



**NORFOLK ISLAND LEGISLATIVE ASSEMBLY
12TH NILA HANSARD – 27 JUNE 2007**

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

PETITIONS

We move to the matter of petitions. Are there any petitions this morning?.

GIVING OF NOTICES

Are there any notices?

QUESTIONS WITHOUT NOTICE

Are there any questions without notice?

MR SHERIDAN Mr Speaker my first question is directed to the Minister responsible for the airline, Minister considering that the new Norfolk Air Management committee will not be formed for some time, and they will be hiring the Norfolk Air General Manager, plus the fact that the incumbent General Manager is currently not on contract but is being paid some \$35,000 plus per year, just for allowances, ie transport, accommodation and food allowance on top of his large salary, are we going to place the incumbent General Manager to a contract at the earliest opportunity, a contract which will reflect conditions in line with other contracted officers of which the Administration hires

MR CHRISTIAN Thank you Mr Speaker, I will respond to that. Normally we wouldn't discuss what a Members of the Public Service is paid, what their terms and conditions are and I won't disclose it at this stage, but I will give Members an overview. And I'll give you a bit of a history lesson in Norfolk Air. When Norfolk Air commenced a couple of years ago after the collapse of Norfolk Jet Express it didn't have a name, it was just the Government airline, Commonwealth Government provided us with \$50,000 to get that airline up and running or a grant of \$50,000 and that went towards airline management and Mr Speaker that \$50,000 lasted one month with the first airline manager. One month for \$50,000. We then progressed and we put in the second management team if you like which consisted of a General Manager and a person which did the accounts and statistical side. The potential yearly cost for that was \$234,000 plus expenses for two staff and that did not include the contribution made by the revenue fund by way of Minister who were involved, Secretary to Government who was involved, Chief Executive Officer of the Public Service who was involved, the accounts section of the Administration etc so that gives you some idea of what a costly exercise or what a costly operation the airline has been to manage in the past. However, having said that, it is my intention to bring forward legislation at the next meeting of the House and I do have a first version of that draft legislation on my desk at the moment and I will fine tune it over the next couple of days and hopefully get a revised version of the legislation to circulate to Members and it is the intention there that we formalise Norfolk Air as a statutory authority. It will be called the Norfolk Air Corporation, all the

shares will be held by the Norfolk Island Government and the corporation will then be responsible for the hiring and firing of its own staff on terms and conditions that it decides appropriate for the type of people that it wants to recruit and that's the situation there

MR SHERIDAN Mr Speaker I thank the Minister and ask a supplementary question. I just wonder whether he would like to answer the question that I actually posed, as to whether or not he would place the incumbent General Manager onto a contract until the Norfolk Air Management committee or whatever you want to call it is formed

MR CHRISTIAN Thank you Mr Speaker, that part slipped my mind. No I will not place the current General Manager Chief Executive on a contract as he is already working under a letter of appointment and I would expect that if we can pass the Norfolk Air Corporation legislation through the Legislative Assembly as an urgent bill at the next meeting of the House which I think is the 18th July, so it's not that far away, we could at that same meeting, as further business, actually appoint the advisory board that will constitute the airline and immediately thereafter start the recruitment process for whatever additional staff the airline decides it might require as well as the Chief Executive Officer's position

SPEAKER Mr Sheridan I might draw your attention if I may at this time to Standing Orders section 72a in regards to conditions of service to any officer of the Public Service and so on and if you could just refer your comments and questions to the conditions of service as under Standing Orders 72a

MR SHERIDAN Mr Speaker I wasn't aware that he was an officer of the Public Service

MR SHERIDAN Mr Speaker again for the Airline Minister, Minister can you explain as to why when the Norfolk Air General Manager recently visited Noumea on airline business, why the Norfolk based GSA accompanied him and not yourself as the Airline Minister or any other Minister for that matter considering the task that they went for

