

Lord Howe Island Board

Annual Information Statement

2024 - 2025



This is the seventy second report of the Lord Howe Island Board since the passing of the Lord Howe Island Act 1953 and covers the period 1 July 2024 to 30 June 2025.

Cover Photo: Jonny Furhi.

Disclaimer: The Lord Howe Island Board has compiled this report in good faith, exercising all due care and attention. No representation is made about the accuracy, completeness or suitability of the information in this publication for any particular purpose. The Lord Howe Island Board shall not be liable for any damage which may occur to any person or organisation taking action or not on the basis of this publication.

Table of contents

OVERVIEW.....	
OUR CHARTER	6
AIMS AND OBJECTIVES	7
INFRASTRUCTURE AND SERVICES.....	14
ENVIRONMENT AND BIOSECURITY	14
COMMUNITY AND GOVERNANCE	15
ECONOMY AND TOURISM	16
IMPLEMENTATION OF PRICE DETERMINATION.....	16
ECONOMIC OR OTHER FACTORS.....	16
LEGAL CHANGE	17
PRINCIPAL OFFICERS AND ACCOUNTABLE AUTHORITY	19
ORGANISATIONAL STRUCTURE INCLUDING FUNCTIONAL RESPONSIBILITIES	21
STAFFING AND FTE	22
OVERSEAS TRAVEL.....	22
SENIOR EXECUTIVE NUMBERS AND REMUNERATION	22
CONSULTANTS.....	24
EMPLOYMENT ARRANGEMENTS.....	24
PRIVACY AND PERSONAL INFORMATION PROTECTION ACT 1998.....	25
GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT 2009.....	25
INTERNAL AUDIT AND RISK MANAGEMENT POLICY ATTESTATION.....	26
KEY RISKS AFFECTING THE AGENCY, INCLUDING RISK MANAGEMENT ACTIVITIES RELATED TO THOSE RISKS.....	29
NUMBERS AND RENUMERATION OF SENIOR EXECUTIVES	30
PUBLIC INTEREST DISCLOSURES.....	31
WORKFORCE DIVERSITY	33
DISABILITY INCLUSION ACTION PLAN.....	34
MODERN SLAVERY	34
BUDGET AND FINANCIAL PERFORMANCE SUMMARY	37
AUDITED FINANCIAL STATEMENT AND AUDIT REPORT	40
AUDIT OPINION ON FINANCIAL STATEMENTS.....	54
OTHER INFORMATION	56

Signing Page

The Hon Penny Sharpe MLC
Minister for Climate Change, Energy, and
Environment
52 Martin Place
SYDNEY NSW 2000

Dear Minister

I am pleased to submit the Annual Information Statement of the Lord Howe Island Board for the year ended 30 June 2025. This statement is submitted to the Minister for presentation to Parliament in accordance with statutory requirements.

This Annual Information Statement has been prepared in accordance with:

- Division 7.3 of the Government Sector Finance Act 2018 (GSF Act)
- Treasury Policy and Guidelines TPG25-08 Agency Direction for the 2024–25 Annual Reporting Period
- Treasury Policy and Guidelines TPG25-10b Annual Information Statement Requirements for Group 2 GSF Agencies

The Lord Howe Island Board has self-assessed as a Group 2 agency. As such, the Board is required to prepare an Annual Information Statement. This document has been prepared as a minimum statement, with additional information included to reflect the Board's business activities and provide a more holistic overview of operations and performance during the reporting period.

The Annual Information Statement includes the Lord Howe Island Board's audited financial statements and the independent audit report.

Exemptions

The Lord Howe Island Board received an approved exemption from the standard submission deadline for its 2024–25 annual financial statements. Due to limited internal financial resources and delays associated with the revaluation of infrastructure assets by the Audit Office of New South Wales, the Board was unable to meet the required submission date of 30 July 2025. These infrastructure valuations were material to the preparation of the financial statements.

Following a formal request, New South Wales Treasury granted an extension to 8 August 2025. This exemption was approved in accordance with provision 4 of Treasurer's Direction TD25-02 and section 4(A) of Treasury Policy and Guidelines TPG25-08 (Agency Direction for the 2024–25 Mandatory Annual Returns). The extension was supported by the Audit Office of New South Wales.

Yours sincerely,



Naomi Stephens

Chair of the Lord Howe Island Board



Suzie Christensen

CEO of the Lord Howe Island Board

Overview



Photo: Chelsea Holden

Our charter

The Lord Howe Island Board is a statutory body established under the provisions of the *Lord Howe Island Act, 1953*. The Board is charged with the responsibility of administering the affairs of the Island.

"Island", as defined by the Act, means the island known as Lord Howe Island and all adjacent islands and coral reefs situated within one marine league measured from low-water mark on the coast of Lord Howe Island together with the islands known as Ball's Pyramid, Wheatsheaf Island, Observatory Rock and South-East Rock and the unnamed islands in the vicinity thereof.

Under the Act, the Board has the following charter:

- a. to provide directly or on behalf of other levels of government, after due consultation, adequate, equitable and appropriate services, and facilities for the Island community and to ensure that those services and facilities are managed efficiently and effectively,
- b. to exercise community leadership,
- c. to exercise its powers, authorities, duties, and functions in a manner that is consistent with and actively promotes the multicultural principals,
- d. to promote and to provide and plan for the needs of children,
- e. to manage, protect, restore, enhance and conserve the Island's environment in a manner that is consistent with and promotes the principles of ecologically sustainable development set out in section 6 (2) of the [*Protection of the Environment Administration Act 1991*](#),
- f. to manage, protect, restore, enhance and conserve:
 - i. vacant Crown lands, and
 - ii. lands reserved or dedicated under section 19 or 19A (including particularly the Lord Howe Island Permanent Park Preserve), in a manner that recognises the World Heritage values in respect of which the Island is inscribed on the World Heritage List referred to in the United Nations *Convention Concerning the Protection of the World Cultural and Natural Heritage*,
- g. subject to paragraphs (e) and (f), to promote the Island as a tourist destination,
- h. to have regard to the long term and cumulative effects of its decisions,
- i. to bear in mind that it is the custodian and trustee of public assets and to effectively account for and manage the assets for which it is responsible,
- j. to facilitate the involvement of members of the Board, members of the public, users of facilities and services and the Board's staff in the development, improvement and co-ordination of the Board's powers, authorities, duties, and functions,
- k. to raise funds for Island community purposes by the fair imposition of charges and fees, by income earned from investments and, when appropriate, by borrowings and grants,
- l. to keep the Island community and the State government (and through it, the wider community) informed about its activities,
- m. to ensure that, in the exercise of its regulatory powers, authorities, duties and functions, it acts consistently and without bias, particularly where an activity of the Board is affected,
- n. to be a responsible employee
- o.

Aims and Objectives

The following govern the operations and development of the Board and its administration:

Vision

The Island community is strong and sustainable, and the Island environment is protected and enhanced for the benefit of all.

Mission

To provide leadership, services and support which contribute to the wellbeing and sustainability of the Lord Howe Island community and its environment pursuant to the Charter in the *Lord Howe Island Act 1953*.

Corporate Values

The commitment of the Board members and staff of the Lord Howe Island Board to its residents and stakeholders is underpinned by the following corporate values and principles:

- *Leadership* – Responsible community leadership
- *Selflessness* – Teamwork and loyalty and recognition of effort and achievement
- *Impartiality* – Fairness and objectivity in all our dealings
- *Initiative* – Creativity and innovation and openness to new ideas
- *Accountability* – Transparency and accountability in all our dealings
- *Honesty, Openness, and Integrity* – Ethical and legal behaviour
- *Respect* – Respect and fairness to all persons
- *Service* – Effective service delivery to the community

Governance

The Lord Howe Island Board reports to the Minister for Climate Change, Energy, the Environment and Water and is governed by a Board of four elected and three Minister-appointed members. Elected Islanders are chosen by the resident Island community every three years. The most recent poll for elected Island members was held on 15 February 2024, with four members being declared elected by the Minister for a period of three years (effective 24 March 2024). The next poll will be held in February 2027.

The terms of two Minister-appointed members concluded in November 2024, and two Minister-appointed members were subsequently appointed from 3 June 2025 to 2 June 2028, joining one continuing Minister-appointed member.

The Board has adopted a Code of Conduct for Board members and Officials, which incorporates all the mandatory provisions of the Model Code issued by the Office of Local Government. The Code is available on the Board's website along with the Board Meeting Code of Practice.

Under the *Lord Howe Island Act 1953* the Board may, with the approval of the Minister, authorise any officer to exercise on behalf of the Board specific powers, authorities, or duties.

