

LORD HOWE ISLAND BOARD



2012-2013

ANNUAL REPORT

This is the sixtieth report of the Lord Howe Island Board since the passing of the *Lord Howe Island Act 1953* and covers the period 1 July 2012 to 30 June 2013.

The Hon Robyn Parker MP
Minister for Environment and Heritage
Level 32
Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Minister

We have pleasure in submitting the 60th Annual Report of the Lord Howe Island Board for the year ended 30 June 2013 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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Cover Photograph courtesy Ken Lees

Lord Howe Island Board

This is the sixtieth report of the Lord Howe Island Board since the passing of the *Lord Howe Island Act, 1953* and covers the period 1st July 2012 to 30th June 2013. This report is prepared in accordance with Premiers Memorandum M2013-09.

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 principles of multiculturalism,
- 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 To provide for the well-being of the Island community, and the protection and enhancement of the Island environment for the benefit of all.

MISSION The Lord Howe Island Board will provide quality services and responsible and efficient resource management to support the Island community and environment, and will deliver innovative, responsive and effective management of the Island.

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

- Effective service delivery to the community.
- Advocacy on behalf of the community.
- Continuous improvement which encourages initiative, creativity and innovation and values new ideas.
- Transparency and accountability in all our dealings.
- Respect and fairness to all persons.
- Teamwork and loyalty and recognition of effort and achievement.
- Responsible civic leadership.

The above corporate values align with the principles contained in the Lord Howe Island Act, 1953 and the Board's Code of Conduct, these being:

- Transparent and effective processes, and decision-making in the public interest;
- Sustainable development and management of assets and infrastructure, and delivery of effective services;
- Democratic representation, social inclusion and meaningful community engagement;
- Good governance of, and by, local government; and
- Ethical and legal behaviour of Board members and employees.

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

PHONE: 02 65632066

WEBSITE: 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)
Mr Alistair Henschman	Chairperson and Appointed Member - officer of the Department of Environment and Conservation	02/04/08 - 01/04/11 02/04/11 - 31/07/12
Mr Robert Conroy	Chairperson and Appointed Member - officer of the Department of Environment and Conservation	19/11/12 - 30/10/2013
Mr Barney Nichols	Deputy Chair and Elected Islander	13/02/09 - 12/02/12 13/02/12 - 12/02/15
Mr Gary Crombie	Elected Islander	13/02/09 - 12/02/12 13/02/12 - 12/02/15
Ms Lisa Makiiti	Elected Islander	13/02/12 - 12/02/15
Mrs Judith Riddle	Elected Islander	13/02/12 - 12/02/15
Mr Robert Pallin	Appointed Member representing the interests of business and tourism	08/09/07 - 01/11/10 24/09/10 - 26/11/12
Mr John King	Appointed Member representing the interests of business and tourism	27/11/12 – 26/11/15
Mr Jeff Angel	Appointed Member representing the interests of conservation	28/11/06 - 26/11/09 27/11/09 - 26/11/12
Mr Robert Pallin	Appointed Member representing the interests of conservation	27/11/12 - 26/11/15

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 2012 with four members being declared elected by the Minister for Environment and Heritage for a period of three years from 13 February 2012.

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

- September 2012 - apologies Mr R Pallin (present by telephone for item 9(i) only), all other Board members in attendance
- November 2012 - apologies Mr J King, all other Board members in attendance
- March 2013 - all Board members in attendance

- May 2013 - apologies Mr J King, all other Board members in attendance

The Board also met by telephone on the following occasions:

- December 2012 - apologies Mr J King, all other Board members in attendance
- May 2013 - all Board members in attendance

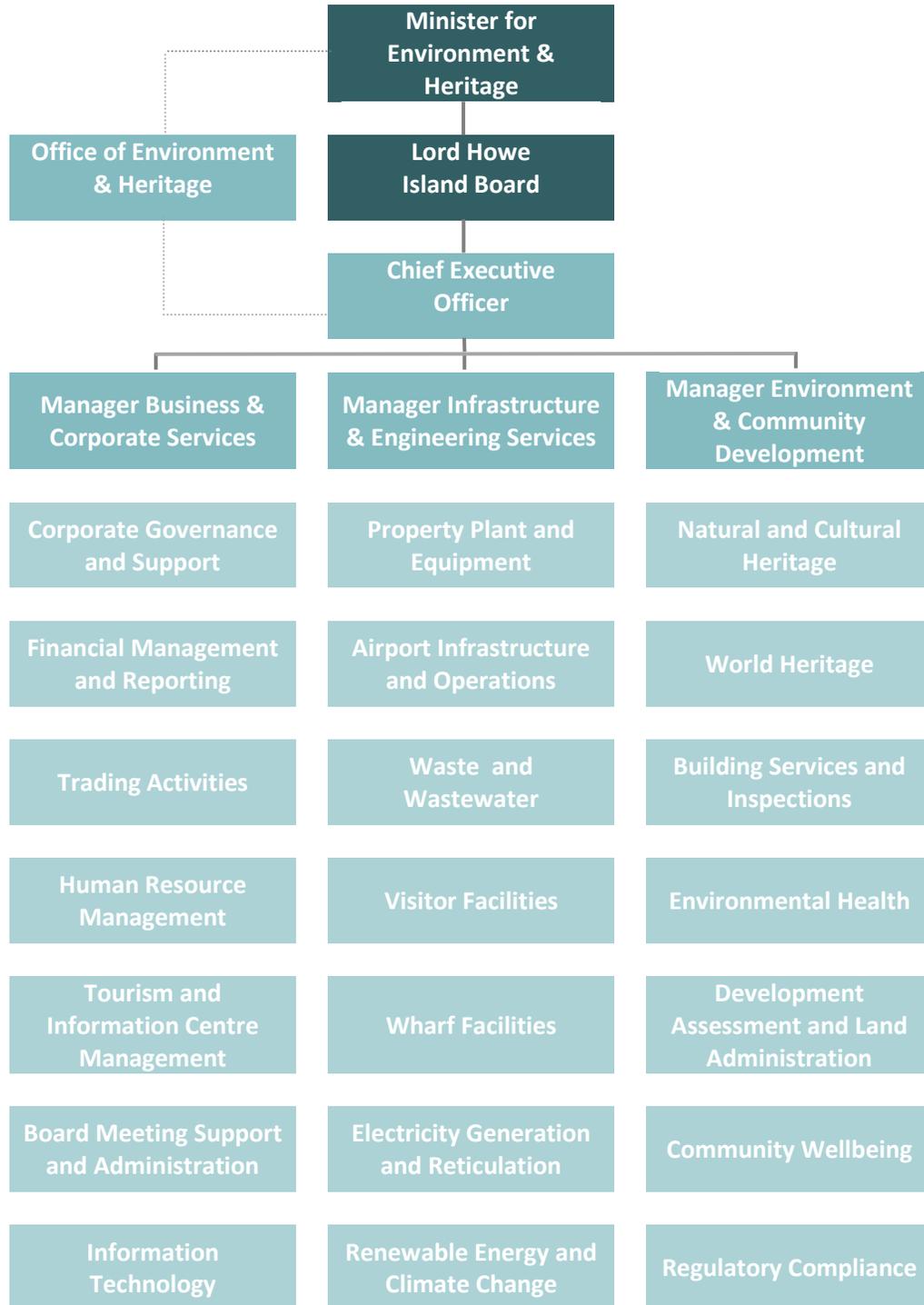
Board meetings are generally held in public, with the exception of items relating to commercial and business affairs, staff and personnel issues, legal matters and items affecting the private affairs of individuals. Members of the public are informed of the outcome of meetings through publication of minutes of the meetings. The Board has adopted a Code of Conduct which includes meeting procedures The Code is available on the Board's website.

SENIOR OFFICERS

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

Position	Name
Chief Executive Officer	Mr Stephen Wills
Manager Business & Corporate Services	Mr Bill Monks
Manager Infrastructure & Engineering Services	Mr Nicholas Holt
Manager Environment & Community Development	Mr David Kelly

ORGANISATIONAL STRUCTURE



Year in Review

CHAIRPERSON'S REPORT

The year 2012-13 was again an extremely busy and productive year for the Lord Howe Island Board.

The Board continued to carry out a wide range of statutory functions assigned to it under *the Lord Howe Island Act 1953*, including the ongoing administration of residential and other leases, the regulation and promotion of appropriate tourism and development opportunities, the provision of essential community services and the conservation of the Lord Howe Island World Heritage Area and the Island's fisheries, fauna and flora. The Board also continued to act as an agent in the provision of other public services such as quarantine, registration of births, deaths and marriages and motor vehicle inspections.

Changes to the mainland Board members were made during the course of the year. In November 2012, following the resignation of Alistair Henchman after five years in the role of Chair, I was appointed by the Minister as the Office of Environment and Heritage representative and Chair of the Board. Jeff Angel's very constructive and insightful contribution to the Board concluded in November 2012. As a result the Minister appointed John King OAM representing the interests of business and tourism and re-appointed Rob Pallin representing the interests of conservation to positions on the Board. Both John King and Rob Pallin bring a wealth of knowledge and experience to the Board's operations.

Towards the end of 2012-13, the Chief Executive Officer - Stephen Wills, Manager Infrastructure and Engineering Services - Nicholas Holt, Manager Technical Services - Barrie Rogers and James Thompson, Senior Field Officer all announced their resignation from the Board after many years of excellent service. These staff have made a wonderful contribution to the Island and have left a significant and very positive legacy in their wake, including many of the major achievements mentioned below.

In July 2012 the NSW and Australian Governments jointly announced \$9 million funding for the eradication of rodents from the island. The Board has established a community reference group and announced the appointment of Pete McClelland, an internationally recognised expert in this work, to the position of Project Manager. The Board recognises the concerns of the community and is actively consulting on the proposed eradication program. The Board is continuing to work on the planning and approvals necessary to achieve the best outcome for this program.