MR CHRISTIAN Thank you Mr Speaker, I can respond there. I would think that the original visit to Noumea was a preliminary one, and if discussions moved further down the line towards an area where we feel that there are some potential business opportunities, well obviously I would see myself, the Chief Minister and the Minister for Tourism being involved, in those negotiations. The person that Mr Sheridan has referred to as the General Sales Agent, I think that he attended the meeting in Noumea as the person contracted to Norfolk Air to provide ground support in Norfolk Island and the purpose of his attendance in Noumea was to talk to ground support operators in Noumea to try and assist Norfolk Air with lowering the cost of using the ground service operators in Noumea in the event that we have flights that have to divert to Noumea. You may be aware at the moment that when we have disrupted flights through bad weather, those flights generally divert to Auckland and whilst Auckland is actually cheaper at the moment to use, it's a heck of a lot further to fly and if we can come to some arrangement with the people in Noumea we would save a one hour block time of flying for the aircraft so that may be \$7,000-8,000 we could actually save by not going to New Zealand so that's the purpose of the contracted ground support persons presence in Noumea

MR SHERIDAN Mr Speaker a question for the Chief Minister. Chief Minister currently the Administration has on island people from Deloitte who are gathering details of a new replacement computer system to be installed in the future for all Administration areas. Chief Minister why is the manager of the IT section not being

involved considering his vast knowledge of the current computer systems when formulating the brief for Deloits.

MR NOBBS Mr Speaker thank you, and thank you Tim. Yes we do have Deloits on the island at the moment. They are actually engaged to not merely look at the software applications they're engaged to look at all process mapping and ensure that we have covered everything in terms of best efficiencies of handling everything from documentation processing to software. As I am aware as of yesterday the first day of Deloits being at work in the Public Service they spent the entire day with EDP section so I fully refer that back to you Mr Sheridan to find out the accuracy

MR SHERIDAN Mr Speaker a question to the Minister for Finance. Minister with the GST now up and running can you confirm that the act allows for people who have registered but do not reach the \$3000 threshold in the financial year, that they are entitled to a refund of GST paid for that year

MR CHRISTIAN Thank you Mr Speaker, I think that's a policy decision but it certainly was the intention that if someone made a GST contribution over a number of months and at the end of the twelve month period found that they hadn't actually reached the threshold we would give them a refund. I don't think there's difficulty there. There is one other avenue that we are exploring at the moment, which is also a little different to how I indicated to the public that it would operate in the beginning and that is what happens in a situation if a negative GST liability occurs. At various public meetings I had indicated that my preferred course there would be for the person to just carry the credit forward to the next month, however, on reflection that actually becomes a little untidy in the bookworking areas, so what I'm working with the Chief Executive Officer on who is also the Chief Revenue Officer and the GST office staff is actually in the event where we receive a negative GST return we actually post the check out to the person immediately and that cuts things off for that month so I would expect that in the next week or two that's the process that will be implemented

SPEAKER We conclude Questions Without Notice and we move on

PRESENTATION OF PAPERS

Are there any Papers for presentation this morning

MR NOBBS Mr Speaker at the sitting of the House last week I thanked the Minister for Finance for filling the role of Executive Member with responsibility for the Public Service at the commence of this 12th Legislative Assembly. At that time I advised that I would take over the responsibility for the Public Service and I now table the portfolio arrangements that reflect this change in responsibility commencing today, 27th June 2007. I will arrange for the new portfolio arrangements to be published in the Gazette next week. Thank you Mr Speaker

MR CHRISTIAN Thank you Mr Speaker, table the monthly financial indicators for May 2007 and move that the paper be noted

