

# LORD HOWE ISLAND BOARD



Chelsea Scott Photography

## 2016-17 ANNUAL REPORT

This is the sixty fourth report of the Lord Howe Island Board since the passing of the *Lord Howe Island Act 1953* and covers the period 1 July 2016 to 30 June 2017.

The Hon Gabrielle Upton MP  
Minister for the Environment  
52 Martin Place  
SYDNEY NSW 2000

Dear Minister

We have pleasure in submitting the 64th Annual Report of the Lord Howe Island Board for the year ended 30 June 2017 for presentation to Parliament in accordance with the *Annual Reports (Statutory Bodies) Act 1984*, the *Public Finance and Audit Act 1983*, the *Lord Howe Island Act 1953* and the Regulations under those Acts.

Yours sincerely



Barney Nichols  
Deputy Chair



Lisa Makiiti  
Elected Island Member

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# Lord Howe Island Board

This is the sixty fourth report of the Lord Howe Island Board since the passing of the *Lord Howe Island Act, 1953* and covers the period 1st July 2016 to 30th June 2017.

## 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, in particular, 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 employer.

## CORPORATE OBJECTIVES

**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

## ACCESS

The Board's principal place of business is located on Lord Howe Island. The Board can be contacted through the Chief Executive Officer at the Administration Office located in Bowker Avenue, Lord Howe Island.

MAIL: Lord Howe Island Board, PO Box 5, Lord Howe Island NSW 2898

EMAIL: [administration@lhib.nsw.gov.au](mailto:administration@lhib.nsw.gov.au)

PHONE: 02 65632066

WEBSITE: [www.lhib.nsw.gov.au](http://www.lhib.nsw.gov.au)

The Board's Administration Office is open during normal business hours - 8:30am to 4:30pm Monday to Friday.

## MANAGEMENT AND STRUCTURE

### BOARD MEMBERSHIP

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

Name	Position	Term(s)
Ms Sonja Stewart	Chairperson and Appointed Member - officer of the Department of Premier and Cabinet	27/11/15 – 26/11/18
Mr Barney Nichols	Deputy Chair and Elected Islander	13/02/09 - 12/02/12 13/02/12 - 12/02/15 13/02/15 – 12/02/18
Ms Lisa Makiiti	Elected Islander	13/02/12 - 12/02/15 13/02/15 – 12/02/18
Mrs Judith Riddle	Elected Islander	13/02/12 - 12/02/15 13/02/15 – 12/02/18
Mr Craig Wilson	Elected Islander	13/02/15 – 12/02/18
Mr John King	Appointed Member representing the interests of business and tourism	27/11/12 – 26/11/15 27/11/15 – 26/11/18
Mr Robert Pallin	Appointed Member representing the interests of conservation	27/11/12 - 26/11/15 27/11/15 – 26/11/18

Elected Islanders are elected to the Board by the resident Island community every three years. The most recent poll for elected Island members was held on 9 February 2015 with four members being declared elected by the Minister for the Environment for a period of three years from 13 February 2015.

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

- September 2016 - all Board members in attendance, Mrs J Riddle partial attendance
- November 2016 - all Board members in attendance, Mrs L Makiiti partial attendance
- March 2017 - all Board members in attendance
- May 2017 - apology Mr J King, Mr C Wilson partial attendance

The Board also held special meetings in August 2016 and April 2017.

Board meetings are generally held in public, with the exception of items relating to commercial and business affairs, staff and 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 of the meetings. The Board has a Code of Conduct for Board Members and Officials. The Code is available on the Board's website along with the Board Meeting Code of Practice.

SENIOR OFFICERS

During the reporting period the following persons held executive and senior positions within the Board's administration:

Name	Position	Qualifications
Ms Penny Holloway	Chief Executive Officer	Bachelor of Arts (Honours), Bachelor of Social Work, Graduate Diploma in Public Policy, Master of Urban Planning
Mr Bill Monks	Manager Business & Corporate Services	Master of Business Administration (Finance)
Mr Andrew Logan	Manager Infrastructure & Engineering Services	Bachelor of Engineering (Environmental)
Mr David Kelly	Manager Environment & Community Services	Bachelor of Applied Science, Master of Natural Resources
Mr James Lonergan	Manager Environment & Community Services	



## ORGANISATIONAL STRUCTURE



# Year in Review

## CHAIRPERSON'S REPORT

It gives me great pleasure to provide the Chair's report to the Lord Howe Island Board Annual Report 2016–17.

While it seems to be common practice to describe each year as busy I can honestly say that 2016-17 was a very busy year for the Board with a very wide range of activities undertaken, services provided and numerous minor and major projects undertaken.

In addition to the Board carrying out its wide range of statutory functions under The Lord Howe Island Act 1953 and the provision of other public services, the 2016 -17 financial year saw completion of and significant progress made in several major projects that will have an important and positive impact on the Island.

### **Air Services**

Significant improvements are underway at the Lord Howe Island Airport, with demolition of the old out-dated terminal building and construction commencing for the new architect-designed terminal building. The \$2.5 million terminal building upgrade has been made possible with \$1.8 million in funding through Restart NSW, supplemented with funds from the Board's capital budget.

The airport terminal building upgrade will provide improved functionality, security, customer service and facilities. It will provide a much improved visitor experience influencing the first and last impressions of an iconic holiday destination.

Restart NSW funding of \$450,000 was also received to undertake a comprehensive feasibility study of an extension to the Airport runway.

Representatives of the Board and QantasLink met several times during the year as work continued to ensure the Island will have a viable airline service after the current five year licence period expires in March 2018.

Transport for NSW, which has responsibility for awarding the licence for air passenger services, advertised for expressions of interest from suitable carriers at the end of June 2017.

### **Rodent Eradication Project**

Significant progress was made in the planning and approvals stage of rodent eradication program. Key approvals received during the year included a licence and consent from the Department of Primary Industries, Fisheries and Marine Parks and a permit to import the bait from the Department of Agriculture and Water Resources.

At the end of the financial year the applications to the Australian Pesticide and Veterinary Medicine Authority in relation to the use of the proposed pesticide and to the Federal Department of the

Environment for consideration of the project under the Environment Protection and Biodiversity Conservation Act 1999 were still being assessed.

The NSW Chief Scientist and Engineer oversaw the completion by external consultants of an independent Human Health Risk Assessment for the project.

Because of delays in some of the approval processes, the decision by the Board as to whether the eradication project would be implemented or not was deferred to the 2017/2018 financial year.

### **Renewable Energy Project**

In relation to the hybrid renewable energy project, the Lord Howe Island Board provided development consent for the wind turbine component with a number of deferred commencement conditions.

Tenders for the construction of the solar and battery storage component and the construction of a road to the renewable energy site were advertised and evaluated and the road construction contract was approved.

However the decision by the Federal Minister for the Environment and Energy that the wind turbine component is not acceptable because of visual impact on World heritage values, has meant that this component of the hybrid renewable energy project cannot proceed.

The funding body, the Australian Renewable Energy Agency, has indicated that, without the wind turbine component, the requirements of funding agreement cannot be met. Work is now being undertaken on a number of alternative project proposals, including more extensive solar, which might lead to approval of a variation of the funding agreement.

In the meantime the renewable energy project is on hold.

### **Environmental Programs**

The Board adopted the revised Weed Management Strategy 2016, which continues a 30-year program of weed management and eradication to protect the Island's unique ecosystems and World Heritage values from threats posed by invasive weeds.

The Walking Track Strategy 2017 was completed and adopted by the Board. This strategy outlines a wide range of improvements to ensure that the walking track network on the island is world-class. Within this context, major work was undertaken on the Mutton Bird Point Track enabling it to be re-opened to the public.

A successful research expedition was undertaken by the Australian Museum which included a survey of Balls Pyramid for the Lord Howe Island phasmid.

### **Waste Management Facility**

The Board has taken the approach of continuous improvement at the Waste Management Facility, with upgrades to the facility being undertaken as funds have been available.

Management of food waste through on-site composting has remained a priority. The replacement of the old vertical composting unit with a state of the art Hotrot composting unit was substantially completed. The new unit will compost food waste, chipped green waste and shredded paper and cardboard and

produce no odour or leachate. The aim is to make the surplus composted material available to the Island community for reuse at no charge.

The Board operates the facility on a cost recovery basis and in 2016/17 when costs and revenue reached equilibrium, there was no increase in waste charges for the community.

### **Environment Protection works**

Environment protection works to address accelerating erosion on Lagoon Beach were completed at Settlement Beach and Cobby's Corner. Further works at Windy Point up to and including the Pinetrees Boatshed were also undertaken.

### **Financial Management**

Work on a sustainable long-term financial plan with NSW Government was successful with capital funding being allocated on a recurrent basis at the end of 2016/2017.

In concluding this report I would like to thank Chief Executive Officer, Penny Holloway, and the entire Board staff for their work and commitment during the year. The significant progress that was made, as outlined above, could not have been achieved without their invaluable contribution.

I would also like to thank Deputy Chair, Barney Nichols, elected Board members, Lisa Makiiti, Judy Riddle and Craig Wilson and appointed Board members John King and Rob Pallin, for their excellent contribution and support during the year. My special thanks to community members who attend our Board meetings and share your views with us – such an important part of the Board's decision making process.

I look forward to a challenging and exciting year ahead.



Sonja Stewart  
Chair

## MANAGEMENT AND ACTIVITIES

### CORPORATE AND OPERATIONAL PLANS

The Corporate Plan sets out the framework for the Board to continue delivering quality outcomes for the Island community and its many visitors. The Corporate Plan is a strategic document that identifies priority issues for the Island, outcomes proposed to address the priority issues and the strategies to achieve those outcomes.

Each financial year the Board prepares an Operational Plan which outlines specific outputs, activities and measures that are in response to the Corporate Plan's direction. The Board's adopted budget is consistent with its annual Operational Plan.

At the end of each financial year the Board's overall performance against the Operational Plan and success to date in addressing the outcomes of the Corporate Plan are reported to the community through the Annual Report.

