

# Lord Howe Island Board

Annual Report

2023 - 2024



**This is the seventy first report of the Lord Howe Island Board since the passing of the Lord Howe Island Act 1953 and covers the period 1 July 2023 to 30 June 2024.**

Cover Photo: Kyle Bowman.

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# Table of Contents

<b>LETTER OF SUBMISSION</b> .....	<b>5</b>
<b>OVERVIEW</b> .....	<b>6</b>
<b>OUR CHARTER</b> .....	<b>7</b>
<b>AIMS AND OBJECTIVES</b> .....	<b>8</b>
Vision	8
Mission	8
Corporate Values	8
Governance	8
<b>MANAGEMENT AND STRUCTURE</b> .....	<b>9</b>
Our Board	9
Board Meetings	9
Executive and Principal Staff	10
Organisation Chart and Functional Responsibilities	11
<b>STRATEGIC OBJECTIVES</b> .....	<b>13</b>
<b>IMPLEMENTATION OF PRICE DETERMINATION</b> .....	<b>14</b>
<b>MANAGEMENT AND ACTIVITIES</b> .....	<b>15</b>
<b>SUMMARY REVIEW OF OPERATIONS</b> .....	<b>28</b>
<b>Budget process and statutory audit</b>	28
Financial position	28
Revenue	28
Expenditure	29
<b>LAND DISPOSAL</b> .....	<b>31</b>
<b>RESEARCH AND DEVELOPMENT</b> .....	<b>32</b>
<b>LEGAL CHANGE</b> .....	<b>34</b>
<b>ECONOMIC OR OTHER FACTORS</b> .....	<b>35</b>
<b>HUMAN RESOURCES</b> .....	<b>36</b>
<b>CONSULTANTS</b> .....	<b>37</b>
<b>RISK MANAGEMENT AND INSURANCE ACTIVITIES</b> .....	<b>38</b>
Internal audit	38
Insurance	38
<b>INTERNAL AUDIT AND RISK MANAGEMENT POLICY ATTESTATION</b> .....	<b>39</b>
<b>PROMOTION</b> .....	<b>41</b>
<b>ADDITIONAL MATTERS FOR INCLUSION IN ANNUAL REPORTS</b> .....	<b>42</b>
<b>Privacy and Personal Information Act 1998</b>	42
<b>After balance date events</b>	42

External costs incurred in report production	42
Report availability	42
<b>EXEMPTIONS</b> .....	<b>43</b>
<b>NUMBERS AND RENUMERATION OF SENIOR EXECUTIVES</b> .....	<b>44</b>
<b>GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT 2009</b> .....	<b>45</b>
<b>CYBER SECURITY POLICY (CSP) ATTESTATION</b> .....	<b>46</b>
<b>PUBLIC INTEREST DISCLOSURES</b> .....	<b>47</b>
<b>REQUIREMENTS ARISING FROM EMPLOYEE ARRANGEMENTS</b> .....	<b>48</b>
<b>WORKFORCE DIVERSITY</b> .....	<b>50</b>
Statistical Information – Workforce diversity groups	50
<b>DISABILITY INCLUSION ACTION PLANS</b> .....	<b>52</b>
<b>MODERN SLAVERY ACT 2018 (NSW)</b> .....	<b>53</b>
<b>WORK HEALTH AND SAFETY</b> .....	<b>54</b>
<b>FINANCIAL STATEMENTS</b> .....	<b>55</b>

## Letter of submission

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

Dear Minister

I am pleased to submit the Annual Report for the Lord Howe Island Board for the year ended 30 June 2024, for tabling in Parliament by 28 November 2024.

This report has been prepared in accordance with the annual reporting provisions (Division 7.3) of the *Government Sector Finance Act 2018* (GSF Act) and Treasury Policy and Guidelines 23-10 Annual Reporting Requirements (TPG23-10).

Yours sincerely,



**Atticus Fleming  
Chair of the Lord Howe Island Board**



**Suzie Christensen  
CEO of the Lord Howe Island Board**

# Overview



*Photo: Rian Cope*



## Our charter

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

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

Under the Act, the Board has the following charter:

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

## Aims and Objectives

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

### Vision

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

### Mission

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

### Corporate Values

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

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

### Governance

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

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

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

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

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



# Management and structure

## Our Board

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

Name	Position	Term
Mr Atticus Fleming	Chairperson and Appointed Member – employed by NSW National Parks and Wildlife Service (Second Term)	01/01/2021 – 31/12/2026
Mr Robert Jeremy	Elected Islander (First term)	25/03/2024 – 24/03/2027
Mr James Lonergan	Elected Islander (Second term)	12/04/2021 – 24/03/2027
Mr Matthew Retmock	Elected Islander (Third term)	08/03/2018 – 24/03/2027
Ms Therese Turner	Elected Islander (Third term)	08/03/2018 – 24/03/2027
Mr Gary Crombie	Elected Islander (Second term)	08/03/2018 – 28/02/2024
Mr Bruce Baird	Appointed Member representing the interests of business and tourism	29/11/2021 – 28/11/2024
Ms Christine Bath	Appointed Member representing the interests of conservation	29/11/2021 – 28/11/2024

## Board Meetings

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

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

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

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

- September 2023– all Board members present.
- October 2023 – Ms Christine Bath absent by apology
- December 2023 – Mr Gary Crombie absent by apology

- March 2024 – all Board members present.
- May 2024 – all Board members present.
- August 2024 – Mr Bruce Baird absent by apology

## Executive and Principal Staff

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

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

Name	Position	Qualifications
Ms Suzie Christensen	Chief Executive Officer	Master of Business Administration (Sustainability) Graduate Certificate Commerce Graduate Australian Institute Company Directors
Mr Michael Chalmers	Senior Manager Business and Corporate Services	Bachelor of Business, Professional Accounting and Financial Management Certified Practising Accountant Program (Non-active member)
Mr Bradley Josephs	Senior Manager Infrastructure & Engineering Services	Bachelor of Science (Chemistry) Master of Environmental Engineering (Currently engaged)
Ms Paula Pollock	Senior Manager Environment & Community Services	Graduate Certificate in Business (Public Sector Management) Graduate Certificate Geomorphology Bachelor of Science

## Organisation Chart and Functional Responsibilities



# Strategy



*Photo: Zach Sanders*

# Strategic objectives

## Strategic Objectives

Six strategic directions have been identified to carry out the Board's charter and responsibilities, and address the challenges, aspirations, and opportunities of Lord Howe Island. These govern the operation and development of the Board:

- Effective Governance and Leadership – To ensure the provision of effective governance and community leadership for the Island.
- Strong and Sustainable Economy – To support the development of a strong and sustainable economy for the Island.
- Sound Infrastructure – To develop and manage the Island's public assets and infrastructure and ensure the provision of effective services to the Island community and visitors.
- Outstanding Environment – To manage, protect, restore, enhance, and conserve the Island's environment.
- Responsible Land Management – To provide for sustainable planning and development and ensure responsible management of the Island's land and property assets.
- Strong and Engaged Community – To support a strong and engaged community.

## Operations Plan

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

The first Lord Howe Island Community Strategic plan was developed in 2024. A review of current services and strategic priorities for the Board is underway and operational planning, service delivery commitments and a workforce plan will be refined through this process.

Systems and processes did not exist to measure the Board's overall performance against the target outcomes during this financial year. Finalisation of the above plans will enable establishment of methods of reporting on the Board's performance moving forward.

## Resource Allocation to Implement Strategic Plans

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

## 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.

# Management and activities

## Sound Infrastructure

### Aerodrome

The aerodrome plays a crucial role in the Island's visitor economy and residents' access to services. Accordingly, aerodrome maintenance and compliance efforts are ongoing. Regular tasks such as mowing, weed control, tarmac repairs, and keeping access gates and fencing in good shape are consistently attended to. Bird hazards are diligently monitored and effectively managed.

Commercial operators have been able to utilise the airstrip seamlessly, without any disruptions in availability. Emergency medical evacuations have also been enabled through uninterrupted access to the aerodrome. Additionally, the aerodrome continues to provide support for Royal Australian Air Force (RAAF) training exercises.

2024 marks the 50<sup>th</sup> anniversary of the construction of the Lord Howe Island runway, which will be celebrated in September 2024.

An annual technical inspection (ATI) took place on 2 May 2024. The ATI identified several compliance issues to be rectified this year. The majority of these are small maintenance requests and management of documents.

The Aerodrome Emergency Plan was reviewed, updated, and reissued in May 2024.

Airside Traffic Instruction sessions were conducted from 1-3 May 2024, ensuring ongoing adherence to safety protocols and regulations.

### Roads

Despite facing challenges, the Board has a drive to improve road conditions and enhance safety. Certain roads had faced deterioration, prompting public concerns and complaints.

Procurement activities with a local contractor were completed, confirming

that they would be suitable to complete the construction works. The first stage of the major road upgrade was completed in September 2023. The remaining roads have been prioritised for completion with the balance of funding available.

A tender for materials and shipping was let in March 2024. The material supplier selected had extensive experience delivering large quantities of high-quality material to Lord Howe Island. A total of 430 tonnes of various road construction materials were effectively delivered to the island.

### Wharf

The wharf plays a vital role in the Island's infrastructure, ensuring seamless operations for our shipping needs and benefiting various other users.

Maintenance works were initiated on the jetty to replace badly rotted curbs and decking, and full pile rewinding was undertaken. Challenges were faced in replacing rubber fenders due to hidden placement of bolts. Dry rot was found to be widespread in up to 50% of timber members, necessitating

a comprehensive Wharf Structures Condition Assessment. A cavity under the road approaching the jetty was identified and rectified. Comprehensive condition assessments of the wharf structures were scheduled to inform the approach to the fender replacement and pile structure. These works will be scheduled for completion in the coming year.

### Waste Management Facility (WMF)

Maintenance and operations of assets remained consistent.

The EPA completed their annual inspection of the WMF in October 2023. The visit led to the negotiation of new Pollution Response Programs (PRPs). In March 2024, the EPA finalised the new version of the operating license. Five new PRPs were added to the license, specifically tailored to align with the CIP and facilitate compliant operations during the rebuild.

Logistical problems regarding the west bound transportation of waste were rectified with Port Macquarie Council, Birdon, JR Richards and the LHIB creating a working Standard Operating Procedure that was requested by the EPA. This will ensure all parties will remain compliant with waste operations moving into the future.

Removal of approximately 90 cubic meters of hazardous waste was undertaken in May 2024, marking a crucial phase in the remediation and site establishment for the approved upgrade (see Critical Infrastructure).

### Electricity generation and distribution operations

There are currently 298 customers connected to the electrical supply system managed and maintained by the Board.

On 12 June 2024, the powerhouse suffered its first Island-wide outage for 39 months. South Substation No.12 located at the powerhouse had a major fault occur. The transformer and cables were severely damaged due to fire and arcing, rendering the transformer inoperable. Power was restored intermittently from Southern Standby Generator which had unplanned damage.

After preliminary testing and investigation, it was determined that a weather event which occurred at the time may have caused the original fault to occur on the transformer. This was compounded by the electrical arcing and subsequent fire in the substation.

The faulty transformer was sent to the mainland for repairs, new HV and LV cables have been ordered, and repair work to the substation enclosure was undertaken.

High Island load and inclement weather continues to affect solar generation levels.

### Daily maintenance

Ongoing maintenance and operational efforts continue to have a significant contribution across the Island, particularly with the increased utilisation of BBQ facilities and the need for additional mowing during December and early January.

Continuous road maintenance encompasses tasks such as maintaining drains, patching potholes, and pruning road verges to minimise hazards and risks.



Regular monitoring and upkeep of algae growth on jetty stairs and the boat ramp are ongoing tasks. Repairs to the jetty's metal brackets and fixing hardware were required due an incident by Birdon.

Strategic measures were taken in December 2023 to increase water storage capacity in anticipation for a dry summer. Additional water tanks were procured and installed to address water scarcity.

Valuations were undertaken for all commercial and residential properties and leases to inform the annual financial report along with lease agreements and renewals.