SPEAKER Honourable Members the question is that the paper be noted

MR CHRISTIAN Thank you Mr Speaker, at the end of May 2007 the revenue fund continues the good news. Revenue received to date has achieved 99.5% of the revised budget 06/07 budget projections. Income from customs duty, FIL, other taxes, earnings from GBE's interest received and other charges have all met or exceeded their income targets. Combined income from NSL and GST at the end of May has reached \$1.3m or 83% of budget. This does not indicate that the income projections

recognises our potential as a tourist destination. It reaffirms our strengths, weaknesses, opportunities and threats and it prioritises those matters within that analysis which I think is a first that has occurred. It also establishes clearly our objectives which I need to note, Mr Speaker is not dissimilar to the objectives that we've had close to our chest over the last ten or fifteen years. In other words we have had the mix right from day one, it's just we may not have achieved our goal simply because we haven't put in place the necessary strategies to achieve those objectives and this paper does that. Those objectives are underpinned with a series of strategies and further that paper identifies, the functionaries that need to take carriage of each of those strategies and also establishes time frames for achieving those goals. As I indicated to Members yesterday and in our previous discussions on this draft, I indicated that some of the language within the document may need qualification but most of the language contained in this document as I alluded to earlier, is sourced from historic documentation and activities that were previously undertaken. It's enjoyed a significant level of consultation in its preparation. What's missing in this process and the purpose of tabling this document today is obviously the consultation that needs to occur with the industry and the other stakeholders, not just MLAs and Members of the Norfolk Island Government Tourist Bureau but the industry as a whole to ensure that they are generally comfortable with its provisions and in saying that Members need to be generally comfortable, there will always be a difference of opinion about specific objectives, and specific strategies to deliver what we need for tourism in Norfolk Island but I think its fair to say that certainly discussion with my colleagues around this table and Members of the Norfolk Island Government Tourist Bureau that have been actively involved in the preparation of this document, that there is I guess a general degree of comfort with the provisions within this plan. It's designed to be flexible. But it is also an important tool in guiding the direction in tourism for the next five years. My reference to flexibility is the recognition of the fact that there are many influences external to Norfolk Island that can impact markedly on tourism in Norfolk Island and some of those things obviously are linked to the airline industry and I guess our best guess at what may happen with changes in the airline industry over the next five year period, and hopefully will be able to maintain some sort of stability in that, and I'm confident that we can but you never know. Also technological innovations in the tourism industry whether its been utilization of the www, and other tools for booking engines etc, those things are emerging, changing developments all the time. Evolving all the time and hence the need for this document to remain flexible so that we can readily adjust our direction subject to those impacts and the changes that may arise. It also is important to point out when talking about the flexibility of this document that some of the initiatives that are contained within this document have already begun. Later on this morning I will be introducing the Tourist Accommodation Amendment Bill which deals with the utilization of our current unit licence resource in Norfolk Island ensuring better utilization of that and providing opportunities for people both to partially exit the industry and to either build on their current resources that they have available to them or to enter the industry on a new footing entirely. Also the flexibility and the initiatives that have already begun, I talked also week about the structure of the Norfolk Island Government Tourist Bureau and that we are going to give consideration not just to the provision that's contained in this Norfolk Island tourism strategy but other options and that's been cognizant of the fact that other and better options might present themselves as we move through that exercise and its important that we bear that in mind, that we have to maintain the flexibility of the document. It also contains initiatives which the Chief Minister has carriage of now which is the development of an integrated community centre in Norfolk Island and discussion has already begun on that. There are groups on the island who are interested keenly in establishing a centre that would complement that community centre so I think it's fair to say that a number of matters that are contained within this strategy we have already begun and in some instances are well advanced. For example, the legislation that I earlier referred to which underpin obviously the strategy in where we are going. Mr Speaker I've had some consultation yesterday with the ATA in regard to this document. I've provided them with a couple of hard copies of it. The General Manager of the Norfolk Island Government Tourist Bureau will make available copies of

