

MESSAGE FROM THE GENERAL MANAGER

Following the appointment of the Administrator on 5 December 2021, Council staff have been completely focused on responding to the conclusions of the Public Inquiry and completing the adopted External Audit Findings during the term of Administration.

I am pleased to present the 2022/23 Operational Plan providing a Surplus budget position of \$500K.

The Draft Operational Plan presented for public consultation addresses the conclusions of the Public Inquiry, in particular, the revenue opportunities not taken whilst an Elected Council had control.

The Draft Operational Plan presents a significant change in the rating model previously used by Council. This report shifts from a very basic model of 4 rating categories, to a more detailed model utilising sub-categorisation for the first time, introducing 23 rating sub-categories. This model proposes to address the conclusions of the Public Inquiry process in both increasing revenue and improving the equitable distribution of that revenue burden.

Rating sub-categorisation is used extensively across Australia, primarily to address the vast differences we see in access to services by ratepayers, but to more effectively manage revenue collection to meet the needs of the community.

This is a significant shift, and one that will raise questions within our community. I will try to address this change now to begin the discussion.

For the 2022/23 Financial Year, **Council intends to raise \$1.8M from Ordinary Rates**. This is an **increase of \$500K** over the previous year. Council will utilise this revenue to partly fund the following expenditure for 2022/23:

- Roads maintenance and improvements - \$1.4M
- Workshop & Depot - \$0.3M
- Parks maintenance and improvements - \$0.35M
- Library & Radio Station operation - \$0.25M
- Tourism operation & support – \$1.0M
- **TOTAL - \$3.3M**

The shortfall of these local service provision areas is met by the Commonwealth Government, **subsidised by \$1.5M**.

The ordinary rate does not cover Administration and Governance costs of Council, which equate to \$5M in this budget, which again is met by the Commonwealth Government in full.

For the 2021/22 Financial Year, Council implemented a Waste Management Charge across all rate notices. Whilst this addressed a significant funding shortage, the operation remained in deficit.

Council has considered the operation further this year, following considerable community consultation on a new Waste Management Strategy and reducing our Domestic and Commercial waste management costs through tendering to the waste industry market. The 2022/23 Operational Plan now presents a new revenue collection method to fund Council's operational costs for Waste Management.

Given the significant change to the rating model with the introduction of sub-categorisation, this now provides a more effective way to apply differential waste management charges reflecting usage. Council will raise **\$1.8M for Waste Management charges** for the 2022/23 Financial Year. This is an **increase of \$1M** from the previous year's charge.

Council will be applying the Waste Management charge directly to the rate notice (same as the 2021/22 Financial Year). Council will no longer operate a ticketing system, with unlimited access to the Waste Management Centre for ratepayers/residents.

These changes will provide the direction to deliver agreed outcomes of the Council in line with the objectives of the Community Strategic Plan (CSP) 2016-2026, the Norfolk Island 9-Point Strategic Action Plan 2020-2024, the External Audit Findings (EAF), and conclusions of the 2021 Public Inquiry resulting in the requirement to increase land rates by 38% in 2022-2023. There is also a significant increase in the Waste Management charge. This is necessary to ensure that Council recovers the full cost of operating the Waste Management Centre and continues to act in an environmentally responsible manner.

The Business/Commercial operations of Council have again met the requirement to operate in surplus, with the exception of Waste Management (\$273K deficit) and Airport operations (\$653K deficit). Both these amounts are attributable to more accurate depreciation figures due to the improvements we have made in the Asset Management systems of Council. The aim is to have these commercial operations in surplus for 2023/24 Financial Year.

There will be a new Service Delivery Agreement with the Commonwealth commencing on 1 July 2022. This has been a result of some hard work between the Council and Department staff over the past 3 months, trying to modernise an agreement that has had little change over the past 7 years. The agreement delivers \$7.4M worth of community services and employs many locals.

Significant capital works are scheduled in the 2022/23 Operational Plan as follows:

- Delivery of Council's Jetpatcher for road improvement
- \$1.85M on road infrastructure
- Extraction of rock from the Cascade Quarry – 11,000 T
- \$5.3M of Electricity system improvements (smart meters, new Tesla Battery, business system upgrades)
- \$3.2M on new Waste Management Centre infrastructure (glass crusher, plastic management, cardboard management)
- \$1.8M wastewater design to lead to a tender process to construct
- \$800K road assessment study and development of a rehabilitation plan
- \$800K towards Sea Freight port management – Cascade Port

I commend the 2022/23 Draft Operational Plan for your consideration.

Andrew Roach
GENERAL MANAGER