Under the *Protection of the Environment Operations Act 1997* (POEO), the Board is the Appropriate Regulatory Authority (ARA) for most non-scheduled activities on Lord Howe Island. This gives the Board certain powers to deal with matters for which it is the ARA. The Chief Executive Officer of the Board is authorised to exercise the powers of the Board as ARA under the POEO.

The delegation allows for efficient and timely decision making and appropriate services delivery in relation to the day-to-day administration of the island.

Strategy



Photo: Chelsea Scott Photo

Strategic objectives

The Lord Howe Island Board's strategic objectives are set through the Community Strategic Plan 2024–2034 and the Delivery Plan 2025–2029. These nine priority themes replace the Board's previous six strategic directions and provide the framework for the Board's operations, in partnership with the community, government and other stakeholders.

1. Health and Wellbeing

Community Strategic Plan Focus: Our community has fair and reliable access to healthcare services. People are supported to live healthy, active and fulfilling lives.

Board Delivery Focus: The Board provides health facilities, supports visiting health services, and works with partners to ensure residents have access to essential healthcare and community wellbeing programs.

2. Environment

Community Strategic Plan Focus: The Island's natural environment is cherished and protected. We safeguard habitats for people, plants and animals, and manage resources and waste sustainably.

Board Delivery Focus: The Board leads conservation programs, biosecurity and biodiversity management, and implements sustainable waste, land and resource management to protect the Island's unique environment.

3. Education

Community Strategic Plan Focus: The community values lifelong learning. We provide access to quality education, support young people, and recognise their important contribution to Island life.

Board Delivery Focus: The Board supports access to education by maintaining facilities, enabling partnerships, and fostering opportunities for youth development and lifelong learning.

4. Culture and Heritage

Community Strategic Plan Focus: Our culture and heritage are celebrated as defining features of Lord Howe Island. We honour our history and strengthen cultural identity for current and future generations.

Board Delivery Focus: The Board safeguards cultural and heritage values through planning, policy, heritage protection, and initiatives that celebrate the Island's unique identity.

5. Economy and Employment

Community Strategic Plan Focus: A diverse, resilient economy sustains the Island. Community members are empowered to contribute meaningfully to local prosperity and employment opportunities.

Board Delivery Focus: The Board enables a resilient local economy by managing land, licensing and tourism, and supporting sustainable employment and business opportunities.

6. Housing and Development

Community Strategic Plan Focus: Development on the Island is sustainable, well-planned and respectful of its unique character. Housing is more accessible and diverse, supporting community needs while preserving heritage and place.

Board Delivery Focus: The Board regulates housing and land development in line with environmental constraints, heritage values and community needs, ensuring sustainable growth.

7. Infrastructure and Transport

Community Strategic Plan Focus: Infrastructure is reliable, inclusive and sustainable. Roads, air services and shipping enable safe, affordable and resilient connections for residents and visitors.

Board Delivery Focus: The Board maintains the road network, manages air and shipping access, and provides critical community facilities and infrastructure to meet resident and visitor needs.

8. Decision Making

Community Strategic Plan Focus: Decisions are transparent, inclusive and fair. Community voices are valued, and information is shared openly to support collective decision-making.

Board Delivery Focus: The Board engages openly with the community, ensures decisions are accountable and transparent, and provides clear communication on policies and outcomes.

9. Community Building

Community Strategic Plan Focus: Our community is safe, welcoming and inclusive. Strong local connections and active community groups support diversity, acceptance and belonging.

Board Delivery Focus: The Board supports community groups, services and facilities that build inclusion, safety and connectedness for residents and visitors.

Operations Plan

An annual Operational Plan sets out key performance indicators to measure the Board's success, identifying specific outputs and activities that ensure the strategic objectives are achieved.

The Lord Howe Island Community Strategic Plan was developed in 2024, setting a clear direction for the Island's long-term future. In 2024–25, the Board began reviewing its services and strategic priorities to ensure they align with this vision. As part of this work, the Delivery Plan, Service Delivery Commitments and a Workforce Plan are being updated to strengthen the link between strategic goals and day-to-day service delivery.

During the year, the Board also assessed its performance systems and identified that methods for measuring progress against outcomes are not yet in place. Work is underway to address this gap. The completion of the planning framework will allow the Board to introduce consistent performance reporting, providing clearer information on achievements and strengthening accountability to the community.

Resource Allocation to Implement Strategic Plans

The Annual Budget identifies and allocates the funds available for the purpose of achieving the specific outputs and activities to meet the strategic objectives.

Operations and performance



Photo: Jonny Furhi

During 2024–25, the Lord Howe Island Board delivered a wide range of services and programs that support the Island’s community, environment, and economy. Major achievements included progressing critical infrastructure upgrades, maintaining reliable transport and energy services, strengthening biosecurity protections, and advancing environmental restoration and threatened species recovery. The Board also implemented governance and planning reforms, supported community projects, and contributed to the resilience of the Island’s tourism-based economy.

Infrastructure and Services

The Board maintained and upgraded critical infrastructure to support the Island’s connectivity, safety, and resilience.

- **Aerodrome:** Safe operations continued throughout the year, supporting commercial flights, defence activities, and emergency evacuations. The aerodrome marked its 50th anniversary with a community event and SmartLynx commenced licensed passenger services in April 2025. Compliance was confirmed through annual technical inspections, with corrective actions underway following a CASA audit.
- **Roads:** Sealing progressed on Anderson Road, adopting natural drainage solutions to reduce environmental impacts. Interim repairs ensured safe access across the network ahead of the 2025 tourist season.
- **Jetty:** A \$1.25 million upgrade commenced, with support from the NSW Department of Climate Change, Energy, the Environment and Water and National Parks and Wildlife Services funding. Structural piles and fendering are being replaced, and timbers removed are being repurposed for community use.
- **Waste Management Facility:** 148 tonnes of waste were shipped off-Island. Legacy asbestos was secured and will be addressed in the facility upgrade site establishment. The facility was fully staffed for the first time since 2022, and equipment upgrades progressed under the Critical Infrastructure Program.
- **Electricity:** Two-thirds of demand was met by solar generation, reducing diesel reliance. Reliability was strengthened through substation repairs, new standby generation capacity, HV cabling upgrades, and refinements to the TESLA battery storage system.

Environment and Biosecurity

The Board continued to deliver programs that protect the Island’s unique biodiversity and World Heritage status.

- **Myrtle rust and Phytophthora:** Surveillance and hygiene protocols were embedded to manage the risk of invasive pathogens in the Permanent Park Preserve.
- **Weed Eradication Program:** Now in its 21st year, the program delivered significant outcomes despite transport constraints, supported by on-ground teams, contractors, and volunteers.
- **Threatened species:** Monitoring programs recorded a stable woodhen population (>1,500), advanced phasid husbandry through partnership with Melbourne Zoo, and supported seabird recovery using artificial nest boxes and acoustic attraction devices.
- **Permanent Park Preserve:** Track maintenance and erosion control ensured safe public access.
- **Biosecurity:** Surveillance confirmed the Island remains free of rodents, with a rapid response enacted following contaminated mainland produce. The African Big-headed Ant eradication project advanced, and the procurement of a new detection dog continues. Collaboration with the Department of Climate Change, Energy, the Environment and Water supported avian influenza preparedness.
- **Research:** The Board supported research partnerships across biodiversity, biosecurity, and conservation, including studies on pathogen management, threatened species recovery, and climate resilience. Key projects included Phytophthora delimiting surveys, woodhen census, and feasibility work for climate sensor technology in the Little Mountain Palm habitat.

Community and Governance

The Board progressed governance reforms and community projects to strengthen services and engagement.

- **Planning and land management:** Work is underway to establish a new partnership with a mainland council to provide dedicated planning support and modernised assessment processes. Foreshore management activities advanced under the Public Spaces (Unattended Property) Act 2021.
- **Community projects:** Stronger Country Communities Fund grants supported upgrades to Community Hall facilities. Other works included signage renewal, Middle Beach stairs design, and emergency communications upgrades.
- **Governance and reform:** Implementation of the Efficiency and Effectiveness Review continued, with adoption of the Community Strategic Plan 2024–2034 consistent with New South Wales’s Integrated Planning and Reporting framework. Corporate services were

strengthened through shared service arrangements with the NSW Department of Climate Change Energy, Environment and Water.

- **Audit and risk:** The Board transitioned into the NSW Department of Climate Change, Energy, the Environment and Water's led Audit and Risk Committee, which provided oversight of financial audits and monitored key risks including financial sustainability, marine freight continuity, cyber security policy implementation, and workforce planning.

Economy and Tourism

The Board supported the Island's tourism-based economy while progressing long-term service sustainability.

- **Visitor economy:** The Board continued to support the visitor experience with a grant to the Lord Howe Island Tourism Association to strengthen visitor services and information.
- **Critical Infrastructure Program:** Master planning progressed for long-term biosecure freight services and a new waste facility. A marine freight contract extension ensured continuity of services until March 2027.

