



**NORFOLK ISLAND LEGISLATIVE ASSEMBLY
11TH NILA HANSARD – 10 MAY 2006**

PRAYER

Almighty God we humbly beseech Thee to vouchsafe Thy blessing upon this House, direct and prosper our deliberations to the advancement of Thy glory and the true welfare of the people of Norfolk Island, Amen

Gentlemen, you may remove your coats if you so wish

LEAVE OF ABSENCE FOR MR BROWN MLA

SPEAKER Honourable Members leave is sought for Mr Brown who is absent from the Island. Is leave granted? Leave is granted thank you.

SUSPENSION OF STANDING ORDERS

SPEAKER Honourable Members, we convene this morning as a special meeting pursuant to the statutes that the required number of Members have asked that we have a special meeting and we are doing that and there is a formal motion in terms of the business that we are to transact. Chief Minister I turn to you for a formal motion to suspend Standing Orders

MR GARDNER Thank you Mr Speaker, I move that so much of Standing Orders be suspended as would prevent the House from only dealing with the matters listed on the Programme

SPEAKER Thank you Chief Minister. The question before us is that proposed by the Chief Minister that Standing Orders be suspended and I put that question to you

QUESTION PUT
AGREED

The ayes have it thank you

PRESENTATION OF PAPERS

Are there any Papers for Presentation this morning Honourable Members. I understand there are Regulations to be tabled. Mr Nobbs

MR NOBBS Mr Speaker in accordance with section 41 of the Interpretation Act 1979 I table the Census and Statistics Regulations 2006 and the Liquor Regulations 2006

SPEAKER Thank you Mr Nobbs

NOTICES

Honourable Members we now move to Notices and there are two Notices for our attention this morning. Mr Nobbs I turn to you

NORFOLK ISLAND SUSTAINABILITY LEVY BILL 2006

MR NOBBS Mr Speaker I move that the resolution of the Legislative Assembly on 19 April 2006 that the Norfolk Island Sustainability Levy Bill 2006 be agreed to, be rescinded

SPEAKER Thank you Mr Nobbs. The question is that the Norfolk Island Sustainability Levy Bill 2006 be rescinded. Mr Nobbs

MR NOBBS Mr Speaker the Bill which was passed at the last sitting was considered to be such that assent to the Bill and thus the bringing of it into law on the basis of a recommendation from the Executive Council was not to be accepted. By explanation to those who may not be aware - The Executive Council comprises all Ministers of this Parliament and makes recommendations to the Administrator whose role in such matters is similar to a Governor in a State arrangement. There may be confusion with the actual role of the position of Administrator of Norfolk Island. The position has several roles, including being representative of the Commonwealth Government. Such a role is not that of State Governors or in fact the Administrator of the Northern Territory. Returning to the reasons for withdrawing the Bill as previously passed Mr. Speaker. I understand that the reason the recommendation of the Executive Council was not to be accepted was that it was felt revenue raised by the NSL could be spent in areas which the Norfolk Island Act stated we did not have the power to raise money to pay for. Sounds strange but without going into all the whys and wherefores that to me is precisely it. As a consequence there was a need for approval of the Commonwealth Government and recommendation to the Governor General for assent. I find this difficult to understand as the funds raised were intended to be expended in all areas which the Norfolk Island Government had a legitimate need to spend funds and is currently expending funds. It is not as though the Australian Government has any financial input to those expenditures. I must stress that regardless of whether the individual areas were listed in schedule 2 or 3 of the Norfolk Island Act, the Norfolk Island community contributes to moneys expended on items listed in both schedules. I suggest that surely the Australian community would be pleased that the Norfolk Island community is in such a position and not a drain on individual taxpayers as is evident in a number of isolated communities within Australia and other external Territories. The issue came up after the Bill was last passed, which I wanted urgently to attend the matter and unfortunately our drafting arrangements precluded this happening until we received a copy of the revised Bill to take this ones place last Friday evening, so I ask Members to support with-drawl of the bill to allow introduction of an amended Bill, which is designed to overcome the problem. Thank you Mr Speaker

SPEAKER Thank you. Any further debate. I now put that question Honourable Members that the motion be agreed to

QUESTION PUT
AGREED

That Motion is so agreed

NORFOLK ISLAND SUSTAINABILITY LEVY BILL 2006**DECLARATION OF URGENCY**

SPEAKER Honourable Members, I must report that the Business Committee, under Standing Order 158, declared that the Norfolk Island Sustainability Levy Bill 2006 should be passed through all stages at this sitting