## **Outstanding Environment and Responsible Land Management**

### Myrtle Rust Response

The LHIB Myrtle Rust Response and Management Plan has been implemented since an incursion of myrtle rust in early 2023. The plan includes routine seasonal surveillance during periods of warmer weather when the pathogen is most active. These searches were undertaken in October, November, December, and January. One detection of myrtle rust was recorded on 2<sup>nd</sup> November 2023 in two small potted mountain rose seedlings. Despite extensive searches across the settlement and PPP, no further detections were noted.

The Fire and Incident Operations Branch of NPWS were engaged to complete an After Action (AAR) Review in response to the myrtle rust incursion in early 2023. This involved distribution of a survey to collect observational data from all partners, participants, and the Lord Howe Island community. De-identified observations will be analysed for insights to inform a series of on-line workshops. The AAR was completed in early 2024.

The *Lord Howe Island Myrtle Rust Response and Management Plan* has been finalised and is being implemented. It will be reviewed against relevant recommendations in the AAR. Seasonal searches will continue as a regular task for ECS field teams.

### Phytophthora Management

The Royal Botanic Garden's PlantClinic were engaged to undertake *Phytophthora* sampling in June 2023. *Phytophthora* was first discovered on the island in 2003 and had only been known to exist at a single site on a private lease prior to sampling in June 2023. This was the most extensive sampling conducted on island to date, during which 4 additional positive locations of *P. cinnamomi* were identified.

Further delimiting surveys were undertaken by staff from the Royal Botanic Gardens in April to determine the extent of the spread of *Phytophthora* species on the Island. In total, 56 of the 107 samples were positive for *Phytophthora* equating to a positive rate of approximately 52%. A total of nine *Phytophthora* species/taxa were detected across 20 broad geographic areas. This includes 14 samples that were positive for *Phytophthora cinnamomi*, a plant pathogen that is listed as a Key Threatening Process under the NSW Biodiversity Conservation Act (2016) & Environment Protection and Biodiversity Conservation Act (2019). Additional species of *Phytophthora* that were detected during delimiting surveys in April, and ordered by risk to biodiversity are *P. multivora*, *P. nicotianae*, *P. kelmanii*, *P. cryptogea* and *P. Clade 6 Taxa*.

These results show that *Phytophthora* species are now distributed throughout the settlement area and have established within the Permanent Park Preserve (PPP), most likely as a result of

anthropogenic activities. April results included the first detections of *Phytophthora cinnamomi* within the PPP, along the Little Island track, and at the start of both the Mt Gower and Smoking Tree Ridge tracks. *Phytophthora cinnamomi* was also detected for the first time in the Bowker Avenue trail, the Power Station, and Soldiers Creek.

In response to these results, LHIB staff undertook additional sampling along the Mt Gower track and summit in June to determine spread beyond the last known positive location. The samples were sent to Royal Botanic Gardens PlantClinic for diagnostic testing. Results were received in late July with one sample from Erskine's Creek found to be positive for *Phytophthora cinnamomi*, further extending the limit of detection.

The LHIB have been implementing recommendations provided by the PlantClinic team, including increased hygiene protocols to prevent further spread of the pathogen into the PPP. However, the latest results indicate that previous attempts of containment have been unsuccessful, and future management options are now limited.

Staff from the Royal Botanic Garden's PlantClinic are due to return to the Island in mid-September to undertake the next round of delimiting surveys.

## Weed Management

### **Weed Eradication Program – Search & Control Efforts**

The LHI Weed Eradication Program (WEP) has reached year 20 of a projected 30-year program period.

Weed Eradication Program (WEP) work for this financial year has spanned across all landscape units, with a particular focus in the south of the island. There has been a significant increase in coverage of remote terrain from the previous financial year, largely because of helicopter winch operations completed in November 2023. Key outcomes for on-groundwork in FY23/24 include:

- 285 ha of on ground weed grid search
- 10,219 hours of on ground effort
- 27,830 weeds removed.

### **Helicopter Winch Operations**

A successful helicopter winch operation was completed in November 2023. This was the biggest winch operation to be completed as part of the program so far, with a total of:

- 12 operational days
- 2261 weeds removed.
- 39.30 ha of remote terrain searched.
- 1438.5 hours of effort
- 20 field staff participating
- Search effort across 10 weed management blocks

An additional helicopter winch operation was scheduled for February 2024, but unfortunately had to be cancelled due to unforeseen resourcing issues.

### **Ball's Pyramid**

LHIB staff accessed Ball's Pyramid on Tuesday 1st August to undertake weed control work. This is critical habitat restoration work for the Lord Howe Island Phasmid (*Dryococelus australis*) as their main source of food, *Melaleuca howeana*, is being smothered by invasive Coastal Morning Glory.

## ***Volunteer Program***

Seven skilled bush regenerator volunteers were engaged over the winter months across the end of financial year. Volunteers were appointed via a competitive application process and spent 3-4 weeks on the Island undertaking priority Weed Eradication Program work, contributing a total of 125 person days to the project.

## **Threatened Plants**

Threatened plant recovery actions continue to be implemented according to the LHI Saving Our Species (SOS) program, with funding available until FY25/26, subject to yearly reporting.

### ***Xyslosma parvifolia***

*Xyslosma parvifolia* is a threatened species on Lord Howe Island. On 28<sup>th</sup> June 2024 the NSW Threatened Species Scientific Committee made a Final Determination to increase the status of this species from Endangered to Critically Endangered. The determination was a result of the limited geographic range of the species, extremely low population estimates, and habitat degradation by landslides and weed invasion.

### ***Funding For Critically Endangered Little Mountain Palm***

Additional funding to protect the Critically Endangered Little Mountain Palm from both NCLLS and Saving Native Species was secured at the end of the financial year. These funds will support actions to protect this species, with funded activities including:

- Increased weed control effort in remote locations and Little Mountain Palm habitat
- Genetic assessment of population diversity
- Climate monitoring of Little Mountain Palm habitat
- Population surveys
- Establishment of an ex-situ population and seed banking

## **Fauna Management**

### ***Woodhen Survey***

The annual woodhen census in November 2023 was postponed due to helicopter winch operations so a 'catch up' survey was carried out from 2-12 April 2024 to catch and band as many unbanded birds as possible in preparation for the next island-wide survey in November 2024. 598 unbanded woodhens were captured and banded by the survey team throughout the settlement and the more easily accessible areas of the PPP.

### ***Phasmid management***

The World Heritage team has continued to work closely with specialist keepers from Melbourne Zoo to refine and improve husbandry techniques to maintain the health and genetic diversity of the small captive population of Lord Howe Island Phasmids held on the Island. Following Melbourne Zoo's visit last year and more recent discussions, it was decided that all LHI female Phasmids will be transferred to Melbourne Zoo to assist with the quality of LHIB's captive management. As the lead for the Phasmid captive breeding program, this will also ensure that any unique genetic diversity in our population is held by Melbourne Zoo as well. By maintaining a small non-reproductive population on island, it will

ensure that we will still be able to encourage community education, engagement and support for the endemic Phasmids while minimising resourcing requirements.

## PPP Assets and Infrastructure

### ***Walking track network***

Throughout the year, the environmental field team carried out routine maintenance and servicing of the Island's walking track network including regular servicing of phyto-sanitation bays, management of annual weeds and hazardous trees, brush-cutting, replacement of worn ropes and pins, as well as priority track works including:

- New retaining wall at Middle Beach
- Rebuild of all stairs on the Smoking Tree Ridge track from Soldiers Creek to Boat Harbour
- Rebuild of stairs on Bowker Avenue track
- Helicopter sling-loading of leftover materials down from the goat house landslip
- Sling loading of trackwork materials from the fuel shed storage area to Dawsons Ridge and Muttonbird Point
- Repair and backfill stairs on Max Nichols track.

### ***North Bay facilities***

The following refurbishments to the amenities at North Bay were undertaken in early April:

- Picnic tables painted and stabilised.
- Interior and exterior of main shed sanded and painted.
- Installation of new hardwood bench seats
- Decking in the shed sanded and oiled
- Installation of new interpretive signage
- Structural maintenance and pressure cleaning of toilet block and new cupboard installed.

## Biosecurity

August 2023 marked two years since the last dead rodent was found on the island. Since then, the LHI biosecurity team has moved to a 'surveillance' operational status which has included the refinement of daily biosecurity procedures and the expansion of the biosecurity scope.

Quarterly searches of the island using LHI biosecurity detection dogs and contract detection teams continue to be carried out with the support and cooperation of the island community. These searches will continue until it is ascertained that there are sufficient measures in place at first and second points of entry (see Critical Infrastructure Project), to ensure that the island remains rodent free in perpetuity.

Daily inspections at the Port Macquarie Birdon facility and at Eastern Air Services hanger first points of entry are carried out by biosecurity officers from Tate Animals. Since the completion of the rodent eradication and the evolution of the biosecurity strategy for the island, it was decided that the use of contract teams on the mainland provided a more sustainable solution for the screening of cargo coming to the island. The mainland team are in regular communication with the LHI biosecurity unit and to maintain operational efficiency, and they are all working with an integrated data recording platform.

High risk biosecurity matter continues to be identified and treated at the Birdon facility at PMQ. The open aspect of the cargo shed onto the Hastings River allows for the uncontrolled movement and

incursion of potential pest species into the goods storage areas. This has been partially mitigated using sealed plastic containers, a washdown area and an extensive surveillance and monitoring network. This is in addition to regular searches by biosecurity detection dogs when the ship is docked.

### ***Surveillance: LHI***

The LHI static biosecurity surveillance network continues to be checked on a weekly/ monthly basis.

The network which covers strategic points across the island, was set up at the end of the REP to detect any rodents that could have been missed during the eradication/ response. This has evolved into a surveillance network to detect any potential and incidental incursions. The network comprises 452 static monitoring devices and 180 cameras. Between July 2023 and June 2024; 15,021 checks were carried out of the devices.

Almost 800,000 images were collected on the remote cameras and analysed manually and using eVorta (an AI image analysis platform).

Plans for the 2024 season include a review and update of the network to be more effective as a surveillance and reporting platform.

### ***Rodent Eradication Project (REP): Success check***

To determine a successful outcome of the REP/Rodent Response Project (RRP), an intensive success check was carried out in winter 2023, some two years post the removal of the last known rodent.

The success check comprised analysis of the long-term temporal dataset gathered through the ongoing biosecurity surveillance network on island and at points of entry, and a spatially comprehensive detection effort. The program involved the use of detection dogs and static monitoring devices. This included tracking tunnels, wax tags, chew cards rodent traps, bait stations and field cameras.

A total of 954 checks of devices were undertaken. Detection dogs covered 296 properties in the settlement area and covered over 220km of tracks in the Permanent Park Preserve. Although numerous native species or their sign were recorded on the detection grids, tracking tunnels or field cameras; no rodent sign was detected, either in the Settlement or the PPP, throughout the duration of the check.

The lack of rodent sign recorded by both the biosecurity program over the past two years and during the success check confirms that almost certainly no rodents are extant on Lord Howe Island. This conclusion is supported by the modelling of detection probability of a likely population density of ship rats that would be present after the end of the REP in the PPP, and after the end of the RRP (Bode 2023).

### **Strong and Engaged Community**

The Stronger Country Communities Fund (SCCF), administered by the Department of Regional NSW, continues to support several important projects that help to improve amenities on the Island. These include:

#### CBD amenities

A Project Management Plan and budget was drafted including low-flush technology public toilets in the Crooked Post/Diamonds/Beach Boutique area and Community Hall.

### Community Hall facilities

A community working group was established to understand the issues hindering frequent use of the Community Hall, and multiple ideas were put forward to create an inclusive community space including:

- Reducing sound reverberation and designing a comprehensive AV system.
- A new mobile PA system was acquired and Starlink was installed at the hall.
- Construction was undertaken of weatherproofed storage under the hall and in the annex.
- Discussions with stakeholders have led to a proposal to amend the hiring policy, mirroring more flexible rates and terms of mainland community halls.

### Skate Park

Community workshops and site walks were held in November 2023 to understand preferences around design of a skate park. Specialist design agency Convic shared lower-cost skate-based options to fit within the project budget and the Skate Park Committee were satisfied with the design.