During the year the Board was very pleased to hear that QantasLink were again successful in being awarded a five year contract to provide aviation services to the Island. As a result of careful forward planning and a strong business case, the Board was very fortunate to be advised that the State Government had approved funding for the resealing of the airport runway and associated drainage works. The Government announced that \$4million would be provided over two years towards the estimated \$8 million needed for this essential capital project. This announcement placed the Board in an excellent position to seek a 50 percent contribution from the Australian Government for the project with the support of the Mid-North Coast Regional Development Authority.

The new electricity powerhouse was successfully commissioned in December 2012. The new facility is operating as planned with minimal noise emissions. I would particularly like to congratulate and thank Nicholas Holt and our Senior Electrical Officer Greg Higgins for making this happen. It has certainly made a vast improvement to the amenity of the community hall precinct.

Unfortunately as a result of international financial pressures and a very competitive international market, the Island's long standing Kentia Palm Nursery business was no longer viable and has now been closed by the Board. Alternative uses for this site are now being investigated. I would like to sincerely thank all previous employees of the nursery for their commitment to providing an excellent product and service for which the Island has been renowned. The Kentia Palm has been instrumental in helping to promote the Island's unique identity and heritage values.

Through the efforts of Board staff we were once again fortunate to obtain a number of environment grants during the year for coastal hazard assessment and management and for minimising the impacts of weeds on the Islands ecosystems and agricultural areas. This has been made possible through generous grants from the NSW Coastal and Estuary Management Program, the Australian Government's Caring for our Country Program and the NSW Environment Trust.

I would like to again sincerely thank the Friends of Lord Howe Island, the Board's weeding team and other volunteers for the huge effort made by each of these groups in this important aspect of delivering the Island's Biodiversity Management Plan.

Health Services representatives from the South East Sydney Local Health District visited the Island in January 2013 to investigate future health needs. The SESLHD has committed to work with the Board and community to improve health services including investigating access to tele-health services and opportunities to improve aged care and health and community care services.

The Board, with the support of NSW Maritime, is working cooperatively with the LHI Community Slipway Association and the Island community to identify a viable method to provide for the maintenance and periodic survey of marine vessels. In March 2013 the Board announced the formation of a community working group to help identify long term solutions to slip and maintain large vessels. During the year the Board commissioned a study to examine future options.

A community based heritage study and inventory was also finalised during the year in consultation with the owners of identified heritage items which will help in identifying significant places and items and help to tell the story of the Island's past history.

During the second half of 2012 the Board developed a draft Strategic Asset Management Plan (SAMP) to establish the policy framework for the management of Board assets and infrastructure. The Board approved the Strategic Asset Management Plan (SAMP) in March 2013 and this will help inform future capital works and maintenance programs for the next 10 years. The SAMP will be reviewed and updated each year reflecting works undertaken during the previous year and any changes to requirements for service delivery.

A number of policies were developed during the course of year and have been placed on public exhibition including:

The importation and use of vehicles on Lord Howe Island has been identified as an area requiring further regulation and management. The Board exhibited a revised Vehicle Importation, Transfer and Use Policy in 2012 which was subsequently adopted with amendments in March 2013.

The Board also directed that a new Transfer of Perpetual Leases Policy be developed to guide the Board's consideration of the requirement in s 23(4) of the Act. The new Policy includes the process to identify islanders who are in a position to take the transfer of the lease, create a framework for fair and transparent negotiations and articulate the expectations and obligations of the applicant, interested islanders and the Board in that process. The Policy was placed on exhibition and will be considered further in 2013-14.

The new Plant Importation Policy was also developed and placed on exhibition.

The Government's response to the recommendations of the Gleeson Governance Review remained under consideration during the year while the views of the community were being sought. The Government's response to the Review was expected to be announced in early 2013-14.

I would like to acknowledge the significant contribution of all Board members, particularly Deputy Chair Barney Nichols who stood in as Acting Chair early in the year, and a strong team of professional and dedicated staff members to the delivery of services on the Island in 2012-13. I would also like to acknowledge the contribution of our volunteers and those community members who have helped the Board achieve some great outcomes. The year 2012-13 has seen increased tourist numbers, improved health of the Island ecosystems and greatly improved Island infrastructure and services.

I would also like to acknowledge the very strong interest and support for the Island, its residents, staff and visits from the Hon Robyn Parker MP Minister for the Environment and Minister for Heritage and from our local member Leslie Williams MP.

On a personal note my time with the NSW Government, and therefore as their appointee to the Lord Howe Island Board, finished at the end of the year. I'd like to thank the community, staff of the Board, and my fellow Board members for their support and encouragement during my time on the Board.



Bob Conroy

Chair

MANAGEMENT AND ACTIVITIES

Corporate and Operational Plan 2011-2013

The 2011 – 2013 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.

Reports that assess progress towards implementing the Corporate and Operational Plans are presented to the Board at least every three months. 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 following section of the Annual Report.

The Operational Strategies and Outcomes within the 2011- 2013 Corporate Plan are based on the following priority issues:

A VIBRANT AND HEALTHY COMMUNITY – A focus on a cohesive community with access to a diverse range of cultural, learning, sporting and recreational opportunities that contribute to the health, wellbeing and quality of life of our residents.

A STRONG AND GROWING ECONOMY – A focus on the creation of employment growth and opportunity through sustainable economic development that builds upon the Island's competitive advantages.

A SUSTAINABLE ENVIRONMENT – A focus on the orderly and balanced development of the built environment, and supporting infrastructure, while at the same time protecting and preserving the Island's natural environment for future generations.

A WELL MANAGED LHI ISLAND GROUP – A focus on the Board's leadership and management of the LHI Island group to ensure open and transparent governance that advocates on behalf of the community and encourages community participation.

Key Result Area - Economic Affairs

GOALS

- To foster an environment that supports sustainable business and commercial opportunities and activities;
- To promote the Island as a tourist destination;
- 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.

STRATEGY - EFFECTIVE AND EFFICIENT FINANCIAL PLANNING AND BUDGETARY CONTROL AND A HIGH STANDARD OF FINANCIAL MANAGEMENT AND REPORTING

The Financial Year 2012/13 annual budget was adopted by the Board at its May 2012 meeting. In 2012/13 income from continuing operations was \$7.9 million. Expenses from continuing operations were \$10.4 million. The shortfall is explained by \$8.3 million in grants and subsidies being received in 2011/12, the bulk of which being intended for expenditure in 2012/13 and later years.

Management routinely assessed actual revenue and expenditure against the adjusted budgets, analysed the reasons for the differences, and took action as appropriate.

During the year the Board approved adjustments to budget items in order to reflect changing circumstances.

In 2012/13, following the purchase in 2011/12 of a new software system with a state of the art business process management system (Civica Authority), the Board commenced implementation of the new system. The Authority system will facilitate planning and budgetary control, and provide the sophisticated functionality required to improve financial management and reporting. Intensive staff training is planned for December 2013 and January 2014, with the new system "going live" in February 2014.

STRATEGY - OPTIMISE RESOURCE SHARING AND PARTNERSHIP ARRANGEMENTS WITH ADJOINING COUNCILS AND OPTIMISE SHARED SERVICES OPPORTUNITIES

The Board has a Memorandum of Understanding (MOU) with Port Macquarie Hastings Council (PMHC). The purpose of the MOU is to create a strategic alliance to strengthen economic, operational and social cooperation between the two organisations. The MOU outlines the mutual benefits of such an alliance and key areas of exchange, which include:

- Building inspection and compliance,
- Health compliance,
- Waste management, and
- Corporate governance.

The establishment of such an alliance has enabled the Board to access the extensive resources and expertise of PMHC and more efficiently manage variable workload on the Island. It also further enhances the existing links between Lord Howe Island and the Port Macquarie region.

STRATEGY - RISK MANAGEMENT STRATEGY TO IDENTIFY, ASSESS, CONTROL, MONITOR AND REVIEW OPERATIONAL RISK

The Board has developed and implemented the Lord Howe Island Board (LHIB) Risk Management Policy and Procedure to guide the LHIB to manage risk systematically, efficiently and effectively. The procedure outlines the seven key steps in the LHIB risk management process, including risk identification, analysis, evaluation and treatment, and the various management and staff accountabilities.

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.

The Register identifies two categories of risk: organisation/island wide risks and site/activity specific risks. For each risk identified there are identified management initiatives and a status report on the initiatives. Input to the register is ongoing, with new risks identified by the Board and/or community being added.

STRATEGY - REGULATE BUSINESS ACTIVITIES THROUGH EQUITABLE AND EFFICIENT LICENSING SYSTEMS

The *Lord Howe Regulation 2004* 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.

In May 2013 the Board adopted a Business Licensing (Commercial Undertakings) Policy.

All businesses (commercial undertakings) 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. Additionally, 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 Lord Howe Island Board.

STRATEGY - DIVERSIFY BOARD TRADING ACTIVITIES IN ORDER TO REDUCE RISKS

The Board owns and manages a liquor wholesaling and retailing business. Alcohol is sold directly to the public at the Liquor Store, and indirectly through retailers and other commercial operators, such as restaurants. In the financial year the Liquor Store generated a profit of \$344,000 on sales of \$1,606,000.

During the year the Board took the decision to wind up the Kentia Palm Nursery due to a lack of profitability. Factors influencing this decision were:

- (a) significantly reduced demand for Kentia Palm seedlings from the Board's primary export markets in Europe as a consequence of adverse economic conditions there, which are unlikely to improve significantly, if at all, during the short to medium term;

- (b) the lack of significant growth in alternative markets to offset the decline in exports to Europe, as most other export markets also cope with economic difficulties;
- (c) substantially lower seedling production volumes as a supply response to the significantly reduced level of export demand, and
- (d) a sustained increase in the value of the Australian dollar relative to the Euro and other relevant currencies, which is not expected to be retraced on a sustainable basis within the short to medium term.