it to the ATA by email which is probably a little easier considering that this is a 60 page document, and we don't want to be responsible for the destruction of too many trees, which is obviously something that we hang our hat on as far as tourism is concerned and so I'm trying to expose this as widely as I possibly can within the industry. There will be a function within a couple of weeks time where hopefully Mr King as I guess the coordinator of this document, I see on the front page he's referred to as the developer, and that's quite true, he will be in attendance, we'll be able to discuss that with the various stakeholders on the island and hopefully there will be general endorsement to move forward with the document we have available to us. I invite certainly other Members of the community when they have a chance to view this document, to provide feedback not just to myself but to my colleagues around the table and I think that it's fair to say with the initiatives that have already begun the very generous and substantial contribution that's been made in the budget to the Norfolk Island Government Tourist Bureau combined with our funding from the Regional partnerships programme and also the very close working relationship between the Norfolk Island Government Tourist Bureau and Norfolk Air that we are well placed to achieve the goals not only that are outlined in this document but also to compliment the goals that have been designed for our ongoing economic sustainability in Norfolk Island that were identified in their entirety in the Econtech report and I commend this document to the House and look forward to Members input

MR NOBBS Thank you Mr Speaker and thank you Mr Gardner for presenting a five year strategy document that is comprehensive and specific while at the same time carrying some flexibility and review capability as two of its many qualities. The 2007/08-2011/12 timeline attached to this strategy is a synergy of assessment of performance before action as well as concise distribution of key performance indicators to allow better definition of our outcome. The inclusion of this type of accountability fits within our Governments strategic planning very well and I commend all who have been involved in presenting this document

MRS JACK Mr Speaker when it all boils down in the end, all I hope is that the document is going to be able to tell those in the community that are crying out for a high yield in tourist that this is a positive way in which we'll get some positive results from this document because that's what it boils down to in the end. It's getting good quality tourists on the island, tourists who will appreciate the island and have high yield reserves remaining here, because that's what I get hammered for out in the community and that's what the community is asking for in this document so I hope it is able to deliver. I also hope that the Minister involves Members of the board on radio programmes similar to the one undertaken recently by the Chief Minister and the Minister for Finance in the talk back situation. Perhaps the Minister will even include himself on that. I like the flexibility of the document. I like the way it is based for moving forward, but there are definite questions that the community is looking for in answers, and I certainly hope this document provides a lot in the way of those answers thank you

MR GARDNER Mr Speaker I think for the benefit of the listening public and I'm sure a number of those are visitors to the island I would like to make it very clear that the Norfolk Island Government values every single visitor that comes to this island

MRS JACK Mr Speaker I certainly didn't want to detract in any way from the value that all visitors place on the island, but at the same time I can't detract from the intensive messages that I get from many within the business community as well and I must emphasise that their needs are to be acknowledged as well, thank you

SPEAKER Honourable Members the question is that the paper be noted and I put that question

QUESTION PUT
AGREED

SPEAKER Thank you. Are there any further Papers this morning. Are there any further Papers this morning No. We move on

STATEMENTS

Are there any Statements this morning Honourable Members

MR MAGRI Mr Speaker at the last meeting of the House just last week, Mr Sheridan asked a question concerning a clarification of the procedures for the traffic infringement notices, issued under part a) and 8b of the Road Traffic Act 1982. In particular his concerns with the processes of the management of licences that have reached the maximum of 12 points under the demerit point system. Mr Speaker where a person incurs one or more demerit points in relation to the persons licence the Registrar maintains a demerit points register. This details the date of the commission of the offence in respect of which the demerit point is incurred, the date of the conviction or payment of the penalty and the number of demerit points recorded in respect of each offence. Where 12 or more demerit points are recorded in the register in relation to a drivers licence, the Registrar shall send to the holder of the licence a written notice that 1) sets out the particulars of the relevant demerit points recorded in relation to the licence and 2) advise the person that the licence will be suspended for three months, unless the person within fourteen days after the date of the notice attends at the office of the Registrar in order to have the licence cancelled or surrender the licence and apply for a probationary licence for a period of 12 months. Where a person surrenders a licence and applies for a probationary licence the Registrar will cancel the licence. Under the Act the Registrar shall suspend for three months the drivers licence held by the holder of a licence who has not surrendered his or her licence for cancellation and applied for a probationary licence. On taking action the Registrar will delete from the Register the relevant demerit points by virtue of which the notice has been sent and amend the status of the licence on the motor vehicle register. Mr Speaker to help ascertain who is unlicensed the police are now able to access the motor vehicle register directly from the station. Thank you Mr Speaker