A Development Application is being prepared for the new design, which will be submitted in the coming months.

### Beach accessibility

A 3-month trial period for the beach access equipment was run from January – March 2024 to gather feedback from senior citizens and the wider community. The all-terrain wheelchair and walker were free to hire during this period and the beach access mat was set-up at the Dozer Track.

It was determined that the mat will be brought in for the winter months and next season's location will be moved to an area with a gentler incline to enhance accessibility.

Beyond the SCCF, key project focuses from the financial year were:

#### Middle Beach stairs

A geo-technician and structural engineer assessed the integrity and location of the stairs at both ends of Middle Beach.

Emergency works were undertaken in November 2023 to address a substantial shifting of the stairs at the southern end of the Middle Beach.

To ensure structural integrity, a Project Management Plan has been developed and design options investigated to replace the stairs. Construction is expected to be complete by March 2025.

This initiative reflects a commitment to maintaining a secure and accessible environment for residents and visitors alike.

### Emergency communications system updates

The Island's emergency sirens and PA system was upgraded during a visit from Karera Communications in July 2023.

Karera also installed telephone interconnect equipment, allowing critical radio users like the police and hospital to make and receive landline telegraph calls while away from an accessible landline telephone handset. This feature has enabled a more rapid response to incidents and emergencies.

The radio system is being upgraded and developed in real time to suit the Island's needs. The diverse needs of each agency involved have made the upgrade a complex undertaking. Each radio has been programmed with a specific profile that determines the channels, talk groups, and functions available.

A portable repeater is in development to facilitate radio communications for emergencies and remote work situations.

A mobile emergency generator arrived on the Island in October 2023, capable of covering a substation in the event of a transformer failure. This generator enhances resilience during power outages.

A roaming Starlink and grab-and-go battery have been acquired for setting up communications anywhere on the Island during emergency response situations.

### Emergency Communications Plan

The Telco Authority were engaged to help prepare a current and reliable emergency communications plan. The plan is being developed, including plans for ship, shore, and air communications; an operational communications flow chart for emergencies based on the State Emergency Management Plan; and specific Board roles, responsibilities, and communication procedures during emergencies.

The plan will be improved once the emergency communications network is finalised.

## **Effective Governance and Leadership**

### Local Board member election

Election of Island Board members was held Thursday 15 February 2024. Three returning members were elected for a three-year term: Therese Turner, James Lonergan, and Matthew Retmock. Robert Jeremy was elected for his first term. Gary Crombie did not seek re-election

The Board thanked Gary Crombie for his service during the previous two terms.

### Efficiency and Effectiveness (E&E) Review

Workforce planning continues with support from DCCEEW's People Partner team. A People and Change Lead was appointed to support implementation of the workforce plan and other change initiatives of the E&E Review implementation plan.

Phase one of the discovery process for the Board's IT systems review has been completed and Phase two will commence early in the 2025 financial year.

Approval for cyber security project funding was unfortunately withdrawn from the Digital Restart fund. The DCCEEW Environment and Heritage group subsequently made an additional contribution to the

grant for E&E Review implementation to ensure this project commences, and the risks associated with cyber security are mitigated. Internal controls on IT were improved and cybersecurity training was undertaken by staff.

An Engagement Strategy was drafted, based on the principles of the International Association for Public Participation (IAP2) and finalised following community engagement. A Communications Strategy was drafted to support the Engagement Strategy. Updates to LHIB branding and the creation of templates for internal and external communications materials were developed to create consistency.

The Engagement Strategy includes an action plan outlining stakeholder consultation to develop a Community Strategic Plan (CSP), environment plans, and draft service delivery commitments.

In-kind support was negotiated with Port Macquarie Council to support the drafting of a CSP. Community information sessions, engagement activities, and workshops were held in February - March 2024 to gather valuable insights across a range of critical areas such as infrastructure, environment, social services, culture and heritage, community, and economic development. A survey also captured additional input, leading to a total unique participation rate of 45% of community members.

A draft CSP was developed based on this and substantial community engagement activities undertaken over the last 20 years. It outlines the communities' vision and priorities for the next 10 years

A full review of the Board's internal and external policies and procedures is underway using DCCEEW's governance framework. The policy review checklist is complete, and all policies are under review by subject matter experts within the LHIB. The final policy drafts will be reviewed by the DCCEEW legal team before community consultation and the Board approval process is finalised.

### Project Management

KPMG was contracted and onboarded to establish a project management system consistent with government policies and procedures, improve compliance and consistency, and ensure contractual delivery on approximately \$60 million of projects over the next 5 years.

### Audit and Risk

Significant for the period has been the processing and finalisation of reports and documentation for the Annual Financial Audit, for review by the Audit and Risk Committee and submission to the external auditor.

The independent DPE Audit and Risk Committee met 4 times during the report period to review risks. The team made final recommendations on the Annual Financial Report. The Board will transition to a DCCEEW Audit and Risk Committee for the next reporting period.

Access to standard government information and training within DCCEEW was achieved through provision of @environment email addresses and accompanying training. This access will go some way to improve efficiency, minimise risks, and build the capacity of staff.



### Advice to government

Machinery of Government (MOG) changes mean that the Board now sits within the Department of Climate Change, Energy, the Environment and Water (DCCEEW).

The Board provides relevant and timely advice to Government on matters affecting the management of the Island. Briefings and submissions are prepared as required for the Minister for Environment, Energy, Climate Change and Water, DCCEEW, and NSW Treasury.

## **Strong and Sustainable Economy**

### The Island as a tourist destination

Visitor numbers indicate that the Island is approaching pre-Covid visitation.

A one-off grant of \$55,000 to the Lord Howe Island Tourism Association (LHITA) was approved to support the visitor economy. The LHITA proposal offers to deliver comprehensive visitor services, delivery of environmental and other information, website management, survey implementation, and performance monitoring.

The Board and LHITA seek to continue to work collaboratively together on future arrangements for visitor services.

The Board continues to support the critical tourism industry of the Island through the maintenance and enhancement of the Permanent Park Preserve, as a major tourism product.

The Board also contributes to sustainable tourism for the Island by providing and maintaining infrastructure such as the airport, marine freight service, waste management facility and public facilities, along with environmental and business services. The front-line administration team field direct enquiries, and website information is accessed frequently by potential visitors.

### Critical Infrastructure and services

The Critical Infrastructure Program roll-out will see a secure long-term biosecure marine freight service, and an upgraded modern and compliant waste management facility, both vital services that support the tourism-led and local economy and community.

The procurement for Program Management Services for the CIP was finalised, with AAP Corporation being appointed.

Community engagement is a high priority in the Critical Infrastructure Program (CIP), and a specialist engagement firm has been procured. Master planning commenced with consultants, site visits were undertaken, and public consultation sessions on concept designs and plans took place in May 2024.

A contract extension with Birdon has been executed, securing a marine freight service until March 2025, with an option for a further year.

### LHI – Sydney Regular Public Transport (RPT) Air route

Transport for NSW commenced planning for renewal of the LHI – Sydney RPT route. LHI’s interests are being represented by DCCEEW, and the long-term needs advocated for. This remains a very high-risk matter for the Island, however welcome progress has been made.

### Telecommunications solutions

A report was prepared with high-level options for the future communications landscape of Lord Howe.

Consultation was run in October – November 2023 to gauge the community’s sentiment towards the short and long-term options. Based on the results, it was concluded that the installation of a mobile phone network is not supported at this time.

Data from the community survey will assist the LHIB in planning the future of the Island’s communications network.

### Legislative and regulatory compliance

The Board is responsible for issuing commercial licences to businesses on the Island. All businesses on LHI are required to operate in accordance with the requirements of the NSW Department of Fair Trading for each business type, and to comply with all statutory and regulatory requirements. 8 new business licence applications were received in FY2024.

An internal project is underway to align business and liquor licenses and commercial leases, along with bed licenses and appropriate insurance, including an audit and reconciliation of records. Many of the relevant records are paper based and require digitisation to minimise the risks associated with conflicting and dated information.

# Operations and Performance



# Summary review of operations

## Budget process and statutory audit

The 2023/24 budget was developed in concert with the Corporate Plan and Operations Plan, which includes activities that are funded by external partners, and the Schedule of Fees and Charges. The Board reviews the Annual Budget on a quarterly basis, endorsing amendments to the Budget as appropriate.

An External Audit of the 2023/24 end of year accounts was conducted by Mann Judd Advisory and Accounting on behalf of NSW Audit Office. The audit was designed to obtain reasonable assurance that the financial statements are free from material misstatements. The audit did not detect any significant matters that require reporting in the Statutory Audit Report.

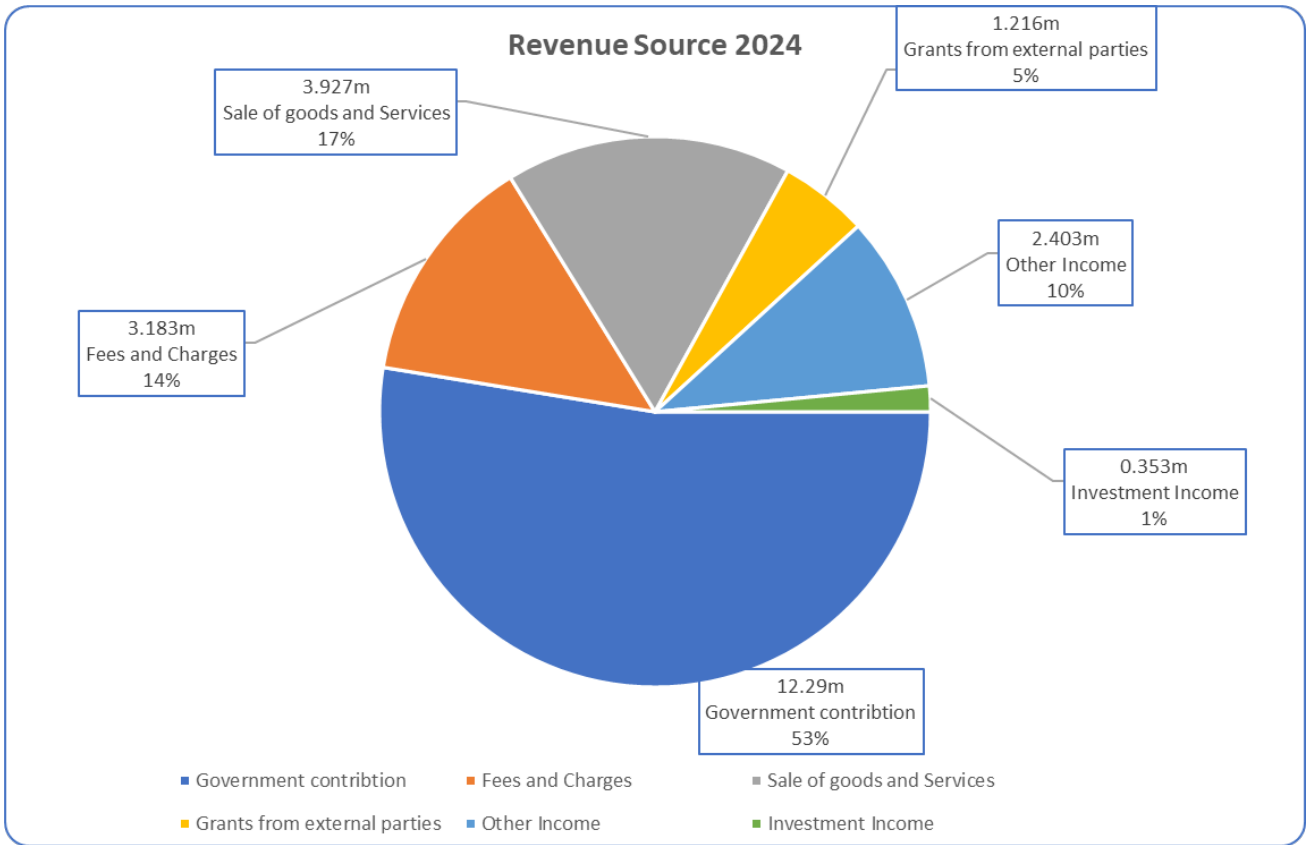
## Financial position

The Board's financial health continues to improve, and full implementation of the E&E recommendations is expected to further strengthen its financial position. Total revenue increased by 23.3% compared to last year, largely due to increased Government Contributions for biosecurity initiatives. As of June 30, 2024, the Board's cash balance stood at \$26.34 million, though the vast majority of this is tied to project funding, leaving \$8.53 million internally reserved for projects, and cash for operational use after accounting for liabilities and restrictions. This demonstrates a growing financial foundation.