As a consequence of the above the Board prepared Expression of Interest (EOI) documentation for the leasing all or part of the Nursery to a private operator, or operators, for uses to be identified through the process.

At the conclusion of the EOI process three EOIs were received. Two organisations were invited to submit tenders for the lease. The successful tenderer was Kentia Fresh Consortium. The Consortium offered a two stage approach, with the following activities in Stage One:

- Production and sale of Kentia palm seedlings and, depending on demand, sale of semi-mature Kentia palms,
- Vegetable and fruit production pursuant to an initial pilot program,
- Native plant production for local sale and Board revegetation initiatives,
- Limited tourism activities, including the Phasmid House and tours of the Kentia nursery, and
- Feasibility studies regarding future tourism initiatives.

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

STRATEGY - ENSURE THAT A MARKET BASED, STRATEGIC APPROACH IS IMPLEMENTED FOR ALL OF THE BOARD'S REVENUE RAISING ACTIVITIES SO THAT THE BOARD REALISES MAXIMUM BENEFIT FOR THE COMMUNITY

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 five years.

The Board's Pricing Policy can be summarised as follows:

- 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.

STRATEGY - ESTABLISH A MOU AND PROVIDE RESOURCES TO THE LORD HOWE ISLAND TOURISM ASSOCIATION TO CONTINUE DEVELOPMENT OF THE ISLAND AS A SUSTAINABLE TOURIST DESTINATION

The Chief Executive Officer of the Board is a member of the Lord Howe Island Tourism Association Committee, and plays an active role in promoting the island as a sustainable tourism destination.

In addition to providing significant in-kind support to a wide range of Tourism Association initiatives, the Board operates a Visitor Information Centre located at the Lord Howe Island Museum, and contributed \$39,600 directly to the Tourism Association for promotional activities in 2012/13.

Discussions are progressing regarding the MOU between the Board and the Tourism Association, with innovative new approaches to destination marketing and visitor information under consideration.

STRATEGY - APPLY PRINCIPLES OF A "TRIPLE BOTTOM LINE" (ENVIRONMENTAL, SOCIAL AND ECONOMIC SUSTAINABILITY) TO ALL DEVELOPMENT AND COMMUNITY ACTIVITY

The triple bottom line approach focuses the Board's attention not just on the creation of economic value, but also on the 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.

The Board strives to incorporate the principles of a "triple bottom line" in all development and community activity.

STRATEGY - ISSUE THE SUSTAINABLE OPERATIONS DISCUSSION PAPER FOR COMMUNITY COMMENT

The Lord Howe Island Board is responsible for providing essential community services and facilities, protecting the environment and World Heritage values of the island, and promoting the island as a tourist destination. In order to meet these responsibilities the Board raises revenue through fees and charges, and its own business operations. The Board also secures government grants and subsidies.

As the cost of providing services and facilities increases, the need to increase or find additional sources of revenue and reduce expenditure becomes more pressing.

The Board owns assets, other than land, with a Cost or Fair Value of about \$48 million and a Written Down Value of about \$36 million. Assets include the airport, roads, buildings, electrical infrastructure and marine facilities. Historically, the Board has not been able to allocate sufficient funds to fully cover its future asset replacement costs. As a consequence the Board will, if no action is taken, eventually within five years, reach a point where it has insufficient funds to replace assets as and when they reach the end of their useful lives.

The Board has identified this situation as a critical issue to resolve. Rather than release a discussion paper prepared by the Board, Pricewaterhouse Coopers (PwC) were commissioned to

comprehensively assess the current financial position of the Board and identify and evaluate options to move to a more sustainable revenue base.

It is expected that the review will be completed in October 2013 and be considered by the Board at its November 2013 meeting.

The Board is also continuing discussions with the NSW Government to secure funding for critical activities such as corporate governance, community services, transport infrastructure, electricity generation and environmental protection.

STRATEGY - MAINTAIN AND PURSUE POSITIVE AND BENEFICIAL RELATIONSHIPS WITH GOVERNMENT, GOVERNMENT AGENCIES AND OTHER ORGANISATIONS

The Board operates in a complex environment and deals with a wide range of different audiences. The Board pursues positive and beneficial relationships with all stakeholders through three key elements:

- **Leadership:** The Board sets clear priorities and articulates them directly and indirectly to Government, Government agencies and other stakeholders.
- **Staff:** Good stakeholder relationships are built up over many day to day interactions. The Board is fortunate to have credible staff who share the Board's objectives.
- **Communication:** The Board communicates its objectives both internally and externally, and strives to be responsive to stakeholder feedback.

Through employing these three key elements of stakeholder relationship management the Board has been successful in building a range of positive relationships with Government, other agencies and organisations.

Key Result Area - Corporate Governance and Support

GOALS

- 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;
- To keep the Island community and the State government (and through it, the wider community) informed about its activities;
- 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;
- A consultative Board providing proactive leadership and good governance.

STRATEGY - REVIEW AND AMEND GOVERNANCE STRUCTURES, POLICIES AND DECISION PROCESSES TO PROVIDE FOR CHANGING COMMUNITY NEEDS

New policies and significant policy changes are advertised for a period of 28 days to provide the community with the opportunity to comment. Legislative changes that impact the Board's operations are explained through a regular newsletter and on the Board's website.

In March 2012, the Premier appointed the Hon Murray Gleeson AC to conduct a review into the governance arrangements on Lord Howe Island. Key aspects of the Government's response to the review are as follows:

- Support of maintaining, as Chairperson, a senior officer of the NSW Government (Mr. Chris Eccles, Director General of the Department of Premier and Cabinet, has since been appointed as Chairperson),
- The Chief Executive Officer position now sits within the Department of Premier and Cabinet, and
- The establishment of a position to allow a senior Islander to undertake a community leadership and ceremonial role. The position will be filled by the elected Board member who received the most votes at the most recent election (Mr. Barney Nichols). To date the designation of this position has not been decided.

STRATEGY - CONTINUOUSLY EVALUATE BOARD SERVICES TO PROMOTE BEST PRACTICE

An annual internal audit was undertaken by Pricewaterhouse Coopers (PwC). The objective of the review was to focus on the internal controls and processes in relation to the key functions performed by the Lord Howe Island Board as outlined in the three year internal audit strategic plan. This audit focussed on:

- Review of the implementation plan for the Civica Authority accounting/business process management system,
- Cash, banking and collection,
- Payroll and personnel, and
- General ledger and journal entry.

The Audit Report noted that the board faced significant challenges with the departure of two key members of management in addition to the implementation of a new financial system. It further noted that the departure of the Chief Executive Officer and Manager Infrastructure and Engineering Services highlighted the need for a formal succession plan to be developed so that the Board can continue to function in the event of the sudden departure of a key member of staff.

The full Internal Audit Report was submitted to the Board for adoption of the recommendations. The Report was also forwarded to the Office of Environment & Heritage (OEH) Audit and Risk Committee. The objective of the Audit and Risk Committee is to provide independent assistance to the Chief Executive Officer by overseeing and monitoring the Office of Environment and Heritage governance, risk and control frameworks, and its external accountability requirements.

An external audit was carried out by the NSW Audit Office. The Audit opinion is included on page 49 of this Report.

STRATEGY - AN ORGANISATIONAL STRUCTURE THAT IS APPROPRIATE TO THE FUNCTIONAL AREAS OF RESPONSIBILITY

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

STRATEGY - EFFECTIVE COMMUNICATION, CONSULTATION AND PARTICIPATION PROCESSES ARE MAINTAINED AND IMPROVED

In 2012 the Board launched its website, www.lhib.nsw.gov.au. The website contains a wide range of content, including Board meeting minutes, public notices, Board policies, environmental program details and employment opportunities.

During the reporting period the Board continued to publish and distribute newsletters providing information to the community on current issues including the Community Strategy, Wastewater Strategy, environmental issues and Marine Park news.

STRATEGY - PROVIDE RELEVANT AND TIMELY ADVICE TO GOVERNMENT ON MATTERS AFFECTING THE MANAGEMENT OF THE ISLAND

During the reporting period the Minister for the Environment and the Premier were provided with briefings on matters of interest and major projects.

STRATEGY - COMPLIANCE WITH THE BOARD'S CODE OF CONDUCT IS REGULARLY MONITORED

The Board's Code of Conduct contains all of the mandatory provisions of the Model Code issued by the Department of Local Government.

The Code is comprised of three parts:

- Context – this part of the Code is explanatory and does not contain enforceable standards. It establishes the Code's purpose and the principles used to interpret it. It also provides some information that can be used as a guide to making ethical decision.
- Standards of Conduct – this part of the Code sets out the conduct obligations of Board officials. These are the enforceable standards of conduct.
- Procedures – this part of the Code contain the complaint handling process, complaints assessment criteria and the operating guidelines for the conduct of the review committee / reviewer and should be used to guide the management of complaints about breaches of the Code of Conduct.

Board members, members of staff of the Board, members of Board committees, and delegates of the Board must comply with the applicable provisions of the Board's Code of Conduct in carrying out their functions as Board officials.

STRATEGY - A LEVEL OF DELEGATED AUTHORITY IS IMPLEMENTED TO ENSURE EFFICIENT AND EQUITABLE ORGANISATIONAL OPERATIONS

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 delegations allow for efficient and timely decision making, and appropriate services delivery in relation to the day to day administration of the island.