The strategies and outcomes within the Corporate Plan are based on the following strategic directions:

- EFFECTIVE GOVERNANCE AND LEADERSHIP
- STRONG AND SUSTAINABLE ECONOMY
- SOUND INFRASTRUCTURE AND SERVICES
- OUTSTANDING ENVIRONMENT
- RESPONSIBLE LAND MANAGEMENT
- STRONG AND ENGAGED COMMUNITY

## **STRATEGIC DIRECTION – EFFECTIVE GOVERNANCE AND LEADERSHIP**

### **TO ENSURE THE PROVISION OF EFFECTIVE GOVERNANCE AND COMMUNITY LEADERSHIP FOR THE ISLAND.**

#### **STRATEGY - ENSURE ACCOUNTABILITY, FAIRNESS AND TRANSPARENCY IN THE BOARD'S DECISION-MAKING AND RELATIONSHIPS WITH ALL ITS STAKEHOLDERS**

Scheduled Board meetings are held four times per year, with additional special meetings held as required. Agenda items are discussed and considered in open session (i.e. open to the public), with the exception of items relating to commercial-in-confidence and business affairs, personnel issues, legal matters and items affecting the private affairs of individuals. Open session papers are made available to the public prior to Board meetings via the Board's website. Minutes of Board meetings are also made available via the Board's website.

The Board has adopted a Code of Conduct, which incorporates all of the mandatory provisions of the Model Code issued by the Office of Local Government. The Code of Conduct applies only to "Board officials", that is, Board members, Board committee members, conduct reviewers and delegates of Board.

Board staff are employed under Part 4 of the Government Sector Employment Act 2013 to enable to Board to exercise its functions. Therefore the Code of Ethics and Conduct for NSW government sector employees applies to Board staff.

#### **Delegated Authority**

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 pollution incidents in regard to matters for which it is the ARA. To allow for the efficient administration of the POEO on Lord Howe Island, in February 2011 the Minister authorised the Chief Executive Officer of the Board 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.

#### **Budget Process**

The financial year 2016/17 budget was developed in concert with the Corporate Plan 2016-2019, the Operations Plan 2016/17 and the Schedule of Fees and Charges for 2016/17.

The Board reviews the Annual Budget on a quarterly basis, endorsing amendments to the Budget as appropriate. This becomes necessary, for example, where the Board is successful in receiving additional external grant funds, or where savings are identified in the Expenditure Budget.

An External Audit of the 2016/17 end of year accounts was conducted by the Audit Office of New South Wales. The audit was designed to obtain reasonable assurance the financial statements are free from

material misstatements. The audit did not detect any significant matters that require reporting in the Statutory Audit Report. The Audit opinion is included on page 51 of this Report.

### **Organisational Structure**

The Board's organisational structure is reviewed annually to ensure that it efficiently and effectively provides appropriate resources to allow the Board to undertake its charter and provide a range of services to the community.

### **STRATEGY - ENSURE CORPORATE GOVERNANCE PRACTICES MEET LEGISLATIVE REQUIREMENTS**

The Board has policies and procedures in place to ensure that all legislative requirements are met, and that good corporate governance practices are implemented. The Board proactively contributes to any reviews of legislation or guidelines.

In March 2014 The Hon. Ken Handley AO QC was commissioned by the NSW Government to conduct a comprehensive review of the current land allocation and tenure arrangements on Lord Howe Island. The Terms of Reference identify four key areas for consideration:

- Forms of tenure,
- Land allocation methods,
- Strategies to increase land and housing supply, and
- Economic sustainability.

The Handley report was released for comment on the Island in October 2016 together with the Preliminary Government Response to the recommendations of the Review. Members of the Island community were invited to provide written feedback on the Preliminary Government Response. The Preliminary Government Response and feedback received is currently under consideration by Government.

Work on the two stage review process of the LHI Local Environmental Plan 2010 (LEP) commenced in 2016 has continued during the reporting period.

The phase 1 planning proposal, which seeks to make a number of known and more straightforward amendments to the plan, has been forwarded to the Department of Planning and is currently subject of discussions in order to seek a Gateway determination from the Minister for Planning in accordance with Section 56 of the Environmental Planning & Assessment Act, 1979.

The longer second stage of the review to address the potential for more fundamental changes to the planning controls such as restrictions on the number of dwellings, tourist accommodation, Handley Review recommendations amongst other issues had yet to commence as at reporting date.

At the time of writing this Report it is not known when the Government's response to the recommendations of the Handley review will be made public.

### **Audit and Risk Committee**

An Audit and Risk Committee (ARC) is required in order to meet the requirements of NSW Treasury's Policy TPP 15-03 Internal Audit and Risk Management Policy for the NSW Public Sector.

The Department of Planning and Environment's (DPE) ARC provides risk management services to the Board, thus minimising the administration, financial costs and resource implications associated with an ARC. The ARC convenes at least four times per year.

### **Advice to Government**

The Board provides relevant and timely advice to Government on matters affecting the management of the island. Briefings and submissions as required are prepared for the Minister for the Environment, DPE, NSW Treasury and the Office of Local Government.

### **STRATEGY - WORK TO ACHIEVE LONG TERM FINANCIAL SUSTAINABILITY**

In 2013 the Board engaged PricewaterhouseCoopers (PwC) to comprehensively assess the financial position of the Board and identify and evaluate options to move to a more sustainable revenue base.

The review assessed the current financial position of the Board, including a review of how that position would change over time if the then current expenditure and revenue raising options were held in place. The review concluded that the Board generated just enough revenue (including annual recurrent funding from NSW Treasury) to meet ongoing cash operating expenses, but had very limited ability to fund its capital program.

In the 2017/18 Budget the Board was allocated, for the first time, an ongoing capital allocation of just over \$1 million per annum. The Board can now implement its Total Asset Management plan, valued at \$10.28 million over the next 10 years. Moreover, the Board's capital program can be rolled out at no cost to the community.

### **Fees and Charges**

The Board has a comprehensive schedule of fees and charges, which is updated annually during the budget process. A market-based approach is implemented for all of the Board's revenue raising activities.

The Board's Pricing Policy incorporates six classifications of fees and charges:

- Statutory charge: A statute dictates the amount to be charged.
- Zero cost recovery: Where there is significant community benefit and the services would not be provided if other principles were used to fund them.
- Partial cost recovery: Where the imposition of a fee or charge to recover full cost may result in widespread evasion, and where a service is subsidised to stimulate demand for activities with economic or social benefits.
- Full cost recovery: Where the fee or charge is calculated based on the full recovery of costs.
- Commercial business activity: Goods and services provided are of a commercial nature and pricing is based on commercial principles.
- Demand management: Fees and charges are greater than the direct cost of providing the service so as to become a disincentive for their use.

Formal lease agreements are in place for commercial premises owned by the Board. Independent valuations of all leased premises, both commercial and residential, are carried out every three years.



## STRATEGY - ENSURE RISKS ARE PROPERLY MANAGED

The Board's Risk Management Policy and Guidelines, and subordinate risk management-related policies and procedures, help ensure that risk is managed systematically, effectively and efficiently. The Board's risk management policies and procedures are based on the Australia New Zealand Risk Management Standard.

A central Register to record identified risks and actions taken to mitigate the risk has been developed, and is presented to the Board annually for review and comment. The Register classifies risk for all categories specified within the Risk Management Policy.

Risk Treatment Plans are developed to manage risk impacts. These are tabled at monthly management meetings.

A Workforce Plan has been developed in order to ensure business continuity in the event of staffing disruptions, such as the resignation of key staff members at short notice.

## STRATEGY - PROVIDE INTERNAL IT AND COMMUNICATIONS SYSTEMS WHICH ARE SECURE, STABLE AND SUPPORT BUSINESS OPERATIONS

The Board owns and manages its own satellite-based internet service. Consequently the Board is not reliant on external service providers. The service is very reliable.

The Board's Information & Communications Technology hardware and software support the delivery of corporate services, and has a record of greater than 99 per cent uptime during business hours.

## STRATEGY - PROVIDE EFFICIENT AND EFFECTIVE RECORDS MANAGEMENT AND INFORMATION MANAGEMENT

In the 2016/17 financial year the Records Manager 8 (RM8) electronic records management system was introduced. RM8 is a compliant Electronic Document and Records Management System and can be used to manage both electronic and hardcopy records. RM8 integrates with MS Office and Outlook to facilitate the storage and retrieval of emails, Word, Excel, Powerpoint and Project documents, as well as many other file formats, including JPEG, PDF and TIFF.

The introduction of RM8 has necessitated comprehensive training of many members of staff. It has also required changes to records management and ICT policies and procedures.

## STRATEGY - ENSURE EFFECTIVE MANAGEMENT OF HUMAN RESOURCES

Attracting, developing and retaining an effective workforce present ongoing challenges for the Board. With an average permanent population of about 350 people and a paucity of qualified or skilled local job seekers, training plays a key role in developing an effective work force and contributing to job satisfaction. This, in turn, assists in staff retention.

Many specialised skills are not available locally. Therefore the Board has developed relationships with several external organisations for the provision of specialist services. For example, the Board has a Memorandum of Understanding (MOU) with Port Macquarie Hastings Council (PMHC). The establishment of such an alliance has enabled the Board to access the extensive resources and expertise of PMHC and more efficiently manage variable workloads on the island. Under the MOU the Board is

able to access PMHC specialist staff in the fields of building inspection and compliance, health compliance and waste management.

### **Workplace Health and Safety**

In view of the remoteness of Lord Howe Island and the limited medical facilities available locally, very close attention is paid to Workplace Health and Safety (WHS) in order to ensure the health, safety and welfare of employees. The WHS Management Plan is reviewed annually to ensure that it reflects best practice. Injuries and incidents are regularly reviewed and plans developed to minimise similar future occurrences. Comprehensive training is provided as required, often with the assistance of specialist trainers from the mainland.