## Revenue

The Board generates revenue through government and grant contributions, fees and charges, and its own business operations. In the 2024FY, 10% (\$2.9million) of revenue was from NSW Treasury's contribution through recurrent funding to assist in the management of the Island and its resources. The following graph (Figure 1) shows the percentage of revenue the Board received from various sources.

**Figure 1**

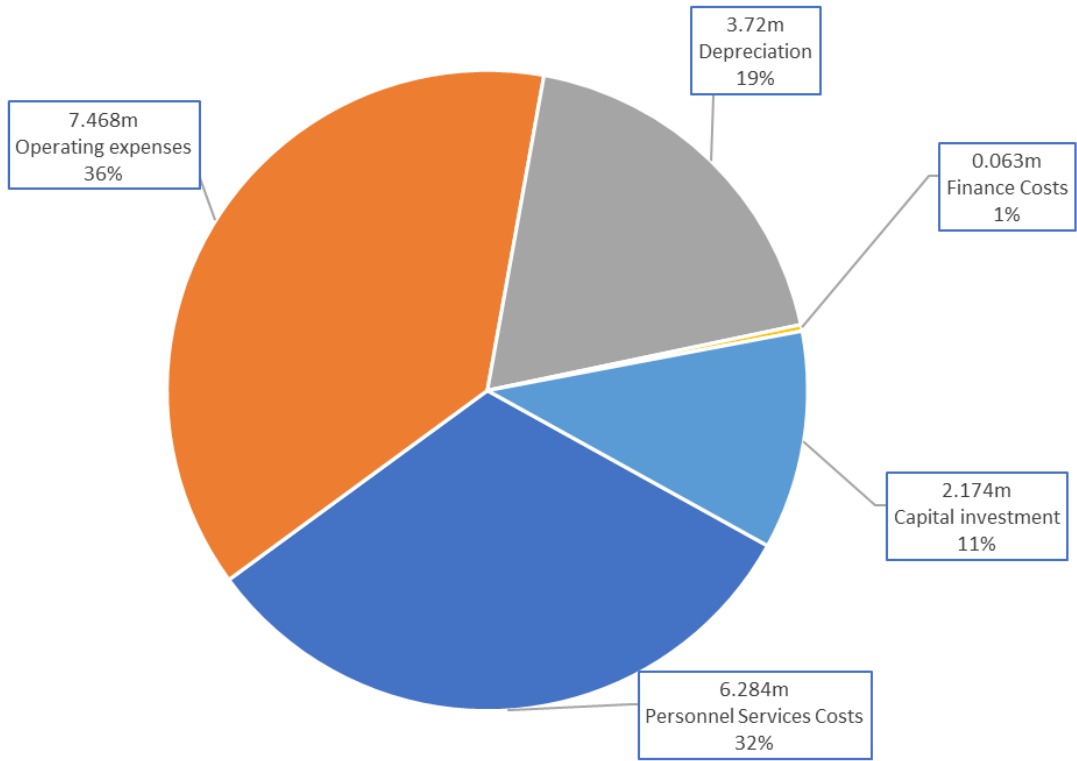


## Expenditure

The Financial Statement provide more detailed information on the Board’s expenses. The following graph (figure 2) provides a high-level summary.

**Figure 2**

### Expenditure 2024



■ Personnel Services Costs ■ Operating expenses ■ Depreciation ■ Finance Costs ■ Capital investment

## Land disposal

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

## Research and development

The Board approve and oversee a wide range of research undertaken on the island, consistent with the LHI Biodiversity Management Plan covering a broad range of topics. These include biodiversity, biosecurity, pest management and control, restoration ecology, pollution, marine health, responses to the REP, genetics and evolutionary biology.

Most of this research is conducted through partnership with tertiary institutions, government agencies, non-government organisations and residents.

Completed and continuing research and developmental activities	Resources allocated
<i>Phytophthora</i> Delimiting Surveys – Royal Botanic Gardens PlantClinic	\$19,664.14
Annual Woodhen monitoring	\$35,300
Biodiversity benefits post-Rodent Eradication Program (Vegetation structure and change in woody species; <i>Placostylus</i> ; Lord Howe Geckos; Little Shearwaters; invertebrate sampling)	\$176,467
Aerial imagery and elevation models- Vital for research and enables integration of ecological data into a wider landscape context	\$67,815
Regeneration ecology and a secure future for <i>Lagunaria</i> Swamp Forest on Lord Howe Island	\$11,017.71



# Management and Accountability



*Photo: Zach Sanders*



## Legal change

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

## **Economic or other factors**

The Board encountered no economic factors that hindered the attainment of operational objectives.

Nevertheless, the survey of the Island Trader which docked the ship for 6 weeks hampered the Board's capacity to fulfill all operational and project objectives set for the Environmental and Community Services team.

## Human resources

### Number of Officers and Employees by Category

The Board budgeted for 60.85 full time equivalent (FTE) staff in the financial year with the Chief Executive Officer responsible for the overall day-to-day management and administration of the staff. Additional temporary staff were engaged during the reporting period to undertake externally funded projects.

**Table 2** Actual full year FTE

Area	Category	2023/24	2022/23	2021/22	2020/21	2019/20
<b>CEO Office</b>	Executive Support	0.77	0.62	-	-	-
	Externally Funded	1	0.84	-	-	-
<b>Senior Management</b>	Senior Management	3	2.5*	2.77	3.00	3.09
<b>Business and Corporate Services</b>	Administration	5.52	4.92	5.56	5.66	5.93
	Liquor Store	1.59	1.88	2.60	1.86	1.63
<b>Environment and Community Services</b>	Environment	14.09	8.35	8.92	10.47	8.91
	Land Administration	-	-	0.40	-	-
	Externally Funded	11.17	12.22	11.38	8.11	20.66
<b>Infrastructure and Engineering Services</b>	Works and Services	14.48	13.13	14.32	15.15	15.68
	Powerhouse	2.00	2.00	2.00	2.00	2.00
<b>Total FTE</b>		<b>51.39</b>	<b>46.46</b>	<b>47.95</b>	<b>46.25</b>	<b>57.90</b>

The 2024 labour expense budget provided for 69 full-time equivalent (FTE) staff, 13 of which were funded through external grants supporting a variety of projects including weed eradication, biosecurity, effectiveness and efficiency review, environmental management, strategic planning and capital works. A total of 51 FTE staff were subsequently engaged during the reporting period, highlighting the recruitment and retention challenges the Board continues to face in ensuring service delivery.

Board staff underwent refresher CPR and First Aid training, chainsaw, Chemcert, Heavy Risk Work: White Card, Forklift, Dogman and Crane, and Sexual Harassment training. This allows relevant staff to continue to safely complete work on behalf of the community.

### Exceptional Movements in Wages, Salaries or Allowance

In the reporting year, there are no exceptional movements in wages, salaries, or allowances.

## Consultants

Consultants 2023-24 – engagements costing \$50,000 or more:

Consultant	Cost	Title/Nature
All About Planning	\$126,687	Planning and Assessment Services
APP Corporation Limited	\$118,355	Project Management Waste & Management Strategy, Marine Freight Service Strategy.
APP Corporation Limited	\$350,195	Project Management Support Services
<b>Total</b>	<b>\$595,236</b>	

Consultants 2022-23 – engagements costing less than \$50,000:

Category	Cost	Number of Engagements
Engineering	\$12,188	3
Legal	\$505	1
Management	\$49,675	4
Planning	\$23,005	3
Valuations	\$5,500	1
<b>Total</b>	<b>\$90,873</b>	<b>12</b>

## **Risk management and insurance activities**

### **Internal audit**

During the reporting period, the DPE internal audit function supported the Board in accordance with the Internal Audit and Risk Management Policy for the NSW Public Sector (TPP15-03). The internal audit function is governed by the Charter and approved by the Chief Executive Officer (CEO) of the Board.

The Chief Audit Executive (CAE) support for the Board is provided by the DPE Internal Audit Branch, Legal and Governance Division. The internal audit function provides independent and objective review and advisory services designed to improve the operations, risk management, controls, and governance processes.

### **Insurance**

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

# Internal audit and risk management policy attestation

## Internal Audit and Risk Management Attestation Statement for the 2023-2024 Financial Year for the Lord Howe Island Board

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

### Core Requirements

<b>Risk Management Framework</b>		
1.1	The Accountable Authority shall accept ultimate responsibility and accountability for risk management in the agency.	<b>Compliant</b>
1.2	The Accountable Authority shall establish and maintain a risk management framework that is appropriate for the agency. The Accountable Authority shall ensure the framework is consistent with AS ISO 31000:2018.	<b>Compliant</b>
<b>Internal Audit Function</b>		
2.1	The Accountable Authority shall establish and maintain an internal audit function that is appropriate for the agency and fit for purpose.	<b>Compliant</b>
2.2	The Accountable Authority shall ensure the internal audit function operates consistent with the International Standards for the Professional Practice for Internal Auditing.	<b>Compliant</b>
2.3	The Accountable Authority shall ensure the agency has an Internal Audit Charter that is consistent with the content of the 'model charter'.	<b>Compliant</b>
<b>Audit and Risk Committee</b>		
3.1	The Accountable Authority shall establish and maintain efficient and effective arrangements for independent Audit and Risk Committee oversight to provide advice and guidance to the Accountable Authority on the agency's governance processes, risk management and control frameworks, and its external accountability obligations.	<b>Compliant</b>
3.2	The Accountable Authority shall ensure that the Audit and Risk Committee has a Charter that is consistent with the 'model charter'.	<b>Compliant</b>

## Membership

For the 2022-23 reporting period, the independent Chair and members of the Audit and Risk Committee were:

Role	Name	Start Term Date	Finish Term Date
Independent Chair	Penny Hutchinson	1 February 2020	30 September 2024*
Independent Member	Brian Blood	1 February 2020	30 September 2024*
Independent Member	Julie Elliott	1 November 2019	30 September 2024*
Independent Member	Alan Zammit	1 November 2019	31 October 2022

\* These appointments were extended to finish on 30 September 2024.

## Shared Arrangements

I, Atticus Fleming, Chair, Lord Howe Island Board advise that the Lord Howe Island Board has entered into an approved shared arrangement comprising the following:

- NSW Department of Planning and Environment
- NSW Environmental Trust
- Lord Howe Island Board

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



Atticus Fleming

**Chair**

**Lord Howe Island Board**

Date:

Agency Contact:

Simonne Daly  
Executive Director Governance  
02 9585 6184



## Promotion

No overseas visits were conducted by Board employees or officers to promote investments on Lord Howe Island.

# Additional matters for inclusion in Annual Reports

## Privacy and Personal Information Act 1998

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

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

## 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:

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

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

## Exemptions

Nil.

## Numbers and remuneration of senior executives

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

The number of executive band employees on Island has not changed since the Board's establishment. This position is identified in the organisation structure of the NSW Department of Environment, Energy, Climate Change and Water and reported with that department's annual statistics. The position was held during the reporting period by Ms Suzie Christensen.

## ***Government Information (Public Access) Act 2009***

The Lord Howe Island Board has delegated its functions under section 9 of the Government Information (Public Access) Act 2009 (GIPA Act) to the Information Access and Privacy Unit of the NSW Department of Environment. Therefore, all statistical information about access applications required to be included in an annual report regarding the Board, in compliance with s125 of the GIPA Act and Clause 8 of the Government Information (Public Access) Regulation 2018, is included in the annual report for the NSW Department of Environment, Energy, Climate Change and Water

## Cyber Security Policy (CSP) Attestation

I, Suzie Christensen, Chief Executive Officer, am of the opinion that the Lord Howe Island Board has managed cyber security risks in a manner consistent with the Mandatory Requirements set out in the NSW Government Cyber Security Policy.