STRATEGY - ENSURE THAT BUDGET PROCESSES ARE TRANSPARENT, STRATEGIC AND RESPONSIVE

The financial year 2012/13 budget was developed in concert with Corporate Plan 2011-2013, the Operations Plan 2012/13 and the Schedule of Fees and Charges for 2012/13.

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 2012/13 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.

Key Result Area - Public Facilities, Services and Infrastructure

GOALS

- **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;**
- **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.**

STRATEGY - PROVIDE SUSTAINABLE INFRASTRUCTURE THAT SUPPORTS ECONOMIC DEVELOPMENT

In 2012/13 fuel consumption for electricity generation has reduced 5 percent as compared to the previous year. This has resulted from the commissioning of the new Powerhouse in December 2012 and the installation of new more efficient engines and the installation of more private photo-voltaic electricity generators across the Island.

Electricity supply has been very reliable during 2012/13 reflecting the new Powerhouse operation.

Further progress on the implementation of the new Wastewater Strategy has occurred through the mapping of soils across the Island and the production of design guidelines for use by leaseholders.

The aerodrome operated by the Board continues to be maintained to an acceptable standard with more than 800 flights a year to and from the Island. A \$4 million grant from the NSW Government was received during the year to contribute to the \$8 million estimated total cost to upgrade the aerodrome's runway in 2015.

STRATEGY - WASTE MANAGEMENT OPERATIONS ARE OPTIMISED TOWARD ZERO WASTE STRATEGIES AND VIABLE RECYCLING PRACTICES

Work continues to improve the efficiency of the waste management operation and the percentage of materials diverted from landfill. The majority of crushed glass stays on the Island and is used for various projects.

Efforts to encourage the community to divert organics from the central facility to home composting and worm farms continue to be successful.

The wastewater treatment system continues to operate in accordance with the licence issued by the Environmental Protection Authority.

STRATEGY - ACCESS TO COMMUNICATION SYSTEMS THAT MEET THE NEEDS OF THE COMMUNITY

The Board continues to work with emergency service providers to finalise the Island's alarm system for emergencies. A reliable radio communication system, which is able to integrate with other emergency service providers, is in place and maintained by the Board.

STRATEGY - SAFE AND RELIABLE ROADS AND FOOT PATHS IN PRIORITY AREAS OF BUSINESS AND PEDESTRIAN TRAFFIC.

Regular repairs continued to be carried out to maintain the roads in a satisfactory condition and provide a suitable surface for the many cyclists. However, the deteriorating road condition in some areas is evidence of the need for a larger program of substantive repairs in the near future as identified in the Asset Management Plan.

STRATEGY - AN ASSET MANAGEMENT SYSTEM IS INSTALLED AND IMPLEMENTED BY DECEMBER 2013

In March 2013, the Board adopted a Strategic Asset Management Plan and Asset Strategy for 2013/14 to 2022/23. The Plan details the relationship between service delivery and the associated assets and explains the management strategies applied to the assets in developing a 10 year budget forecast. The 10 year asset expenditure forecast for the 10 asset categories shows that three categories (Permanent Park Preserve, Power Supply & Airport) consume some 70 percent of the total forecast asset expenditure, both capital and recurrent.

Through a clear strategy, the Asset Management Plan is already assisting in supporting funding proposals from NSW Treasury and other funding sources.

During 2014 an Asset Management System will be implemented for fixed and mobile plant and equipment, infrastructure and buildings.

STRATEGY - INCREASE THE USAGE AND VIABILITY OF PUBLIC SPACES AND COMMUNITY ASSETS

Increased usage of public spaces and community assets is being encouraged through the adoption of a plan to replace high maintenance timber BBQs with electric BBQs. Drinking water refill stations are in place at two locations, providing a valuable service and reducing the consumption of plastics. Spraying of grassed areas to reduce bee stings and bindis has continued as part of a regular maintenance program.

Key Result Area - Natural Environment and Cultural Heritage

GOALS

- **To manage, protect, enhance and conserve Vacant Crown Lands and Lands reserved or dedicated under Section 19 or 19A (including in particular the LHI Permanent Park Preserve) in a manner that recognises the Island's World Heritage values.**
- **Recognition, preservation and promotion of the history and heritage of the Island.**

STRATEGY - PREVENT THE INTRODUCTION AND CONTROL THE IMPACTS OF EXOTIC FAUNA, FLORA AND PATHOGENS TO LHI

COMMENCE REVIEW AND IMPLEMENT THE LHI QUARANTINE STRATEGY

As part of the LHIB Rodent Eradication Program, the LHIB Quarantine Strategy has been reviewed and a draft update has been prepared. A working group will be established in 2014 to review the strategy to ensure it protects the islands environment, agriculture and businesses whilst also being applicable to LHI residents, suppliers/providers and visitors. A brochure on Quarantine has been developed and

disseminated at the airport terminal, LHIB administration building, visitor centre and through tour operators.

REVIEW AND IMPLEMENT THE LHI PLANT IMPORTATION POLICY AND CONTINUE WEED RISK ASSESSMENTS

In May 2013, the Board adopted the revised LHI Plant Importation Policy and Strategy on the condition that a risk assessment on the introduction of Myrtle Rust *Puccinia psidii* associated to plant imports be undertaken. The policy and strategy aim to protect Lord Howe Island against the risks that may arise from introduced plants and pathogens entering, establishing and spreading on the Island.

IMPLEMENT PHYTOSANITARY GUIDELINES FOR WALKERS TO MINIMISE THE RISK OF INTRODUCED PESTS, WEEDS AND DISEASE TO LHI

The Board is currently implementing a strategy to install walk through boot scrub facilities at the start of the Max Nichols walking track, at Old Settlement, at the start of Malabar walking track at Neds Beach and at the start of Middle beach/Clearplace walking track near the new Powerhouse. Sit down bays have been installed at the Golf Club and Pinetrees, Oceanview & Somerset guest lodges, the Board depot, research facility and the Museum. A brochure is being developed to inform residents and visitors of the impact of Myrtle Rust and Phytophthora and what steps they can undertake to reduce the potential for their introduction.

STRATEGY - ERADICATE (WHERE FEASIBLE) AND CONTROL EXISTING WEEDS TO REDUCE THEIR IMPACT ON BIODIVERSITY

REVIEW AND IMPLEMENT THE LHI WEED MANAGEMENT STRATEGY

The weed management strategy (2006) methodology is still current and is based on systematic, grid based searches of the entire island every two years to achieve the eradication of key weeds. Targeted control of highly invasive weeds in limited distribution or in seabird breeding areas is undertaken seasonally (e.g. Climbing Asparagus and Glory Lily). The weed management strategy is currently under review in consultation with stakeholders and includes a review of nine years of weed eradication effort to determine future costs and eradication timeframes; and measures to address emerging weed threats.

MANAGE EXTERNAL FUNDING IN ACCORDANCE WITH NSW ET AND CFOC FUNDING AGREEMENTS TO ACHIEVE TARGETS IDENTIFIED IN THE WEED ERADICATION STRATEGY

The Board has been successful in obtaining a number of major externally funded grants.

The Board is currently implementing Year two of the NSW Environmental Trust (ET) project – Progressing the Eradication of Weeds from LHI, which is a three year project. The project aims to deliver eradication targets for at least 15 priority invasive weed species including four Weeds of National Significance (Bitou Bush, Bridal Creeper, Ground Asparagus and Lantana) from the Lord Howe Island Permanent Park Preserve. Staff have been recruited, contract components rolled out and volunteers engaged. Approximately 400 hectares has been treated during the reporting period.

The Board has completed the implementation of the two year project – Eradication Is the Key funded by a Caring for our Country (CFOC) grant. This grant has focussed on weeds in the Settlement area and

components of the weed eradication program such as aerial helicopter spray and asparagus weeds. The project assisted leaseholders in removing weeds based on a risk assessment.

MAINTAIN THE LHI WEEDS DATABASE VEGETATION MAPPING AND MONITORING RECORDS

The database platform is currently being modified to include new best practice control techniques and to improve reporting capacity. Data entry is carried out regularly, and the analysis of data will be undertaken in 2014 (as part of the review of the Weed Management Strategy) to determine patterns and priorities. To improve eradication success, LHIB bush regeneration staff will be using GPS tracking systems to monitor effectiveness of grid search methodology and to demark areas requiring specialist access.

The herbarium requires ongoing maintenance and registration of new specimens. This is particularly important for new weed species that are encountered in gardens or the Permanent Park Preserve to register their weed status on LHI and in state and national herbaria.

UNDERTAKE SCHEDULED WEED INSPECTIONS OF LEASES AND MANAGE COMPLIANCE

Scheduled noxious weed inspections were undertaken in June and July 2013, with assistance from the Mid North Coast Weeds Co-ordinating Committees Regional Weeds Management Officer. The majority of leaseholders voluntarily complied with noxious weed requirements. One leaseholder did not comply and further legal action and follow-up action has been undertaken.

SUPPORT VOLUNTEER BASED WEED CONTROL PROGRAMS

Eight volunteers were engaged to work for a minimum of three weeks. Up to five locals residents have volunteered to gain experience. Several people have expressed interest in participating in the weed eradication program in 2013/2014.

STRATEGY - UNDERTAKE REVEGETATION AND REHABILITATION WORKS IN HIGH CONSERVATION PRIORITY AREAS

FINALISE REVIEW OF LHI VEGETATION REHABILITATION PLAN AND COMMENCE IMPLEMENTATION

The Board has commenced a review of the LHI vegetation rehabilitation plan. Mapping and summary profiles of priority sites has commenced.