The Board maintains a comprehensive Risk Register. Risks are assessed, rated and evaluated. Risk Treatment Plans are prepared for all risks rated Very High or High, and reviewed regularly.

### **Work and Development Plans**

All staff have an annual Work and Development Plan. The Plan provides a framework to support individual development and organisational performance. More specifically, the purpose of the Plan is to:

- Enable alignment between the strategic direction of the Board and the work undertaken by staff,
- Be clear on what is expected of staff and assist with their development ,
- Provide a means of evaluating achievement and improving performance,
- Provide a way of aligning staff behaviours with the Board's values, and
- Facilitate ongoing regular two way communication between a staff member and his or her supervisor.

Meetings between the staff member and his or her supervisor are held biannually.

### **Workforce Planning**

A Workforce Plan, which incorporates a succession planning component, has been completed. The Board's Workforce Planning process is designed to match workforce requirements with organisational objectives, now and into the future. It provides the Board with direction and helps identify future desired workforce structure and composition. The Plan aims to have the right people in the right place at the right time, taking into account Lord Howe Island's remote location.

The Workforce Plan takes account of the constraints in which the Board operates and contributes to the attraction, retention and development of a capable workforce that delivers the Board's strategies and ensures adequate and appropriately skilled staff employed in the most effective and sustainable way.

The Workforce Plan encapsulates existing workforce policies and procedures and underpins the Board's ability to deliver its Corporate Plan objectives.

### **Organisational Structure**

The Board's organisational structure provides the framework around which the Board is organised. The structure is aligned to strategic priorities and legislative requirements with a view to efficient and effective service delivery. The best structure for any organisation depends upon who its members are, what the

setting is, and how far the organisation has come in its development. Three elements are inherent in the organisational structure:

- Governance,
- Rules by which the Board operates, and
- A distribution of work.

A review of efficiency, which includes an appraisal of the Board's organisational structure, is undertaken annually.

## STRATEGY - PROVIDE TIMELY AND PROACTIVE COMMUNICATION TO ALL STAKEHOLDERS

### **Effective Communication and Consultation**

During the reporting period the Board published and distributed Community Information Bulletins and Householder notices in order to provide information to the community on current issues and Board projects. The Chief Executive Officer (CEO) also contributed regularly to the local newspaper, the Signal. The Board continued to provide a wide variety of information via its website, [www.lhib.nsw.gov.au](http://www.lhib.nsw.gov.au)

Members of the community have the opportunity to raise issues with the elected Board members, who meet fortnightly with the CEO to discuss local issues. Furthermore, issues may also be raised with the CEO or relevant staff members.

Community input to the decision-making process was evidenced by the following:

- The Sustainable Energy Working Group,
- The Boat Launch and Retrieval Working Group,
- The Coastal Hazards Study Steering Committee, and
- The Rodent Eradication Project Community Working Group.

Community information sessions were held during the reporting period in relation to the Rodent Eradication Project, Sustainable Energy Project and the Weed Eradication Program.

A Communication and Community Engagement Strategy is currently under development based on the outcomes of a comprehensive Communication and Community Engagement Survey. The Board is being assisted in this by the Department of Planning and Environment.

## STRATEGY – ENSURE HIGH STANDARDS OF CUSTOMER SERVICE

### **Customer Service Improvement Plan**

The Board is committed to improving customer service. The Board aims to design and deliver flexible, innovative and reliable services which meet and exceed customer expectations.

Work has commenced on the development and implementation of a Customer Service Improvement Plan. The Plan incorporates employee training to educate staff about best practices in customer service and alterations to customer processes and operating procedures.

### **Service Levels**

The Board strives to provide services efficiently and effectively at the appropriate service level. Steps are being taken to improve community access to information and enhance the effectiveness of employees.

## **STRATEGIC DIRECTION: STRONG AND SUSTAINABLE ECONOMY**

### **TO SUPPORT THE DEVELOPMENT OF A STRONG AND SUSTAINABLE ECONOMY FOR THE ISLAND**

#### **STRATEGY-MARKET THE ISLAND AS A TOURIST DESTINATION**

Under the Lord Howe Island Act, 1953 the Board's charter includes promoting the island as a tourist destination. This is achieved by working in harness with the Lord Howe Island Tourism Association. The Association represents all tourism related businesses on the island. It is managed by a Committee comprised of seven elected members and two appointed members: the CEO of the Board and a QantasLink representative.

The Board contributes in excess of \$110,000 annually directly to the Tourism Association for promotional activities. With contributions from member organisations and Destination NSW, the Association's total budget is about \$250,000 annually.

The Board's major contribution to the marketing mix is the maintenance and enhancement of the island's primary tourism product, the Permanent Park Preserve, with annual expenditure in excess of \$900,000. The Board also maintains and enhances the sustainable tourism product through the provision of infrastructure, engineering and environmental services.

The Board also provides significant in-kind support to the Tourism Association, such as the provision of office space and internet access.

The island's Destination Management Plan is developed jointly between the Tourism Association, Destination NSW and the Board. It is a business plan for building and managing the visitor economy for the island. The Plan captures and presents the information, learnings and actions identified through the Destination Management processes. It facilitates the sharing of information with stakeholders so that they can use it as a guide to manage and invest in the island's economy.

#### **STRATEGY - FOSTER AN ENVIRONMENT THAT SUPPORTS SUSTAINABLE ECONOMIC DEVELOPMENT**

The Lord Howe Island Regulation 2014 requires that a person must not provide tourist accommodation or carry on any other commercial undertaking on the island except in accordance with a licence granted by the Board for that purpose. Furthermore, all businesses on Lord Howe Island are required to operate in accordance with all the requirements of the NSW Department of Fair Trading for each business type, and comply with all statutory and regulatory requirements. Businesses that have a high risk of serious injury to people and/or high risk of serious damage to the environment must satisfy additional conditions imposed by the Board.

The Board supports sustainable economic development primarily through the provision of supporting infrastructure. The Board manages and maintains the airport, wharf, buildings, roads and other infrastructure. It also maintains the Settlement area and the Permanent Park Preserve. Over the next 10 years capital expenditure of over \$10 million is planned.

In recent years the Board has been successful in obtaining grants for both operational and capital purposes. About 75 per cent of the Board's funding comes from both recurrent and on-off grants from the NSW Government, and one-off grants from the Australian Government for specific purposes or projects. Consequently only about 25 per cent of the costs of services delivered by the Board are borne by local residents and businesses, thereby facilitating investment in sustainable development.

The Board strives to incorporate the principles of a "triple bottom line" in all development and community activity. The triple bottom line approach adopted by the Board focuses attention not just on the creation of economic value, but also on environmental and social value. It is used to capture the whole set of values, issues and processes that the Board must address in order to minimise any harm resulting from its activities and to create economic, social and environmental value. This involves articulating the Board's purpose and taking into consideration the needs of all the Board's stakeholders – the local community, customers, employees, business partners, the NSW Government and the Australian Government.

### **Plant Nursery**

A private company, Kentia Fresh Pty Ltd, holds a long term lease on the former Kentia palm nursery. The company is implementing a two stage approach, with the following activities in Stage One:

- Production and sale of Kentia palm seedlings,
- Vegetable and fruit production,
- Native plant production for local sale and Board revegetation initiatives,
- Limited tourism activities, including tours of the Kentia nursery, and
- Feasibility studies regarding future tourism initiatives.

Stage One has been largely implemented.

In Stage Two the company will develop and implement the feasible tourism initiatives identified in Stage One.

The Board is very supportive of the nursery development. Board staff meet regularly with the lessees to develop cooperative plans.

### **STRATEGY-EFFECTIVELY MANAGE THE BOARD'S BUSINESS ENTERPRISES**

In accordance with the Lord Howe Island Regulation 2014, the Board has a monopoly on the wholesaling of liquor on the island. Liquor is sold through retailers and other commercial operators, such as restaurants, as well as directly to the public at the Board's retail Liquor Store. In the financial year the Liquor Store generated a profit of \$338,000 on sales of \$1.74 million.

The Board owns and operates the island's airport, wharf and associated facilities.

A per passenger landing fee paid by QantasLink covers the operational and capital costs associated with the operation and maintenance of the airport. A per passenger environmental levy, also collected by QantasLink on the Board's behalf, contributes to the costs associated with the maintenance and enhancement of the Permanent Park Preserve.

A fee is applied to goods received at the island's wharf on a weight or volume basis. Charges are also applied for use of the wharf facilities by the crew of visiting yachts.

#### STRATEGY - EFFECTIVELY MANAGE THE BOARD'S COMMERCIAL LEASES

Formal lease agreements are in place for commercial premises owned by the Board. Valuations of all leased premises are determined by a qualified valuer every three years. Lease fees are adjusted annually between valuations to reflect changes in the consumer price index.

#### STRATEGY - TAKE ACTION TO ENSURE APPROPRIATE AND ADEQUATE SERVICING OF THE ISLAND BY A MAJOR AIRLINE

A regular, reliable air service of sufficient scale to satisfy demand on the Lord Howe Island route from Sydney is fundamental to the economic viability of the island and community well-being.

In New South Wales there are 14 regulated air routes on which airlines, following a competitive Expression of Interest process, are granted exclusive access by the NSW Government. Regulated routes are generally those routes linked to Sydney Airport which have fewer than 50,000 passengers annually. The purpose of the exclusive access is to maximise the volume of passengers carried by the airline, thereby contributing to its commercial viability. The route from Sydney to Lord Howe Island is a one such route.

The Lord Howe Island route licence, currently held by QantasLink, expires in March 2018. Although QantasLink have provided assurances that it wishes to service the island beyond March 2018, continuation of the QantasLink service is not guaranteed. In view of this the Board is working closely with QantasLink and Transport for NSW to understand all the issues and do all it reasonably can to ensure an airline service beyond March 2018.

The Board is developing, in conjunction with Destination NSW, Transport for NSW and Infrastructure NSW a strategy for the possible extension of the runway in order to accommodate larger aircraft than the Dash 8 (200) currently used by QantasLink.