Governance is in place to manage the cybersecurity maturity and initiatives of the Lord Howe Island Board.

Risks to the information and systems of Lord Howe Island Board are being assessed and managed.

The Lord Howe Island Board is doing the following to continuously improve the management of cyber security governance and resilience:

- Reviewing cyber security and technology policies to ensure alignment with the cluster and the NSW Government Cyber Security Policy.



Suzie Christensen  
CHIEF EXECUTIVE OFFICER  
1 June 2024

## 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.

## Requirements arising from employee arrangements

*Lord Howe Island Act 1953*, Part 2, Division 1, Section 6: Persons may be employed in the Public Service under the *Government Sector Employment Act 2013* to enable the Board to exercise its functions.

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

Personnel services were provided to the Lord Howe Island Board during the reporting period by the then NSW Department of Planning and Environment, and NSW Department of Climate Change, Energy, the Environment and Water

Staff are engaged under the *Government Sector Employment Act 2013* in accordance with the conditions of the following awards:

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



# Sustainability



## Workforce diversity

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

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

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

These constraints affect the Board's ability to meet the set benchmarks in relation to diversity in the workforce. There are no traditional owners of Lord Howe Island, and a limited number of people identify as being of Indigenous descent. Any employment decisions relating to a role within the public service is based on merit in accordance with the *Government Sector Employment Act 2013*.

### Statistical Information – Workforce diversity groups

<b>Workforce Diversity Group</b>	<b>Benchmark</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Women	50%	43.5%	49.1%	50.0%
Aboriginal people and Torres Strait Islanders	3.3%	0.0%	0.0%	0.0%
People whose first language was not English	23.2%	4.3%	7.3%	3.6%
People with a disability	5.6%	6.5%	7.3%	5.6%
People with a disability requiring work-related adjustment	N/A	6.5%	5.5%	5.6%

Note 1: The benchmark of 50% for representation of women across the sector is intended to reflect the gender composition of the NSW community.

Note 2: The NSW Public Sector Aboriginal Employment Strategy 2014 – 17 introduced an aspirational target of 1.8% by 2021 for each of the sector's salary bands. If the aspirational target of 1.8% is achieved in salary bands not currently at or above 1.8%, the cumulative representation of Aboriginal employees in the sector is expected to reach 3.3%.

Note 3: A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for People whose First Language Spoken as a Child was not English. The ABS Census does not provide information about first language but does provide information about country of birth. The benchmark of 23.2% is the percentage of the NSW general population born in a country where English is not the predominant language.

Note 4: In December 2017 the NSW Government announced the target of doubling the representation of people with disability in the NSW public sector from an estimated 2.7% to

5.6% by 2027. More information can be found at: [Jobs for People with Disability: A plan for the NSW public sector](#). The benchmark for 'People with Disability Requiring Work-Related Adjustment' was not updated.

**Table 5b. Trends in the Distribution Index for Workforce Diversity Groups**

Workforce Diversity Group	Benchmark	2022	2023	2024
Women	100	101	116	118
Aboriginal people and Torres Strait Islanders	100	N/A	N/A	N/A
People whose first language was not English	100	N/A	N/A	N/A
People with a disability	100	N/A	N/A	N/A
People with a disability requiring work-related adjustment	100	N/A	N/A	N/A

Note 1: A Distribution Index score of 100 indicates that the distribution of members of the Workforce Diversity group across salary bands is equivalent to that of the rest of the workforce. A score less than 100 means that members of the Workforce Diversity group tend to be more concentrated at lower salary bands than is the case for other staff. The more pronounced this tendency is, the lower the score will be. In some cases, the index may be more than 100, indicating that members of the Workforce Diversity group tend to be more concentrated at higher salary bands than is the case for other staff.

Note 2: The Distribution Index is not calculated when the number of employees in the Workforce Diversity group is less than 20 or when the number of other employees is less than 20.

## Disability inclusion action plans

The Board is not required to implement a disability inclusion action plan under the *Disability Inclusion Act 2014*.

## **Modern Slavery Act 2018 (NSW)**

This is the first Modern Slavery Statement for the Lord Howe Island Board made under the Modern Slavery Act 2018 (Cth). The purpose of this statement is to outline the approach to ensuring that Board has frameworks and processes in place to minimise the risk of modern slavery in our business operations and supply chain.

The Board recognise that slavery and human trafficking can occur in many forms, as considered in the Act. LHIB is fully committed to operating responsibly and establishing and adhering to the highest ethical standards across our group. We will not tolerate any forms of slavery in our business.

The risks of Modern Slavery in the Board supply chain are considered low. The Board has annual turnover of less than \$50m and all procurement over \$150k is done using NSW Government procurement frameworks and process that incorporate Modern Slavery risks. The Board is committed to continuous improvement and review the approach to addressing modern slavery with the supply chain by:

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

## Work health and safety

The following Work Health and Safety claim numbers and statistics are derived from icare Insurance for NSW data for the period ended 30 June 2024:

### Return to Work Data

Reporting Period	Count of Claims	Days Lost	Days Lost 0-20	Days Lost 21-40	Days Lost >41	Days Lost >42
FY 21-22	7	878	1,106	4	0	3
FY 22-23	4	24	22	3	1	0
FY 23-24	9	177	335	7	0	2
<b>Total</b>	<b>20</b>	<b>1,079</b>	<b>1,463</b>	<b>14</b>	<b>1</b>	<b>5</b>

### Mechanism of Injury

Reporting Period	FY 21-22	FY 22-23	FY 23-24	Total
<b>Physical</b>	<b>4</b>	<b>4</b>	<b>8</b>	<b>16</b>
Being hit by falling objects			1	1
Being trapped between stationary and moving objects			1	1
Falls on the same level	2		3	5
Hitting moving objects	1	3	1	5
Muscular stress while lifting, carrying, or putting down objects	1	1		2
Other and multiple mechanisms of incident			1	1
Unspecified mechanisms of incident			1	1
<b>Psychological</b>	<b>3</b>		<b>1</b>	<b>4</b>
Work pressure	2			2
Work related harassment and/or workplace bullying	1		1	2
<b>Total</b>	<b>7</b>	<b>4</b>	<b>9</b>	<b>20</b>

### Open Claims

Reporting Period	FY 06-07	FY 19-20	FY 21-22	FY 23-24	Total
Open Claims	1	1	1	4	7

During the reporting period the Board commenced use of Camms Workplace Health and Safety reporting software to improve incident, near miss and hazard data capture and management.

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

# Financial Statements



© Shick

Photo: Jack Shick





# Lord Howe ISLAND BOARD

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2024**



**LORD HOWE ISLAND BOARD**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**  
**STATEMENT BY THE BOARD**

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

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



Chair Name: Atticus Fleming AM

Dated: 29 October 2024

Lord Howe Island

# LORD HOWE ISLAND BOARD

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

### Table of Contents

STATEMENT OF COMPREHENSIVE INCOME	3
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF CHANGES IN EQUITY	5
STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024	7
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES .....	7
2. REVENUE .....	9
3. EXPENSES .....	12
4. CASH AND CASH EQUIVALENTS.....	13
5. RESTRICTIONS .....	13
6. RECEIVABLES .....	14
7. INVENTORIES.....	15
8. INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT.....	15
9. FAIR VALUE MEASUREMENT .....	19
10. INTANGIBLE ASSETS .....	23
11. PAYABLES .....	24
12. CONTRACT LIABILITIES .....	24
13. BORROWINGS .....	25
14. PROVISIONS.....	26
15. REVALUATION SURPLUS.....	27
16. RECONCILIATION OF NET RESULT TO NET CASH FLOWS - OPERATING ACTIVITIES.....	27
17. COMMITMENTS .....	28
18. RELATED PARTY DISCLOSURES .....	28
19. FINANCIAL RISK MANAGEMENT.....	30
20. CONTINGENT ASSETS AND LIABILITIES.....	34
21. EVENTS OCCURRING AFTER BALANCE DATE .....	35

# LORD HOWE ISLAND BOARD

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 June 2024

	Note	2024 \$'000	2023 \$'000
<b>REVENUE</b>			
Government contributions	2(a)	12,290	8,502
Sales of goods and services	2(b)	3,183	3,314
User charges and fees	2(c)	3,927	3,730
Investment income	2(d)	1,216	776
Grants and contributions	2(e)	2,403	2,595
Other income		353	45
<b>Total revenue</b>		<b>23,372</b>	<b>18,962</b>
<b>CONTINUING OPERATIONS EXPENSES EXCLUDING LOSSES</b>			
<b>EXPENSES</b>			
Personnel services	3(a)	6,284	5,768
Operating expenses	3(b)	7,478	7,470
Depreciation	8	3,859	3,713
Amortisation	10	6	6
Finance costs		62	63
Grants and subsidies		0	-
<b>Total expenses</b>		<b>17,689</b>	<b>17,020</b>
<b>Operating result</b>		<b>5,683</b>	<b>1,942</b>
Gain (Loss) on disposal of assets	2(f)	(1)	(14)
<b>Net result</b>		<b>5,682</b>	<b>1,928</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Change in revaluation surplus		7,617	6,602
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>13,299</b>	<b>8,530</b>

The accompanying notes form part of these financial statements.

# LORD HOWE ISLAND BOARD

## STATEMENT OF FINANCIAL POSITION

AS AT 30 June 2024

	Note	2024 \$'000	2023 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	26,342	19,458
Receivables	6	1,903	1,702
Other Assets		200	55
Inventories	7	488	257
<b>Total Current Assets</b>		<b>28,933</b>	<b>21,472</b>
Infrastructure, property, plant & equipment	8	109,749	103,816
Intangible assets	10	14	21
<b>Total Non-Current Assets</b>		<b>109,763</b>	<b>103,837</b>
<b>TOTAL ASSETS</b>		<b>138,696</b>	<b>125,309</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	11	1,082	833
Contract liabilities	12	7,428	7,528
Borrowings	13	503	0
Provisions	14	1,446	1,426
<b>Total Current Liabilities</b>		<b>10,459</b>	<b>9,787</b>
<b>Non-Current Liabilities</b>			
Borrowings	13	4,267	4,835
Provisions	14	90	106
<b>Total Non-Current Liabilities</b>		<b>4,357</b>	<b>4,941</b>
<b>TOTAL LIABILITIES</b>		<b>14,816</b>	<b>14,728</b>
<b>NET ASSETS</b>		<b>123,880</b>	<b>110,581</b>
<b>EQUITY</b>			
Accumulated funds		18,446	12,764
Revaluation surplus	15	105,434	97,817
<b>TOTAL EQUITY</b>		<b>123,880</b>	<b>110,581</b>

The accompanying notes form part of these financial statements.

# LORD HOWE ISLAND BOARD

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 June 2024

	Note	Accumulated Funds \$'000	2024 Revaluation Surplus \$'000	Total \$'000
OPENING BALANCE 1 JULY 2023		12,764	97,817	110,581
Operating Result		5,682	-	5,682
<b>Other comprehensive income</b>				
Gain on revaluation of IPP&E	15	-	7,617	7,617
Total other comprehensive income		5,682	7,617	7,617
<b>CLOSING BALANCE 30 June 2024</b>		<b>18,446</b>	<b>105,434</b>	<b>123,880</b>

	Note	Accumulated Funds \$'000	2023 Revaluation Surplus \$'000	Total \$'000
OPENING BALANCE 1 JULY 2022		10,836	91,215	102,051
Operating Result		1,928	-	1,928
Other comprehensive income				
Gain on revaluation of IPP&E	15	-	6,602	6,602
Total other comprehensive income		1,928	6,602	6,602
<b>CLOSING BALANCE 30 June 2023</b>		<b>12,764</b>	<b>97,817</b>	<b>110,581</b>

The accompanying notes form part of these financial statements.