Air services: The renewal of the Sydney–LHI RPT route advanced, with the Board advocating for the Island's long-term needs through Transport for NSW.

Implementation of price determination

The Board was not subject to any determination or recommendation under the Independent Pricing and Regulatory Tribunal Act 1992 during the reporting period.

Economic or other factors

The Board did not experience significant economic constraints during the reporting year. However, the temporary withdrawal of the Island Trader for structural repairs disrupted marine freight services between New South Wales and the Island, affecting operational delivery and resulting in unplanned costs. Emergency freight arrangements were implemented to maintain supply of fuel and essential goods.

Passenger air services between Sydney and the Island were maintained through negotiated arrangements between Qantas and SmartLynx, ensuring continued access.

Legal change

During the reporting period there were no changes made to the *Lord Howe Island Act 1953* or the *Lord Howe Island Regulation 2014*.

Management and Accountability

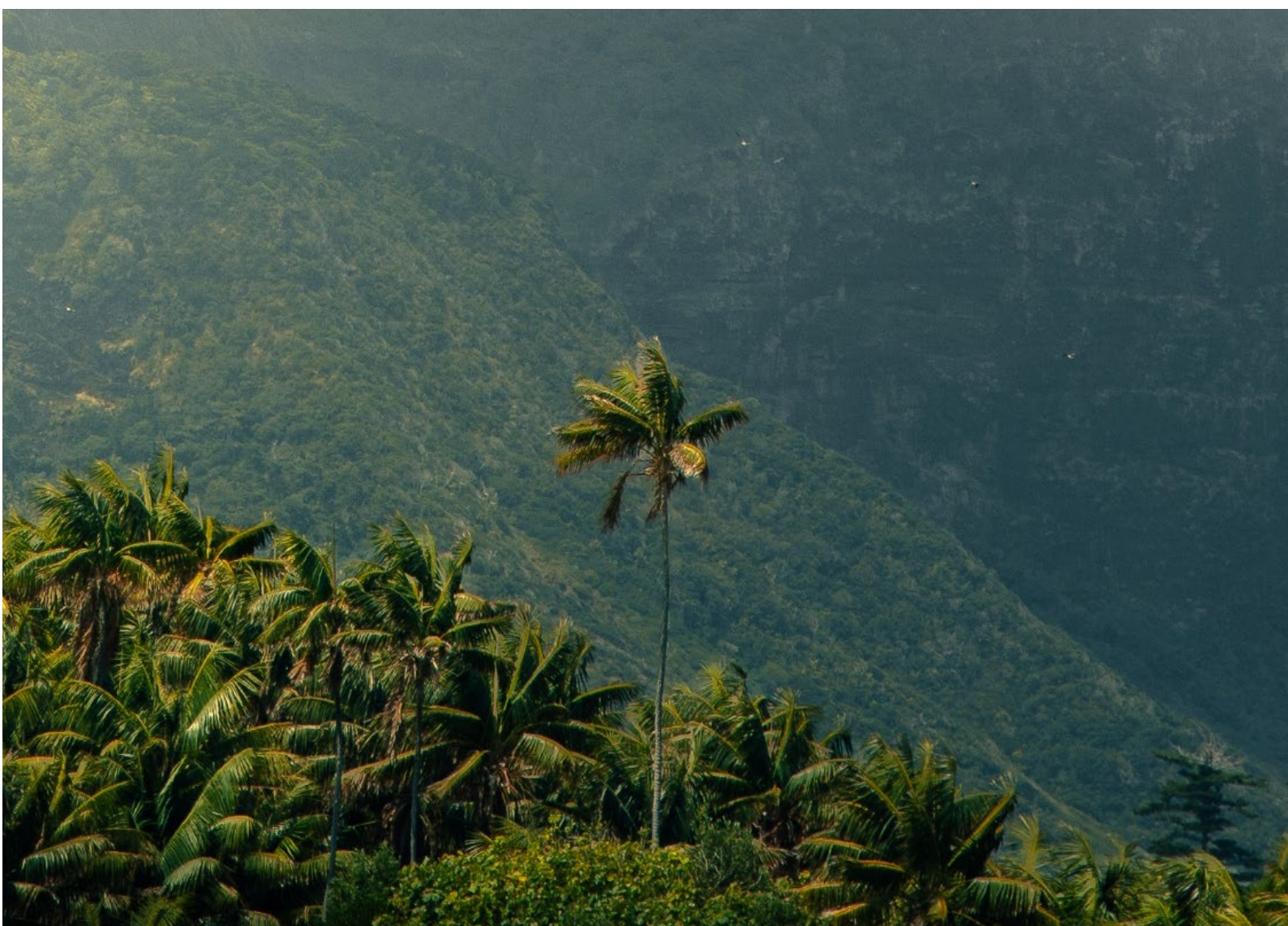


Photo: Jonny Furhi



Principal Officers and Accountable Authority

Our Board

During the reporting period membership of the Board was as follows:

Name	Position	Term
Mr Atticus Fleming	Chairperson and Appointed Member – employed by NSW National Parks and Wildlife Service (Second Term)	01/01/2021 – 30/06/2025
Mr Robert Jeremy	Elected Islander (First term)	25/03/2024 – 24/03/2027
Mr James Lonergan	Elected Islander (Second term)	12/04/2021 – 24/03/2027
Mr Matthew Retmock	Elected Islander (Third term)	08/03/2018 – 24/03/2027
Ms Therese Turner	Elected Islander (Third term)	08/03/2018 – 24/03/2027
Mr Bruce Baird	Appointed Member representing the interests of business and tourism	29/11/2021 – 28/11/2024
Ms Christine Bath	Appointed Member representing the interests of conservation	29/11/2021 – 28/11/2024
Ms Margaret Osmond	Appointed Member representing the interests of business and tourism	03/06/2025 – 02/06/2028
Mr Nathan Rees	Appointed Member representing the interests of conservation	03/06/2025 – 02/06/2028

Board Meetings

Board meetings are held four times per year, with additional special meetings held as required. In some special circumstances, Board meetings are deferred to next available meeting date.

Agenda items are discussed and considered in sessions open to the public, except for items relating to commercial-in-confidence and business affairs, personnel issues, legal matters, and items affecting the private affairs of individuals.

Members of the public are informed of the outcome of meetings through publication of minutes on the LHIB website.

During the reporting period, the Board met on the following occasions:

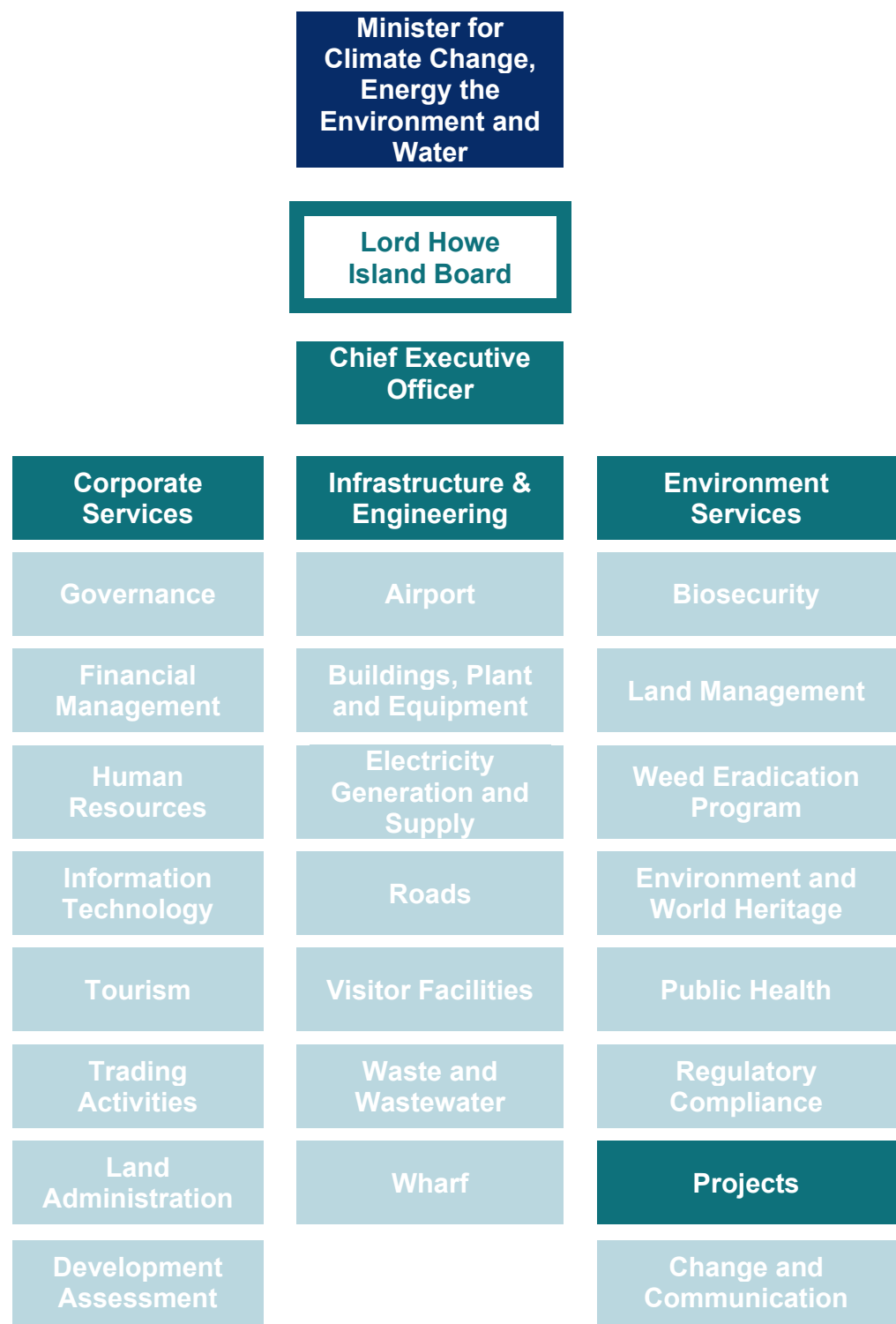
- **August 2024** – Ms Christine Bath absent by apology. The Hon. Penny Sharpe and The Hon. Rose Jackson present.

