



MINUTES

Extraordinary Council Meeting 22 October 2021

Menets

*f daa Ekstrordeneri Kaunsl Miiten
orn 22 October 2021*

**MINUTES OF NORFOLK ISLAND REGIONAL COUNCIL
EXTRAORDINARY COUNCIL MEETING
HELD AT THE RAWSON HALL SUPPER ROOM
ON FRIDAY, 22 OCTOBER 2021 AT 2:00PM**

PRESENT: Mike Colreavy (Interim Administrator)

IN ATTENDANCE: Andrew Roach (General Manager)
Meliam Plant (Minute Taker)

1 WELCOME

The Interim Administrator welcomed Officers and the community to the extraordinary meeting of the Norfolk Island Regional Council, and called upon the General Manager to read out the Statement of Respect, asking all present to be upstanding.

2 STATEMENT OF RESPECT

The Norfolk Island Regional Council promotes a climate of respect for all. We will endeavour to inspire in our community shared civic pride by valuing and protecting our unique culture and environment, both natural and built, for the current and future generations. We, the Interim Administrator and staff of the Norfolk Island Regional Council undertake to act with honesty and integrity, to conduct ourselves in a way that engenders trust and confidence in the decisions we make, and the actions we take on behalf of the Norfolk Island community. We acknowledge the Norfolk Island people, the traditional custodians of this Island.

3 APOLOGIES

Nil

4 DISCLOSURE OF INTEREST

Nil

5 PUBLIC ACCESS

The Interim Administrator confirmed that the Community members were invited and six (6) contributed submissions to the Public Access process, held Thursday 21 October between 2:30pm – 4:30pm. The Interim Administrator stated that in the preceding 20 or so hours to this meeting he has continued to receive written submissions from individuals in the community that will be addressed at Item 6.

6 REPORTS FROM GENERAL MANAGER**6.1 RESOURCE SUPPORT - PEAK SERVICES PROPOSAL****SUMMARY**

Council resources have been extremely stretched the past 6 months, with addressing the requirements of the Public Inquiry and its Transition to Sustainability (TtoS). Existing staff are exhausted and require a period of support to make the changes identified in the TtoS program. This report is to present a proposal from Peak Services, a resource support arm of the Local Government Association of Queensland that NIRC is now a member of.

ADMINISTRATOR'S DECISION**PREAMBLE**

I am aware of some concerns on-Island about the report and recommendations that are before me today, this week I engaged directly with several community members who made oral submissions to me on the subject, some also followed up on these in writing.

While I respect the time and energy that each submitter put into their respective positions, any concerns they might have had about what went wrong at NIRC when proper governance and financial management arrangements and controls were lacking seem to be outweighed by concerns about 'shifting work to the mainland'. Despite extensive publicity about what is happening to NIRC, there is little grasp of the urgency to rectify the situation. There is a view that even simple operational responsibilities, such as workforce arrangements that the Local Government Act bestows directly on the General Manager, must first be thrashed out around the parish pump, while the ensuing delays paralyse the business.

Putting it plainly, by the end of 2020, NIRC was at the precipice of financial implosion. Facing an abyss, NIRC only avoided implosion because of the actions of Mr Roach who, upon his arrival at NIRC, had found it impossible to readily assess NIRC's financial position from the records and systems that he inherited. If not for his urgent actions to import the necessary expertise to Island - expertise that did not exist here - to reconstruct financial records that were completely inadequate for an understanding of the real financial position, the Commonwealth could not have reached the necessary level of understanding or confidence to provide NIRC with the substantial bail-out and support that subsequently occurred. If NIRC's leadership had continued to fail to grasp its financial position, any bail-out would have been most unlikely.

While the Public Inquiry has been undertaking its job, instead of NIRC struggling on in a disorderly fashion, its interim administration is putting an orderly framework in place to transition NIRC to sustainability. Most of the submissions are intended to remind me of the importance of local jobs and of NIRC's responsibility to the Norfolk Island economy. I need no reminding of that. I am fully aware of it. In fact, I explained my position on that to the community at a public meeting held on 6 April, convened by the Council of Elders. In ordinary circumstances, the desirability for NIRC's resources to flow through the local Island economy, is self-evident and at the forefront of my mind. But these are not ordinary circumstances.

I acknowledge that I have been provided with a copy of minutes of a public meeting held to discuss today's topic on 20 October 2021.

Shamefully, at every opportunity, one of the vocal group opponents of reform here on-Island seems to see value in repeatedly obstructing NIRC initiatives. The remedial actions to be delivered by Peak Services, aimed at achieving the transition, face orchestrated resistance from this group. Given the publicity earlier this year to NIRC's impecunious financial position, the group's lack of acceptance of reality, and their resistance to genuine actions aimed at NIRC's recovery, is remarkable. It would be good if they could make some positive contribution to reform. But the obstructive position set out in documents they presented to me this week is quite ill-informed. NIRC won't be distracted by that. The difficult position NIRC is in calls for some hard reforms - some will be unavoidably painful.