# LORD HOWE ISLAND BOARD

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 June 2024

	Note	2024 \$'000	2023 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Receipts from customers		6,907	7,414
Grants received		14,594	11,686
Interest received		1,137	776
Other receipts		353	45
<b>Payments</b>			
Payments to personnel and suppliers		(13,871)	(13,222)
Payment of interest		(62)	(63)
<b>Net cash flows from operating activities</b>	<b>16</b>	<b>9,058</b>	<b>6,637</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Payments</b>			
Payments for property, plant and equipment		(2,174)	(1,516)
<b>Net cash flows from investing activities</b>		<b>(2,174)</b>	<b>(1,516)</b>
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>6,884</b>	<b>5,121</b>
<b>Opening cash and cash equivalents</b>		<b>19,458</b>	<b>14,337</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>4</b>	<b>26,342</b>	<b>19,458</b>

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## 1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

### (a) Reporting entity

The Lord Howe Island Board (the Board) is a statutory body established under the provisions of the Lord Howe Island Act 1953 (the LHI Act). The Board's primary function is administering the affairs of Lord Howe Island.

The Board is a NSW government entity and is controlled by the State of New South Wales, which is the ultimate parent. The Board is a not-for-profit entity (as profit is not its principal objective). These financial statements for the year ended 30 June 2024 have been authorised for issue by the Lord Howe Island Board on 29 October 2024.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to each of the years presented, unless otherwise stated.

### (b) Going concern

The financial statements have been prepared on a going concern basis.

Fair value assessment of assets and liabilities has been completed for 30 June 2024 and disclosed in relevant notes to the financial statements. The fair value assessment as 30 June 2024 by independent valuers includes increases in value of land experienced across most regions and increase in construction costs for buildings and infrastructure due to supply chain issues.

### Basis of preparation

The entity's financial statements are general purpose financial statements which have been prepared on an accrual's basis and in accordance with:

- applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations)
- the requirements of the Government Sector Finance Act 2018 (the Act) and regulations, and
- Treasurer's Directions issued under the Act.

Infrastructure, property, plant and equipment and certain financial assets and liabilities are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions, and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is the entity's presentation and functional currency.

**(c) Comparative information**

Except when an Australian accounting standard permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

**(d) Statement of compliance**

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

**(e) Accounting for the Goods and Services Tax**

Income, expenses, and assets are recognised net of the amount of goods and services tax (GST), except that the:

- amount of GST incurred by the entity as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**(f) New accounting standards and interpretations adopted during the year.**

The accounting policies applied in 2023-24 are consistent with those of the previous financial year. No new accounting standards and interpretations have been published and fully formed that are mandatory for 30 June 2024 financial year.



## 2. REVENUE

Income is recognised in accordance with the requirements of AASB 15 Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit Entities, dependent on whether there is a contract with a customer defined by AASB 15 Revenue from Contracts with Customers. Comments regarding the accounting policies for the recognition of income are discussed below.

### (a) Government Contributions

Government contributions are those funds provided through the Department of Planning and Environment (DPE) and NSW Treasury (Treasury) to enable the Board to meet its statutory obligations within the LHI Act 1953. Generally, income from Government contributions is without sufficiently specific performance obligations and so is recognised when the Board obtains control over the granted assets (e.g. cash).

### (b) Sale of goods and services

Revenue from the sale of liquor is recognised when the Board has satisfied the applicable performance obligation, which is generally when the goods are provided to the customer. Revenue from electricity user charges is recognised when or as the performance obligation is completed and the customer receives the benefit of the services being provided (i.e. receives electricity).

	2024	2023
	\$'000	\$'000
Electricity user charges	1,372	1,379
Liquor store sales	1,811	1,935
<b>TOTAL SALES OF GOODS AND SERVICES</b>	<b>3,183</b>	<b>3,314</b>

### (c) User charges and fees

User charges and fees are recognised as revenue when the respective service has been provided.

	2024	2023
	\$'000	\$'000
Electricity fees	61	7
Waste management fees	484	411
Airport user charges	1,154	1,169
Marine facilities user fees	394	397
Environmental fees	902	873
Business fees	408	394
Lease revenue	397	408
Other fees and charges	126	71
<b>TOTAL USER CHARGES AND FEES</b>	<b>3,927</b>	<b>3,730</b>

#### (d) Investment income

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

	2024	2023
	\$'000	\$'000
Interest income - unrestricted	821	418
Residential rent	159	153
Commercial rent	236	205
<b>TOTAL INVESTMENT INCOME</b>	<b>1,216</b>	<b>776</b>

#### (e) Grants and contributions

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

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

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

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

#### Capital grants

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

The entity satisfies the performance obligations under the transfer to construct assets over time as the non – financial assets are being constructed..

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

### Other grants and contributions

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

For the 2024 financial year and onwards contributions from government organisations (non-DPE) that cannot be categorised as a grant will be shown as a separate line item to add transparency for the funding received.

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

	2024	2023
	\$'000	\$'000
Grants to construct assets	333	62
Grant with performance obligations	1,491	1456
Grant without sufficient performance obligations	491	442
Contributions	88	636
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>	<b>2,403</b>	<b>2,596</b>

### (f) Gain (Loss) on disposal of assets

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

	2024	2023
	\$'000	\$'000
Proceeds from disposal of infrastructure, property, plant & equipment	1	-
Carrying amount	(2)	(14)
<b>Gain (Loss)</b>	<b>(1)</b>	<b>(14)</b>

### 3. EXPENSES

#### (a) Personnel Services expenses

	2024	2023
	\$'000	\$'000
Salaries and wages, including recreation leave	5,044	4,450
Board member fees	40	39
Extended leave	(11)	186
Superannuation	518	399
Workers' compensation insurance premium	348	255
Fringe benefits tax	5	36
Payroll tax	228	184
Re-measurement of defined benefit superannuation	-	6
Relocated personnel expenses	27	89
Staff training and conferences	51	121
Other personnel costs	34	3
<b>TOTAL PERSONNEL SERVICES EXPENSES</b>	<b>6,284</b>	<b>5,768</b>

The amount of personnel services costs that have been capitalised within infrastructure, property, plant and equipment, and therefore excluded from the above is \$14k (2023: \$52k).

The *Constitution Act 1902* precludes the Board from employing staff. The *Lord Howe Island Act 1953* allows that persons may be employed in the Public Service under the *Government Sector Employment Act 2013* to enable the Board to exercise its functions.

The *Government Sector Employment Act 2013* provides that the persons so employed (or whose services the Board makes use of) may be referred to as officers or employees, or members of staff, of the Board. Personnel services were provided to the Lord Howe Island Board during the reporting period by the NSW Department of Planning and Environment.

#### (b) Operating expenses

	2024	2023
	\$'000	\$'000
Bad debts	-	1
Communications & Information Technology	348	477
Contractors and consultants	3,596	3,487
External audit fee	83	93
Fuel	659	675
Insurance	243	214
Liquor Store – cost of sales	1,417	1,465
Materials purchased	659	671
Other expenses	473	387
<b>TOTAL OPERATING EXPENSES</b>	<b>7,478</b>	<b>7,470</b>

## Recognition and Measurement

### Insurance

The Board's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The premium expense is determined by the Fund Manager based on past claims experience.

## 4. CASH AND CASH EQUIVALENTS

	2024	2023
	\$'000	\$'000
Cash on hand	1	1
Cash at bank	26,341	19,457
<b>TOTAL</b>	<b>26,342</b>	<b>19,458</b>

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less and subject to an insignificant risk of changes in value, and net of outstanding bank overdraft. Cash and cash equivalents at balance date subject to restrictions is:

## 5. RESTRICTIONS

Cash and cash equivalents subject to external restrictions are those which are only available for specific use by LHIB due to a restriction placed by legislation or third-party contractual agreement.

Other cash and cash equivalents may be internally restricted by resolution or policy of the Board. This process was introduced in 2024 to reflect cash kept to fund specific future expenditure.

Unrestricted Cash is available to fund normal operations and discretionary business activities.

	2024	2023
	\$'000	\$'000
Purpose to which the use of cash is restricted:		
<b>EXTERNALLY RESTRICTED</b>		
E&E IT upgrades	380	380
E&E Review	2,271	2,673
Emergency Management Facilities	-	116
Eradication of weeds & environmental management	1,224	908
Quarantine/biosecurity	106	460
Roads	1,103	1,697
SCCF-Beach Access	18	38
SCCF-Community Centre/Mobile Phone Connectivity	692	790
SCCF-Public Amenities	-	47
SCCF-Skate Park	163	218
Southern Precinct Masterplan	50	117
Other purposes	1,315	51
<b>TOTAL EXTERNALLY RESTRICTED CASH</b>	<b>7,322</b>	<b>7,579</b>
<b>INTERNALLY RESTRICTED</b>		
Additional grant funds restricted for other projects	8,893	-
<b>TOTAL RESTRICTED CASH</b>	<b>16,215</b>	<b>7,495</b>
<b>UNRESTRICTED CASH</b>	<b>10,127</b>	<b>11,963</b>

## 6. RECEIVABLES

### Recognition and Measurement

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Trade receivables are generally due for settlement within 30 days.

### Subsequent measurement

The Board holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

### Impairment under AASB 9

The entity recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted at the original effective interest rate.

NSW Treasury mandates the use of the simplified approach in AASB 9 to recognise a loss allowance for expected credit losses on all trade receivables, including those containing a significant financing component. NSW Treasury mandates the application of the practical expedient to calculate expected credit losses on trade receivables using a provision matrix.

The entity has reviewed receivables based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the impairment loss is recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, if objectively related to an event occurring after the impairment was recognised. Reversals of impairment losses cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

	2024	2023
	\$'000	\$'000
<b>Current</b>		
Trade receivables	1,715	1,388
Allowance for expected credit losses	(10)	(10)
Grant receivables	-	252
Workers' compensation receivables	33	63
GST Receivable	165	9
<b>TOTAL RECEIVABLES</b>	<b>1,903</b>	<b>1,702</b>

## 7. INVENTORIES

### Recognition and measurement

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Costs of liquor inventory include inward freight costs, rebates, and discounts.

Diesel fuel stocks held for the generation of electric power on the Island are valued at cost, which includes freight inwards charges. Costs are assigned to closing stocks by using the weighted average cost method.

Other inventories are valued at cost, which includes freight inwards charges. Costs are assigned to closing stocks by using the weighted average cost method.

	2024	2023
	\$'000	\$'000
<b>HELD FOR CONSUMPTION</b>		
Diesel fuel – at cost	77	74
Construction materials – at cost	91	9
Other – at cost	3	-
<b>Total</b>	<b>171</b>	<b>83</b>
<b>HELD FOR RESALE</b>		
Liquor – at cost	317	174
<b>Total</b>	<b>317</b>	<b>174</b>
<b>TOTAL INVENTORIES</b>	<b>488</b>	<b>257</b>

## 8. INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

### Asset classes

The Board has ten classes of Infrastructure, Property, Plant and Equipment (IPPE) assets which are grouped, for disclosure purposes, under four headings. The asset classes and corresponding headings are:

- Land;
- Buildings (comprising public facilities, commercial and residential buildings);
- Plant and Equipment (comprising motor vehicles, office equipment and other plant and equipment);
- Infrastructure Systems (comprising airport assets, electricity assets, marine facilities, roads, walking tracks and other infrastructure assets).

## Acquisition and capitalisation

IPPE assets are initially recorded at cost for individual IPPE items which cost \$5,000 or more.

Cost is the amount of cash or cash equivalents paid, or the fair value of the other consideration given, to acquire the asset at the time of its acquisition or construction. Costs incurred subsequent to initial recording or the most recent valuation are included in the asset's carrying amount or recognised as a separate asset, as appropriate.

## Subsequent measurement

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP21-09), AASB 116 Property, Plant and Equipment and AASB 13 Fair Value Measurement.

Subsequent to initial recording, all IPPE items other than Plant and Equipment, are measured at fair value. Asset classes are periodically valued by independent expert valuers.

The Board assesses at each balance date whether there is objective evidence that an asset is impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

## Asset revaluation

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use, in the case of the Board, is the existing use. This is after taking into account the characteristics of the assets and any socio-political restrictions imposed by government.