Funding of \$450,000 for a major study into the feasibility of extending the runway has been received. A Request for Tender has been issued.

In financial year 2015/16 the Board was successful in sourcing a \$1.8 million grant from the Restart New South Wales, Regional Airport Infrastructure Grants Fund. This funding is currently being applied to rebuild and upgrade the airport terminal building. The upgrade will include a larger area for passengers and visitors, new and improved toilet facilities, an improved and enlarged refreshment area, a covered baggage collection area and biosecurity facilities. The traditional look and feel of the building will be retained. The building has been designed to be:

- Flexible, to allow changes in use of the building and tenants,
- Easily expandable, so that if an aircraft with larger capacity should ever fly the route consistently, the building could be expanded to accommodate the additional passengers, and
- Provide a gateway experience which doesn't detract from the views of the mountains.

## **STRATEGIC DIRECTION – SOUND INFRASTRUCTURE**

### **TO DEVELOP AND MANAGE THE ISLAND'S PUBLIC ASSETS AND INFRASTRUCTURE AND ENSURE THE PROVISION OF EFFECTIVE SERVICES TO THE ISLAND COMMUNITY AND VISITORS**

#### **STRATEGY – PROVIDE SOUND ASSET MANAGEMENT**

The Board's key tool in asset management is the Total Asset Management Plan (TAM Plan) which is reviewed and implemented annually.

Under the Restart NSW - Regional Tourism Infrastructure Program, the Board was successful in receiving \$1.8 million of funding for the upgrading of the airport terminal building. The Board has also committed \$580,000 to the project from its capital budget. The progress has been rapid towards meeting the ambitious 2017 construction program with works construction starting in June.

The Board took delivery of a replacement grader and utility during the year as part of the asset management plant replacement program. This will not only allow specific tasks to be completed but it will also reduce failures when using the plant with reliable equipment.

#### **STRATEGY - MAINTAIN RECREATIONAL FACILITIES FOR VISITOR AND COMMUNITY USE**

A significant amount of time is allocated to maintaining the Board's recreational assets in the settlement area including BBQ and picnic areas, and the playground. Electrical BBQs were installed at the playground and a treated water supply system is being installed at North Bay.

Improvements and maintenance were carried out to Ned's beach shed precinct, including temporary interpretative signs by Marina Parks with new warning signs to come.

#### **STRATEGY - OPERATE AERODROME SAFELY FOR REGULAR PASSENGER TRANSPORT (RPT) SERVICES, MEDICAL EVACUATIONS AND GENERAL AVIATION**

Despite the small number of aircraft movements, the Aerodrome continues to demonstrate its importance to the Island's economy and community through the attention it receives.

The Board takes its responsibilities in Aerodrome management seriously, demonstrated through achievement of ongoing compliance with CASA rules, updating of the Aerodrome Manual and further work on mitigating risks at the aerodrome, including bird hazards with strategies to minimise the risk of bird strike implemented. Bird harassment efforts were increased early December through to January following a number of bird strikes.

#### **STRATEGY- MAINTAIN ROAD NETWORK IN GOOD CONDITION FOR ALL ROAD USERS**

The Island's road network plays an important role in the tourist experience, with bicycle riding and pedestrians, representing the major forms of transport for most visitors around the Island. The focus of road maintenance is to ensure that the major risks to road users are managed as well as possible, given the less than optimum nature of road construction and drainage around the network.



The Board responds to requests for repairs and improvements within its normal maintenance schedule. The new grader will enhance the Boards capability and reduce maintenance times.

Major improvement works on the road network were postponed this year as an off island contractor has been engaged to undertake these works in conjunction with the Solar Roads program as part of the Renewable Energy Project.

#### STRATEGY - MAINTAIN WHARF TO SERVE SHIPPING CONTRACTOR, CHARTER OPERATORS AND VISITING BOATS

The wharf is another essential piece of infrastructure for the Island. The wharf has been continuously available throughout the year. A condition assessment was undertaken in December 2016. The wharf continues to service a variety of users including the regular freight service from Port Macquarie, charter boat operators, fishing and other recreational users.

#### STRATEGY - MAINTAIN BOARD BUILDING AND PROPERTY ASSETS

The Board has responsibility for a large portfolio of building assets including eight residences and more than fifteen other separate buildings.

The TAM Plan continues to drive the maintenance of the Board's building assets. The annual audit of these assets by Board staff provides the necessary information to plan future maintenance. The old electrical workshop roof and guttering has been replaced to extend the life of the asset.

Agreement has been reached with NSW Department of Health which have provided funding for both a garage and morgue facility to be constructed at the hospital.

#### STRATEGY - PROVIDE FACILITIES IN CONJUNCTION WITH ROADS AND MARITIME SERVICES FOR ALL ISLAND BOAT USERS TO SAFELY AND EFFICIENTLY LAUNCH, RETRIEVE AND MAINTAIN BOATS IN AN ENVIRONMENTALLY SOUND MANNER

For several years, the Board has been working with the boating community and wider community on a solution for the slipping of larger vessels on the Island for maintenance and survey inspections. The final project design is expected by the end of the year.

Funding has previously been secured from Transport for NSW to undertake further design development on a slipway solution at the Waste Management Facility. This work continued during 2016/17 getting development consent in late 2016. Further work and design was undertaken in early 2017.

#### STRATEGY - PROVIDE RELIABLE AND EFFICIENT ELECTRICITY SUPPLY

The provision of a reliable and efficient electricity supply continues to be well managed for a distribution system which is aging. Two outages were experienced at the Powerhouse due to the day tank float switch failure and shunt trip failure in a generator circuit breaker

A significant amount of work has been undertaken on planning and design for the Island's renewable energy project. The wind turbine part of the project was not approved by the Federal Minister for Environment and Energy. With grant funding from the Australian Renewable Energy Agency and a loan from NSW Treasury already in place the Board is currently awaiting advice from ARENA on the possibility of a number of alternatives to be included in the project.

STRATEGY - PROVIDE EFFICIENT AND ENVIRONMENTALLY SUSTAINABLE WASTE AND RECYCLING MANAGEMENT SERVICES

The management of waste and recycling on the Island continues to be a positive and proud achievement. The construction of a new composting system has been completed with it being commissioned in July 2017. Sale of compost to the community is dependent on an EPA compost exemption order being granted.

The Board maintains compliance with its EPA licence for the Waste Management Facility to the best of its ability. Monitoring indicates there are no significant environmental impacts from the ongoing operation of the facility.

## STRATEGIC DIRECTION – OUTSTANDING ENVIRONMENT

### TO MANAGE, PROTECT, RESTORE, ENHANCE AND CONSERVE THE ISLAND'S ENVIRONMENT

#### STRATEGY – PROTECT AND MANAGE THE ENVIRONMENT IN A MANNER THAT RECOGNISES AND PROMOTES THE WORLD HERITAGE VALUES OF THE ISLAND

The Lord Howe Island Group (LHIG) was inscribed on the World Heritage List in 1982 under the United Nations World Heritage Convention in recognition of its superlative natural landscapes and scenery and its rich terrestrial and marine biodiversity as an outstanding example of an island ecosystem developed from submarine volcanic activity. These values are protected and managed by the Board in conjunction with Commonwealth and NSW Governments through various complementary pieces of legislation and planning instruments, statutory plans of management, various other plans and policies and community education and engagement.

Seventy-five percent of the main island and all of the outlying islands are protected for conservation purposes as a Permanent Park Preserve under the Lord Howe Island Act 1953. The LHI Regulation 2014 gives effect to the LHI Act 1953 and the LHI Local Environmental Plan (LEP) 2010 provides statutory planning regulations that further protect and maintain these values within the settlement area.

The Board implements a broad range of environmental projects in accordance with the LHI Biodiversity Management Plan 2007, the Permanent Park Preserve Plan of Management 2009, the Strategic Plan for Management of the World Heritage Property 2010 which are implemented with assistance and through external grants from State and Commonwealth governments.

Through the LHI LEP 2010 and other relevant environmental legislation, policies and procedures, the Board assess development applications and activities in order to protect landscape, biodiversity and scenic values and features.

#### **Protect threatened species, populations and ecological communities, and their habitats through implementation of LHI Biodiversity Management Plan 2007.**

Lord Howe Island is well-known as a biodiversity hotspot to Islanders and visitors alike. Its unique ecosystems are home to over 2000 native species, half of which are found nowhere else in the world. Protecting this extraordinary biodiversity is an essential and challenging part of managing Lord Howe Island.

To assist with protecting Lord Howe Island's biodiversity, the NSW Office of Environment and Heritage, in consultation with the Lord Howe Island Board and community, prepared the Lord Howe Island Biodiversity Management Plan (LHI BMP) in 2007. This multi-species recovery plan was developed to manage and reduce threats to over 330 of Lord Howe's most significant plants, animals and ecosystems. It is a cost-effective approach that focusses actions in areas where they have the greatest biodiversity benefit, such that a single action (e.g. weed removal) will benefit many species. The plan set out priorities to conserve and recover biodiversity across the island over a ten year period.

Since the adoption of the plan, the Board has received significant external funding to implement biodiversity recovery programs based on actions identified in the LHI BMP. Of the 200 actions listed in the plan, 80% have been implemented, reducing the risk of extinction to a vast array of species and

habitats, with many actions still underway or being planned. The weed eradication program is an excellent example of such work, and its success has attracted widespread attention.

**Contribute to World Heritage Area conservation by being a member of the Australian World Heritage Advisory Committee (AWHAC).**

The Board's CEO and MEWH contribute to World Heritage Area conservation by participating in Australian World Heritage Advisory Committee (AWHAC) meetings. The MEWH provides progress reports to the Commonwealth on projects relevant to the protection and restoration of the LHI World Heritage Property.