MAINTAIN REVEGETATION AREAS IN ACCORDANCE WITH THE LHI REVEGETATION PLAN

Regular and ongoing maintenance of rehabilitation areas is undertaken to control weeds, maintain fences and infill planting. Local provenance seed and cutting grown plant stock are propagated at the LHIB nursery for use at revegetation sites. Work has continued at high priority revegetation sites Lovers Bay, the lagoon foreshore (in the vicinity of the boat sheds) and infill plantings in Sallywood Swamp forest habitat.

STRATEGY - ERADICATE (WHERE FEASIBLE) OR CONTROL INTRODUCED FAUNA AND REDUCE THEIR IMPACT ON BIODIVERSITY

IMPLEMENT RODENT ERADICATION PROGRAM IN ACCORDANCE WITH ENVIRONMENTAL TRUST AND CARING FOR OUR COUNTRY FUNDING AGREEMENTS

In July 2012 the NSW and Australian Governments announced a joint funding arrangement for the Lord Howe Island Rodent Eradication Program (LHIREP), through the NSW Environmental Trust and the Australian Government's Caring for Our Country program.

The Project has three stages:

- Stage 1 will complete all planning and preparations for the eradication operation (July 2012 – June 2015);
- Stage 2 will implement the baiting strategy including captive management and post baiting monitoring (July 2016 – January 2017); and
- Stage 3 will monitor the environmental outcomes of the baiting operation (February – June 2017 and beyond).

Stage 1 of the project is currently being implemented. A project Steering Committee has been established and comprises representatives from the LHIB (CEO and elected local Board member), an Australian Government funding partner, NSW funding partner, and an external eradication expert. A Scientific and Technical Advisory Committee (STAC) has also been established and provides expert advice to the Steering Committee.

In February 2013, a Community Liaison Group (CLG) was established and is comprised of 12 members of the Island community. The CLG has held four meetings, as well as a meeting with the LHI Tourism Association. It is independently facilitated by an external consultant. The CLG endorsed a Communication Plan developed by the consultant, identifying the best ways to share information and further consult the community and other key stakeholders. In line with this Plan, a major "Open House" activity was undertaken in late August 2013 providing an opportunity for many islanders to obtain accurate and expert information about the Program.

CONTINUE EXISTING RODENT BAIT PROGRAM IN ACCORDANCE WITH THE LHIB RODENT BAITING SCHEDULE

The Board currently services and maintains approximately 1,253 rat bait stations in 26 designated rat baiting areas across the Island.

The Board also coordinates a rodent baiting program within the community. In order to maximise the effectiveness of this program people are asked to place bait out at the same time as the Board are servicing the stations. Bait is provided from the Board one week prior to and during the scheduled baiting period. A copy of the 2013 baiting schedule has been provided to all members of the community.

ERADICATE MALLARD-BLACK DUCK HYBRIDS THEN TRANSITION TO CONTROL PHASE. CONTROL FERAL PIGEONS AND OWLS

Control measures are continuing to be undertaken. It has been determined that it is not possible to eradicate feral ducks as they readily self reintroduce from New Zealand.

IMPLEMENT AFRICAN BIG HEADED ANT ERADICATION WORK PLAN

With the assistance of funding from the Australian Government's Caring for Our Country program, the Board have surveyed 105 hectares and have currently treated 16 hectares for African Big-headed Ants (ABHA's). Monitoring of the Island for ABHA's has now been completed with a total recorded infestation of approximately 20 hectares.

STRATEGY - ENCOURAGE THE CONSERVATION AND PROTECTION OF SPECIES, POPULATIONS AND ECOLOGICAL COMMUNITIES

UNDERTAKE RECOVERY ACTIONS FOR THREATENED FAUNA AND FLORA IN EXISTING RECOVERY PLANS AND THE BIODIVERSITY MANAGEMENT PLAN IN ACCORDANCE WITH THE IMPLEMENTATION TABLE

The Board has undertaken a number of priority recovery actions for fauna including research assistance provided for Microbat surveys pre-rodent eradication and weed management in Phasmid habitat. Annual woodhen surveys were undertaken in November 2012. Quarterly Biodiversity Management Plan (BMP) meetings continue to progress the implementation of the plan. The Board continues to manage the Morning Glory infestation at Balls Pyramid Phasmid habitat. The monitoring of the Phasmids will recommence early 2014. A procedure has currently been developed for working in threatened species habitat.

DEVELOP PRIORITY LIST AND PROMOTE BOARD PRIORITY RESEARCH PROJECTS TO RELEVANT RESEARCH INSTITUTIONS

The Board has scheduled a workshop with key researchers to review previous research and identify gaps and research priorities. This workshop will occur in February 2014.

SUPPORT PRIORITY FAUNA AND FLORA RESEARCH PROPOSALS IN ACCORDANCE WITH LHI RESEARCH POLICY AND THE BIODIVERSITY MANAGEMENT PLAN PRIORITIES

The Board has processed all flora & fauna research applications in accordance with approved assessment criteria. Grant applications have been submitted to continue research into biological control of Crofton weed. The Board has supported in kind contributions to Microbat research and research associated with the proposed rodent eradication.

CONVENE REGULAR BIODIVERSITY MANAGEMENT COMMITTEE MEETINGS

Quarterly Biodiversity Management Committee meetings were held during the year.

STRATEGY - ENHANCE POSITIVE INTERACTIONS AND REDUCE NEGATIVE INTERACTIONS BETWEEN HUMANS AND WILDLIFE

DEVELOP ENVIRONMENT STANDARD OPERATING PROCEDURES TO GUIDE ROUTINE BOARD FIELD WORKS AND OPERATIONS

Draft procedures have been developed for working in threatened species habitat, accessing leasehold land and booking the research facility.

IMPLEMENT PLANNED INSPECTIONS AND MAINTENANCE AND LICENSING CONTROLS TO MANAGE MT GOWER WALKS

The Board has prepared a detailed risk assessment in conjunction with emergency service organisations (i.e. NSW Police, NSW Ambulance Service, and State Emergency Service). The risk assessment identifies eight risks, and proposes a number of actions to manage risks to an acceptable level. The document has been reviewed by the Local Emergency Management Committee and will be considered by the Board.

STRATEGY - UNDERTAKE CONSTRUCTION AND MAINTENANCE OF VISITOR FACILITIES

DEVELOP MAINTENANCE PLAN AND UNDERTAKE ROUTINE MAINTENANCE OF VISITOR FACILITIES, MOORINGS, WALKING TRACKS AND FENCES

The Board has recently developed an Asset Management Plan, and will implement an Asset Management System in 2014.

The Board has commenced a review of the Walking Track Strategy. Annual audits of all walking tracks have been completed and the implementation of actions identified in the audit is currently underway. Track upgrades are prioritised according to the walking track strategy. A Review of Environmental Factors has been prepared for the upgrade of Muttonbird Point track, which will enable it to be reopened to the public following a major landslide in June 2011.

BBQ facilities at North Bay are being replaced and upgraded.

Monthly mooring inspections are ongoing and two new moorings have been deployed in the south passage. These new moorings were funded by Gosford Yacht Club.

UNDERTAKE SCHEDULED INSPECTIONS OF ASSETS AND NATURAL HAZARDS TO MINIMISE RISK TO RESIDENTS AND VISITORS TO LHI

The walking track audit is conducted annually in September, prior to the start of the peak tourist season. Cyclic maintenance plans will be recorded in the new Asset Management System when commissioned in 2014

STRATEGY - IMPLEMENT WILDLIFE LICENSING AND MANAGEMENT REQUIREMENTS

IMPLEMENT SOOTY TERN MANAGEMENT PROGRAM AT THE LHI AERODROME AND AT ALTERNATIVE NEST SITES

The Board in consultation with Qantaslink has developed a Bird and Animal Hazard Management Plan for the LHI Aerodrome. The plan outlines a range of management strategies to provide a safe operating environment for all aircraft utilising the Aerodrome.

In accordance with the Plan the Board erected 10-15 kilometers of bunting on Blinky dune at 5 metre grids to discourage the birds from nesting within the flight path of the Aerodrome. Alternative nest sites were also established and maintained for Sooty Tern nesting habitat.

STRATEGY – INCREASE UNDERSTANDING OF COASTAL PROCESSES AND IDENTIFY HAZARDS

COMPLETE COASTAL HAZARD STUDY

In March 2012, the Board received funding under the NSW Government's Coastal Management Program to prepare a Coastal Hazard Definition and Coastal Management Study for Lord Howe Island. Haskoning Australia has been engaged by the Board to complete the study. A literature review and photogrammetric analysis using 1965, 1975, 1984, 2001 and 2011 data has been completed.

The Preliminary Draft Coastal Hazard Study is currently being finalised and expected to be completed by October 2013.

STRATEGY - PROVIDE OPPORTUNITIES TO DEVELOP SKILLS, COMPETENCY AND CAREERS

Approximately 20 Board staff completed their Certificate III in Conservation and Land Management through a partnership with TAFE NSW (North Coast Institute). The Certificate III in Conservation and Land Management is an entry-level course providing students with the knowledge and skills required to commence a career in the bush regeneration/revegetation and the management of natural areas, parks and reserves. This qualification is a pre-requisite for a number of positions within the Board. Funding for this program was provided in part by the State Training Services

Staff also completed and maintained accreditation in First Aid, ChemCert and chainsaw use.

The Royal Botanic Gardens conducted Myrtle Rust training in early February 2013. The Board Ranger conducted a POEO Act for Authorised Officer's course in May 2013.

Contract bush regenerators have been engaged to assist the LHIB team to deliver seasonal eradication outputs and to build team capacity.

STRATEGY - RECOGNISE, PRESERVE AND PROMOTE THE HISTORY AND HERITAGE OF THE ISLAND

FINALISE AND IMPLEMENT LHI COMMUNITY BASED HERITAGE STUDY

The LHI Community based Heritage Study has been completed by MUSEcape Pty Ltd and includes a thematic history of the island and a list of items, which are recommended for listing on the LHI Local Environmental Plan.

