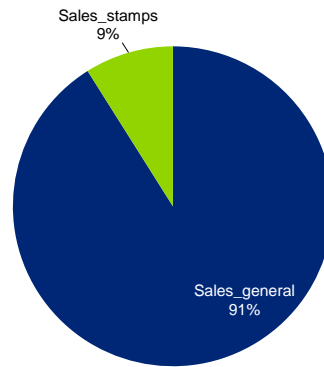
Restated Accounts

Restated Accounts	Philatelic	Sum of all GBEs	Share of total SS expenses	Share of total GBE expenses
Income	197,469	21,379,964		
Expenses	211,577	17,768,872		
Shared services	25,211	616,136		
Rent	-	50,851		
Depreciation	844	4,246,047		
Shared services breakdown				
HR	4,496	120,915	2%	1%
IT	11,720	143,512	3%	1%
Finance	8,848	229,550	3%	1%
Works_Store	147	40,338	0%	1%
LSU	-	81,822	0%	1%

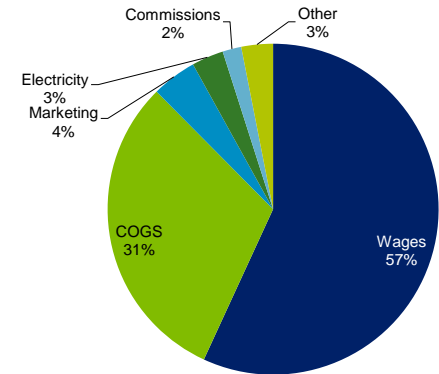
Amended expenses



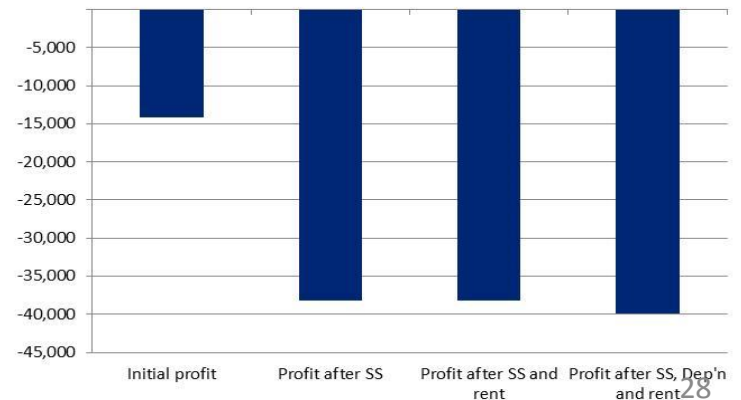
Income – 2013-14



Expenses – 2013-14



Amended profitability



Post

Current state

Overview of Business:

Source: DAE analysis & NI consultations

- Service offerings: *Retail shop, receiving, sending and distributing post*

Mandate and Operating Model:

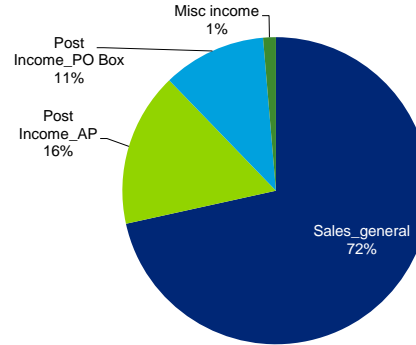
- Cost recovery business model: *No*
- Service competition: *Legislated monopoly postal; retail competition*
- Operational mandate: *Service provision*
- Business model: *Margin business*
- Social or community policy objectives: *Provide postal services for NI*

Informal (I) or formal (F) mechanisms

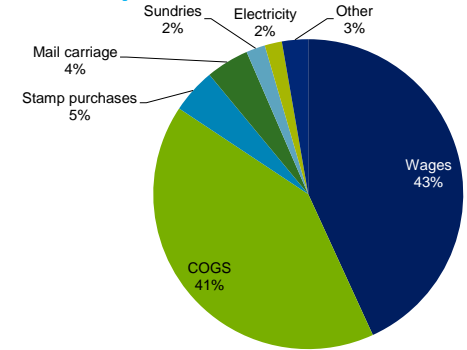
Governance:

- Responsibility: *NIG responsibility, delegated to CEO*
- Strategic plan: ☒
- Business plan: ☒
- Risk register: ☒
- Business continuity plan: ☒

Income – 2013-14



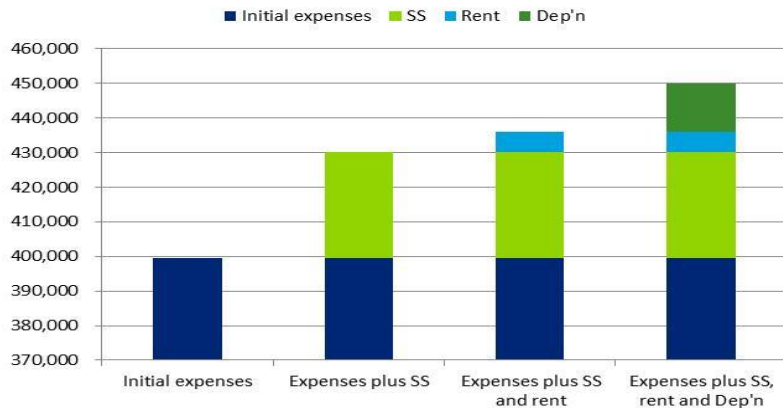
Expenses – 2013-14



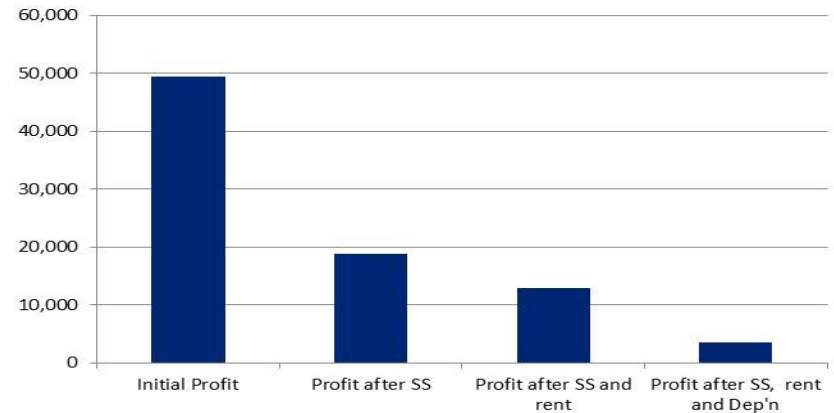
Restated Accounts

Restated Accounts	Post	Sum of all GBEs	Share of total SS expenses	Share of total GBE expenses	Post - Retail	Post - Distribution	Total
Income	448,951	21,379,964			231,427	217,524	448,951
Expenses	399,487	17,768,872			265,811	133,676	399,487
Shared services	30,669	616,136			16,903	13,766	30,669
Rent	5,892	50,851			na	na	5,892
Depreciation	9,330	4,246,047			na	na	9,330
Shared services breakdown							
HR	6,652	120,915	2%	2%	3,326	3,326	6,652
IT	10,456	143,512	3%	2%	6,796	3,659	10,456
Finance	12,387	229,550	4%	2%	6,194	6,194	12,387
Works_Store	1,173	40,338	1%	2%	587	587	1,173
LSU	-	81,822	0%	2%	-	-	-

Amended expenses



Amended profitability



Tanalith

Current state

Overview of Business:

Source: DAE analysis & NI consultations

- Service offerings: Provides tanalising (timber preservation) services, mostly to private customers but some to KAVHA and NI forestry as well.