SPEAKER Thank you. Are there any further Statements this morning. Members I wish to make a statement from the Chair with Members approval. Honourable Members it is my pleasure to acknowledge this morning in this House something that Members are already aware of, and that is the fact that a past Member of this legislature Mr George Charles Smith was honoured at the Queens Birthday nominations on the 11 June with the award of the Order of Australia medal. George is well known to us all and indeed to most residents of Norfolk Island. George served as the Chief Minister, the Speaker of the Legislative Assembly and at different periods throughout his political career held ministerial responsibility over most if not all portfolios. George pioneered much of the Youth Support Groups on Norfolk Island in the early '60's and he is still involved today. He is a very talented musician and has given freely of his talent to many fund raisers and charities. I am sure that Members will share with me this opportunity to congratulate George and record within this House our appreciation for his service and contribution to this community over the past forty years.

Are there any further Statements Honourable Members. We move on

REPORTS OF STANDING COMMITTEES

Are there any reports of Standing Committees Honourable Members. No. We move to Notices

NOTICES**TOURIST ACCOMMODATION (AMENDMENT) BILL 2007****SPEAKER**

Honourable Members we move to Notice Number 1 which is the Tourist Accommodation (Amendment) Bill 2007 and Mr Gardner you have the call

MR GARDNER

Mr Speaker, I present the Tourist Accommodation (Amendment) Bill 2007 dated the 22nd June 2007 and move that the Bill be agreed to in principle

SPEAKER

Mr Gardner

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

MR GARDNER

Mr Speaker in tabling the explanatory memorandum it's been my practice of the past years to read this into Hansard. It explains the purpose of the Bill. The purpose of this Bill is to make provision for approving individual units that go to form the make up of a tourist accommodation house to be transferable from one portion to another, rather than as is the existing situation where only the accommodation house as a whole, can be transferred. The provisions do not, and are not intended to, limit the transfer of a house a unit or units to other registered tourist accommodation houses. Mr Speaker as Members of the Legislative Assembly will be aware, I've undertaken fairly extensive discussion with Members upon the provisos of this Bill,. We've had provided to us an excellent paper from the tourist accommodation officer Mr Jason Adams, which has probably better than I could explain, the rationale for the introduction of this legislation and I guess it touches on some of the areas that are impacted by a move in this direction. Mr Speaker, the provisions of the legislation or the Bill as they are before us at the moment provide for the commencement of this legislation on gazettal rather than on assent which in some areas, and I think in the original draft bill, it was indicated that, that was the intent of the bill but for good reason I think we've chosen to necessarily delay the commencement of the legislation to the gazettal process and that is as I think we've experienced in the past with the passage of some legislation that commences without necessarily the Administration and the areas of the Administration responsible for the management and carriage of an amendment to a piece of legislation being adequately prepared to actually put into place those provisions, so I guess in a roundabout way it buys us some time following the passage of the legislation to ensure that we've got all the t's crossed and the l's dotted because as I've already explained, there are a number of areas that we need to pay particular attention to with the passage of this legislation. One of those areas and a significant area is the planning issue and in the process of developing this legislation I sought advise from the planning section of the Norfolk Island Administration on to just who would be able to take advantage for the provisions in this legislation and what restrictions might be placed on others as far as the passage of this is concerned. The legislation in a nutshell Mr Speaker provides for the ability for somebody in the tourist accommodation industry now who has licenced units, and that is how we regulate the industry in Norfolk Island is by having a quota or a cap on the number of licenced units that are able to operate in Norfolk Island and that is approximately 590 units at any one time. So a tourist accommodation House in theory that has 12 units now is able to enter the market and dispose of 1, 2 or more of those units, right up to the entire property as the current provisos within the legislation allow, but this allows individual units or a number up to and including the entire property to be transferred from one place to another. That doesn't necessarily mean that when they are transferred or bought by somebody else that they necessarily have to go into an established tourist accommodation House as it exists today. The provisions within this allow the transfer of those existing units from a licenced tourist accommodation property to any property so long as it is within the parameters of the planning regime that exists in Norfolk Island. As the planning regime exists now, there are significant restrictions on just where any new developments of