Draft NSW State Heritage Inventory forms have also been completed to provide the Board with a better understanding of the significance of each item and determine the appropriate management actions.

Key Result Area - Land Administration and Planning

GOALS

- **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.**

STRATEGY - EFFECTIVE AND EFFICIENT PLANNING AND BUILDING CONTROLS

In 2012/13 the Board continued to engage an external consultant to provide objective and independent advice on all planning matters, including Owner Consents, Development Applications and s96 Applications.

All applications were assessed in accordance with the *Environmental Planning and Assessment Act 1979*, relevant planning instruments, policies and procedures and the Board's delegated authority.

The Board also sought advice from the Office of Environment and Heritage, NSW Department of Planning & Infrastructure, NSW Heritage Branch, and Port Macquarie Hastings Council on development assessment and building compliance matters.

In order to monitor the effectiveness of the planning process the Board conducts a biannual audit of planning and assessment systems and processes. The audit, completed by the external planning consultant, assesses if systems are up to date and compliant with legislative and procedural requirements, and reflect best practice.

In June 2013, the Board prepared a draft development assessment policy and procedures, which aims to deliver a consistent development assessment service within reasonable timeframes and to communicate the procedures the Board follows to assess development applications.

During the reporting period, progress was made on the review the LHI Local Environmental Plan, 2010 and LHI Development Control Plan, 2005. The Board has commenced a number of detailed studies including a Coastal Hazard Study, Community-based Heritage Study, review of the mapping of Significant Native Vegetation, and a review of the Signage Policy to inform the new planning instrument.

In June 2013, the Board prepared a fact sheet to explain the LEP review process and an online and paper survey which sought input from the community and other interested groups on issues which should be addressed in the review.

STRATEGY - ENSURE THE FAIR, TRANSPARENT AND EQUITABLE SUSTAINABLE ALLOCATION OF VACANT CROWN LAND FOR RESIDENTIAL DEVELOPMENT FOR ISLANDER'S WHO DO NOT HAVE ACCESS TO LAND WITHIN AN EXISTING PERPETUAL LEASE

The LHI Local Environmental Plan, 2010 places a limit on the number of dwellings to which consent may be given (i.e. a total of 25 dwellings during a period of 20 years commencing on 28 October 2005). As at 30 June 2013 consent had been given to 10 dwellings.

In September 2012 the Board adopted the LHIB Land Asset Disposal Policy in accordance with the directions of the Minister and NSW Treasury requirements. The policy establishes a clear and transparent process for the Board to assess proposals or requests to transfer Crown land. The policy will also assist the Board to identify surplus assets in a systematic manner.

In May 2013, the Board prepared a draft Transfer of Perpetual Leases Policy to amend and replace the previous policy.

STRATEGY - THE PERMANENT PARK PRESERVE IS MANAGED IN ACCORDANCE WITH A CURRENT AND APPROVED PLAN OF MANAGEMENT

The LHI Permanent Park Preserve Plan of Management was endorsed by the Minister on 17 November 2010. Internal audits on the progress of the plan are made annually. Substantial progress continues to be made on the identified actions.

STRATEGY - INVEST IN RESOURCES AND SYSTEMS TO ENHANCE THE BOARD'S CAPACITY AS A LAND ADMINISTRATOR AND CONSENT AUTHORITY

In April 2013 the Board engaged RPS Australia Pty Ltd as the Board's Planning Consultant following an open tender process. RPS Australia and the Board have worked together with the NSW Department of Planning & Infrastructure to commence a review the LHI Local Environmental Plan, 2010. As part of the planning contract, an audit of planning and assessment systems and processes is to be reported to the Board in May and December each year. The audit aims to ensure that systems are up to date and compliant with legislative and procedural requirements, and reflect best practice.

Over the last 18 months, significant improvements have been made regarding statutory assessment timeframes, improved compliance and environmental outcomes on Lord Howe Island.

During the reporting period, the Board undertook a review of Special Leases and the Minister reissued leases in accordance with the Act.

In June 2013, the Board engaged a planner and designer to prepare concept plans for the old Powerhouse Precinct, and undertook further investigation of the various issues, ranging from remediation through to construction.

Key Result Area - Community Well-being and Health

GOALS

- **To exercise community leadership;**
- **To promote and to provide and plan for the needs of children;**
- **To exercise its powers, authorities, duties and functions in a manner that is consistent with and actively promotes the principles of multiculturalism;**
- **To have regard to the long term and cumulative effect of its decisions;**
- **To develop programs and projects which protect and enhance public health.**

STRATEGY - TO CREATE A COHESIVE THRIVING COMMUNITY WITH A STRONG SENSE OF IDENTITY

In May 2010 the Board sponsored the preparation of a community strategy through a community conversation process. The Strategy identified guiding principles, community goals, key community ideas, assets, resources, and challenges, 61 recommended planned actions and indicators of success for 12 strategy themes.

The Administration completed a review of progress to implement the actions identified in the strategy. The report lists all 61 initiatives identified in the strategy and summarises action to date. The report identifies that over 70 percent of the 61 actions have commenced or are complete. All high priority

actions, excluding one – Youth Advisory Council, have been commenced or are complete. There are currently seven medium and nine low priority initiatives that have not commenced.

STRATEGY – BUILD COMMUNITY CAPACITY (I.E. THE COMMUNITY’S ABILITY TO LEAD, RESOURCE, MANAGE AND ACHIEVE LOCAL COMMUNITY AND ECONOMIC DEVELOPMENT)

The Board has continued to support Emergency Service Providers in concrete ways through providing a staff member to be the Local Emergency Management Officer (LEMO), coordinating meetings of the Local Emergency Management Committee (LEMC), providing physical and human resources to respond to incidents and reviewing the local DISPLAN.

STRATEGY - PROMOTE PROGRAMS THAT ASSIST IN YOUTH DEVELOPMENT

In the 2012/13 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. During the reporting period, Ms Courtney Turner completed her studies obtaining a first class honours degree in veterinary science.

STRATEGY - ENSURE COMPLIANCE WITH PUBLIC HEALTH STANDARDS

The Board undertakes scheduled inspections and maintenance of drinking water supplies in accordance with the *Public Health Act* and the *Australian Drinking Water Guidelines*.

The Board has a statutory obligation to implement food safety standards on the Island. To assist in this area, the LHIB engages a Senior Environmental Health Officer under the MOU with Port Macquarie Hastings Council to provide expert advice and to carry-out periodic inspections and assessments of food business premises. In November 2012, inspections were carried out of all food premises on the Island.

The Board continued to work closely with the NSW Food Authority and primary producers to ensure that all food products sold on the island were produced within the requirements of NSW food legislation.

During April 2013 the Board with the assistance of staff from Port Macquarie Hastings Council undertook inspections of all On-site Sewage Management Systems across the Island. The program was part of the Board’s commitment to the long-term protection of public health and the environment, and checked compliance against the recently adopted on-site waste water management strategy.

The Board has a legislative requirement to monitor the operation of all on-site wastewater management systems and ensure those systems comply with environmental and public health performance standards.

The Board also undertakes regular Mosquito vector monitoring. Although LHI is considered a Low to Very Low risk, it is very important that ongoing vector monitoring activity continue to determine threats to public health.

During the reporting period, the Board developed a groundwater monitoring strategy to better understand the movement, availability and quality of the groundwater resource on Lord Howe Island. In March 2013, the Board installed groundwater monitoring wells and equipment in nine locations, using

dataloggers to measure water level and electrical conductivity. The information from the dataloggers will be used to develop a conceptual groundwater model for Lord Howe Island. Water samples will also be collected from the wells to further assist in assessing groundwater quality on the island.

STATUTORY REPORTING

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.

During the reporting period no leases were transferred or sublet to non-Islanders under the Lord Howe Island Act 1953 other than by way of mortgage.

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.

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 2012-2013 financial year:

Community Group	2012/13 Allocation	Nature and Purpose of Project
Lord Howe Island Historical Society	\$7,560	Record the History of the Island through interviews with Senior Citizens
Lord Howe Island Historical Society for Lord Howe Island Plastic Action Group	\$3,025	Design and produce a colour brochure on the issues of seabirds and plastic at Lord Howe Island
Lord Howe Island Bowling Club	\$6,000	Upgrade of groundwater and waste disposal at Bowling Club
Lord Howe Island Bowling Club	\$2,000	Event support and promotion
Lord Howe Island Golf Club	\$6,600	Purchase and installation of a new commercial grade waste water system
Lord Howe Island Radio Station	\$2,500	Ongoing station operations and purchase of equipment

The Lord Howe Island Board provided funding of \$39,600 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*.

LEGAL CHANGE

During the reporting period no changes were made to the *Lord Howe Island Act 1953* or the *Lord Howe Island Regulation 2004*.

ECONOMIC OR OTHER FACTORS

On average, the Board requires around \$7.5 million per annum to meet its annual budget commitments (excluding capital expenditure). It raises revenues through a variety of fees and charges and its own business operations, and also receives government subsidies and grants for specific purposes.

Over the past decade, the legislative responsibilities and community expectations of the Board have increased, resulting in more onerous expenditure requirements. There has also been an increase in the number of visitors to the Island, resulting in additional costs for the Board due to increased demand for infrastructure, essential services and visitor facilities.

In future the Board's current revenue sources will be insufficient to allow the Board to meet this increasing demand for services, and in particular, fund necessary capital renewal. It is also expected that government grants and subsidies will be increasingly difficult to secure in light of expenditure constraints on both NSW and Commonwealth governments. Indeed, the NSW Government has indicated that grants and subsidies may be reduced, and has thus urged the Board to identify other revenue raising mechanisms.