Mandate and Operating Model:

- Cost recovery business model: Unclear
- Service competition: Unlegislated government monopoly
- Operational mandate: Provision of tanalising services
- Business model: break even/cost recovery
- Social or community policy objectives: Ensure pine is appropriately treated

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Governance:

- Responsibility: NIG responsibility, delegated to CEO
- Strategic plan:
- Business plan:
- Risk register:
- Business continuity plan:

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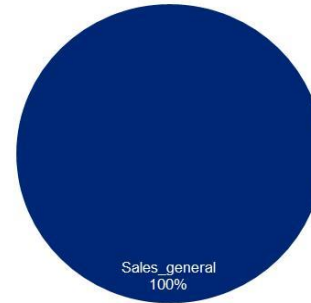
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Informal (I) or formal (F) mechanisms

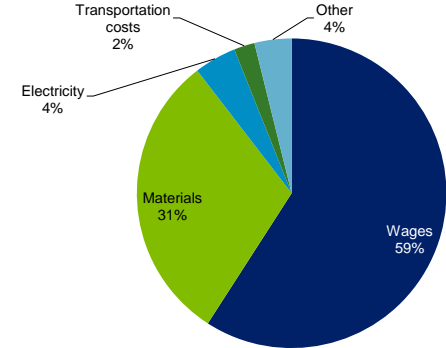
Restated Accounts

Restated Accounts	Tanalith	Sum of all GBEs	Share of total SS expenses	Share of total GBE expenses
Income	54,113	21,379,964		
Expenses	66,880	17,768,872		
Shared services	9,712	616,136		
Rent	-	50,851		
Depreciation	-	4,246,047		
Shared services breakdown				
HR	1,460	120,915	1%	0%
IT	-	143,512	0%	0%
Finance	7,079	229,550	2%	0%
Works_Store	1,173	40,338	1%	0%
LSU	-	81,822	0%	0%

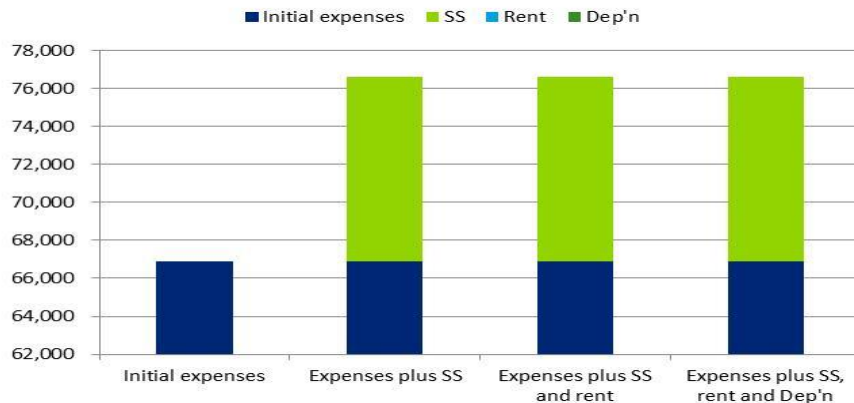
Income – 2013-14



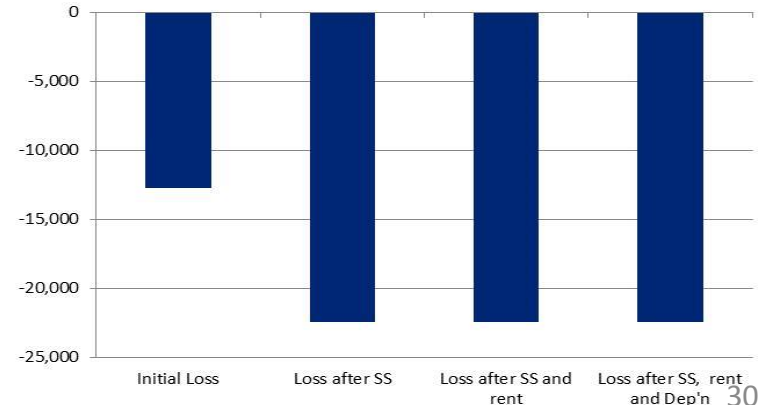
Expenses – 2013-14



Amended expenses



Amended profitability



Telecom

Current state

Overview of Business:

Source: DAE analysis & NI consultations

- Service offerings: *Mobile, landline, roaming and internet services*

Mandate and Operating Model:

- Cost recovery business model: *unclear*
- Service competition: *Internet effective monopoly; mobile and landline legislated monopoly*
- Operational mandate: *Service provision*
- Business model: *Volume business*
- Social or community policy objectives: *Provide reliable telephone and internet service to NI*

Governance:

- Responsibility: *NIG responsibility, delegated to CEO*
- Strategic plan: ☒
- Business plan: ☒
- Risk register: ☒
- Business continuity plan: ☒

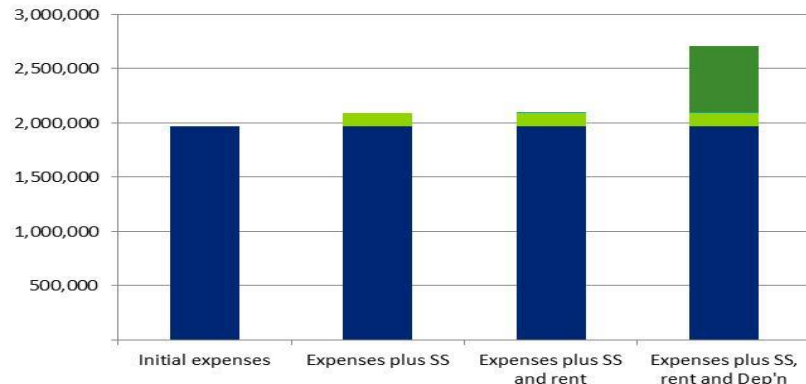
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Informal (I) or formal (F) mechanisms

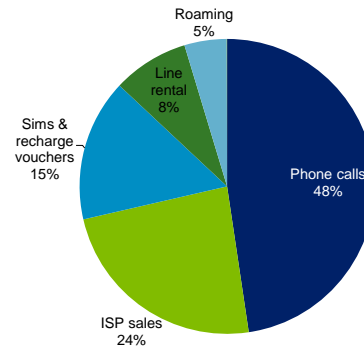
Restated Accounts

Restated Accounts	Telecom	Sum of all GBEs	Share of total SS expenses	Share of total GBE expenses	Telecom - Landline	Telecom - Mobile	Telecom - ISP	Total
Income	3,529,202	21,379,964			1,975,429	713,798	839,974	3,529,202
Expenses	1,972,473	17,768,872			1,756,556	133,742	82,176	1,972,473
Shared services	128,145	616,136			42,715	42,715	42,715	128,145
Rent	7,858	50,851			na	na	na	7,858
Depreciation	566,555	4,246,047			na	na	na	566,555
Shared services breakdown								
HR	18,195	120,915	7%	10%	6,065	6,065	6,065	18,195
IT	45,816	143,512	11%	10%	15,272	15,272	15,272	45,816
Finance	26,545	229,550	8%	10%	8,848	8,848	8,848	26,545
Works_Store	8,801	40,338	10%	10%	2,934	2,934	2,934	8,801
LSU	28,789	81,822	8%	10%	9,596	9,596	9,596	28,789