- **October 2024** – Ms Christine Bath absent by apology.
- **November 2024** – All Board members present.
- **February 2025 (Extraordinary)** – All current members present. Ms Christine Bath and Mr Bruce Baird terms had concluded, and their positions were not yet filled.
- **February 2025** – All current members present.
- **April 2025** – All current members present.
- **June 2025** – 5members present. Members appointed 3rd June not available due to timing.

Membership changes:

During the reporting period, two Minister-appointed member positions became vacant in November 2024. Two new Minister-appointed members commenced their terms on 3 June 2025.

Organisational Structure including Functional Responsibilities



Staffing and FTE

On 30 June 2025, the Board employed 58.68 full-time equivalent (FTE) non-executive staff, compared with 53.43 FTE at 30 June 2024.

Overseas travel

No overseas travel was undertaken by Board employees or officers during the reporting year.

Senior Executive Numbers and Remuneration

The Chief Executive Officer and administration staff are government employees under the NSW Department of Climate Change, Energy, the Environment and Water, assigned as personnel services to the Board.

During the reporting period the Board had one senior executive position, the Chief Executive Officer, classified at Band 1 under the Government Sector Employment Act 2013. No other senior executive positions were held.

Table 1: Senior Executive Numbers by Band (2025)

Band	Male	Female	Other	Total	Average Total Remuneration Package (\$)	% of Employee-related Expenditure
Band 4	Nil	Nil	Nil	Nil	—	—
Band 3	Nil	Nil	Nil	Nil	—	—
Band 2	Nil	Nil	Nil	Nil	—	—
Band 1	Nil	1	Nil	1	\$304,839	4.41%
Total (2025)	Nil	1	Nil	1	\$304,839	4.41%

Table 2: Senior Executive Numbers by Band (2024)

Band	Male	Female	Other	Total	Average Total Remuneration Package (\$)	% of Employee-related Expenditure
Band 4 (CEO equiv.)	Nil	Nil	Nil	Nil	—	—
Band 3	Nil	Nil	Nil	Nil	—	—
Band 2	Nil	Nil	Nil	Nil	-	—

Band 1	Nil	1	Nil	1	\$295,060	4.78%
Total (2024)	Nil	1	Nil	1	\$295,060	4.78%

The Chief Executive Officer works closely with a small team of senior managers who oversee the Board's core functions and services. Together they provide strategic leadership, operational management, and specialist expertise across business, infrastructure, and environmental programs. The senior managers and their qualifications for 2024–25 is listed below.

Table 3: Senior Management Qualifications

Name	Position	Qualifications
Ms Suzie Christensen	Chief Executive Officer	Master of Business Administration (Sustainability) Graduate Certificate Commerce Graduate Australian Institute Company Directors
Mr Michael Chalmers	Senior Manager Business and Corporate Services	Bachelor of Business, Professional Accounting and Financial Management Certified Practising Accountant Program (Non-active member)
Mr Bradley Josephs	Senior Manager Infrastructure & Engineering Services	Bachelor of Science (Chemistry) Master of Environmental Engineering (Currently completing)
Ms Kristine Ward	Senior Manager Environment	Master of Natural Resources Bachelor of Business, Tourism (Eco)

Consultants

During 2024–25 the Board engaged consultants where specialist expertise was not available within the organisation.

Consultants 2024-25 – engagements costing \$50,000 or more:

Consultant	Cost	Title/Nature
All About Planning	\$116,130	Planning and Assessment Services
APP Corporation Limited	\$117,975	Project Management – Renewal of Marine Freight Service
KPMG	\$521,352	Project Management - Effectiveness & Efficiency Review implementation
Total	\$755,457	

Consultants 2024-25 – engagements costing less than \$50,000:

Category	Cost	Number of Engagements
Engineering	\$28,999	1
Management	\$56,065	3
Planning	\$39,103	5
Valuations	\$51,165	1
Engineering	\$28,999	1
Total	\$175,331	10

Employment Arrangements

The Lord Howe Island Board is established under the Lord Howe Island Act 1953. Part 2, Division 1, Section 6 of the Act provides that persons may be employed in the Public Service under the Government Sector Employment Act 2013 to enable the Board to exercise its functions.

Section 59 of the Government Sector Employment Act 2013 provides that persons so employed, or whose services the Board makes use of, may be referred to as officers, employees, or members of staff of the Board. Section 47A of the Constitution Act 1902 precludes the Board from employing staff directly.

During the reporting period, personnel services were provided to the Lord Howe Island Board by the New South Wales Department of Climate Change, Energy, the Environment and Water. Staff are engaged under the Government Sector Employment Act 2013 in accordance with the conditions of the following awards:

- Crown Employees (Lord Howe Island Board Salaries and Conditions 2009) Award
- Crown Employees (Public Service Conditions of Employment) Award 2009

Statutory information relating to these employees, including details of senior executives, employee headcount, international travel, work health and safety, and workforce diversity, is reported in the Annual Report of the Department of Climate Change, Energy, the Environment and Water.

Although noted in this Annual Information Statement for transparency, these staff remain employees of the Department of Climate Change, Energy, the Environment and Water.

Privacy and Personal Information Protection Act 1998

The Lord Howe Island Board complies with the requirements of the Privacy and Personal Information Protection Act 1998.

The Board did not receive any applications for review under Part 5 of the Act during the 2024–25 reporting year.

Responsibility for the administration of the Act rests with the New South Wales Department of Climate Change, Energy, the Environment and Water, which manages privacy matters on behalf of the Board. Statistical reporting required under the Act is included in the Annual Report of the Department of Climate Change, Energy, the Environment and Water.

The Board's Privacy Management Plan is published on the Lord Howe Island Board website.

Government Information (Public Access) Act 2009

The Lord Howe Island Board has delegated its functions under section 9 of the Government Information (Public Access) Act 2009 to the Information Access and Privacy Unit of the New South Wales Department of Climate Change, Energy, the Environment and Water.

As a result, the Board did not receive or determine any applications under the Act during the 2024–25 reporting year.

Statistical reporting required under section 125 of the Act and clause 8 of the Government Information (Public Access) Regulation 2018 is included in the Annual Report of the Department of Climate Change, Energy, the Environment and Water.

Internal audit and risk management policy attestation

During the reporting period, the internal audit function for the Lord Howe Island Board continued to be delivered by the New South Wales Department of Climate Change, Energy, the Environment and Water, in accordance with the Internal Audit and Risk Management Policy for the General Government Sector (TPP20-08). The function operates under an approved Charter and is overseen by the Chief Executive Officer of the Board.

Internal audit support was provided through the Department's Legal and Governance Division and its co-sourced partner Deloitte. A targeted internal audit of procurement and contract management was initiated, with fieldwork conducted in April–May 2025 and the final report scheduled for tabling in August 2025. The audit will assess compliance with the Department's procurement framework and the effectiveness of the Board's contract management practices.

The internal audit program provides independent, risk-based assurance and advisory services that support improved governance, financial controls, and service delivery across the organisation.

Insurance

The Board's insurance activities are conducted through the NSW Treasury Managed Fund scheme of self-insurance for Government agencies.