We move on to Notice No 2

NORFOLK ISLAND SUSTAINABILITY LEVY BILL 2006

MR NOBBS Mr Speaker I present the Norfolk Island Sustainability Levy Bill 2006 and move that the Bill be agreed to in principle

SPEAKER The question is that the Bill be agreed to in principle. Mr Nobbs

MR NOBBS Mr Speaker this Bill is to replace that previously passed and now withdrawn. To overcome what is believed to be the main concern as to why the recommendation of the Executive Council was not accepted it is stipulated in this Bill that funds will only be spent on Schedule 2 items. Coupled with this we have established a separate accounting arrangement to manage the NSL. Funds so raised will be transferred to items listed in schedule 2 for expenditure. The next Budget will reflect this. So I believe all has been done to overcome concerns and I would hope that in good faith we very quickly gain assent to this Bill - once passed. And I seek support of members in achieving this. I wish to correct if I may comments made in relation to my ignoring Australian Treasury advice. Unbeknownst to the critics for they never inquired - I spoke on a number of occasions in the development of the NSL concept and the Bill to Australian Treasury people as did other members of the NSL Working Group. May I provide some facts Mr Speaker. Last September an officer from the Australian Treasury provided comment to the "Department of Territories" on the NSL Exposure Draft which was provided to the assembly. "Department of Territories" on forwarded the Treasury comments to me for information. At the time an NSL Bill had been introduced into the House but was left on the table pending a request by Members to look at other revenue options - which was progressing. Contrary to the Commonwealth and other critics, the Treasury comments were considered at the time they were received. If I need to - which I don't think those in the Tax office would expect it but for those others - I publicly thank them for their comments. It was felt at the time - last September - that Treasury comments would be addressed mainly in Regulations, yet to be drafted, or were issues which would be subject, as would others, to further consideration during the review period as provided in the legislation. There were a couple of issues - which mainly involved added clarification - which were overlooked when the Bill was revisited recently, and I accept full responsibility for this oversight. However, due to the need for new drafting instructions - have now been included in the current Bill. Members are reminded that I and the NSL Working Group were very open in relation to development of the NSL. You will recall that it was always considered during development of the legislation and resultant systems that:- They must be tailored to the local needs and be as simple as possible and There would be a need for refinement and amendment to deal with local issues, as the systems developed, as has occurred in Australia and New Zealand with similar legislation. Mr Speaker, I am really keen for this legislation to pass through the House be assented to so that we can commence its implementation on 1 July next. I table the explanatory memorandum and I won't read it out in full but I'll table it for the public and at this stage I commit the Bill to the House.

SPEAKER Thank you Mr Nobbs. Any further debate.

MR T BROWN Thank you Mr Speaker I wish to read out a facsimile from Mr John Brown which he would like to be read today. It's addressed to you Mr Speaker on the 9th May 2006. I am disappointed that the House will be meeting in my absence to debate the NSL Bill and possibly dealing with it as an urgent bill, particularly as our next meeting is scheduled to be held on the 17th May 2006 and as I wrote to the Minister for Finance on the 4th May 2006 advising that I planned to be away from Norfolk Island for the whole of this week and requesting that no special meeting be convened during my absence to deal with the NSL bill. An attachme3nt of a copy of that letter is here. Three significant issues must be considered before a final vote is taken in relation to the Bill and they are listed here by Mr Brown. No 1, in about September last year the Minister for Finance was advised of a paper which had been prepared by the

Australian Treasury in relation to the NSL proposal. That paper raised a large number of problems to which the Minister had made no response. I call on the Minister to table the Treasury document and to provide a full response to each of those problems. No final vote should be taken until Members are fully informed about the issue. No 2. The Bill is dated the 8th May. It is not clear as to precisely when it was provided to Members but it is clear that it could not have been provided before yesterday. Keep it in mind that this is dated the 9th May. It has not been made available for public comment at all. The community should have the ability to comment before a final vote is taken. No 3. In the absence of a legislative mechanism, quarantine any NSL funds for schedule 2 use, it is misleading to suggest that all of the funds will be used to schedule 2 purposes and for no other purpose. This issue must be resolved before a final vote is taken. Mr Brown asks that Members vote to adjourn the final consideration of the NSL Bill until at least our next meeting so that he can participate in the debate and he can endeavour to ensure that the issues he has listed above are not ignored. Since the issues of concern set out above were initially raised by the Commonwealth Treasury he has provided a copy of this letter and attachment to the Commonwealth Minister for Territories. Signed John Brown, MLAS. Thank you Mr Speaker