In March 2013 the Board agreed that a consultant be engaged to comprehensively assess the current financial position of the Board and identify and evaluate options to move to a more sustainable revenue base. PricewaterhouseCoopers was engaged to undertake this assessment.

The Board secured the following external grants during the reporting period:

Source of Funds	Grant Program	Description	Estimated Total Grant
ANZ	Foundation for Rural and Regional Renewal	Computer skills training and education program	\$8,400
Northern Rivers Catchment Management Authority	Biodiversity Grants	Lord Howe Island - Protecting Island Diversity 12-13	\$55,000
NSW Treasury	Recurrent Funding	Recurrent Funding for non-capital purposes	\$1,475,000

RESEARCH AND DEVELOPMENT

Completed and continuing research and developmental activities	Resources allocated
Captive Management Trails	\$393,000
Research into biodiversity benefits of a rodent eradication: Resistance trials of rodents to brodifacoum	\$45,000
Impacts of rodents to seabirds	\$15,000
Design directional spray unit for helicopter to treat weeds from vertical cliffs	\$15,000
Crofton Rust Trials – Project partner with CSIRO	-
Micro-bat Population Surveys	\$5,000
Annual Woodhen Census	\$25,000
Lord Howe Island Threatened Plant Surveys	\$4,372
Vegetation Mapping	\$10,000
Plant Palatability Trials – project partner with Melbourne Zoo	-

DISABILITY PLANS

The Board is not required to implement a disability plan.

LAND DISPOSAL

No properties were disposed of by the Board during the reporting year.

DISCLOSURE OF CONTROLLED ENTITIES

Nil.

DISCLOSURE OF SUBSIDIARIES

Nil.

AGREEMENTS WITH THE COMMUNITY RELATIONS COMMISSION

No agreements were in place during the reporting period.

HUMAN RESOURCES

The Lord Howe Island Act forbids the Board from employing staff. All of the Lord Howe Island Board's personnel services are provided by the Department of Premier and Cabinet and administered by the Office of Environment and Heritage. In accordance with these arrangements the Board has a permanent staff establishment of 40.7 (01/07/2012), with the Chief Executive Officer responsible for the overall day-to-day management and administration.

The following employee numbers for staff employed under the Crown Employees (Lord Howe Island Board Salaries and Conditions 2009) Award 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.

Area	Category	2012/13	2011/12	2010/11	2009/10
Senior Management	Snr Management	2.9	2.7	3.0	2.0
Business & Corporate Services	Administration	4.0	4.1	4.1	4.0
	Visitor Centre	0.8	0.8	0.7	0.8
	Nursery	3.8	4.1	5.6	4.8
	Liquor Store	1.4	1.5	1.4	1.2
Environmental & Community Development	Environment	13.8	10.7	11.3	12
	Public Health	1.0	1.0	1.0	1.0
	Community Dev.	0.4	0.4	-	-
Infrastructure & Engineering Services	Works & Services	10.9	12.6	12.3	14.2
	Powerhouse	1.4	1.0	1.0	1.0
Total		40.4	38.9	40.4	41

CONSULTANTS

The Board paid the sum of \$339,137 during the current financial year to various consultants. These payments were made for the following purposes.

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

Consultant	Project	Actual Costs
Make Stuff Happen	Establish a Community Liaison Group to develop a Communication Plan and Community Consultation Strategy	\$52,826

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

Nature of Consultancy	Number of Engagements	Total Cost
Airport Services	1	\$7,608
Corporate Governance	1	\$2,640
Engineering	1	\$550
Finance and Accounting	2	\$17,256
Land Management	6	\$98,481
Legal	4	\$65,407
Town Planning	8	\$94,369

EQUAL EMPLOYMENT OPPORTUNITY

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 ON EEO TARGET GROUPS

TABLE 1.

EEO Group	Benchmark / Target	Trends in the Representation of EEO Groups		
		Percentage of Total Staff		
		2011	2012	2013
Women	50.0%	25.6%	27.5%	19.0%
Aboriginal people and Torres Strait Islanders	2.6%	0.0%	0.0%	0.0%
People whose first language was not English	19.0%	4.7%	5.0%	7.1%
People with a disability	N/A	7.0%	7.5%	9.5%
People with a disability requiring work-related adjustment	1.5%	7.0%	2.5%	7.1%

TABLE 2.

EEO Group	Benchmark	Trends in the Distribution of EEO Groups		
		2011	2012	2013
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 EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO 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 EEO group is less concentrated at lower salary levels.

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

B) COMMENTARY AND INITIATIVES TO ELIMINATE DISCRIMINATION IN EMPLOYMENT AND PROMOTE EQUAL EMPLOYMENT OPPORTUNITY (EEO)

The Lord Howe Island Board is committed to achieving the NSW Public Sector EEO outcomes of:

- a diverse and skilled workforce
- improved employment access and participation by EEO groups, and
- a workplace culture displaying fair workplace practices and behaviours.

During the 2013/2014 reporting period the Board will continue to:

- Apply the principles of merit selection to recruitment processes;
- Develop and review workplace policies in support of EEO principles such as the No Bullying Policy and Respectful Workplace Policy;
- Identify and provide appropriate training and development opportunities for all staff.

PROMOTION

Nil.

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 has adopted and implemented the LHIB Risk Management Policy and Procedure to guide the LHIB to manage risk systematically, efficiently and effectively.

INTERNAL AUDIT AND RISK MANAGEMENT POLICY ATTESTATION

STATEMENT FOR THE 2012-13 REPORTING PERIOD

I, Barney Nichols, am of the opinion that the Lord Howe Island Board has internal audit and risk management processes in place that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

I, Barney Nichols, am of the opinion that the Audit and Risk Committee for the Lord Howe Island Board is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09-08. The Chair and Members of the Audit and Risk Committee during the reporting period were:

- Arthur Butler, independent Chair,
- Gerry Brus, independent member,
- Joan Wilcox, independent member, and
- Paul Elton, Executive Director Policy, Office of Environment and Heritage

These processes provide a level of assurance that enables the senior management of the Lord Howe Island Board to understand, manage and satisfactorily control risk exposures.



Barney Nichols

DEPUTY CHAIR

LORD HOWE ISLAND BOARD

25 October 2013

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 2013/14 reporting period the Board will continue to progress and develop good practice, guided by the Multicultural Planning Framework.

OCCUPATIONAL HEALTH AND SAFETY

WORKERS COMPENSATION CLAIMS 2012-13

Date of Injury	Type of Injury	Cause of Injury	Hours lost	Work Unit
10/07/2012	Conjunctival irritation	Failure of hydraulic hose on excavator resulted in low pressure hydraulic fluid squirting into eye.	9.10	IES
12/09/2012	Foreign body right eye	Employee using a grinder – metal flakes flew into eye.	Medical expenses only	IES
26/09/2012	Foreign body on left cornea	Dirt blew into eye on construction site.	Medical expenses only	IES
03/10/2012	Soft tissue crush injury of left hand	Hand crushed by load while loading equipment onto truck.	Medical expenses only	IES
28/11/2012	Cellulitis right hand	Hand struck by a branch while pruning vegetation.	Medical expenses only	IES
11/12/2012	Partial tear right med collateral ligament of knee	Tripped on fencing wire.	15.20	ECD
16/12/2012	Laceration of left hand	Chain dog handle released striking hand while releasing tension on a load on a trailer.	Medical expenses only	IES
13/02/2013	Ligamentous tear in the right foot	Twisted ankle slipping on a wet rock.	2.5	ECD
13/06/2013	Abcess L upper forearm	Probably bitten by insect or spider.	15.2	ECD

CLAIM HISTORY

Reporting Period	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Number of claims	11	12	9	8	10	9
Net cost of claims	\$66,357	\$88,937	\$94,148	\$25,408	\$55,636	\$5,863

The Board aims to achieve the targets set out in the NSW Public Sector Workplace Health and Safety Injury Management Strategy.

Workplace Injury claims for 2012/13 have increased by 1 incident over the corresponding period for 2011/12.

During the reporting period the Board was not prosecuted under the *Work health and Safety Act 2011* for any incident during the reporting period.

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.

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
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.

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 TCorp Cash Hour-Glass Facility was 3.69 percent, while the average return from its term deposits was approximately 4.57 percent. The composite return on the Board's total surplus funds during the year is estimated to be approximately 4.5 percent.

LIABILITY MANAGEMENT PERFORMANCE

Nil.

PERFORMANCE AND NUMBERS OF EXECUTIVE OFFICERS

Nil.

GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT 2009

Under Section 125 (1) of the Act, each agency must, within four months after the end of each reporting year, prepare an annual report on the agency's obligations under this Act for submission to the Minister responsible for the agency. A copy of the report is to be provided to the Information Commissioner. Under paragraph 7 of the Government Information (Public Access) Regulation 2009 the annual report must include the following:

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

Section 7 of the Act - Authorised proactive release of government information – at subsection (3), provides that... An agency must, at intervals of not more than 12 months, review its program for the release of government information under this section to identify the kinds of government information held by the agency that should in the public interest be made publicly available and that can be made publicly available without imposing unreasonable additional costs on the agency.

A review in accordance with Section 7(3) of the Act was undertaken in September 2012. As a result of the review the Board continued to proactively release government information during the reporting period in the following ways:

- Regular update of the website www.lhib.nsw.gov.au, in particular the News, Public Notices and Featured programs sections;
- Publishing of community newsletters and bulletins to inform the public.

(b) the total number of access applications received by the agency during the reporting year (including withdrawn applications but not including invalid applications),

Zero (0) access applications were received during the 2012/2013 reporting year.

(c) 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),

Note. Table D in schedule 2 also requires information relating to access applications in respect of which there is a conclusive presumption of overriding public interest against disclosure.