Attestation Statement

Internal Audit and Risk Management Attestation Statement for the 2024-2025 Financial Year for the Lord Howe Island Board

I, Naomi Stephens, Chair, Lord Howe Island Board, am of the opinion that the Board has internal audit and risk management processes in operation that are compliant with the seven (7) Core Requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*, specifically:

Core Requirements

Risk Management Framework

- | | | |
|-----|---|-----------|
| 1.1 | The Accountable Authority shall accept ultimate responsibility and accountability for risk management in the agency. | Compliant |
| 1.2 | The Accountable Authority shall establish and maintain a risk management framework that is appropriate for the agency. The Accountable Authority shall ensure the framework is consistent with AS ISO 31000:2018. | Compliant |

Internal Audit Function

- | | | |
|-----|--|-----------|
| 2.1 | The Accountable Authority shall establish and maintain an internal audit function that is appropriate for the agency and fit for purpose. | Compliant |
| 2.2 | The Accountable Authority shall ensure the internal audit function operates consistent with the International Standards for the Professional Practice for Internal Auditing. | Compliant |
| 2.3 | The Accountable Authority shall ensure the agency has an Internal Audit Charter that is consistent with the content of the 'model charter'. | Compliant |

Audit and Risk Committee

- | | | |
|-----|---|-----------|
| 3.1 | The Accountable Authority shall establish and maintain efficient and effective arrangements for independent Audit and Risk Committee oversight to provide advice and guidance to the Accountable Authority on the agency's governance processes, risk management and control frameworks, and its external accountability obligations. | Compliant |
| 3.2 | The Accountable Authority shall ensure that the Audit and Risk Committee has a Charter that is consistent with the 'model charter'. | Compliant |

Membership

The independent chair and members of the Audit and Risk Committee are:

Role	Name	Start Term Date	Finish Term Date
Independent Chair	Matthew Irwin	1 October 2024	30 September 2027
Independent Member	Abigail Goldberg	1 October 2024	30 September 2027
Independent Member	Virginia Malley	1 October 2024	30 September 2027
Independent Member	Julie Elliott	1 October 2024	30 September 2027

Shared Arrangements 2024-2025

I, Naomi Stephens, Chair, Lord Howe Island Board advise that for the period 1 July 2024 – 30 June 2025 the Department of Climate Change, Energy, the Environment and Water entered into an approved shared arrangement comprising the following:

- NSW Department of Climate Change, Energy, the Environment and Water
- NSW Environmental Trust and
- Lord Howe Island Board.

The resources shared included the Audit and Risk Committee, the Chief Audit Executive and the internal audit function. The shared Audit and Risk Committee is a Principal Department Led Shared Audit and Risk Committee.

In addition, the Audit and Risk Committee provided oversight of the financial statements for the:

- Water Administration Ministerial Corporation.

Naomi Stephens



Chair, Lord Howe Island Board

Date: 19 September 2025

Agency Contact:

Geoff Campbell

Director, Audit and Ethics

Key risks affecting the agency, including risk management activities related to those risks

The Lord Howe Island Board manages a broad range of operational, financial, and environmental risks and operates in a highly sensitive and remote environment where even small disruptions can have significant impacts. A number of key risks were actively managed during 2024–25.

Service continuity

Reliable transport links remain critical to the Island's social and economic wellbeing. Marine freight disruptions continue to pose a significant risk, particularly for waste exports, fuel supply, and delivery of construction materials. This risk is being addressed through the Critical Infrastructure Program, which includes the procurement of a new vessel, infrastructure and a long-term operations and maintenance contract. Interim measures have been used to maintain essential services. Air connectivity is another key risk, with the transition from Qantas to SmartLynx carefully managed to safeguard access for residents, visitors, and essential services. Continuity of some on-Island services, such as road maintenance and weed management, can at times rely on contingent labour.

Financial sustainability

The Board faces an emerging structural deficit, with fixed costs rising by around \$1 million per year. While a one-off departmental grant offset some of the immediate pressure, the risk remains ongoing. The Board is pursuing a sustainable funding model informed by the Revenue Review and Efficiency and Effectiveness Review.

Environmental and infrastructure risks

Legacy contamination and compliance risks at the Waste Management Facility continue to be managed through asbestos removal, specialist contractor support and planning for a modernised facility as part of the Critical Infrastructure Program. Severe weather events also highlighted the Island's exposure to climate change impacts, including erosion of coastal tracks and storm damage to infrastructure. Adaptation measures such as rerouting access tracks, climate monitoring, and reinforcement of built structures have been prioritised. Biodiversity remains under pressure from weeds, pathogens such as Myrtle Rust and Phytophthora, and threats to endangered flora and fauna. These risks are being mitigated through long-standing management programs, increased surveillance and new technologies such as climate sensor networks.

Workforce and capability

Recruiting and retaining skilled staff continues to be a challenge due to the Island's isolation and housing limitations. Workforce planning has been strengthened with professional development planning, contingent labour arrangements, and remote work arrangements to build long-term capability. Fatigue and resourcing pressures were also identified as risks, with measures including staff training, policy consolidation, and improved HR support from the Department.

Governance and compliance

Governance frameworks, policy reviews and compliance with statewide standards present ongoing risks for a small agency. In 2024–25, the Board adopted a structured Policy Adoption Plan and transitioned to the shared Audit and Risk Committee arrangement of the NSW Department of Climate Change, Energy, the Environment and Water providing access to improved systems and expertise. Cyber security has been identified as a critical risk during successive audits. To address the risk, a compliant policy and standards were adopted in June 2025, and procurement is underway for a managed service provider to deliver IT and cyber security support. Emergency management planning also remains a focus, with business continuity reviews, asset management system upgrades, and incident management training delivered during the year.

These risks will continue to shape the Board's priorities in 2025–26, with a focus on securing long-term financial sustainability, strengthening transport freight and biosecurity resilience, ongoing environmental protection and recovery and embedding robust compliance and risk management practices across all areas of operation.

Numbers and remuneration of senior executives

The Chief Executive Officer Lord Howe Island Board is a Public Service senior executive. This is the only executive band employee assigned to the Lord Howe Island Board.

The number of executive band employees on Island has not changed since the Board's establishment. This position is identified in the organisation structure of the NSW Department of

Environment, Energy, Climate Change and Water and reported with that department's annual statistics. The position was held during the reporting period by Ms Suzie Christensen.

Public interest disclosures

The Board is included in the NSW Department Of Climate Change, Energy, the Environment and Water's Public Interest Disclosures Policy which establishes an internal reporting system for the reporting of disclosures of corrupt conduct (including fraud), serious maladministration, serious and substantial waste of public money, a government contravention or a local government pecuniary interest contravention by the Lord Howe Island Board or its staff.

No public interest disclosures have been received by the Board.

Sustainability



*Photo: Courtesy of the Office of the Hon Penny Sharpe MLC,
Minister for Climate Change, Energy and the Environment*



Workforce diversity

Information in the following tables is provided by the Workforce Information Group in the NSW Public Service Commission. Statistics disclosed are for staff employed under the Crown Employees (Lord Howe Island Board Salaries and Conditions 2009) Award.

As a small agency operating in a remote location, the Lord Howe Island Board faces unique workforce constraints. The Island has a small resident population and limited capacity accommodation and services, impacting the ability to attract and employ people with specialist skills and qualifications. Despite these challenges, the Board is one of the larger local employers and continues to be regarded as a desirable place to work.

The Board's Workforce Plan takes account of these constraints and supports the attraction, retention and development of a capable workforce. While the Board is not always able to meet NSW sector-wide benchmarks for workforce diversity, employment decisions are based on merit in accordance with the *Government Sector Employment Act 2013*.

Statistical Information – Workforce diversity groups

Table 5a. Trends in the Representation of Workforce Diversity Groups				
Workforce Diversity Group	Benchmark	2023	2024	2025
Women	50%	49.1%	50.0%	50.0%
Aboriginal people and Torres Strait Islanders	3.3%	0.0%	0.0%	0.0%
People whose first language was not English	23.2%	7.3%	3.6%	3.6%
People with a disability	5.6%	7.3%	5.6%	5.6%
People with a disability requiring work-related adjustment	N/A	5.5%	5.6%	5.6%
Note 1: The benchmark of 50% for representation of women across the sector is intended to reflect the gender composition of the NSW community. Note 2: The NSW Public Sector Aboriginal Employment Strategy 2019–2025 takes a career pathway approach in that it sets an ambitious target of 3% Aboriginal employment at each non-executive grade of the public sector by 2025. Note 3: A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for People whose First Language Spoken as a Child was not English. The ABS Census does not provide information about first language but does provide information about country of birth. The benchmark of 23.2% is the percentage of the NSW general population born in a country where English is not the predominant language.				