MR NOBBS

Mr Speaker I would like to speak to that. I provided Members with the Bill as soon as I possibly could. I provided them with comments in relation to the ATO Tax Office comments on that, as I said I've spoken on a number of occasions to the Taxation Officers and their views has consistently been that we should go down the income tax arrangement and that obviously has been provided to the Federal Government because that's what their current arrangements are for Norfolk Island. In relation to a person being away for the sitting, I just want to make it perfectly clear that I shouldn't be here today, but I've put mine off for two weeks so that I can be here for this and mine's not a holiday or some other trip it's for other reasons, so as far as a Members being present it's up to them. And it's always been known that as soon as this Bill was available that I would be putting this before the House in an emergency arrangement because we need to get clarification for us to go to work and really get stuck into it and the community be clear on where we are going with this proposal which is due to start on the 1st July. I think that's all I wish to say at this point in time

SPEAKER

Thank you Mr Nobbs. Any further debate.

MR T BROWN

Thank you Mr Speaker. I could go into a whole range of reasons as to why I'm concerned about the introduction of this Bill but they were all pretty much dealt with at the last sitting so there's no need for me to delve into that further. I personally asked the Minister for a copy of the concerns raised by Treasury and I personally am still waiting for a copy of those. Mr Nobbs states that they were considered, however, without actually a copy of these concerns I can't make up my own mind as to the validity of these concerns, whether they have a base to stand on or not but I still have quite a few concerns with this. I won't be supporting it as I did last time but I'm just one vote at present

MRS JACK

Mr Speaker the concerns raised in my copy of the ATO information sheet, some of them have been addressed immediately and they refer to concerns over time periods, is my understanding. The other problems are problems that will appear and be fixed or dealt with or be observed during the review period. I understand that the GST in Australia has had several hundred, if not thousands of amendments to their work in progress, for the term which I will use and get ridiculed for by the living breathing document that is presently before us. It's in the initial stages. The 1%, I've had people query me on why not go in with the full amount or a higher amount, the cost of working it, I am assured as I stated and I have been assured by the CEO and the Minister for Finance that the 1% will see us form revenue out of it. I have a problem with going in with something higher. If it comes in at 5% and it's not enough we answer to the community and I can imagine the backlash. We come in at 5% and it's too much we are doing more harm to the economy then the benefit sought. So yes we will have a

trial period which I will support as I will support a 1%. I was away in Sydney on matters for the Legislative Assembly, for the Administration, for Government when there was talk of needing to go to the House again to present another Bill. I sought advice from my Ministerial colleagues, should I come back, it seemed that we were having trouble getting hold of the Legislative Draftsman, so I was able to stay and continue business in Australia. I understand Mr Brown's concerns and his absence from the House is unfortunate but I will continue to support his Bill. I understand concerns are always being raised, you know, here you are hitting the community again and people are crying out that work still needs to be done with the public service. Do we sit back and continue to do nothing while we wait for reform in the public service. I disagree. I think the two have to go hand in hand. Spread of hours is not enough. Other work has to be done and I appreciate the motion put forward by Mr Brown asking us or directing certain Minister to look in their areas. Mine being the Tanalith Plant and there is scope there I believe. But to sit back and wait on one area to be fixed before doing another I think is that procrastination that in some ways has seen us come to this point and we need to be proactive and bear the brunt and take the consequences of a backlash which I'm sure there is going to be from disgruntled Members of the community but we have to start making some tough decisions and this is one of them and I will support it, thank you

MR GARDNER

Mr Speaker as Members are aware I wasn't in the House for the debate on the NSL bill at the last sitting with my state of health and I apologise for that and some Members have commented what a wonderful meeting it was that I wasn't here to participate as it probably shortened the meeting somewhat so I'll try and be brief this morning. Mr Speaker certainly I've heard and listened to the concerns that have been raised not only by Mr Brown in his absence, I've read with interest the letter from the Chamber of Commerce that we all received yesterday and various other representations that many in the community have made in relation to this. They are not exclusive just to those bodies. I think it fair to say that I think there has been a tremendous amount of discussion in the community in relation to the NSL bill. Some of those concerns raised just simply don't want it. Others argue that it should immediately have a higher rate and let's not beat around the bush, but let's just get on with it. Some are not keen for the introduction of an NSL or want the NSL introduced with increases in duty, and introduction of income taxes and land rates and even a poll tax has been suggested to me. Look, you are never going to get unanimous support for these types of measures within a community like Norfolk Island, I think as we've witnessed the battle that we've had to face in trying to make these tough decisions and we're criticised for not making the tough decisions and it's been an enormous battle and it's a credit to the Minister for Finance that he's stuck to his guns. He has openly explored all other avenues available for tax raising measures and we've also had added to that basket of goodies the Commonwealth initiatives that are looking at their raft of tax measures that they want to apply in Norfolk Island. I think it's fair to say that the responses to the Australian Tax Office or Treasury Department I believe about their initial concerns with the draft Bill and we are going way back into last year with the draft Bill, I think have been adequately addressed in the provisions of the legislation, many of those concerns were purely the technical or timing nature. I believe they've been addressed. I've read with interest the Minister's responses to those concerns. I don't think that there's anything that is really of significant concern to me that's been raised by the Treasury of Tax Office in relation to the provisions of this legislation and as I said I'm completely satisfied with them. I think it's also fair to say that I held some reservations with the introduction of the Bill last year about the provisions of the legislation to ensure that they went far enough and addressed things at that time. I think in Hansard my concerns about the non exclusion of the gaming provisions and the gaming activity in Norfolk Island because a percentage of applications to the gaming activities in Norfolk Island would overnight eliminate gaming as a source of revenue to us as they operate on such very small margins and that in my view because it is an important revenue source for the Norfolk Island Government it was important that that was excluded from the provisions of the application of the NSL. The amended legislation that we have before us embraces that and of course I'm very pleased about that. Of course it was certainly after the