Zero (0) access applications were refused during the 2012/2013 reporting period either wholly or partly.

(d) information, as set out in the form required by the tables in Schedule 2, relating to the access applications (if any) made to the agency during the reporting year.

SCHEDULE 2 STATISTICAL INFORMATION ABOUT ACCESS APPLICATIONS TO BE INCLUDED IN ANNUAL REPORT

(Clause 7)

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
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	0	0	0	0	0	0	0	0
Members of the public (other)	0	0	0	0	0	0	0	0

* 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
Personal information applications*	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	0	0	0	0	0	0	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

* 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
Application does not comply with formal requirements (section 41 of the Act)	0
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently became valid applications	0

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of the Act	
	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	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 the Act	
	No of occasions when application not successful
Responsible and effective government	0
Law enforcement and security	0
Individual rights, judicial process and natural justice	0
Business interests of agencies and other persons	0
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Table F: Timeliness	
	No of applications
Decided within the statutory timeframe (20 days plus any extensions)	0
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	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
Internal review	1	0	1
Review by Information Commissioner*	1	1	2
Internal review following recommendation under section 39 of the Act	0	0	0
Review by ADT	0	0	0
Total	2	1	3

* 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)	
	No of applications for review
Applications by access applicants	0
Applications by persons to whom information the subject of access applications relates (see section 54 of the Act)	0

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.

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.

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



Bill Monks

A/Chief Executive Officer

8 October 2013

REQUIREMENTS ARISING FROM EMPLOYMENT ARRANGEMENTS

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

“(3) The Board cannot employ any staff. 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 are provided to the Lord Howe Island Board by the Office of Environment and Heritage, Department of Premier and Cabinet.

BUDGETS

The original budget for 2012/13 was approved by the Board at the start of the financial year. Throughout the year the Board approved adjustments to several budget line items in order to reflect changing circumstances.

BUDGET FOR THE REPORTING YEAR*

2013 BUDGET	REVENUE			EXPENDITURE			CAPITAL		
	ORIGINAL	+/-	FINAL	ORIGINAL	+/-	FINAL	ORIGINAL	+/-	FINAL
ENVIRONMENT	615,000	-37,425	577,575	410,768	0	410,768	0	17,200	17,200
ENVIRONMENT RESEARCH	20,000	0	20,000	7,324	0	7,324	0	0	0
FILM PRODUCTIONS ENVIRONMENT GRANT PROGRAMS	0	0	0	0	0	0	0	0	0
	736,505	-134,000	602,505	467,233	1,429,695	1,896,928	0	0	0
PERMANENT PARK PRESERVE NATURAL ENVIRO & CULTURAL HERITAGE	0	0	0	458,045	0	458,045	0	0	0
	1,371,505	-171,425	1,200,080	1,343,370	1,429,695	2,773,065	0	17,200	17,200
LIQUOR STORE NURSERY EXPORT PRODUCTION	1,554,000	0	1,554,000	1,245,984	0	1,245,984	0	0	0
	218,000	0	218,000	138,560	0	138,560	0	0	0
NURSERY MAINTENANCE	0	0	0	14,822	0	14,822	0	0	0
NURSERY MANAGEMENT NURSERY OTHER PRODUCTION	0	0	0	68,327	0	68,327	0	0	0
	62,000	0	62,000	68,226	0	68,226	0	0	0
NURSERY MERCHANDISING & MISC	12,000	0	12,000	5,850	0	5,850	0	0	0
NURSERY MATURE PALM PRODUCTION	2,000	0	2,000	2,797	0	2,797	0	0	0
TRADING ACTIVITIES	1,848,000	0	1,848,000	1,544,566	0	1,544,566	0	0	0
ELECTRICITY GENERATION ELECTRICITY RENEWABLE ENERGY	1,694,863	-204,000	1,490,863	1,018,137	-100,000	918,137	267,500	181,000	448,500
	0	0	0	12,676	0	12,676	206,000	0	206,000
WASTE MANAGEMENT	326,000	0	326,000	343,364	0	343,364	0	0	0
ASSET MANAGEMENT	0	0	0	13,227	25,000	38,227	0	0	0
AIRPORT	758,000	-57,575	700,425	170,106	0	170,106	0	86,500	86,500
ROADWORKS	0	0	0	101,843	0	101,843	0	0	0
WHARF	281,000	0	281,000	22,720	0	22,720	0	0	0
TV / RADIO	0	0	0	6,265	0	6,265	0	0	0
BUILDINGS	129,000	0	129,000	115,809	0	115,809	0	0	0
VISITOR FACILITIES	0	0	0	122,143	0	122,143	0	0	0
LOCAL AUTHORITY	461,910	-21,420	440,490	493,618	0	493,618	110,600	-6,250	104,350
HOSPITAL	0	0	0	10,221	0	10,221	0	0	0
PUBLIC UTILITIES, SERVICES & INFRAST	3,650,773	-282,995	3,367,778	2,430,129	-75,000	2,355,129	584,100	261,250	845,350
LAND ADMINISTRATION & PLANNING	154,000	0	154,000	179,975	0	179,975	0	0	0
REP REVIEW	0	0	0	38,943	0	38,943	0	0	0
LAND ADMIN & ENVIRO PLANNING	154,000	0	154,000	218,918	0	218,918	0	0	0
CORPORATE GOVERNANCE	0	0	0	453,901	5,000	458,901	0	0	0
ADMINISTRATION	677,755	152,000	829,755	827,719	5,000	832,719	25,000	30,000	55,000
TOURISM MANAGEMENT	0	0	0	112,838	0	112,838	0	0	0
CORPORATE GOV & SUPPORT	677,755	152,000	829,755	1,394,458	10,000	1,404,458	25,000	30,000	55,000
PUBLIC HEALTH	10,000	0	10,000	116,841	0	116,841	60,000	0	60,000
COMMUNITY WELL-BEING COMMUNITY WELL BEING & HEALTH	0	0	0	89,634	0	89,634	0	0	0
	10,000	0	10,000	206,475	0	206,475	60,000	0	60,000
TOTAL	7,712,033	-302,420	7,409,613	7,137,916	1,364,695	8,502,611	669,100	308,450	977,550

OUTLINE BUDGET FOR 2013-14*

The Board approved the following outline budget for the financial year ending 30 June 2014. Adjustments will be tabled throughout the year for Board approval to reflect changing circumstances.

2014 BUDGET	OPERATING		CAPITAL	
	REVENUE	EXPENDITURE	REVENUE	EXPENDITURE
ENVIRONMENT	603,000	529,942	0	0
ENVIRONMENT RESEARCH	10,000	9,941	0	0
FILM PRODUCTIONS	0	0	0	0
ENVIRONMENT GRANT PROGRAMS	134,000	158,496	0	0
PERMANENT PARK PRESERVE	0	324,877	0	65,136
NATURAL ENVIRO & CULTURAL HERITAGE TOTAL	747,000	1,023,256	0	65,136
LIQUOR STORE	1,590,000	1,252,523	0	0
NURSERY EXPORT PRODUCTION	0	0	0	0
NURSERY MAINTENANCE	0	9,804	0	0
NURSERY MANAGEMENT	0	9,500	0	0
NURSERY OTHER PRODUCTION	0	0	0	0
NURSERY MERCHANDISING & MISCELLANEOUS	0	0	0	0
NURSERY MATURE PALM PRODUCTION	0	0	0	0
TRADING ACTIVITIES TOTAL	1,590,000	1,271,827	0	0
ELECTRICITY GENERATION	1,542,074	1,231,777	0	70,881
ELECTRICITY RENEWABLE ENERGY	0	0	0	360,000
WASTE MANAGEMENT	350,000	277,901	0	22,000
ASSET MANAGEMENT	0	12,209	0	0
AIRPORT	922,000	172,970	2,013,000	2,043,000
ROADWORKS	0	108,590	0	75,000
WHARF	279,000	37,483	0	87,811
TV / RADIO	0	5,955	0	0
BUILDINGS	174,000	135,771	0	15,000
VISITOR FACILITIES	0	115,993	0	25,000
LOCAL AUTHORITY	323,000	495,780	0	0
HOSPITAL	0	4,723	0	0
PUBLIC UTILITIES, SERVICES & INFRAST TOTAL	3,590,074	2,599,152	2,013,000	2,698,692
LAND ADMINISTRATION & PLANNING	157,000	195,638	0	0
REP REVIEW	0	17,312	0	0
LAND ADMIN & ENVIRONMENTAL PLANNING TOTAL	157,000	212,950	0	0
CORPORATE GOVERNANCE	0	778,562	0	0
ADMINISTRATION	1,155,926	687,654	0	26,600
TOURISM MANAGEMENT	0	102,614	0	0
CORPORATE GOVERNANCE & SUPPORT TOTAL	1,155,926	1,568,830	0	26,600
PUBLIC HEALTH	8,000	132,078	0	90,409
COMMUNITY WELL-BEING	0	60,001	0	0
COMMUNITY WELL BEING & HEALTH TOTAL	8,000	192,079	0	90,409
TOTAL	7,248,000	6,868,094	2,013,000	2,880,837

*Budget figures do not include depreciation expenses.

FINANCIAL STATEMENTS

Audit Opinion



INDEPENDENT AUDITOR'S REPORT

Lord Howe Island Board

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Lord Howe Island Board (the Board), which comprise the statement of financial position as at 30 June 2013, 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.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Board as at 30 June 2013, 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* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

The Board's Responsibility for the Financial Statements

The members of the Board are responsible for the preparation of the financial statements that give a true and fair view 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 of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the Board, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

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

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence 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, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



Caroline Karakatsanis
Director, Financial Audit Services

21 October
SYDNEY