

Lord Howe Island Board

MINUTES OF THE MEETING OF THE LORD HOWE ISLAND BOARD

LOCATION By Teleconference. Lord Howe Island Board Members and Staff at Lord Howe Island Bowling Club, Lagoon Road

DATE Tuesday 28 April and Wednesday 29 April 2020

BOARD MEMBERS PRESENT

- Ms A Levy (Chair – AL)
- Mr C Wilson (Deputy Chair - CW)
- Mr G Crombie (Member – GC)
- Mr D Kirk (Member - DK)
- Mr R Pallin (Member – RP)
- Mr M Retmock (Member – MR)
- Ms T Turner (Member - TT)

APOLOGIES

Nil

BOARD STAFF PRESENT

- Peter Adams (Chief Executive Officer - PA)
- John van Gaalen (Manager Business and Corporate Services - JV)
- Justin Sauvage (Manager Environment & Community Services - JS)
- David Waterhouse (Manager Infrastructure & Engineering Services - WP).
- Hank Bower (Manager Environment and World Heritage – HB) was present for item 12(ii).
- The Board's external planning consultants were represented by Peter Chapman (PC) from All About Planning (AAP) at the Open session.

The Closed Session commenced at 9:30 am (9:00 am EST) at the Bowling Club on Tuesday 28 April 2020 and closed at 12.30pm.

The Open Session commenced at 9:35 am (9:00am EST) at the Bowling Club on Wednesday 29 April 2020 and closed at 12:46pm. No members of the public attended the open session.

Unless otherwise specified, all Board decisions were unanimous.

1 CONFLICT OF INTEREST DECLARATIONS

AL called for conflict of interest declarations.

One conflict of interest declaration was tabled by Gary Crombie in relation to item 10(i).

Conflict of Interest Declarations noted.

2 MINUTES OF PREVIOUS MEETING – NOTICE OF ADOPTION

The Board noted that the Minutes have been noted in the Closed Session, and adopted at an Out of Session Meeting.

3 OUT OF SESSION MATTERS – STATUS REPORT

The Board noted the Out of Session Matter Status Report.

4 ACTIONS FROM PREVIOUS MEETINGS - STATUS REPORT

The Board noted the information provided in the Actions from Previous Meetings Status Report

5 CHIEF EXECUTIVE OFFICER'S REPORT

Amy Foxe, Project Officer, provided an update in relation to the Solar Project.

The Board noted the information provided in the Chief Executive Officer's Report.

6 MOTOR VEHICLE IMPORTATION OR TRANSFER – STATUS REPORT

The Board noted the information provided in the Motor Vehicle Importation or Transfer Status Report.

7 FINANCE AND BUSINESS MANAGEMENT

7(i) Finance Report

It was moved by RP and seconded by GC that the Board:

- 1. Note the information provided in this paper, including recognition of changes to expected Capital Works.**
- 2. Approve the proposed budget adjustments.**

The Board adopted the motion.

7(ii) Community Support Package COVID-19

It was moved by CW and seconded by MR that the Board:

- 1. Administration continue to discuss and implement where appropriate, repayment plans and other measures to assist businesses and individuals who might be experiencing hardship.**

2. Approve fee relief as identified from the list in Table 1 to facilitate support for the Lord Howe Island community and its economic viability because of the COVID-19 virus pandemic.

The Board adopted the motion.

It was moved by GC and seconded by TT that the Board approve the following:

A paper be brought forward to the Board outlining options for structural and operational cost reductions of the Board Administration.

The Board adopted the motion.

8 DEVELOPMENT APPLICATIONS

8(i) Owner Consent approved under Delegated Authority

The Board noted the report as submitted for information.

8(ii) DAs Determined Under Delegated Authority

The Board noted the report as submitted for information.

8(iii) Annual Planning System Review

PC presented the report.

The Board noted the report as submitted for information.

8(iv) Aviation Fuel Shed – Justification Report - MC2020.04

It was moved by GC and seconded by CW that the Board:

1. Note the \$130,000 budget for the project and that the projected \$10,824 shortfall can be managed within the existing MIES capital budget allocation.
2. Proceed with demolition of existing shed and construction of 19x9m new shed as soon as possible.

The Board adopted the motion.