**Implement strategy for the control and spread of Phytophthora including treatment at known sites and hygiene protocols.**

Boot scrub stations have been established at all track heads into the PPP, at Board facilities and at several lodges to help reduce the potential for spread of plant diseases and pathogens. The only known location of *Phytophthora cinnamomi* has been quarantined and is treated quarterly, aiming to eradicate this pathogen from the island. Soil samples taken downslope of this infestation detected a different species of Phytophthora (*Phytophthora multivora*), which is treated coincident with the infestation of *Phytophthora cinnamomi*. Ongoing monitoring is undertaken. To increase awareness of plant pathogens a brochure has been distributed regarding control for Phytophthora and Myrtle Rust and this information is also available on the Boards website with key messages included in a smart-device based user guide and quarantine signage.

**STRATEGY - WORK TO PREVENT THE INTRODUCTION OF EXOTIC PESTS AND PATHOGENS AND TO ERADICATE EXOTIC PESTS FROM THE ISLAND**

**Finalise LHI Biosecurity Strategy and implement biosecurity measures to protect against the introduction of exotic pests and pathogens to the Island.**

Significant impacts to LHI environmental and economic values have occurred through the entry and establishment of a range of pests, weeds and diseases. The introduction, establishment and spread of new pests, weeds and diseases constitute a major ongoing threat to the biodiversity and ecosystem processes on LHI and the economy and health of the Island and its residents.

In order to further protect the Island's outstanding values and the economy and health and safety of the community, the Board has adopted the Lord Howe Island Biosecurity Strategy 2016. The Strategy will ensure that:

- The biodiversity and natural values of LHI, the economies those values support and the health and safety of the community are provided an Appropriate Level of Protection from biosecurity risks in the least trade restrictive manner, whilst also delivering a high level of sanitary and phytosanitary protection aimed at reducing risks to a very low level.
- Contemporary biosecurity guiding principles and legislative reforms are considered and met.
- Stakeholder views are considered.
- Success and challenges from implementation of the Strategy and from other case studies are recognised and lessons learnt are incorporated into through on-going revision of the Strategy.

- Recommended actions have realistic cost and resource estimates and are prioritised on a risk management basis.

The Board continues its program to eradicate the African Big-headed Ant (ABhA) from Lord Howe Island. No African Big-headed Ants were detected on Lord Howe during the past year. The Board will undertake surveys of previously infested areas during the 2017 summer months to determine whether ABhA can be declared eradicated from the Island.

### **Implement the LHI Weed Management Program**

The LHI Weed Management Strategy 2016 – 2025 was adopted at the November 2016 Board meeting. The strategy outlines a 10 year program to guide weed management on LHI starting with a five year investment plan. The strategy provides three management goals: Exclude (prevent new weeds), Eradicate (eliminate spread of invasive weeds), Manage Effectively (reduce impact of wide spread and non-eradicate weeds) and Build Capacity (ensure the LHI Board and community have capacity, commitment to manage weeds and promote the benefits in protecting the islands ecosystems from weeds).

A round of noxious weed inspections was undertaken throughout the settlement area visiting 80 properties with support from leaseholders.

Two helicopter programs took place with helicopter lance spraying and winching to accelerate weed search in remote terrain.

Work continues in weed search across the Permanent Park Preserve with teams on ground. The following outcomes were achieved:

Weed statistics:

- Area searched: 495 hectares
- Hours of search effort: 16,774 hours
- Weeds (seeding & juvenile) removed: 76,919 plants
- Weed (mature) removed: 7,494 plants
- Cumulative area covered by weeds (average of 0.25m<sup>2</sup> per plant) treated: 2.31 hectares

Grant funding:

- North Coast Local Land Services : \$290,000
- NSW Environmental Trust: \$83,480
- Saving Our Species: \$357,150
- NSW Weeds Action Plan (WAP): \$5,678
- Total grant funding: \$736,308

### **Undertake Planning and Approvals stage of Rodent Eradication Program**

During the 2016/2017 financial year, the focus of the Rodent Eradication Project (REP) was on Stage 2 planning and approvals, including:

- Staffing and resourcing: Detailed workforce structure planning which outlined project staff resources required, key role descriptions and timing of engagement was developed.
- Community consultation: A community working group consisting of community members with differing views has met monthly during the year. One on one engagement with almost all community members has continued during detailed planning on individual properties. Cattle evaluations were undertaken.
- Island Clean-up: An Island-wide community clean-up was completed removing over 400 tonnes of hard waste (which harbours rodents) from the island to increase chances of eradication success.
- Human Health Risk Assessment (HHRA): The NSW Office of the Chief Scientist and Engineer (OCSE) was engaged to oversee an additional HHRA for the project. The OCSE developed terms of reference, convened an expert panel, undertook a competitive tender process to engage a consultant to undertake the HHRA and reviewed the consultants work.
- Approvals:
- A Public Environment Report was developed as follow on to the referral to the Commonwealth Department of the Environment and Energy under the Environment Protection and Biodiversity Conservation (EPBC) Act.
- A Threatened Species Licence application and Species Impact Statement were developed and submitted to the Office of Environment and Heritage under the NSW Threatened Species Conservation Act.
- Applications were submitted to the NSW Department of Primary Industries (Fisheries and Marine Parks) under the Fisheries Management Act 1994 and Marine Estate Management (Management Rules) Regulation 1999.
- Economic Evaluation: An economic evaluation of the REP was completed. The study showed that the REP has a Benefit to Cost ratio of 17:1, resulting in an estimated net social benefits of \$142M with \$58M of that returning directly to LHI residents. Hence the REP is justified on economic efficiency grounds. The study was published in the Journal of Ecological Economics Vol 140.
- Operational Planning: Planning for program implementation has continued. A tender process was undertaken for helicopter providers and a preferred operator selected. Similarly a tenderer was selected for construction of the captive management facilities. A revised operational plan was developed and submitted to the Island Eradication Advisory Group for review.
- Biosecurity: A tender process was undertaken for provision of biosecurity detector dogs and handler training. Training of two biosecurity dogs is well underway with delivery scheduled for August 2017. Recruitment for detection dog handlers is also well underway with interviews conducted in June 2017.
- Biodiversity Benefits Monitoring: Monitoring continued on key indicators species to develop a pre eradication baseline. Presumed impacts from rodents were confirmed for some species. Photographic evidence was obtained of rats taking Black-winged petrel eggs and chicks on the island. Black-winged petrels are listed as Vulnerable in NSW.

## STRATEGY - IDENTIFY, PROTECT AND VALUE HERITAGE ITEMS

In March 2013 the Lord Howe Island Board adopted the Lord Howe Island Community Based Heritage Study. The study provides a list of heritage items that have been identified and assessed through a

consultative process with the Island community, for possible inclusion on the heritage schedule to LHI LEP 2010.

The Board has adopted a number of the recommendations of the study and will continue to work with the Department of Planning and Environment to list additional heritage items in the LEP where appropriate.

**STRATEGY - IMPROVE AWARENESS AND UNDERSTANDING OF THE ENVIRONMENT THROUGH EDUCATION AND RESEARCH**

The Board publishes informative articles to update the community on environmental programmes and activities through the LHI Community Bulletin, Signal and Board website.

A number of opportunities were made available for the community to be involved in the protection of natural and cultural heritage, particularly through the LHI Central School and representation of various steering committees and working groups.

**STRATEGY - IMPROVE ENVIRONMENTAL SUSTAINABILITY OF BOARD PROGRAMS AND OPERATIONS (WASTE DISPOSAL; WASTEWATER; RENEWABLE ENERGY)**

The Board is fully committed to ensuring that the environment is managed in such a way that recognizes and promotes the World Heritage Values of the Island and as such is adopting strategies that comply. The Board is currently working hard with RMS to have reasonable guidelines in place to facilitate the use of electric vehicles through conditional registration.

The Board is working to reduce the impact of wastewater from Board properties with systems in place to upgrade the wastewater systems to meet the Strategy's deadlines.

Two waste audits were conducted to monitor and record waste types and volumes received from the community.

The Board is working with the community and Marine Parks on a program to phase out the sale of plastic water bottles.

## **STRATEGIC DIRECTION – RESPONSIBLE LAND MANAGEMENT**

### **TO PROVIDE FOR SUSTAINABLE PLANNING AND DEVELOPMENT AND ENSURE RESPONSIBLE MANAGEMENT OF THE ISLAND’S LAND AND PROPERTY ASSETS**

#### **STRATEGY – DESIGN LAND USE AND DEVELOPMENT POLICIES THAT BALANCE ENVIRONMENTAL, ECONOMIC AND SOCIAL OUTCOMES**

The Board is Consent Authority for the Island under the Environmental Planning and Assessment Act 1979. The Lord Howe Island Local Environmental Plan 2010 is the prime land use planning and development control instrument for the Island.

As previously reported, the phase 1 planning proposal, which seeks to make a number of known and more straightforward amendments to the LEP, has been forwarded to the Department of Planning and is currently subject of discussions in order to seek a Gateway determination from the Minister for Planning.

The longer second stage of the review to address the potential for more fundamental changes to the planning controls such as restrictions on the number of dwellings, tourist accommodation, Handley Review recommendations amongst other issues had yet to commence.

#### **STRATEGY - PROVIDE AN EFFICIENT AND EFFECTIVE DEVELOPMENT PLANNING AND ASSESSMENT SERVICE**

During 2016-17 the Board continued to engage an external consultant to provide planning and assessment services in its capacity as a local government authority, and a consent authority under the *Environmental Planning & Assessment Act 1979*.

As part of the planning contract, an audit of planning and assessment systems and processes is reported to the Board twice per year. The audit aims to ensure that systems are up to date and compliant with legislative and procedural requirements, and reflect best practice.

A total of 42 applications (15 owner consent applications, 24 development applications and 3 s96 applications) were assessed during the reporting period. The average processing times were 15 days for owner consent applications, and 21 days for development applications. The average time for all OC and DA applications complies with the statutory 40 day deemed refusal period for standard applications.