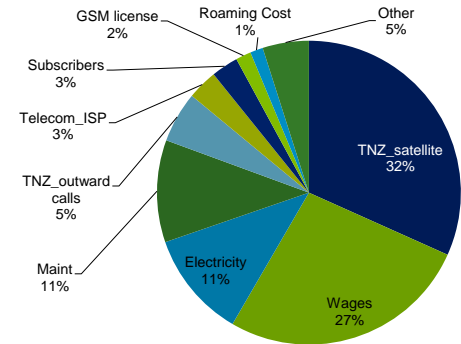
Amended expenses



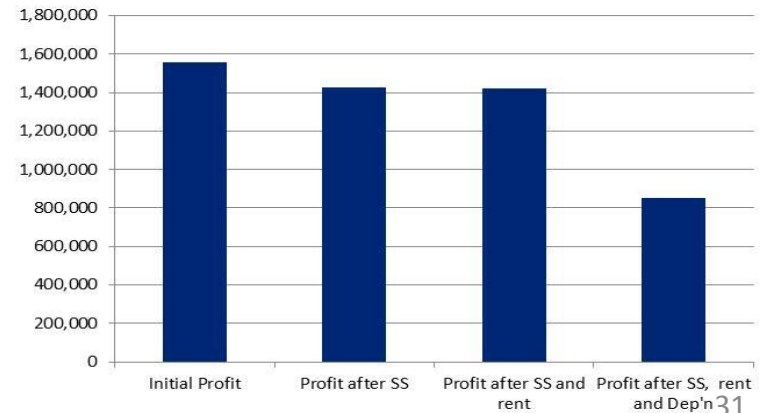
Income – 2013-14



Expenses – 2013-14



Amended profitability



Tourism

Current state

Overview of Business:

Source: DAE analysis & NI consultations

- Service offerings: Promoting NI as a tourist destination and promotion of NI and private businesses

Mandate and Operating Model:

- Cost recovery business model: No
- Service competition: Competitive
- Operational mandate: Service Provision
- Business model: break even/cost recovery
- Social or community policy objectives: Promotion of local business

Governance:

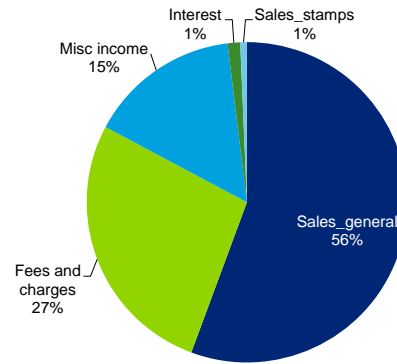
- Responsibility: NIG responsibility, delegated to CEO
- Strategic plan:
- Business plan:
- Risk register:
- Business continuity plan:

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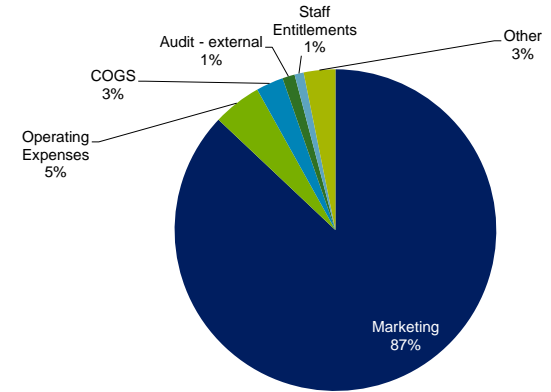
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Informal (I) or formal (F) mechanisms