8(v) Aviation Fuel Shed – Assessment Report – MC2020.04

It was moved by GC and seconded by DK that the Board approve the recommendation:

That MDC 2020.04 for minor amendments to approved Development Application No. 2019.02 (dated: 25 July 2018) for Demolition of an Existing Fuel Storage Shed and Construction of a Replacement Shed (Airport Ancillary Development) at Lord Howe Island Airport (Lot 183, DP 757515) be approved subject to the existing conditions of approval, as amended by the modified and new conditions listed in the report.

The Board adopted the motion.

8(vi) New shed for use as A Marine Rescue NSW Operations Room and Boat Store – DA2020.05

It was moved by GC and seconded by TT that the Board approve the revised recommendation:

1. Determination of OC and DA 2020.05 is deferred subject to Marine Rescue providing the outcomes of consultation with Birdon regarding the location and impact of the proposed development on Birdon operations and the overall operation of the precinct and that the proposed DA conditions be amended to ensure continued access for users.
2. Following the provision of this information that the Board expedite the determination of the DA.

The Board adopted the motion with a vote 6/1 with CW dissenting.

8(vii) Demolish existing boatshed and deck and construct a new boatshed and deck – DA2020.03

It was moved by CW and seconded by GC that the Board approve the revised recommendation:

1. That application for 'Owner Consent' OC2020.03 for demolition of the existing Pinetrees boatshed and deck, and construction of a new boat shed and deck at Unidentified Crown Land Reserve No.12, Lagoon Road, Lord Howe Island, is approved.
2. That Development Application 2020-03 for demolition of the existing Pinetrees boatshed and deck, and construction of a new boat shed and deck at Unidentified Crown Land Reserve No.12, Lagoon Road, Lord Howe Island, be approved subject to the conditions and advisory notes listed at the end of the report.

The Board adopted the motion.

8(viii) Alterations and additions including retention of existing cottage – OV2020.01 and DA2019.10

It was moved by GC and seconded by CW that OC 2020.01 and DA 2019.10 be approved with the following amendment to the conditions:

Condition 17 heading to be deleted and replaced with: "Demolition of Cottage and Shed for Studio.

The text for condition 17 a), 17 b) and 17 c) be deleted and replaced with:

- a) The cottage proposed to be retained and de-commissioned shall be demolished
- b) No Occupancy Certificate of any kind, for any of the development under DA2019.10 is to be issued until such time that the Board is satisfied the above works have been completed
- c) All demolition works are to be carried out in accordance with AS2601-2001: The Demolition of Structures, so that the risk of injury to the residents, workers and

other site personnel, and the risk of damage to adjacent property and the immediate environment is minimised.

The Board adopted the motion.

A follow up motion was moved GC and seconded DK:

That the Board undertake the necessary steps to support the issue of a final Occupation Certificate or interim Occupation Certificate for DA2015.15 on Lot 812 DP1213759.

The Board adopted the motion.

8(ix) Three Lot subdivision – Larry and Liz Wilson – OC2020.04

It was moved by TT and seconded by RP that the Board approve the recommendation:

That the application for ‘Owner Consent’ OC2020.04 for a three-lot subdivision at Lot 285 DP 48687, Lagoon Road & Ocean View Drive, Lord Howe Island be approved subject to the application of the requirements listed in the report.

The Board adopted the motion.

9 POLICY AND STRATEGY

9(i) Community Strategic Plan Update

It was moved by CW and seconded by GC that the Board approve the recommendation that:

- 1. That the Board note the update to the Community Strategic Plan.**
- 2. That the discussions from the April 28 Planning Session be incorporated into the development of the draft 2020/21 Operations Plan and Budget before presentation to the May Board Meeting.**

The Board adopted the motion.

9(ii) Commercial Filming Policy Review

It was moved by DK and seconded RP by that the Board:

Adopt the reviewed ‘Commercial Filming Policy’.

The Board adopted the motion.

10 LEASING AND LAND ADMINISTRATION

10(i) Application for consent to transfer PL1973.01 from the estate of the late James Lonergan (jnr) and Sean Lonergan

GC left the meeting.

CLOSED SESSION

It was moved by CW and seconded by MR that:

- 1. The Board recommend to the Minister that Perpetual Lease PL1973.01 of Lot 141 in Deposited Plan 1127467 be transferred to James Lonergan and Sean Lonergan as tenants in common in equal share.**
- 2. The Board recommend to the Minister to suspend the condition of residency for James Lonergan on Perpetual Lease 1973.01 for a period of 10 years from the date of Ministerial consent.**
- 3. Following Board adoption of the first resolution the Board recommend to the Minister to support the transfer of lease by way of sublet of Sean Lonergan's share of PL1973.01 to James Lonergan.**
- 4. That the Board resolutions for this matter be published in the open minutes.**

The Board adopted the motion.