That submission aside, the strong similarities between the other submissions lead me to respond broadly to their overall themes as follows:

- Many of the issues raised with me this week are operational issues that require immediate rectification. While resourcing of longer-term issues may require a strategic policy position, the Peak Services proposal relates to short-term operational arrangements. The actions proposed do not significantly influence Norfolk Island's social capital to the extent that has been suggested. For example, when Boral employees were on Island for 10 months, whilst the local economy was boosted, they didn't enrich the social capital of the community.
- The Local Government Association of Queensland has a strong track record of providing the kind of short-term solutions needed at NIRC.
- I realise that 'community consultation' was a commitment by the Mayor (at the time) on strategic policy matters. The work that Peak Services will undertake is distinctively on operational issues.
- NIRC 'communications' have been undertaken on-Island for a number of years with only mediocre success. The Peak Services engagement will develop communication processes, programs, and formats, to eventually be handed back to in-house management.
- Access to specialist 'procurement' services will include group purchasing arrangements, and the extensive savings and efficiencies that will flow from that, hitherto not available to NIRC.
- Organisational charts are available on Council's website, along with Council reports on the External Audit Findings, and other adopted plans.
- 'Transition to Sustainability' is a badge to identify the change program arising from the External Audit Findings, the Operational Plan, the 9-point Action Plan, and any directions from the Assistant Minister to be made after the Public Inquiry.
- Deferring a decision to fix significant operational issues now will have immediate and long-term implications. The current governance and financial management challenges need to be addressed immediately to avoid continuing organisational paralysis and compliance failures.

- The short notice period for this extraordinary meeting was addressed when the meeting was rescheduled from Tuesday to Friday this week. I apologise that this was necessary.
- Calls for an arms-length review of the need to temporarily supplement governance and financial services would unnecessarily duplicate the work of several other reviews - the Public Inquiry commenced not more than 6 months ago; the Grassroots & Nexia reports.
- The General Manager's report addresses why NIRC needs temporary staff resources immediately. Future needs would be addressed after 12 months.
- NIRC's move to the LGAQ reflects the MOU initiatives between the Commonwealth and Queensland aligning Norfolk to Queensland for State Services.
- There have been no approaches to NIRC from the Australian Government urging that NIRC pursue an agenda of privatisation of our assets and/or services as suggested by one submitter.

Peak Services will assist Council with a large backlog of work, including:

- External Audit Findings (EAF's) have not progressed significantly in the past 4 months, due primarily to the 1,000 hours required to respond to the public inquiry. There are approximately 60 External Audit Findings to complete, which are the more complex ones. They require short term resourcing. Once they are finished, a long-term resource will not necessarily be required.
- 2020/21 Annual Report & Financial Statements are due at the end of October 21, and NIRC has no accountants to complete the work (the 2019/20 Annual Report & Financial Statements were completed earlier this year - 9 months after the regulatory due date – that was completely unacceptable).
- Significant compliance issues not addressed for the past 14 months, primarily due to the pandemic, shortage of on-Island resources, and existing staff time spent just putting out fires.
- The Audit & Risk Committee has now adopted an Action Plan that requires resourcing.
- The Asset Management system has required significant resourcing to build, it now requires integration into the financial systems for end of year financial reporting.
- End of year Civica financial system procedures need to be completed to allow the system to be accurate for the new financial year.
- Development of financial reporting requires technical skills for the systems to be made available to the public for full transparency.
- The outcomes of the Public Inquiry are as yet unknown, but having read the transcripts of the hearings, the findings will quite likely be demanding of NIRC's asset management planning and long-term financial planning, which will be addressed by engaging short

term resources to complete the tasks, and then allow the on-Island staff to continue to monitor and implement.

- There is no capacity within the organisation to train new local staff to do the required work in the timeframes for completion. Even if there was, the time taken to do so would only add to the current work backlogs.

RESOLUTION 2021/140

The Interim Administrator resolved as follows:

1. That Council considers that a satisfactory result will not be achieved by inviting tenders due to lack of alternate providers of these services in this isolated region.
2. That Council approves the engagement with Peak Services for both proposals as detailed in the confidential attachments for a period of 12 months.
3. That formal reports be presented to Council every quarter (3 months) on the progress of the Peak Services resource support arrangements and the progress on the Transition to Sustainability (TtoS) program.
4. That the Interim Administrator's Preamble to this decision be incorporated into the minutes of this extraordinary Council Meeting – 22 October 2021.

CARRIED

7 URGENT BUSINESS WITHOUT NOTICE

Nil

8 QUESTIONS FOR THE NEXT MEETING

Nil

9 CLOSE OF COUNCIL MEETING

There being no further business the Interim Administrator declared the meeting closed at 2:23pm.

.....

Mike Colreavy

Interim Administrator

Dated: 3 November 2021