Note 4: In December 2017 the NSW Government announced the target of doubling the representation of people with disability in the NSW public sector from an estimated 2.7% to 5.6% by 2027. More information can be found at: Jobs for People with Disability: A plan for the NSW public sector. The benchmark for ‘People with Disability Requiring Work-Related Adjustment’ was not updated.				
Table 5b. Trends in the Distribution Index for Workforce Diversity Groups				
Workforce Diversity Group	Benchmark	2023	2024	2025
Women	100	116	118	113
Aboriginal people and Torres Strait Islanders	100	N/A	N/A	N/A
People whose first language was not English	100	N/A	N/A	N/A
People with a disability	100	N/A	N/A	N/A
People with a disability requiring work-related adjustment	100	N/A	N/A	N/A
Note 1: A Distribution Index score of 100 indicates that the distribution of members of the Workforce Diversity group across salary bands is equivalent to that of the rest of the workforce. A score less than 100 means that members of the Workforce Diversity group tend to be more concentrated at lower salary bands than is the case for other staff. The more pronounced this tendency is, the lower the score will be. In some cases, the index may be more than 100, indicating that members of the Workforce Diversity group tend to be more concentrated at higher salary bands than is the case for other staff. Note 2: The Distribution Index is not calculated when the number of employees in the Workforce Diversity group is less than 20 or when the number of other employees is less than 20.				

Disability Inclusion Action Plan

The Lord Howe Island Board is not required to prepare a Disability Inclusion Action Plan under the Disability Inclusion Act 2014. Staff are covered by the New South Wales Department of Climate Change, Energy, the Environment and Water’s Disability Inclusion Action Plan, which provides support for employees with disability, recruitment practices that reduce barriers, and workplace adjustments as required.

Modern Slavery

The Lord Howe Island Board is committed to operating responsibly and upholding the highest ethical standards in its operations and supply chains. The Board does not tolerate any form of modern slavery.

The Board's annual turnover is less than \$50 million and procurement is undertaken using New South Wales Government frameworks, which include mandatory consideration of modern slavery risks. Based on this, the overall risk of modern slavery in the Board's supply chain is considered low.

To support continuous improvement, the Board:

- Reviewing Modern Slavery requirements when procurement policies and procedures are reviewed.
- Conducting review when appropriate on vendors
- Continuing to train all staff on supplier governance requirements.

Financial Performance



Photo: Jonny Fuhri



Budget and financial performance summary

Budget process

The 2024–25 budget was developed and approved in August 2024 in alignment with the Delivery Plan, Service Delivery Commitments, and Schedule of Fees and Charges. The budget provided for total planned expenditure of \$41.3 million across all funding sources, a 34% increase from the previous year reflecting additional government and grant funding. Core operations were supported by a workforce establishment of 66.85 FTE, with significant allocations directed to biosecurity programs, community infrastructure, and environmental protection. The Board reviewed income and expenditure on a quarterly basis, endorsing budget amendments as required.

An external audit of the 2024–25 end of year accounts has been conducted by HLB Mann Judd Advisory and Accounting on behalf of the NSW Audit Office. The audit is designed to obtain reasonable assurance that the financial statements are free from material misstatement. At the time of reporting, no significant matters have been identified.

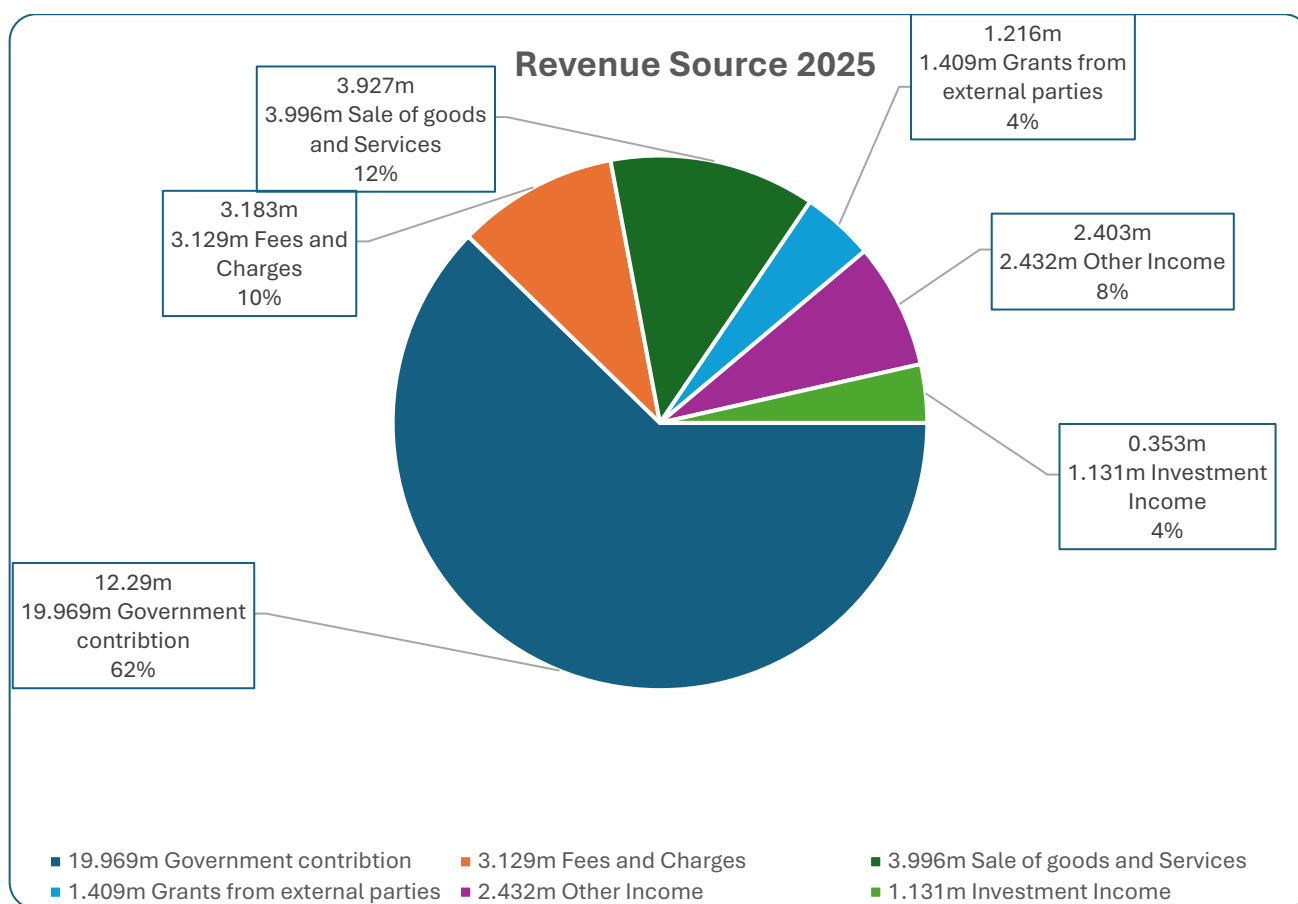
Financial position

The Board remained in a solid financial position throughout the year. As at June 30, 2025, the Board's cash balance stood at \$12.89 million, compared with \$26.34 million at the same time last year. This reduction reflects the drawdown of restricted funds tied to the delivery of major projects, particularly \$11.5 million committed to the Critical Infrastructure Program. Savings were achieved in personnel and operating expenses due to the timing of recruitment following the late budget adoption. Increased revenue from landing fees and wharfage reflected stronger tourism activity during the year.

Revenue

The Board continued to generate revenue through government and grant contributions, fees and charges, and its own business operations. In 2025, government contributions accounted for \$15.6 million, while user charges and fees provided \$5.5 million, and business operations such as the liquor store added \$1.9 million. The following graph (Figure 1) shows the percentage of revenue the Board received from various sources.