Income – 2013-14



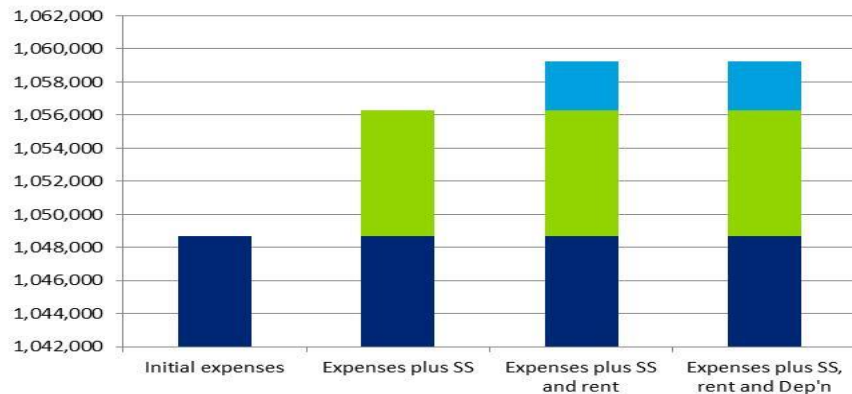
Expenses – 2013-14



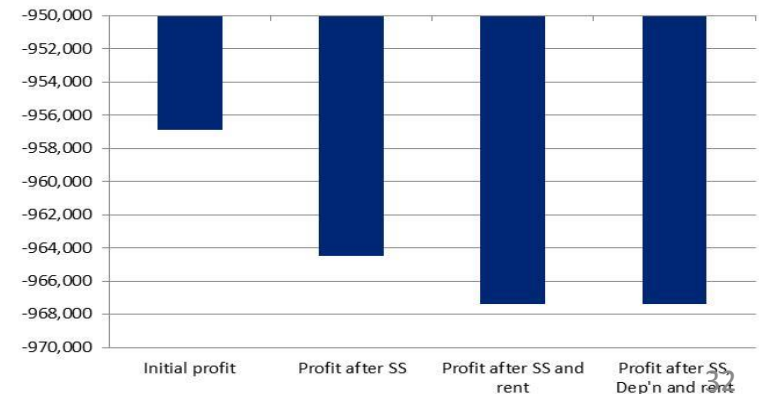
Restated Accounts

Restated Accounts	Tourism	Sum of all GBEs	Share of total SS expenses	Share of total GBE expenses
Income	91,817	21,379,964		
Expenses	1,048,675	17,768,872		
Shared services	7,599	616,136		
Rent	2,946	50,851		
Depreciation	-	4,246,047		
Shared services breakdown				
HR	-	120,915	0%	5%
IT	3,458	143,512	1%	5%
Finance	-	229,550	0%	5%
Works_Store	-	40,338	0%	5%
LSU	4,141	81,822	1%	5%

Amended expenses



Amended profitability



Current state

Overview of Business:

Source: DAE analysis & NI consultations

- Service offerings: *Treatment of sewerage and grey water to Burnt Pine and Middlegate areas of NI*

Mandate and Operating Model:

- Cost recovery business model: *Unclear*
- Service competition: *Legislated monopoly*
- Operational mandate: *Essential service provision*
- Business model: *Volume business*
- Social or community policy objectives: *Safe treatment of sewerage and preservation of underground water*

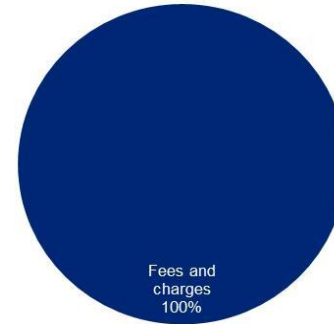
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Informal (I) or formal (F) mechanisms

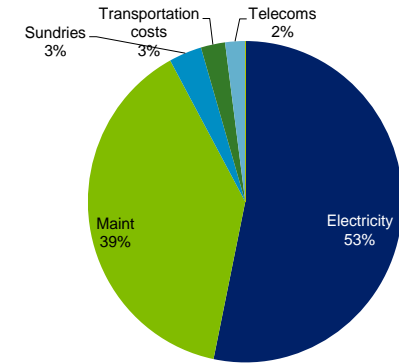
Restated Accounts

Restated Accounts	WAS	Sum of all GBEs	Share of total SS expenses	Share of total GBE expenses
Income	403,374	21,379,964		
Expenses	63,266	17,768,872		
Shared services	11,039	616,136		
Rent	-	50,851		
Depreciation	81,133	4,246,047		
Shared services breakdown				
HR	-	120,915	0%	0%
IT	983	143,512	0%	0%
Finance	7,079	229,550	2%	0%
Works_Store	587	40,338	1%	0%
LSU	2,391	81,822	1%	0%

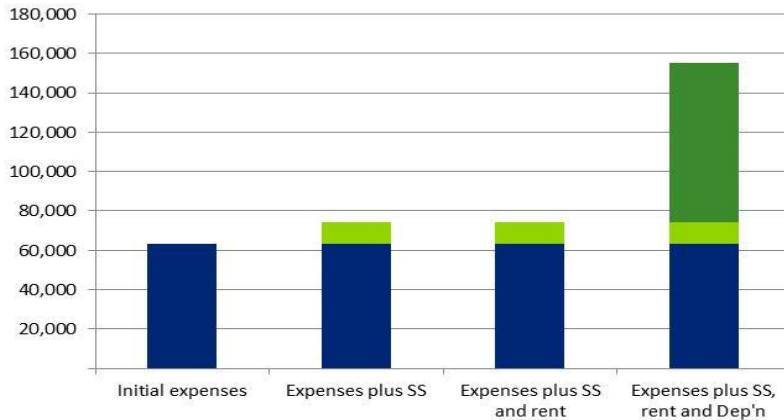
Income – 2013-14



Expenses – 2013-14



Amended expenses



Amended profitability



Waste

Current state

Overview of Business:

Source: DAE analysis & NI consultations

- Service offerings: Waste collection facility, exportation of waste, storage of waste

Mandate and Operating Model:

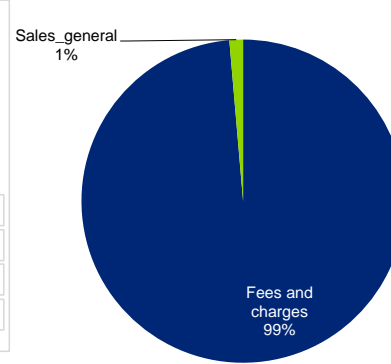
- Cost recovery business model: *unclear*
- Service competition: *Effective monopoly*
- Operational mandate: *Essential service provision*
- Business model: *Volume business*
- Social or community policy objectives: *Ensure the safe disposal and storage and disposal of waste*

Governance:

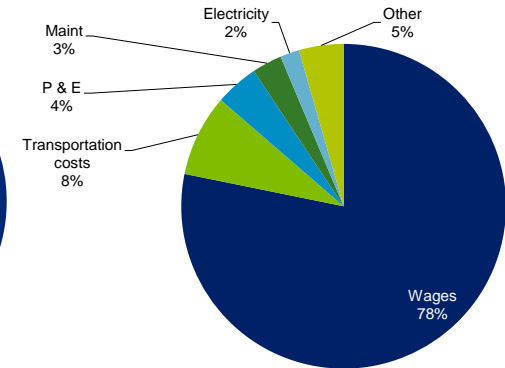
- Responsibility: *NIG responsibility, delegated to CEO*
- Strategic plan: ☒
- Business plan: ☒
- Risk register: ☒
- Business continuity plan: ☒

Informal (I) or formal (F) mechanisms

Income – 2013-14



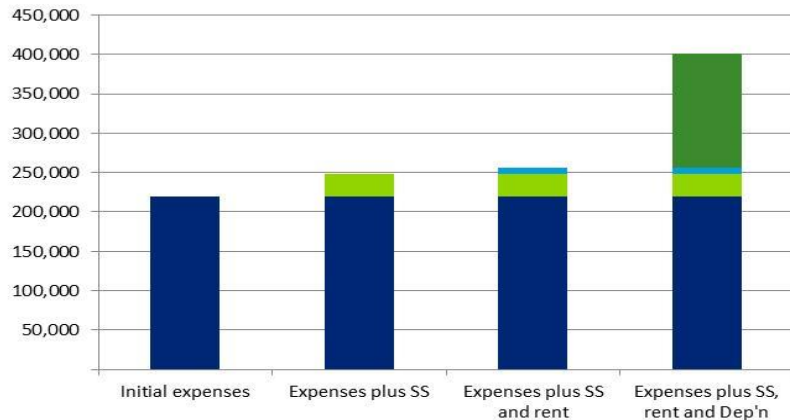
Expenses – 2013-14



Restated Accounts

Restated Accounts	Waste	Sum of all GBEs	Share of total SS expenses	Share of total GBE expenses
Income	387,606	21,379,964		
Expenses	219,873	17,768,872		
Shared services	28,987	616,136		
Rent	7,816	50,851		
Depreciation	139,742	4,246,047		
Shared services breakdown				
HR	6,186	120,915	2%	1%
IT	1,800	143,512	0%	1%
Finance	15,927	229,550	5%	1%
Works_Store	4,401	40,338	5%	1%
LSU	674	81,822	0%	1%

Amended expenses



Amended profitability