passage of the legislation at the last sitting I made a quick approach to the Minister and the Acting CEO to highlight those provisions to ensure that they were in there and had proposed an immediate amendment to the legislation anyway had they not been embraced in the previous draft. As I said, many of the changes to this legislation are more of a minor technical or administrative type nature. There's no fundamental changes to the provisions within the legislation save for probably the suggestion that it needs to be directed to schedule 2 matters. Well at the end of the day where the money is spent is up to this body in determining its budget so it's not in my view necessarily something that you need to go out and have wide ranging consultation about this to ensure that a process can be established as quickly as it possibly can to enable us to address our financial woes or worries as soon as possible. I mentioned earlier that representations had been made to me about the rate. Certainly if I go back 7,8,9 years now to when we were talking originally about the GST type concept I think our friend and colleague Mr Brian Bates had proposed a suggestion in this House about introducing the GST or whatever it was called at that time that a 1% rate as a trial to get a feel for the economy. I wasn't a great supporter at the time, I was sort of arguing the same as people who had made representations, let's just get on with it, let's just whack it in at 5% or 8% or whatever the case may be. Get on with the job. With the benefit of hindsight and maybe some more consideration and certainly the great learning experience over those years it is important that we are able to map the economy properly so that we can fix this rate at a rate that is not going to destroy the economy and as Mrs Jack I think raised, too high, too low, what's in the middle but we must understand that in developing this we need to be conscious of the activities of the Australian Bureau of Statistics who are doing a great job on the island at the moment collecting information assisting us believe it or not to map the economy. That information will be made available to us. The Grants Commission have already provided us with some draft figures and facts in relation to this which is all assisting us in ensuring that we can map the economy properly, get a great feel for the economy and know exactly where that rate needs to be pitched but in the meantime at the 1% it gives us I guess proofing of the mechanisms and the processes that will be utilised in the collection and implementation of the NSL in Norfolk Island. It is also important to point out as Members would be aware that we are considering draft budget proposals at the moment which incorporate provisions for revenue raised under the NSL arrangements so I guess to a significant degree there is a very clear understanding that it's absolutely vital going forth to have in place a taxation measure and we could sit here all day and argue the toss about all the various different taxation measures that are in place but it is a step forward in the right direction to ensure our sustainability and I'm fully supportive of it. To have also arguments in tandem with this and I'm a strong supporter of it to ensure that the provisions of the collection of our financial institutions levy are tightened and I understand that that is being seriously considered and hopefully will be the subject of legislation to be introduced either at the time of the budget but certainly hopefully at the time of finalisation of the budget process in June which should stem some of the leakage. Again something that's been an issue in this community for many years. Why don't we address that. I think the time has come that it does need some serious address and am pleased to note that it has been given that serious consideration. That said I'm comfortable with the provisions of this legislation I believe it's absolutely necessary that it be implemented as soon as possible and that in tandem with other activities that have been taking place in regards to the mapping of our economy that we will be able to review the system as soon as possible, lock into place a rate as soon as possible to ensure the ongoing sustainability of Norfolk Island. Thank you

MR BUFFETT

Mr Speaker Thank you. If I just might briefly try to say this. We do need to see this bill in context. We've all talked about and we've talked about in various spheres including in this Legislative Assembly that we are moving forward in a number of ways and we've three key points in moving forward. We're saying that we wish to reinvigorate the economy, we need to restructure the delivery of services and we need to have some dialogue with the Commonwealth on how we get about those things. This particular bill before us this morning is about the restructure arrangements.