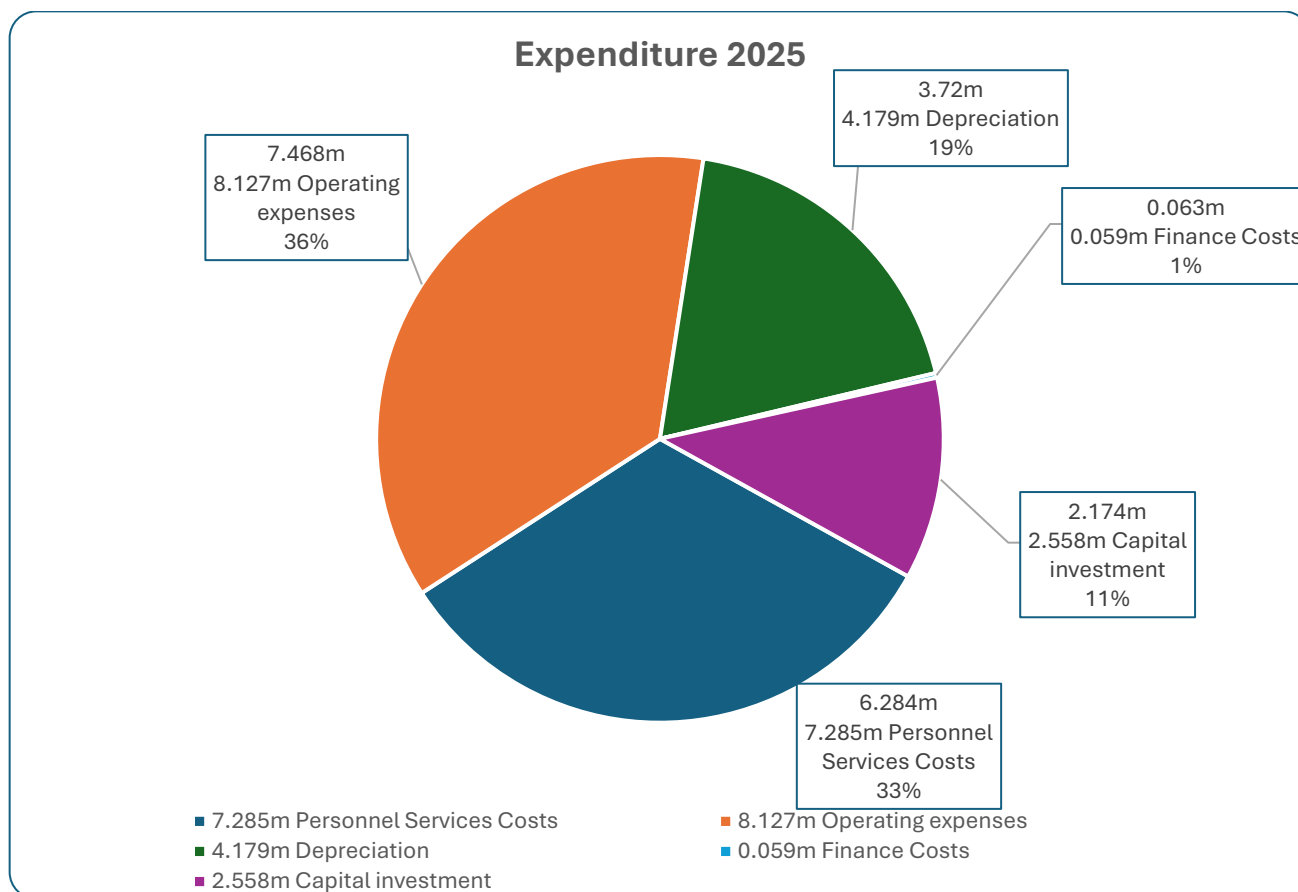
Figure 1



Expenditure

Expenditure totalled \$22.2 million in FY25, including \$4.2 million depreciation. The Financial Statement (Appendix 1) provides more detailed information on the Board's expenses. The following graph (figure 2) provides a high-level summary.

Figure 2



Audited financial statement and audit report

LORD HOWE ISLAND BOARD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025
STATEMENT BY THE BOARD

Pursuant to section 7.6(4) of the *Government Sector Finance Act 2018*, and in accordance with a resolution of the members of the Lord Howe Island Board, I state on behalf of the Board that the accompanying financial statements:

- (a) have been prepared in accordance with the Australian Accounting Standards and any other requirements specified by that *Government Sector Finance Act 2018*, the *Government Sector Finance Regulation 2024* or the Treasurer's Directions, and
- (b) present fairly the Lord Howe Island Board's financial position as at 30 June 2025, and its financial performance and cash flows for the year ended 30 June 2025.

Chair



Name: Naomi Stephens

Dated: 22 October 2025

Lord Howe Island

LORD HOWE ISLAND BOARD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 June 2025

	Note	2025 \$'000	2024 \$'000
REVENUE			
Government contributions	2(a)	19,969	12,290
Sales of goods and services	2(b)	3,129	3,183
User charges and fees	2(c)	3,996	3,927
Investment income	2(d)	1,409	1,216
Grants and contributions	2(e)	2,432	2,403
Other income		1,131	353
Total revenue		32,066	23,372
CONTINUING OPERATIONS EXPENSES EXCLUDING LOSSES			
EXPENSES			
Personnel services	3(a)	7,285	6,284
Operating expenses	3(b)	8,127	7,478
Depreciation	3(c)	4,173	3,859
Amortisation	9	6	6
Finance costs		59	62
Grants and subsidies		0	0
Total expenses		19,650	17,689
Operating result		12,416	5,683
Gain (Loss) on disposal of assets	2(f)	(31)	(1)
Net result		12,385	5,682
OTHER COMPREHENSIVE INCOME			
Change in revaluation surplus		(6,332)	7,617
TOTAL COMPREHENSIVE INCOME		6,053	13,299

The accompanying notes form part of these financial statements.

LORD HOWE ISLAND BOARD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 June 2025

	2025	2024
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Receipts from customers	7,142	6,907
Grants received	20,319	14,594
Interest received	1,314	1,137
Other receipts	1,131	353
Payments		
Payments to personnel and suppliers	(15,390)	(13,870)
Payment of interest	(59)	(62)
Net cash flows from operating activities	15	9,057
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts		
Proceeds from sale of infrastructure, property, plant and equipment	16	0
Payments		
Payments for property, plant and equipment	(2,928)	(2,174)
Net cash flows from investing activities	(2,912)	(2,174)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments		
Repayments of borrowings	12	(503)
Net cash flows from financing activities	(503)	0
Net increase/(decrease) in cash and cash equivalents	11,041	6,884
Opening cash and cash equivalents	26,342	19,458
CLOSING CASH AND CASH EQUIVALENTS	4	26,342

The accompanying notes form part of these financial statements.

(d) **Investment income**

Interest revenue is recognised on an accrual basis using the effective interest rate method.

	2025	2024
	\$'000	\$'000
Interest income - unrestricted	992	821
Residential rent	178	159
Commercial rent	239	236
TOTAL INVESTMENT INCOME	1,409	1,216

(e) **Grants and contributions**

Recognition and Measurement

Grant and contribution revenue from an agreement which is enforceable and contains sufficiently specific performance obligations is recognised as or when control of each performance obligations is transferred. Grants and contributions which do not have sufficiently specific performance obligations are recognised when the Board has an unconditional right to receive cash which usually coincides with receipt of cash.

The performance obligations vary according to the agreement but include milestones, deliverables and outcomes. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project.

Where control is transferred over time, generally the input methods of costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Capital grants

Capital grants received by the Board under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under the Board's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Board.

Other grants and contributions

Assets, including cash, received from other grants and contributions are recognised at fair value when the asset is received.

The Board considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard. Once the assets and liabilities have been recognised, then income is recognised for any remaining amount i.e. difference between the fair value of the asset and the related amount recognised

	2025	2024
	\$'000	\$'000
Grants to construct assets	337	333
Grant with performance obligations	1,436	1,491
Grant without sufficient performance obligations	299	491
Contributions	360	88
TOTAL GRANTS AND CONTRIBUTIONS	2,432	2,403

(f) Gain (Loss) on disposal of assets

A gain or loss on sale is determined when control of the asset has irrevocably passed to the buyer.

	2025	2024
	\$'000	\$'000
Gain (Loss) incurred from disposal of infrastructure, property, plant & equipment	16	1
Carrying amount	(48)	(2)
Gain (Loss)	(32)	(1)

5. RESTRICTIONS

Cash and cash equivalents at balance date subject to restrictions is:

	2025	2024
	\$'000	\$'000
Purpose to which the use of cash is restricted:		
EXTERNALLY RESTRICTED		
E&E IT upgrades	0	380
E&E Review	1,234	2,271
Eradication of weeds & environmental management	1,275	1,224
Quarantine/biosecurity	43	106
Roads	40	1,103
SCCF-Beach Access	17	18
SCCF-Community Centre/Mobile Phone Connectivity	672	692
SCCF-Skate Park	678	163
Southern Precinct Masterplan	125	50
Critical Infrastructure	1,172	1,315
Other purposes	0	0
TOTAL EXTERNALLY RESTRICTED CASH	5,256	7,322
INTERNALLY RESTRICTED		
Additional grant funds received for incomplete projects	21,364	8,893
TOTAL RESTRICTED CASH	26,620	16,215
UNRESTRICTED CASH	10,764	10,127

External restrictions arise from contractual obligations applicable to some grants.