GC returned to the meeting.

10(ii) Application for consent to transfer PL1954.24 from the estate of the late Hazel Payten to Vicky Payten and Gayle Fisher

It was moved by GC and seconded by TT that:

The Board recommend to the Minister to consent to the transfer of Perpetual Lease 1954.24 held by the Estate of the late Hazel Amelia Payten to Vicky Suzanne Payten and Gayl Lynette Fisher in equal shares as tenants in common.

The Board adopted the motion.

10(iii) Application for consent to transfer PL1974.02 from the estate of the late Ron Owens to Bev Owens

It was moved by MR and seconded by CW that:

The Board recommend to the Minister to support the transfer of PL1974.02 from the estate of the late Ron Owens to Bev Owens.

The Board adopted the motion.

11 GOVERNANCE

11(i) Audit and Risk Committee Report

The Board noted the information in the report.

12 OPERATIONS AND SERVICES

12(i) Rodent Eradication Project Update

The Board noted the information provided in the report and the update on the project.

12(ii) Update on revegetation of Blackburn Island

HB presented the paper and answered questions from the Board. The Board Members expressed the view that there be an acknowledgement that mistakes were made and lessons learned.

The Board noted the information in the report.

The Board further directs the Administration to provide an acknowledgement that there has been work done and that mistakes were made regarding the timing, so that people have some confidence, in that lessons have been learned and things will improve from here on.

13 WH&S AND PUBLIC RISK MANAGEMENT

13(i) Workplace Health and Safety and Public Risk Management Update

The Board noted a reduction in injuries, and the Administrations emphasis on injury prevention, and encouraged them to be vigilant

The Board noted the information provided on Public Risk and WHS matters.

14 INTERVIEWS

CLOSED SESSION

Nil

15 GENERAL BUSINESS & QUESTIONS ON NOTICE

15(i) General Business

Nil

15(ii) Questions on Notice

Two Questions on Notice were received in relation to matters for consideration and were answered by the Chief Executive Officer as follows:

Q 1 – submitted by Mrs Judy Riddle in relation to item 7(ii) Community Support Package COVID-19:

In this paper it states “The Board is not in a strong financial position

In view of the above my questions are:

Is the Administration doing anything to reduce its own operational costs? If so, can the community be advised of these measures?

In recent years it appears there has been a marked increases in LHIB staff numbers eg. Middle Management jobs being spilt into two positions, personal department secretaries, ongoing Rodent Eradication Expenses, Rangers position being held by 2 part time workers.

When was the last time the LHIB Administration had an overall assessment of efficiency of operation or reviewed its own staffing situation? Now could be an optimal time to carry out such a review.

The administration reviews budgets and allocations to priorities, salaries etc on a yearly basis. This includes managing within available revenues and competing service levels. The nature of this process is to regularly reduce its operating costs while essential obligations as well as priority services and activities are maintained. Processes such as the community engagement for the Community Strategic Plan helps to identify priorities and allocation of resources (people and funds) to priority areas.

Any changes in the number of full time equivalent positions (FTE's) is considered and decisions made annually by the Board along with the budget. Some roles are filled by part time appointments where two or more people might together meet the FTE position and responsibilities. Other roles might not require a full time resource to meet the role requirements. This is not uncommon especially here on Lord Howe.

There are no department secretaries because the administration team serve the Board administration generally. This allows better redundancy because staff members are trained and experienced in doing all the roles within administration and reduces critical gaps when staff might be away or not available. Senior managers undertake much of the administrative work themselves. The most effective use of time and therefore effectiveness with this arrangement vs secretarial support can be debated and has its benefits as well as disbenefits.

A major review has not occurred within my time here at Lord Howe. Staff numbers are generally the same as previous years although they may have varied by one or two over the years. Certainly, numbers vary when temporary staff are appointed to undertake grant funded work or where existing resources cannot meet targets. Use of temporary contract staff is seen as a cost effective way to address variation in demands of work without adding to permanent staff numbers.

Reviews of the Board's costs, revenue opportunities and other measures have occurred in past years. The senior management team have researched these and are reviewing whether recommendations have been investigated or implemented. Some of these include reviews by the Public Accounts Committee (1990); Coopers & Lybrand Consultants (1995); and Price Waterhouse Coopers (2013).