#### **STRATEGY - PROVIDE AN EFFECTIVE LEASE ADMINISTRATION SYSTEM**

The Board continues to administer perpetual leases, special leases and permissive occupancies in accordance with the Act.

#### **STRATEGY - PROTECT AND MANAGE THE LHI PERMANENT PARK PRESERVE IN A MANNER THAT RECOGNISES THE WORLD HERITAGE VALUES OF THE ISLAND**

The Lord Howe Island Permanent Park Preserve Plan of Management was adopted by the Minister on 17 November 2010. Internal audits on the progress of the plan are made annually and a comprehensive 5 year audit was completed in March 2016. Overall, the assessment found that after 5 years, the Board is effectively managing the Preserve in accordance with the plan and the Board has fully or substantially implemented 80% of the actions.



During the reporting period the Board established a broad based consultative committee to review the plan. It is anticipated that this review will be completed during 2017/18.

**STRATEGY - PROTECT AND MANAGE VACANT CROWN LANDS**

During the reporting period the Board reviewed the Lagoon Foreshore Management Plan and made a number of amendments. Implementation of management actions continues.

**STRATEGY – REHABILITATE DEGRADED AREAS**

Erosion protection works at Windy Point and near the Pinetrees Boatshed have been undertaken, however it appears to be ongoing until a funds can be provided to undertake permanent works. Works have also been completed at Old Settlement Creek to reduce erosion impacts on the northern edge. Management of Cobby's Creek is being undertaken to reduce flooding impacts on properties and salt intrusion on the Sally Swamp area.

## **STRATEGIC DIRECTION – STRONG AND ENGAGED COMMUNITY**

### **TO SUPPORT A STRONG AND ENGAGED COMMUNITY**

#### **STRATEGY – PLAN FOR APPROPRIATE SERVICES FOR THE COMMUNITY**

In implementing the Corporate Plan, the Board has continued to undertake planning for appropriate service delivery on the Island. This includes ongoing consultation and collaboration with other government agencies including NSW Health; Destination NSW; NSW Police; Roads and Maritime Services and the Department of Primary Industries (Marine Parks). The Board also liaises with the federal Bureau of Meteorology regarding weather monitoring and reporting services on the Island.

#### **STRATEGY - IMPROVE RELATIONSHIP WITH THE COMMUNITY THROUGH ENGAGEMENT AND CONSULTATION**

The Board, with the assistance of the Department of Planning and Environment, is currently preparing a Communication and Community Engagement Strategy as a framework to improve and strengthen communications with the Island community. The strategy will be informed by the outcomes of the Communications and Community Engagement Survey which was carried out in the previous reporting period.

#### **STRATEGY - PROVIDE PROFESSIONAL ENVIRONMENTAL AND PUBLIC HEALTH SERVICES**

A Drinking Water Quality Assurance Program has been implemented to ensure compliance with public health standards for LHIB drinking water supplies, wastewater management and food safety. The water quality continues to be very high.

The Board undertakes scheduled inspections and maintenance of drinking water supplies in accordance with the Public Health Act and the Australian Drinking Water Guidelines. A Drinking Water Quality Assurance Program, accepted by NSW Health, is in place for all of the Board's public supplies and residences.

The Board has a statutory obligation to implement food safety standards on the Island. To assist in this area, the Board engages a Senior Environmental Health Officer under the Memorandum of Understanding with Port Macquarie Hastings Council to provide expert advice and to carry-out periodic inspections and assessments of food business premises. In November 2016, a total of 24 food inspections were completed to assess the premises against the provisions of the NSW Food Act 2003. Overall, food hygiene and premises construction standards were found to be very good to excellent.

#### **STRATEGY - SUPPORT CAPACITY BUILDING IN COMMUNITY ORGANISATIONS**

During the reporting period, the Board made \$20,000 available under the Community Grants Program for activities or projects that benefit the Lord Howe Island community.

#### **STRATEGY - PROMOTE PROGRAMS THAT PROVIDE FOR CHILDREN**

In the 2016/17 financial year, the Board provided scholarships valued at \$10,000. The program aims to create opportunities for Islanders to obtain tertiary qualifications and to return to the island and contribute to its social, environmental and economic life.

The Board also supported many community events including Australia Day, Anzac Day, Discovery Day, Big Music Week, World Environment Day, Clean Up Australia Day and the annual Christmas Carols.

**STRATEGY - MANAGE THE LOCAL EMERGENCY MANAGEMENT COMMITTEE (LEMC) AND EMERGENCY MANAGEMENT PLAN (EMPLAN)**

Quarterly meetings of the LEMC are being held and the EMPLAN has been implemented and is reviewed annually.

Emergency sirens have been installed and tested weekly.

# STATUTORY REPORTING

## 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*.

## TRANSFER AND SUBLETTING OF PERPETUAL LEASES

Under the terms of Section 36A of the *Lord Howe Island Act 1953*, the Board is required to include in its Annual Report, particulars of any transfers and subletting of leases to persons other than Islanders within the meaning of the Act.

On the fourteenth of December 2016 the Minister consented to the transfer of Perpetual Lease number 1954/25 from the Estate of the Late Patricia Mary Dignam to Robert David Jeremy and Lindy Jennifer Jeremy. Lindy Jennifer Jeremy was not an Islander within the meaning of the Act.

## GRANTING OF PERPETUAL LEASES

Leases in perpetuity for the purpose of residence may be granted by the Minister to Islanders as defined under the Act.

During the reporting period no new Perpetual Leases were granted to Islanders by the Minister for residential development.

## LAND DISPOSAL

No properties with a value greater than \$5,000,000 were disposed of by the Board during the reporting year.

## ECONOMIC OR OTHER FACTORS

On average, the Board requires around \$7.5 million per annum to meet its annual operating budget commitments and about \$1.0 million per annum to meet its capital budget commitments. The Board raises revenues through a variety of fees and charges and its own business operations. However, a large portion of the Board's funding comes from recurrent and one-off grants (provided for specific purposes) from the NSW and Australian Governments.

In 2016/17 total grants revenue was \$3.0 million, comprised of \$2.6 million in operating grants and \$389,000 million in capital grants. The main operating grants were:

- NSW Treasury recurrent: \$1.5 million.
- Office of Environment and Heritage 'Saving Our species': \$357,000.
- Local Government Grants commission: \$307,232.
- NSW Local Land Services North Coast: \$298,667.

- Commonwealth Department of Environment 'Caring for Our Country': \$71,000.

The main capital grant was:

- NSW Environmental Trust (upgrade to Waste Management Facility): \$229,000.

In FY 2016/17 and all prior years the Board did not receive recurrent annual funding for its capital program. Instead the Board received ad hoc funding for specific purposes from time to time. This meant that the Board was unable to plan for and schedule capital projects to support the island community and the island's tourism industry, or plan for the replacement of plant and equipment as they reached the end of their useful lives.

In June 2017 the Board was notified that the NSW Government's Expenditure Review Committee approved the Board's proposal for annual capital funding of \$1.028 million (in today's dollar terms) from FY 2017/18 onwards. The Board can now implement its Total Asset Management Plan, valued at \$10.28 million over the next 10 years. Moreover, the Board's capital program can be rolled out at no cost to the community.

For further information regarding economic factors, please refer to *Strategic Direction – Strong and Sustainable Economy* (page 20) in the Management and Activities section.

## RISK MANAGEMENT AND INSURANCE ACTIVITIES

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

The Board maintains organisational arrangements that provide additional assurance, independent from operational management, on internal audit and risk management.

The Board uses the Lord Howe Island Board Risk Management Policy and Procedure to guide the Board to manage risk systematically, efficiently and effectively.

## LIABILITY MANAGEMENT PERFORMANCE

Nil.

## PUBLIC INTEREST DISCLOSURES

The Board has adopted a Protected Disclosures Policy which establishes an internal reporting system for the reporting of disclosures of corrupt conduct, maladministration or serious and substantial waste of public money by the Lord Howe Island Board or its staff.

No public interest disclosures have been received by the Board.

## 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.

## REQUIREMENTS ARISING FROM EMPLOYMENT ARRANGEMENTS

The *Lord Howe Island Act 1953, Part 3, Section 12*, states:

“(3) The Board cannot employ any staff. Note: Staff may be employed under Chapter 1A of the *Public Sector Employment and Management Act 2002* in the Government Service to enable the Board to exercise its functions”.

Personnel services were provided to the Lord Howe Island Board during the reporting period by the Office of Local Government.

## HUMAN RESOURCES

The Board budgeted for 34.4 full time equivalent staff in the financial year with the Chief Executive Officer responsible for the overall day-to-day management and administration of the staff. Additional temporary staff were engaged during the reporting period to undertake externally funded projects.

The following employee numbers are based on the annual reference period average Full Time Equivalent (FTE) figures generated from Workforce Profile (WP) data collected on behalf of the Department of Premier and Cabinet. The following figures do not include the position of Chief Executive Officer, whose position is identified in the organization structure of the Office of Local Government.