Revaluations are made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. Land and Buildings are independently revalued every three years, and Infrastructure Systems assets are independently revalued at least every five years. The last revaluations for each class of IPPE assets were:

Valuer	Asset Class	Date of Comprehensive Revaluation
Australis Asset Advisory Group	Infrastructure systems (marine facilities, roadworks, airport, public facilities and amenities and other infrastructure assets)	30 June 2020
Australis Asset Advisory Group	Infrastructure systems (electricity assets and walking tracks)	30 June 2021
Valustate Pty Ltd	Land and Buildings (Commercial and Residential)	30 June 2024



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

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

Desktop revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from carrying value. A Desktop revaluation was completed on 30 June 2024 for Roads, Marine, Airport and Other general infrastructure. The entity used an external professionally qualified value to conduct the desktop revaluation.

Increases in the carrying amounts arising on revaluation are credited to the revaluation surplus. To the extent that the increase reverses a revaluation decrement previously recognised in net result, the increase is first recognised in the net result in the statement of comprehensive income.

Decreases that reverse previous increases are first charged against revaluation surplus to the extent of the remaining surplus attributable to the respective asset class. Other revaluation decrements are charged to net result in the statement of comprehensive income.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of IPPE, but not otherwise.

## Depreciation

Land is not depreciated. Depreciation of other IPPE assets is estimated using the straight-line method to allocate its cost or valuation, net of the applicable residual value, over the estimated useful life.

The range of useful lives of individual depreciable assets within each IPPE asset class are:

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

## Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. Since property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in rare circumstances such as where the costs of disposal are material.

The Board assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the entity estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

There are no impairment indicators for property, plant and equipment as at 30 June 2024.

### Total Infrastructure, Property, Plant and Equipment (2024)

	Land \$'000	Buildings \$'000	Plant and Equipment \$'000	Infrastructure Systems \$'000	Capital WIP \$'000	TOTAL \$'000
<b>AT 30 June 2023 – FAIR VALUE</b>						
Gross carrying amount	20,356	19,273	4,592	107,615	384	152,220
Accumulated depreciation and impairment	-	(9,677)	(2,876)	(35,851)	-	(48,404)
<b>NET CARRYING AMOUNT</b>	<b>20,356</b>	<b>9,596</b>	<b>1,716</b>	<b>71,764</b>	<b>384</b>	<b>136,670</b>
<b>AT 30 June 2024 – FAIR VALUE</b>						
Gross carrying amount	21,855	20,253	4,924	114,172	1,775	162,979
Accumulated depreciation and impairment	-	(8,893)	(3,150)	(41,187)	-	(53,230)
<b>NET CARRYING AMOUNT</b>	<b>21,855</b>	<b>11,360</b>	<b>1,774</b>	<b>72,985</b>	<b>1,775</b>	<b>109,749</b>

## Reconciliation (2024)

A reconciliation of the net carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

	Land \$'000	Buildings \$'000	Plant and Equipment \$'000	Infrastructure Systems \$'000	Capital WIP \$'000	TOTAL \$'000
<b>AT 01 JULY 2023</b>	20,356	9,596	1,716	71,764	384	103,816
Additions	-	289	337	36	1507	2,170
Disposals	-	-	(23)	-	-	(23)
Net revaluation increments	1,499	1,949	-	4,169	-	7,617
Depreciation expense	-	(519)	(328)	(2,984)	-	(3,831)
Transfers / adjustments	-	44	72	-	(116)	-
<b>AT 30 June 2024</b>	<b>21,855</b>	<b>11,360</b>	<b>1,774</b>	<b>72,985</b>	<b>1,775</b>	<b>109,749</b>

	Land \$'000	Buildings \$'000	Plant and Equipment \$'000	Infrastructure Systems \$'000	Capital WIP \$'000	TOTAL \$'000
<b>AT 01 JULY 2022</b>	20,356	9,157	1,873	67,900	139	99,425
Additions	-	255	178	839	331	1,603
Disposals	-	-	(15)	-	-	(15)
Net revaluation increments	-	668	-	5,934	-	6,602
Depreciation expense	-	(484)	(320)	(2,909)	-	(3,713)
Transfers / adjustments	-	-	-	-	(86)	(86)
<b>AT 30 June 2023</b>	<b>20,356</b>	<b>9,596</b>	<b>1,716</b>	<b>71,764</b>	<b>384</b>	<b>103,816</b>

## 9. FAIR VALUE MEASUREMENT

### (a) Fair value measurement accounting policy

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

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

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

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

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

The fair value hierarchy within which the fair value measurements are categorised, for each respective asset class at 30 June 2024 are:

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

Comparative amounts at 30 June 2023 were:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>NON-FINANCIAL ASSETS</b>				
Land	-	-	20,356	20,356
Buildings	-	-	9,596	9,596
Infrastructure systems	-	-	71,764	71,764
<b>TOTAL</b>	-	-	<b>101,716</b>	<b>101,716</b>

### (b) Valuation techniques and significant unobservable inputs (Level 3)

#### Land

All land on the island is vested in the Crown. Three categories of land have been recognised:

- Land leased or subject to permissive occupancies (as an operating lease);
- Crown land reserved or dedicated for a public purpose; and
- Lord Howe Island Permanent Park Preserve.

The 'valuation in use' method has been used for leased land, under which the respective lease rentals are an observable (and fixed) input and the capitalisation rate used is an unobservable input.

Perpetual leases can be transferred among island residents, albeit such transfers are very infrequent. Crown Land that is subject to perpetual leases (including leases where there is a statutory right to buy the freehold) is valued at the present value of net cash flows received under the leases. Market evidence was also used as a valuation technique.

The Crown land reserved or dedicated for public purposes has been measured by reference to the area involved, in square metres (a fixed and observable input) and valued by applying to it an amount per square metre of land. The rate per square metre of Crown land reserved or dedicated for public purposes has been estimated by using, as a guide, historical transfer values for perpetual leases of as near to similar parcels of land as can be identified (a proxy value per square metre for such land).

The permanent park preserve land is subject to significant restrictions – it may not be leased and has virtually no potential for development. The value of this land has been determined by applying to the land area involved (a fixed and observable input), a value per hectare (an unobservable input). The value per hectare has been estimated based on historic sale values for a range of similar unimproved land within mainland New South Wales.

### **Buildings**

The valuation of each building at replacement cost reflects the size and design of the respective building, as well as the materials used (all of which are observable inputs) but also includes unobservable inputs in the form of estimated replacement costs for such materials and the requisite labour and other services required for construction.

There are different types of commercial buildings with some being utilised by the board and others being commercially leased.

### **Infrastructure Systems**

The Cost Approach determines the cost to a market participant to acquire or construct a substitute asset of comparable utility/service potential, adjusted for obsolescence. Due to no directly attributed income to any individual assets, the Cost Approach was used for valuation of the following asset sub-classes:

#### **i) Airport assets**

Major individual airport assets were re-constructed during the year ended 30 June 2016, including the runway.

#### **ii) Electricity assets**

Electricity assets include electricity generation and electricity distribution. Unobservable inputs requiring professional judgement when assessing fair value included assessment of asset condition, of ongoing load and consideration of the Board's maintenance program.

#### **iii) Marine facilities**

Most of the value of these assets is represented by the value of the island's wharf. The fair value of marine facilities is also affected by the estimated total useful life of such assets and by its estimated remaining useful life, the latter of which is assessed by reference to the physical condition of each asset.

#### iv) Roads

All roads have been classified within three different categories:

- category 1: sealed primary road;
- category 2: sealed internal road; and
- category 3: unsealed road.

The physical composition of each road varies according to its category, and each sealed road comprises both:

- pavement; and
- bitumen seal

The replacement cost of each road has been determined by applying, separately to each of its pavement and bitumen seal components, estimates of current construction costs per square metre (unobservable inputs).

#### v) Walking tracks

There are thirteen walking tracks and the separate components of each track, including stairs, bridges, viewing platforms, ropes, and anchors.

The 2023-24 indices are based on analysis of producer price indices, import indices, wage price index, local government, and construction indices, as well as any currency fluctuations over the subject period. The valuer has analysed and developed several composite index factors, which include Civil, Mechanical, Electrical and Reticulation categories.

#### (c) Reconciliation of recurring Level 3 fair value measurements

	Land	Buildings	Infrastructure systems	Total Recurring Level 3 Fair Value
	\$'000	\$'000	\$'000	\$'000
Fair value as at 1 July 2023	20,356	9,596	71,764	101,716
Additions	-	289	36	325
Net revaluation increments	1,499	1,949	4,169	7,617
Transfers	-	44	-	44
Disposals	-	-	-	-
Impairment Loss	-	-	-	-
Depreciation expense	-	(519)	(2,984)	(3,502)
<b>Fair value as at 30 June 2024</b>	<b>21,855</b>	<b>11,360</b>	<b>72,985</b>	<b>106,200</b>

Comparative reconciliation for 2023

	Land	Buildings	Infrastructure systems	Total Recurring Level 3 Fair Value
Fair value as at 1 July 2022	20,356	9,157	67,900	97,413
Additions	-	255	839	1,094
Net revaluation increments	-	668	5,934	6,602
Transfers	-	-	-	-
Disposals	-	-	-	-
Impairment Loss	-	-	-	-
Depreciation expense	-	(484)	(2,909)	(3,393)
Fair value as at 30 June 2023	20,356	9,596	71,764	101,716

## 10. INTANGIBLE ASSETS

	2024 \$'000	2023 \$'000
Software - at cost	281	281
Accumulated amortisation	(267)	(260)
<b>TOTAL</b>	<b>14</b>	<b>21</b>

Costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised. Software costs capitalised are subsequently amortised on a straight-line basis over a five-year period.

The Board assesses at each balance date whether there is objective evidence that an asset is impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

### Reconciliation (2024)

A reconciliation of the net carrying amount of intangible assets at the beginning and end of the current reporting period is set out below:

	Software \$'000
Net carrying value as at 1 July 2023	20
Amortisation expense	(6)
<b>Net carrying value as at 30 June 2024</b>	<b>14</b>

## 11. PAYABLES

	2024	2023
	\$'000	\$'000
<b>Current</b>		
Trade creditors and accrued expenses	1,029	715
Accrued personnel services expenses	47	112
Security deposits	6	6
<b>TOTAL</b>	<b>1,082</b>	<b>833</b>

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 18.

Payables represent liabilities for goods and services provided to the Board prior to the end of the financial year which are unpaid. Trade payables are recognised initially at fair value, usually based on the transaction cost or face value. Short term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. These are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process. The Board receives personnel services provided through the NSW Department of Planning and Environment.

The current obligations included in this Note do not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

## 12. CONTRACT LIABILITIES

	2024	2023
	\$'000	\$'000
Grant/contribution related contract liabilities	7,323	7,495
Fees and charges received in advance	18	9
Other receipts in advance	87	24
<b>TOTAL</b>	<b>7,428</b>	<b>7,528</b>

Contract liabilities are recorded when payment is made or due (whichever is earlier) prior to the Board transferring a good or service to the customer for which the Board has received consideration (or an amount of consideration is due) from the customer.



### 13. BORROWINGS

	2024 \$'000	2023 \$'000
<b>Current</b>		
Current Borrowings	503	-
<b>Non-current</b>		
TCorp borrowings	4,267	4,835
<b>TOTAL</b>	<b>4,770</b>	<b>4,835</b>

#### Recognition and measurement

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

#### Changes in liabilities arising from financing activities

	TCorp borrowings \$'000	Total liabilities from financial activities \$'000
Opening Balance 1 July 2023	4,835	4,835
Cash Flows	(65)	(65)
<b>Closing balance 30 June 2024</b>	<b>4,770</b>	<b>4,770</b>

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

	2024 \$'000	2023 \$'000
<b>Total facilities</b>		
TCorp loan limit	5,900	5,900
<b>Undrawn limit at the reporting date</b>		
TCorp	1,130	1,066

TCorp loan repayments commence in March 2025. Note 19 provides information on the timing of loan repayments.