Its about broadening the revenue base in Norfolk Island . we need to undertake something that has a greater fairness in the totality of the community to gain contributions from the wider spectrum of people who live here so that we might give better provisions for the delivery of services with the island and the expenditure on local infrastructure. This bill is a taxing measures. Now that means that it's controversial. Taxing measures always are and we've heard various views about that around the table. But really we need to demonstrate to the community and to other s that we've passed the stage of just talking about this, because we've been doing that for years almost. We need to demonstrate the doing and we need to get on with that job. Is it a perfect arrangement that we've got in front of us at this moment. Well no. one can't say that it is. But it's introduction does have an element of development and it's essential to commence otherwise we will just continue to talk and never get on with the doing and this bill commences it but having said that Mr Speaker, we've already worked through hat and we did so at the last sitting and we passed this bill basically in this form, then, so what I've just said now is really just a repetition of what transpired at our last sitting. The principal reason today that we are revisiting this matter is really to put it in terms so that it can be characterised as a schedule 2 matter. This is really what it comes down to at today's sitting and therefore it is characterised as a schedule 2 matter it can then receive assent locally by the Administrator. In its earlier form it wasn't characterised in that context and therefore had to go through a quite laborious and certainly very lengthy process because it would need to not be assented to locally, it needs to go to the Governor General in Australia for assent. A much longer process. The Minister for Finance has explained to us that we need to have some expediency about commencing this arrangement. And we can't wait around for m months for that referral to take place and that's the real reason why we've endeavoured to restructure this and it has come forward in that context, therefore, in that context one can see that there is a need on our part to handle it promptly and to get it out so that we can be doing things in lieu of just continuing to talk about things. In that context I will support the bill. Notwithstanding that we might develop and refine it at a later time but I support the Bill and I support that we tidy it today

MRS BOUDAN

Mr Speaker I would just like to say that I intend to support this Bill. It is urgent and I believe it should be dealt with today Thank you

MR T BROWN

Thank you Mr Speaker. This bill is intended to restructure our revenue raising. I would just like to ask the Minister if at our next meeting he could come back with proposals to restructure our expenditure with respect to restructuring of the service and also for proposals to reinvigorate the economy. Something which Mr Buffett has been on about for some time yet we are still waiting for a few of the details. Thank you

MR NOBBS

Mr Speaker a comment in relation to that if I may. Just that we've talked about the expenditure and revenue side. Which comes first, the chicken or the egg situation. I've always been concerned how we've already done some major tailoring within the Administration as far as the expenditure is concerned. How far do we actually go with all this reorganisation and what have you. Apart from wiping the lot out, which we can't do anyhow, how far do we actually go in this business if we don't raise additional funding and therefore it is most important that we have this, and it's not a huge amount that we need I don't think, but this bill is part of the strategy to achieve that and obviously we will have proposals in place. It may not be what Members really want but there is a want and a need to restructure our expenditure arrangements and I believe it can be achieved. Thank you

SPEAKER

Thank you Mr Nobbs. Any further debate. I now put that question Honourable Members that Bill be agreed to in principle

QUESTION PUT
AGREED

MR T BROWN NO

The Bill is agreed to in principle. Would the Clerk please record Mr Tim Brown's contrary vote

Is it the wish of the House to dispense with the detail stage? We do so. Yes. Mr Nobbs, I seek a final motion

MR NOBBS Mr Speaker I move that the Bill be agreed to

SPEAKER Honourable Members there being no further debate I put the question that the Bill be agreed to

QUESTION PUT
AGREED
MR T BROWN NO

The Ayes have it. That Bill is agreed to. Would the Clerk please record Mr Tim Brown's contrary vote. Thank you. That Bill is agreed

FIXING OF THE NEXT SITTING DATE

That concludes the Notices of our paper today that we've had a special meeting for so I look now to Mr Sheridan for a motion in terms of our next sitting day

MR SHERIDAN Mr Speaker I move that the House at its rising adjourn until Wednesday 17 May 2006, at 10.00 am.

SPEAKER Thank you Mr Sheridan. Is there any debate. The question is that the Motion be agreed to.

QUESTION PUT
AGREED

The motion is agreed, we've fixed our next sitting day

ADJOURNMENT

MR T BROWN Thank you Mr Speaker I move that the House do now adjourn

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SPEAKER Thank you Mr Brown. Is there any debate Honourable Members. There being no further debate I put the question that the House do now adjourn

QUESTION PUT
AGREED

Therefore Honourable Members this House stands adjourned until Wednesday 17 May 2006, at 10.00 am