Q 2 – submitted by Mrs Vivienne Crombie in relation to item 12(i) Rodent Eradication Project Update:

Can you please advise how the over spend on the REP went so far over budget without person, management or department being questioned?

Who authorised that the over spend could come out of community bank balance without the community having any say in it?

The over spend was the result of many factors and individual decisions that resulted in the cumulative outcome. There was no point at which the total project shortfall was apparent before commitments had to be made to incremental expenditure.

When the current CEO was first able to review the project that had been in progress in terms of planning, contracts, permits with commitments, etc, he reported to the Board that a project shortfall was apparent. That is on the public record. It was problematic that the scale of the shortfall was not able to be seen at that stage. Considerable effort went into seeking additional funding before the operational phase began and funding to meet the shortfall expected at that time was successfully achieved from the Commonwealth Government.

The Manager Business and Corporate Services was also relatively new to the role and was trying to research the costing plans and funding commitments. He undertook many interviews and his own research (and continues to do so) to identify any financial vulnerabilities.

The further funding shortfall components were the result of a range of matters that required decisions as well as ones that had already been committed.

Simplistically four categories could be described:

- Continual modification of the operating plan to meet the requirements of the many permits necessary to legally undertake the eradication. It became apparent in more recent times that the cost plan that the project manager had overseen, had not been updated in parallel sufficiently. The external peer review group of eradication experts undertook reviews and this also added to the evolution of the operating plan. At the time of the decision after the 12 month delay to proceed, the Board did consider the funding shortfall as it was known then. However, as mentioned this was not the full funding shortfall as it later became apparent.
- A decision by the Board to delay the project by twelve months because of the APVMA's problem with their permit. During that time, staff costs, another 12 months of negotiation with APVMA, many changes to meet community concerns, etc added costs. A review was requested by the CEO and it was advised that the shortfall as identified to the Board was going to increase the shortfall by more than the additional Commonwealth funding achieved. This was reported but was only a relatively small percentage of the overall project cost and additional effort was undertaken and discussed with the Board of pursuing additional funds from the government and the private sector. Some private sector funding has since been achieved.
- During the project many individual issues arose that ultimately meant that any shortfall would grow. These were brought to the attention of the Steering Committee and at times the Board if they were of an amount considered to be of a scale appropriate to pause for review. There were many and these arose many times. Examples of larger amounts include weather retaining the helicopters for an extended period beyond contingencies; having to retain Taronga for much longer than anticipated to meet permit thresholds before release of birds; having to resource the call centre by 4 or more people due to community led demands for 24 hour notice and bookings; the project being the first of its kind and logistically taking longer than planned due to the complexities of a settled area; court appeal based changes to methodology; and many more. Each commitment had to be made in the moment with failure to complete or exposing the project to failure being the result of not committing. As mentioned some were communicated and others were made by the CEO with much angst.
- Despite all this, the shortfall was not known to be anywhere near its full extent until after the EFY 2019. Various commitments had been made historically without required purchase orders. POs are how you track and foreshadow future expenditure and commitments. This was devastating to learn and it took the MBCS months of work to fully expose these and to learn of more bills arriving that were not expected. This is

what escalated the known shortfall. It was a failure in process. Certainly the REP team had been overstretched for a long time addressing the many challenges, but this omission meant that the scale of shortfall was not known and a decision was not then able to be made before commencing the implementation.

Why should the over spend come from the community bank balance when our community had not authorised it?

The failure of the eradication was considered to be critical. To waste all the years or decades of work and investment by not quite completing the full eradication was unthinkable. Therefore when the bills had to be paid that were already committed, there were no other funds other than the LHIB's. However the assistance of the NSW Government has been expected and huge efforts have been expended in achieving this. This has increasingly been frustrated by the government's challenges due to bushfires and COVID. While it cannot be guaranteed, the shortfall is still expected to be met in full or in part from broader government sources.

The Chair noted an action agreed to by Board Members that the Administration prepare a public response to the question and the reply as minuted, for further clarification to the community.

The public meeting closed at 12:46pm on Wednesday 28 April 2020.

NEXT MEETING

25 May 2020 – Closed Session

26 May 2020 – Open Session

Further Board meetings for the 2020 Calendar year have been confirmed as:

7-8 September 2020

7-8 December 2020