## 14. PROVISIONS

	2024	2023
	\$'000	\$'000
<b>Current</b>		
Personnel Services - Recreation Leave	437	434
Personnel Services - Extended Leave	807	858
Removal of bulky waste materials	202	134
<b>Total</b>	<b>1,446</b>	<b>1,426</b>
Personnel Services Current Liability not expected to be settled in the next 12 months:		
Recreation Leave	87	87
Extended Leave	728	779
<b>Total</b>	<b>815</b>	<b>866</b>
<b>Non-current</b>		
Extended leave	90	106
<b>TOTAL</b>	<b>90</b>	<b>106</b>
<b>TOTAL PROVISIONS</b>	<b>1,536</b>	<b>1,532</b>

Liability amounts equivalent to extended leave and recreation leave which is not expected to be wholly settled within twelve months after the end of the period in which the personnel render the related service are measured as the present value of expected future payments to be made. Consideration is given to expected future wage and salary levels, experience of personnel departures and periods of service.

### Movements in provisions (other than employee benefits)

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Performance payment to renewable energy contractor	Removal of bulky waste materials	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2023	-	134	134
Additional provisions recognised	-	202	202
Amounts used	-	(119)	(119)
Unused amounts reversed	-	(15)	(15)
<b>Carrying amount at 30 June 2024</b>	<b>-</b>	<b>202</b>	<b>202</b>

### Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

## Other provisions

Provisions are recognised when: the entity has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

## 15. REVALUATION SURPLUS

Revaluation surplus represents the net accumulated revaluation increments and decrements arising from revaluation of certain asset classes among the Board's IPPE assets.

	2024	2023
	\$'000	\$'000
Land	18,585	17,086
Buildings	13,305	11,356
Infrastructure Systems	73,544	69,375
<b>TOTAL</b>	<b>105,434</b>	<b>97,817</b>

The movement in Revaluation Surplus during the year were:

	2024	2023
	\$'000	\$'000
Net book amount at 1 July	97,817	91,215
Net increment on revaluation of land	1,499	-
Net increment on revaluation of buildings	1,949	668
Net increment on revaluation of infrastructure assets	4,169	5,934
<b>TOTAL</b>	<b>105,434</b>	<b>97,817</b>

## 16. RECONCILIATION OF NET RESULT TO NET CASH FLOWS - OPERATING ACTIVITIES

	Notes	2024	2023
		\$'000	\$'000
<b>NET RESULT FROM THE STATEMENT OF COMPREHENSIVE INCOME</b>		5,682	1,928
<b>Non-cash flows in result</b>			
Accrued interest			(63)
Depreciation and amortisation	3	3,864	3,719
(Net gain) / loss on sale of property, plant and equipment	2(f)	1	14
<b>Changes in assets and liabilities</b>			
(Increase) / Decrease in receivables		(122)	358
(Increase) / Decrease in inventories		(231)	57
(Increase) / Decrease in other current assets		(145)	22
Increase / (Decrease) in payables, provisions		187	13
(Increase) / Decrease in contract assets		0	-
Increase / (Decrease) in contract liabilities		(99)	589
<b>Net cash flows from operating activities</b>		<b>9,058</b>	<b>6,637</b>

## 17. COMMITMENTS

	2024 \$'000	2023 \$'000
<b>CAPITAL EXPENDITURE COMMITMENTS</b>		
Capital expenditure commitments at the reporting date not recognised as liabilities are payable not later than one year		
Infrastructure, property, plant and equipment	73	387
<b>TOTAL</b>	<b>73</b>	<b>387</b>

The amounts shown above are GST inclusive.

## 18. RELATED PARTY DISCLOSURES

The Board relies on ongoing financial support from the New South Wales Government. The Board has no subsidiaries, associates or joint ventures.

### (a) Key management personnel

The key management personnel of the Board during the year ended 30 June 2024 were:

- Mr Atticus Fleming, being Appointed Chair, appointed by the NSW Government from 01 January 2021;
- Ms Christine Bath and Mr Bruce Baird, Board members appointed by the NSW Government;
- Anthony Lean being appointed by Department of Climate Change, Energy, the Environment & Water;
- Mrs Therese Turner, Mr Matthew Retmock, Robert Jeremy and Mr James Lonergan being islander elected members of the Board;
- Ms Suzie Christensen, Chief Executive Officer from 6 December 2021.

### (b) Remuneration

The remuneration of key management personnel, whether paid directly or indirectly by the Board was:

	2024 \$'000	2023 \$'000
Short-term benefits	310	318
Post-retirement benefits	34	32
<b>TOTAL</b>	<b>344</b>	<b>350</b>

Short term benefits include fees paid to Board members and personnel services costs (reflecting salaries and wages, paid recreation leave, paid sick leave and non-monetary benefits, such as subsidised housing) in relation to the Chief Executive Officer. Post-retirement benefits include superannuation contributions, pension payments and other retirement benefits.

### (c) Relationships

The Board is the sole provider of certain goods and services to residents of Lord Howe Island ("LHI"), so key management personnel (and close members of their respective families) who are resident on the

island have no choice but to transact with the Board for such goods and services, such as electricity supply and waste management services.

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

Mrs Therese Turner

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

Mr Matthew Retmock

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

Mr Robert Jeremy

Perpetual leases of property and boatshed in Lagoon Road, LHI as lessee from the Board as lessor.

Mr James M Lonergan

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

Mrs Suzie Christensen

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

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

#### **(d) Transactions and balances**

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

## 19. FINANCIAL RISK MANAGEMENT

### (a) Objectives and policies

The Board's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risks (price risk and interest rate risk). The Board does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

The Board has the overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies have been established to identify and analyse the risks faced by the Board, to set risk limits and establish controls to monitor risks. Compliance with policies is reviewed on a periodic basis.

The Board's financial risk management objective is to maximise its return on cash and investments, whilst maintaining an adequate level of liquidity and preserving capital.

### (b) Financial instrument categories

The Board's financial assets, comprise:

- cash and cash equivalents (currently bank deposits); and
- receivables.

The Board's only financial liabilities are payables and a loan from TCorp.

The Board's business model in relation to using financial instruments is for investment rather than trading purposes. The Board also does not enter hedging arrangements.

#### (d) Fair value compared to carrying amount

The Board held the following financial instruments at balance date:

	Note	Category	Carrying value		Fair value	
			2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<b>FINANCIAL ASSETS</b>						
Cash and cash equivalents	4	Amortised cost	26,342	19,458	26,342	19,458
Receivables (excluding statutory receivables)	5	Amortised cost	1,903	1,768	1,903	1,768
<b>FINANCIAL LIABILITIES</b>						
Payables (excluding statutory payables)	10	Financial liabilities measured at amortised cost	1,082	833	1,082	833
Borrowings	12	Financial liabilities measured at amortised cost	4,770	4,834	4,296	4,247

#### (e) Credit risk

A key risk associated with cash and cash equivalents and receivables is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Board.

These risks are mitigated by:

- the major Australian bank with which the Board's deposit are lodged has AA- long term credit ratings from major global credit rating agencies; and
- monitoring outstanding debt and employing stringent debt recovery policies in relation to receivables.

The Board places funds on deposit with one of Australia's 'big four' banks which is rated "AA-" over the long term by Standards and Poor's. These deposits are "at call". No collateral is held by the Board in relation to its financial assets.

Collectability of receivables is reviewed on an ongoing basis. Procedures established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for expected credit losses is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experiences, and current and expected changes in economic conditions and debtor credit ratings. There was no additional expected credit loss provision recognised in the financial statements as at 30 June 2024. No interest is earned on receivables. Liquor sales are made on cash or 30-day credit terms.

The Board is not materially exposed to concentrations of credit risk to a single counterparty or counterparty group within its debtors.

The profile of the Board's credit risk was:

	Totals \$'000	Past due but not impaired \$'000	Considered impaired \$'000
<b>2024</b>			
Amounts < 3 months overdue	488	488	-
Amounts 3 - 6 months overdue	56	48	-
Amounts 7 – 9 months overdue	4	3	-
Amounts 9 – 12 months overdue	2	-	5
<b>TOTAL</b>	<b>550</b>	<b>540</b>	<b>5</b>
<b>2023</b>			
Amounts < 3 months overdue	147	147	-
Amounts 3 - 6 months overdue	286	279	7
Amounts 7 – 9 months overdue	6	4	2
Amounts 9 – 12 months overdue	1	-	1
<b>TOTAL</b>	<b>441</b>	<b>431</b>	<b>10</b>

The ageing analysis excludes statutory receivables and prepayments, as these are not within the scope of AASB 7.

#### (f) Liquidity risk

Payables are subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Board manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The Board's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

Liabilities are recognised for amounts due to be paid in the future for goods or services. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC11/12. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or statement is received. NSW TC 11/12 allows the Minister to award interest for late payment. No interest for late payment was awarded during the year ended 30 June 2024 (2023: \$nil).



The undiscounted contractual cash flows of the Board's payables and borrowings are set out below:

	Due within 1 year \$'000	Due between 1 and 5 years \$'000	Due after 5 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
<b>30 June 2024</b>					
Payables	1,082			1,082	1,082
Borrowings	629	3,957	419	5,005	4,267
<b>TOTAL</b>	<b>1,711</b>	<b>3,957</b>	<b>419</b>	<b>6,087</b>	<b>5,349</b>
<b>30 JUNE 2023</b>					
Payables	833	-	-	833	833
Borrowings	126	3,313	1,721	5,160	4,835
<b>TOTAL</b>	<b>959</b>	<b>3,313</b>	<b>1,721</b>	<b>5,993</b>	<b>5,668</b>

**(g) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Board's exposure to market risk is primarily through interest rate risk. The Board has no exposure to foreign currency risk and does not enter into commodity contracts.

#### (h) Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Board has interest-bearing assets or liabilities comprising investments in bank deposits and a TCorp loan.

There is no interest risk on borrowings as interest rates are fixed." Accordingly, the Board's exposure to interest rate risk is:

	Carrying Amount \$'000	Profit \$'000	-1.0% Equity \$'000	Profit \$'000	+1.0% Equity \$'000
<b>30 June 2024</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	26,342	(263)	(263)	263	263
<b>TOTAL INCREASE / (DECREASE)</b>		<b>(263)</b>	<b>(263)</b>	<b>263</b>	<b>263</b>
<b>30 JUNE 2023</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	19,458	(195)	(195)	195	195
<b>TOTAL INCREASE / (DECREASE)</b>		<b>(195)</b>	<b>(195)</b>	<b>195</b>	<b>195</b>

## 20. CONTINGENT ASSETS AND LIABILITIES

### Contingent Liabilities Waste Management Compliance Obligation

The Board has been advised by the Environmental Protection Agency (EPA) that the waste management facility does not comply with applicable environmental requirements. The Board has obtained an understanding of the compliance requirements and has obtained independent advice that the construction of a new waste management facility is \$32.854 million. The State Government has included the construction costs for the new waste management facility in its 2024 budget. The Board understands that the NSW State Government will construct the waste management facility before transferring control and ongoing operational cost responsibility to the Board.

## 21. EVENTS OCCURRING AFTER BALANCE DATE

The entity will continue to assess uncertainty in the market due to current economic conditions, such as the effect of inflation and interest rates on the fair value of its non-current physical and financial assets. These assets include land, buildings, infrastructure, receivables. Given the uncertainty, there may be new evidence that materially impacts the fair value assessment at 30 June 2024. The 30 June 2024 statements do not include any adjustments relating to this uncertainty. Also refer note 1(b) (note above).

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Board's operations, the results of those operations, or the Board's state of affairs, in future financial years.

END OF AUDITED FINANCIAL STATEMENTS



## INDEPENDENT AUDITOR'S REPORT

### Lord Howe Island Board

To Members of the New South Wales Parliament

### Opinion

I have audited the accompanying financial statements of Lord Howe Island Board (the Board), which comprise the Statement by the Board, the Statement of Comprehensive Income for the year ended 30 June 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, and notes to the financial statements, including a Summary of Material Accounting Policy Information, and other explanatory information.

In my opinion, the financial statements:

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

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

### Basis for Opinion

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

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

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

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

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

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

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

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

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

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

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

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

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



Caroline Karakatsanis  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

30 October 2024  
SYDNEY