Area	Category	2016/17	2015/16	2014/15	2013/14
<b>Senior Management</b>	Senior Management	3.2	3.0	3.0	2.9
<b>Business &amp; Corporate Services</b>	Administration	5.3	5.5	3.8	3.7
	Visitor Centre	-	-	0.9	0.8
	Nursery	-	-	-	0.2
	Liquor Store	1.6	1.4	1.5	1.4
<b>Environment &amp; Community Services</b>	Environment	9.3	8.3	8.2	8.6
	Grant Funded	9.3	6.5	7.2	7.6
	Community Development	0.1	0.3	-	-
<b>Infrastructure &amp; Engineering Services</b>	Works and Services	13.3	14.6	13.1	12.0
	Powerhouse	2.0	2.0	2.0	1.7
	<b>Total</b>	<b>44.1</b>	<b>41.6</b>	<b>39.7</b>	<b>38.9</b>

Staff are engaged under the *Public 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
- Crown Employees (Skilled Trades) Award

## WORKFORCE DIVERSITY

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

### A) STATISTICAL INFORMATION - WORKFORCE DIVERSITY GROUPS

TABLE 1. Trends in the Representation of Workforce Diversity Groups				
Workforce Diversity Group	Benchmark / Target	Percentage of Total Staff		
		2015	2016	2017
Women	50%	22.2%	23.9%	21.6%
Aboriginal people and Torres Strait Islanders	3.3%	0.0%	0.0%	0.0%
People whose first language was not English	23.2%	6.7%	6.5%	5.9%
People with a disability	N/A	6.7%	6.5%	5.9%
People with a disability requiring work-related adjustment	N/A	4.4%	4.3%	3.9%

  

TABLE 2. Trends in the Distribution of Workforce Diversity Groups				
Workforce Diversity Group	Benchmark	2015	2016	2017
Women	100	N/A	N/A	N/A
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 of 100 indicates that the centre of the distribution of the Workforce Diversity group across salary levels is equivalent to that of other staff. Values less than 100 mean that the Workforce Diversity group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the Workforce Diversity group is less concentrated at lower salary levels.

Note 2. The Distribution Index is not calculated where group or non-Workforce Diversity group numbers are less than 20.

## B) WORKFORCE DIVERSITY ACHIEVEMENTS DURING THE REPORTING YEAR AND KEY WORKFORCE DIVERSITY STRATEGIES PROPOSED FOR THE FOLLOWING YEAR

During the reporting year the Lord Howe Island Board continued to implement the objectives of its Workforce Plan 2015-2018.

Because the Board is a small organisation operating in a remote location with a small resident population, there are limited employment opportunities and limited capacity to attract and employ people with specialist skills and qualifications. The Board is one of the larger employers on the Island and it is a desirable place of employment. It is a good organisation with a dedicated and committed staff.

The Workforce Plan takes account of the constraints in which the Board operates and contributes to the attraction, retention and development of a capable workforce that delivers the Board's strategies and ensures we have adequate and appropriately skilled staff employed in the most effective and sustainable way.

These constraints affect the Board's ability to meet the set benchmarks in relation to diversity in the workforce. There is also no indigenous population on Lord Howe Island.

Any employment decisions relating to a role within the public service is based on merit in accordance with the *Government Sector Employment Act*.

## PERFORMANCE AND NUMBERS OF EXECUTIVE OFFICERS

The Chief Executive Officer Lord Howe Island Board is a Public Service senior executive. This position is identified in the organization structure of the Office of Local Government and reported with that department's annual statistics.

## DISABILITY PLANS

The Board is not required to implement a disability plan.



## RESEARCH AND DEVELOPMENT

Completed and continuing research and developmental activities	Resources allocated
Australian Museum Balls Pyramid Expedition	\$5,741
Annual Woodhen Census	\$30,820
Rodent Eradication – Assessment of potential impacts on land snails	\$10,848
Rodent Eradication – Biodiversity Benefits Monitoring Stage 2	\$100,000
Rodent Eradication – Human Health Risk Assessment	\$100,000
Rodent Eradication – Economic Evaluation	\$55,900
Rodent Eradication – Reef Fish Behaviour towards placebo bait pellets	\$4,971

## CONSULTANTS

The Board paid the sum of \$131,571 during the financial year to various consultants. Details of consultants engaged are provided in the tables below.

Consultants engaged at a cost of \$50,000 or greater:

Consultant	Project	201/17 Actual
RPS Australia Asia Pacific	Planning and Assessment Services	\$126,656

Engagements costing less than \$50,000 categorised by the nature of the consultancy:

Nature of Consultancy	Number of Engagements	Total Cost
Legal	2	\$4,715
Valuations	1	\$200

## FUNDS GRANTED TO NON-GOVERNMENT COMMUNITY ORGANISATIONS

The Lord Howe Island Board administers an annual Community Grants Program. Grant allocations are determined by the Chief Executive Officer in consultation with Elected Board members.

The following grants were awarded for the 2016-2017 financial year:

Recipient Organisation	Amount of Grant	Nature and Purpose of Project
Lord Howe Island Bowling Club	\$4,950	Event support and promotion
Lord Howe Island Golf Club	\$4,950	LHI Golf Open and Junior Golf Program Support
Lord Howe Island Radio Station	\$1,200	Ongoing station operations and purchase of equipment
Lord Howe Island Historical Society	\$2,750	Development of LHI Historical Place Names Book
Lord Howe Island Game Fishing Club	\$2,000	Event and administration costs
The Cooperative LHI	\$4,908	Development of a Business Plan
Lord Howe Island Plastic Action Group / Lord Howe Island Historical Society	\$1,320	Production of marine debris awareness calendar
Woodhens Rugby Club	\$1,000	Purchase of sporting equipment

The Lord Howe Island Board provided funding of \$153,450 to the Lord Howe Island Tourism Association to support its work to promote and develop the island as a tourism destination. The provision of ongoing funding to the Association is consistent with the Board's Charter *to promote the Island as a tourist destination*.

## AGREEMENTS WITH THE COMMUNITY RELATIONS COMMISSION

No agreements were in place during the reporting period.

## MULTICULTURAL POLICIES AND SERVICES PROGRAM

The Board is committed to the Principles of Multiculturalism as confirmed in the Lord Howe Island Board Multicultural Policies and Services Statement.

The Lord Howe Island Board observes the Principals of Multiculturalism in conducting it's affairs in accordance with its charter.

During the 2016-17 reporting period the Board will continue to progress and develop good practice, guided by the Multicultural Planning Framework.

## PROMOTION

The Australian and NSW Governments announced joint funding totaling \$9 million for the Lord Howe Island Rodent Eradication Project in June 2012. The project is being implemented by the Lord Howe Island Board.

Rodent eradications on inhabited islands, such as Lord Howe Island, are very complex and require extensive research and planning prior to implementation to minimise risk of failure. Considerable expertise exists in New Zealand on the planning and conduct of pest eradication programs, particularly on inhabited and uninhabited islands. In December 2016 Lord Howe Island Board Rodent Eradication Project Manager Mr Andrew Walsh and Assistant Project Manager Anthony Wilson attended an Island Eradication Advisory Group Meeting in Nelson, New Zealand, to present the Lord Howe Island Eradication Program and receive continued expert advice on its planning and implementation as well as learning from other eradication projects. Mr Wilson also visited some New Zealand islands that have had eradications undertaken to learn from these projects.

The costs of travel were met from the Rodent Eradication Project budget.

## CONSUMER RESPONSE

The Lord Howe Island Board assesses and responds to complaints in accordance with the LHIB Complaints and Allegations Policy.

This policy defines complaints as expressions of dissatisfaction with its service delivery. Any complaints associated with administrative matters such as decisions, procedures and fees/charges, where the complainant requests or demands that LHIB reconsider a decision or take some form of remedial action, are dealt with under the LHIB Decisions Appeal Policy.

The Board registered 10 complaints during the reporting period, the focus of these complaints being:

- Negative Visitor Experience as a result of exposure to passive smoking
- Noise (Commercial Premises)
- Public Area Management – road maintenance, parking and development
- Environmental Management – use of pesticide
- Corporate Management – application of policy and administration

The Board will continue to improve service delivery in response to complaints and suggestions received.

## PAYMENT OF ACCOUNTS

Accounts payable aged analysis by quarter					
Quarter	90+ days	90 days	60 days	30 days	Current
September 2016	\$196	-\$13,792	\$27,264	-\$13,668	\$1,341,961
December 2016	\$0	\$338	\$62,504	\$183,224	-\$156,477
March 2017	\$246,065	-\$156,477	\$271,517	-\$191,454	-\$134,447
June 2017	\$169,652	-\$134,447	\$74,018	\$87,892	-\$32,163

Accounts due or paid within each quarter	September	December	March	June	Total
<b>Number of accounts due for payment</b>	370	426	391	425	1,612
<b>Number of accounts paid on time (based on number of accounts)</b>	*	*	*	*	*
<b>Percentage of accounts paid on time</b>	*	*	*	*	*
<b>Amount of accounts due for payment</b>	\$4,290,892	\$3,848,853	\$5,757,932	\$2,807,947	\$16,705,624
<b>Amount of accounts paid on time</b>	*	*	*	*	*
<b>Percentage of accounts paid on time (based on \$)</b>	*	*	*	*	*
<b>Number of payments for interest on overdue accounts</b>	-	-	-	-	-
<b>Interest paid on overdue accounts</b>	-	-	-	-	-

\*No quantifiable data currently available

The Lord Howe Island Board processes payments of accounts for goods and services received on a weekly basis. To ensure payment of accounts within specified time periods weekly payments are remitted for accounts identified as due on the day of payment processing and falling due within the ensuing six days.

The remote location of the island often requires the engagement of multiple freight companies to manage the delivery of goods. Goods requiring transport by sea freight can take up to six weeks to reach the Island. The resulting delay between dispatch and delivery can necessitate the payment of accounts outside of the terms of the invoice. Despite the logistical challenges the Board maintains an excellent relationship with suppliers and did not receive any complaints in relation to payment of accounts within the reporting period.

## INVESTMENT PERFORMANCE

During the reporting period some of the Board's surplus funds were invested in the TCorp Cash Hour-Glass Facility. In order to obtain enhanced returns without taking an unacceptable level of risk, the majority of the Board's surplus funds were invested in 'rolling' short term deposits with a major Australian bank.

The annual compound percentage rate of return achieved by the Board during the year from its TCorpIM Cash Fund was 2.37 percent, while the average return from its term deposits was approximately 2.7 percent.

## DIGITAL INFORMATION SECURITY POLICY ATTESTATION

The Lord Howe Island Board has not adopted an Information Security Management System (ISMS) in accordance with the NSW Government Digital Information Security Policy.

The Board implemented Electronic Document and Records Management System software RM8, during the reporting period and adopted a revised Business Classification Scheme.

## CREDIT CARD CERTIFICATION

I certify that Credit Card use within the Lord Howe Island Board during the reporting period has been in accordance with Premier's Memoranda and Treasurer's Directions.