Asset Class	Sub-Asset Class	Range of Useful Lives
Buildings	Buildings	25 years
Plant and Equipment	Motor vehicles	10 years
	Office equipment	3 to 5 years
	Other plant and equipment	5 to 10 years
Infrastructure Systems	Airport assets	10 to 100 years
	Electricity assets	10 to 80 years
	Marine facilities	10 to 60 years
	Roadworks	12 to 25 years
	Walking tracks	10 to 50 years
	Stormwater & Drainage	40 years to indefinite
	Other infrastructure	10 to 60 years

9. FAIR VALUE MEASUREMENT

Fair value measurement accounting policy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted (unadjusted) prices in active markets for identical assets /liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The last revaluations for each class of IPPE assets were:

Valuer	Asset Class	Date of Comprehensive Revaluation
Shepherds Services	Infrastructure systems (marine facilities, roadworks, airport, public facilities and amenities, Stormwater and other infrastructure assets, electricity assets and walking tracks)	30 June 2025
Valustate Pty Ltd	Land and Buildings (Commercial and Residential)	30 June 2024

The current replacement cost method is used in each valuation of specialised assets. The key inputs to the current replacement cost valuations are mostly unobservable inputs (Level 3), including:

- estimates of current costs to replace the respective asset; and
- an estimate of the extent of physical deterioration or other obsolescence of the asset in its current condition relative to its condition if new.

Desktop revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from carrying value. A Desktop revaluation was completed on 30 June 2025 for land, buildings. The entity used an external professionally qualified value to conduct the desktop revaluation.

The entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values of buildings and infrastructure assets are determined by reference to local cost structures, which are generally significantly higher than in most other parts of Australia, due to high transport costs arising from the remoteness of the island.

(a) Fair Value Hierarchy

The fair value hierarchy within which the fair value measurements are categorised, for each respective asset class at 30 June 2025 are:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
NON-FINANCIAL ASSETS				
Land	-	-	21,855	21,855
Buildings	-	-	11,838	11,838
Infrastructure systems	-	-	63,243	63,244
TOTAL	-	-	96,936	96,936

Comparative amounts at 30 June 2024 were:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
NON-FINANCIAL ASSETS				
Land	-	-	21,855	21,855
Buildings	-	-	11,360	11,360
Infrastructure systems	-	-	72,985	72,985
TOTAL	-	-	106,200	106,200

(c) Reconciliation of recurring Level 3 fair value measurements

	Land \$'000	Buildings \$'000	Infrastructure systems \$'000	Total Recurring Level 3 Fair Value \$'000
Fair value as at 1 July 2024	21,855	11,360	72,985	106,200
Additions	-	429	2	431
Net revaluation increments	-	797	(7,129)	(6,332)
Transfers	-	74	359	433
Disposals	-	-	-	-
Impairment Loss	-	-	-	-
Depreciation expense	-	(822)	(2,974)	(3,796)
Fair value as at 30 June 2025	21,855	11,838	63,243	96,936

Comparative reconciliation for 2024

	Land	Buildings	Infrastructure systems	Total Recurring Level 3 Fair Value
Fair value as at 1 July 2023	20,356	9,596	71,764	101,716
Additions	-	289	36	325
Net revaluation increments	1,499	1,949	4,169	7,617
Transfers	-	44	-	-
Disposals	-	-	-	-
Impairment Loss	-	-	-	-
Depreciation expense	-	(519)	(2,984)	(3,502)
Fair value as at 30 June 2024	21,855	11,360	72,985	106,200

Change in Accounting Estimate

Following adoption of AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities* and as part of the comprehensive revaluation of the Board's infrastructure assets for the year ended 30 June 2025, certain airport assets were derecognised. The derecognition was identified by the independent valuer who considered certain site preparation costs, particularly of the airstrip, would not be included in the current replacement cost methodology. De-recognition of these assets has resulted in a reduction of \$6.8 million in the carrying amount of infrastructure assets recognised in the year ended 30 June 2025. The future impact of this change is a reduction in annual depreciation expense of approximately \$125,000. There is no impact on the Board's cash flows or underlying operations.

In addition, based on advice from the independent valuer, the Board has revised the replacement cost methodology applied to certain infrastructure asset classes. The valuer concluded that the use of a "modern equivalent asset" approach was no longer appropriate for these assets, as it does not accurately reflect the service potential or current replacement practice. Accordingly, the replacement cost has been determined using the direct cost of replacing the existing asset with a like-for-like asset, adjusted for remaining useful life and condition. This change in valuation methodology resulted in a

reduction of \$4.7 million in the carrying amount of infrastructure assets recognised in the year ended 30 June 2025, and a reduction in annual depreciation expense of approximately \$103 thousand.

These changes in accounting estimates have been applied prospectively from 1 July 2025 in accordance with *AASB 108 – Accounting Policies, Changes in Accounting Estimates and Errors*.

13. BORROWINGS

	2025 \$'000	2024 \$'000
Current		
Current Borrowings	0	503
Non-current		
TCorp borrowings	4,200	4,267
TOTAL	4,200	4,770

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 19.

Recognition and measurement

Borrowings classified as financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised net result when the liabilities are derecognised as well as through the amortisation process.

Changes in liabilities arising from financing activities

	TCorp borrowings \$'000	Total liabilities from financial activities \$'000
Opening Balance 1 July 2024	4,770	4,835
Cash Flows	(570)	(65)
Closing balance 30 June 2025	4,200	4,770

Unrestricted access was available at the reporting date to the following finance facilities:

	2025 \$'000	2024 \$'000
Total facilities		
TCorp loan limit	5,900	5,900
Undrawn limit at the reporting date		
TCorp	1,700	1,130

TCorp loan repayments commenced in March 2025. Note 19 (ii) provides information on the timing of loan repayments.

All transactions entered into during the year with key management personnel (and close members of their respective families) were entered into in the normal course of business on an 'arms-length' basis. The Board has the following additional relationships with key management personnel and/or close members of their respective families:

Mrs Therese Turner

Perpetual lease of property in Mutton Bird Drive, LHI as lessee from the Board as lessor.

Mr Matthew Retmock

Perpetual lease of property in Lagoon Road, LHI as lessee from the Board as lessor.

Mr James M Lonergan

A property in Lagoon Road, LHI is the subject of a perpetual lease to Mr Lonergan and his wife.

Mrs Suzie Christensen

Residential lease of the Government House property as lessee from the Board as lessor (for a below-market rental amount as part of the CEO's remuneration arrangements, in accordance with a Board policy). The amount involved is included in the short-term benefits amount shown in Note 17.(b).

The transactions pertain to Rates received from Board members for the leased properties and the amount are not material.

(d) Transactions and balances

The total amount of contribution and grant revenue transactions with other New South Wales government agencies is shown in Note 2(a) and Note 2(e). The major agencies involved are the New South Wales Treasury, the Department of Climate, Change, Energy, the Environment and Water, the NSW Environment Trust and TCorp.

21. EVENTS OCCURRING AFTER BALANCE DATE

The entity will continue to assess uncertainty in the market due to current economic conditions, such as the effect of inflation and interest rates on the fair value of its non-current physical and financial assets. These assets include land, buildings, infrastructure, receivables. Given the uncertainty, there may be new evidence that materially impacts the fair value assessment at 30 June 2025. The 30 June 2025 statements do not include any adjustments relating to this uncertainty. Also refer note 1(b) (note above).

No other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Board's operations, the results of those operations, or the Board's state of affairs, in future financial years.

END OF AUDITED FINANCIAL STATEMENTS

After balance date events

Nil.

Audit Opinion on Financial Statements



INDEPENDENT AUDITOR'S REPORT

Lord Howe Island Board

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Lord Howe Island Board (the Board), which comprise the Statement by the Board, the Statement of Comprehensive Income for the year ended 30 June 2025, the Statement of Financial Position as at 30 June 2025, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, and notes to the financial statements, including a Statement of Material Accounting Policy Information, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2024* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Board's financial position, financial performance and cash flows

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Board in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

The Members of the Board's Responsibilities for the Financial Statements

The Members of the Board is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. The Members of the Board's responsibility also includes such internal control as the Members of the Board determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Members of the Board is responsible for assessing the Board's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

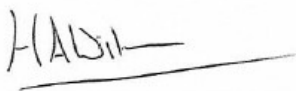
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Board carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Hugh Wilson
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

28 October 2025
SYDNEY

Other Information

External costs incurred in report production

No external costs were incurred in the production of this report.

Report availability

This report is available in the following formats:

Online at the Board's website www.lhib.nsw.gov.au in electronic format, or hard copy on request to the Lord Howe Island Board Administration Office.

Note that hard copies will not be held in stock but printed as required. Prior notice is requested for persons wishing to collect a hard copy.