Four cards were in force during the period, on issue to the Chief Executive Officer, Manager Business and Corporate Services, Manager Infrastructure and Engineering Services and Stores Officer. Card usage was in accordance with Lord Howe Island Board Policy.



Penny Holloway

Chief Executive Officer, 11 October 2017

# INTERNAL AUDIT AND RISK MANAGEMENT POLICY ATTESTATION

## Internal Audit and Risk Management Attestation Statement for the 2016-2017 Financial Year for the Lord Howe Island Board

I, Sonja Stewart, am of the opinion that the Lord Howe Island Board has internal audit and risk management processes in operation that are compliant with the eight core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

Core Requirements	For each requirement, please specify whether compliant, non-compliant, or in transition
<b>Risk Management Framework</b>	
1.1 The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2 A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
<b>Internal Audit Function</b>	
2.1 An internal audit function has been established and maintained	Compliant
2.2 The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3 The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
<b>Audit and Risk Committee</b>	
3.1 An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2 The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3 The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

### Membership

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

- Independent Chair, Brian Blood. Start term date 1 December 2013, finish term date 30 November 2017.
- Independent Member 1, Alan Zammit. Start term date 27 February 2013, finish term date 26 February 2018.
- Independent Member 2, Elizabeth Crouch. Start term date 21 October 2013, finish term date 20 October 2019.

These processes demonstrate that the Lord Howe Island Board has established and maintained frameworks, including systems, processes and procedures for appropriately managing audit and risk within the Lord Howe Island Board.



Sonja Stewart, in accordance with a resolution of the Lord Howe Island Board at its September 2017 meeting.

23/10/17



Bill Monks  
 (Manager Business & Corporate Services)  
 Tel: 65632066 Extn 12  
[Bill.monks@lhib.nsw.gov.au](mailto:Bill.monks@lhib.nsw.gov.au)

23/10/2017

# GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT 2009

Government Information (Public Access) Act – Annual Report for Agency Lord Howe Island Board

Clause 7A: Details of the review carried out by the agency under section 7 (3) of the Act during the reporting year and the details of any information made publicly available by the agency as a result of the review

Reviews carried out by the agency	Information made publicly available by the agency
Yes	No

Clause 7B: The total number of access applications received by the agency during the reporting year (including withdrawn applications but not including invalid applications)

Total number of applications received
1

Clause 7C: The total number of access applications received by the agency during the reporting year that the agency refused either wholly or partly, because the application was for the disclosure of information referred to in Schedule 1 to the Act (information for which there is conclusive presumption of overriding public interest against disclosure)

Number of Applications Refused	Wholly	Partly	Total
	0	0	0
% of Total	0%	0%	

Schedule 2 Statistical information about access applications to be included in annual report

Table A: Number of applications by type of applicant and outcome\*

	Access Granted in Full	Access Granted in Part	Access Refused in Full	Information not Held	Information Already Available	Refuse to Deal with Application	Refuse to Confirm/Deny whether information is held	Application Withdrawn	Total	% of Total
Media	0	0	0	0	0	0	0	0	0	0%
Members of Parliament	0	0	0	0	0	0	0	0	0	0%
Private sector business	0	0	0	0	0	0	0	0	0	0%
Not for profit organisations or community groups	0	0	0	0	1	0	0	1	2	100%
Members of the public (by legal representative)	0	0	0	0	0	0	0	0	0	0%
Members of the public (other)	0	0	0	0	0	0	0	0	0	0%
Total	0	0	0	0	1	0	0	1	2	
% of Total	0%	0%	0%	0%	50%	0%	0%	50%		

\* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

Table B: Number of applications by type of application and outcome\*

	Access Granted in Full	Access Granted in Part	Access Refused in Full	Information not Held	Information Already Available	Refuse to Deal with Application	Refuse to Confirm/Deny whether information is held	Application Withdrawn	Total	% of Total
Personal information applications*	0	0	0	0	0	0	0	0	0	0%
Access applications (other than personal information applications)	0	0	0	0	1	0	0	1	2	100%
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0	0	0%
Total	0	0	0	0	1	0	0	1	2	
% of Total	0%	0%	0%	0%	50%	0%	0%	50%		

\* A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

Table C: Invalid applications

Reason for invalidity	No of applications	% of Total
Application does not comply with formal requirements (section 41 of the Act)	0	0%
Application is for excluded information of the agency (section 43 of the Act)	0	0%
Application contravenes restraint order (section 110 of the Act)	0	0%
Total number of invalid applications received	0	0%
Invalid applications that subsequently became valid applications	0	0%

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of Act

	Number of times consideration used*	% of Total
Overriding secrecy laws	0	0%
Cabinet information	0	0%
Executive Council information	0	0%
Contempt	0	0%
Legal professional privilege	0	0%
Excluded information	0	0%
Documents affecting law enforcement and public safety	0	0%
Transport safety	0	0%
Adoption	0	0%
Care and protection of children	0	0%
Ministerial code of conduct	0	0%
Aboriginal and environmental heritage	0	0%
Total	0	

\*More than one public interest consideration may apply in relation to a particular access application and if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E



Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of Act

	Number of times consideration used*	% of Total
Responsible and effective government	0	0%
Law enforcement and security	0	0%
Individual rights, judicial processes and natural justice	0	0%
Business interests of agencies and other persons	0	0%
Environment, culture, economy and general matters	0	0%
Secrecy provisions	0	0%
Exempt documents under interstate Freedom of Information legislation	0	0%
Total	0	

Table F: Timeliness

	Number of applications*	% of Total
Decided within the statutory timeframe (20 days plus any extensions)	0	0%
Decided after 35 days (by agreement with applicant)	0	0%
Not decided within time (deemed refusal)	0	0%
Total	0	

Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

	Decision varied	Decision upheld	Total	% of Total
Internal review	0	0	0	0%
Review by Information Commissioner*	1	0	1	50%
Internal review following recommendation under section 93 of Act	0	0	0	0%
Review by NCAT	1	0	1	50%
Total	2	0	2	
% of Total	100%	0%		

\*The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Table H: Applications for review under Part 5 of the Act (by type of applicant)

	Number of applications for review	% of Total
Applications by access applicants	0	0%
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0	0%
Total	0	

Table I: Applications transferred to other agencies.

	Number of applications transferred	% of Total
Agency-Initiated Transfers	0	0%
Applicant - Initiated Transfers	0	0%
Total	0	

## PRIVACY AND PERSONAL INFORMATION ACT 1998

During the reporting period the Board received no applications under the Privacy and Personal Information Protection Act 1998.

The Board's Privacy Management Plan is available on its website [www.lhib.nsw.gov.au](http://www.lhib.nsw.gov.au).

## DISCLOSURE OF CONTROLLED ENTITIES

Nil.

## DISCLOSURE OF SUBSIDIARIES

Nil.

## AFTER BALANCE DATE EVENTS

Nil.

## 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:

1. Online at the Board's website [www.lhib.nsw.gov.au](http://www.lhib.nsw.gov.au)
2. 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.

## BUDGETS

The original budget for 2016-17 was approved by the Board in May 2016. Throughout the year the Board approved adjustments to several budget line items in order to reflect changing circumstances.

### FINAL BUDGET FOR THE REPORTING YEAR

BUSINESS UNIT	OPERATIONAL AREA	EXPENSE	REVENUE
CEO Office	CEO Office	372,486	0
Business & Corporate Services	Administration	704,763	-8,000
	Corporate	784,894	-1,356,316
	Governance	118,922	0
	Liquor Store	1,345,771	-1,675,000
	Tourism	139,500	0
Infrastructure & Engineering Services	Airport	620,012	-1,758,000
	Electricity	1,336,468	-1,928,204
	General Services	3,073,913	-996,338
Environment & Community Services	Community Health & Wellbeing	83,113	-6,000
	Environment	1,945,238	-395,180
	Land Administration & Planning	252,251	-251,000
Capital Works	Roads Capital Works	172,188	0
	Marine Facilities Capital Works	842,847	-670,000
	Other Infrastructure Capital Works	703,000	0
	Buildings Capital Works	1,039,448	-650,000
	Plant & Equipment Capital Works	577,500	-255,000
	Electricity Capital Works	4,386,500	-2,350,000
	Office Equipment Capital Works	101,793	0
Motor Vehicle Capital Works	35,000	0	
<b>TOTAL</b>		<b>21,987,977</b>	<b>-12,299,038</b>

**OUTLINE BUDGET FOR 2017-18**

The following original budget for the financial year ending 30 June 2017 was approved by the Lord Howe Island Board in May 2017. This budget does not include carry forward grant related items. Adjustments will be tabled throughout the year for Board approval to reflect changing circumstances.

BUSINESS UNIT	OPERATIONAL AREA	EXPENSE	REVENUE
CEO Office	CEO Office	261,024	0
Business & Corporate Services	Administration	769,872	-16,000
	Corporate	852,032	-2,179,000
	Governance	123,000	0
	Liquor Store	1,363,550	-1,700,000
	Tourism	116,000	0
Infrastructure & Engineering Services	Airport	668,637	-1,800,000
	Electricity	1,307,311	-1,219,000
	General Services	3,266,514	-996,960
Environment & Community Services	Community Health & Wellbeing	61,686	-6,000
	Environment	1,201,520	-39,000
	Land Administration & Planning	234,013	-275,000
Capital Works		1,487,000	-1,028,000
<b>TOTAL</b>		<b>11,712,159</b>	<b>-9,258,960</b>

# FINANCIAL STATEMENTS

## Audit Opinion



### 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 of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Board as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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 Responsibility 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' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with 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 believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### The Board's Responsibility for the Financial Statements

The members of the Board are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the members of the Board determine 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 must assess the entity's ability to continue as a going concern except where the Board will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

### Auditor's Responsibility 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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does *not* 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.



James Sugumar  
Director, Financial Audit Services

13 October 2017  
SYDNEY