tourist accommodation might occur and I've spoken to Members of the Legislative Assembly about that. In all but the residential and mixed-use zones, tourist accommodation construction is prohibited. In the business and light industrial zones you are allowed hotels or resorts but anywhere else hotels and resorts and the like are prohibited. Now that raises the question and Mrs Jack can correct me if I'm wrong here, there is due in this next financial year a need to review the provisions of the Norfolk Island Plan and so I would imagine that there would be discussion in the community in tabling this bill maybe as to some pressure being brought on the Government to reconsider that prohibition in other areas of the island and probably for good reason. There are some very successful tourist accommodation houses that exist in prime locations around the island and do an outstanding job, not only in the accommodation of their guests but in the promotion of Norfolk Island. It could be argued that they are disadvantaged by this legislation in that they don't have the opportunity to be able to increase their share or make a bigger contribution to the industry on Norfolk Island. There may well be pressure that's brought on as part of the review of the Norfolk Island Plan to revisit those areas or zones under the planning regime that allow for the construction of that type of accommodation. I think also there will need to be some very careful consideration given to those who have currently existing lawful rights under the plan for tourist accommodation if they wanted to make additions to their existing properties as there will be need to be careful consideration given by people who may think that they are entitled because of existing rights to provide additional accommodation on their property which may not necessarily be lawful existing rights. Now that's a little complicated but I think the point I'm trying to make here is that if people are considering going into the market place if the units do become available, that my very strong recommendation to them is and that's been supported by the manager of the planning section in the Norfolk Island Administration is that they seek planning approval before any money changes hands as far as units are concerned and I think that's good advice, that they follow that, they certainly need to check it out. The purpose of this Bill is to discuss the tradability of tourist accommodation. The planning regime that's established at the moment prohibits that development elsewhere. I spoke with the ATA yesterday and had some interesting responses. Some were supportive and others were fearful that maybe this was creating an expansion of the number of beds available on the island and possibly that's correct and possibly not and why I say that is that there may be single bed units that are licenced at the moment. I don't know whether there's too many of those that may be traded that somebody may then be free subject to planning approval being given to construct their tourist accommodation units and a number of beds in the tourist accommodation unit is determined by the floor space of the unit, to actually build a larger unit and therefore have more beds. I think there's probably not correct to say that there's a four bed unit that might be traded, somebody might construct it and have eight beds and you can technically only lease a unit to one person so it's usually going to be a married couple or maybe a family with a maximum of four or somebody might want to build a high class accommodation and change that to two. I think there's a balance. I don't see it as being an issue of expanding the number of beds available or diluting the current profitability and availability of beds in Norfolk Island but this is designed primarily for better utilization of the existing resources and I emphasise that. This is not the beginning of the opening of tourist accommodation industry merely the trying to ensure that we better utilise the resources that we have available to us. It allows those that maybe require a little extra cash to upgrade their current tourist accommodation premises to offload a unit or two to give them the necessary funds to do that to drive themselves into a higher bracket as far as the market is concerned and as I said earlier it also allows the successful ones that may be verging on questionable viability to maybe secure a couple more units to ensure that ongoing viability of their own tourist accommodation property. That said obviously there'll be a need to finalise regulations for approval. It is my intention to have this bill sit on the table, as I did yesterday, to talk to the ATA, I want to talk to other stake holders in the community about this. As I made it clear to the ATA yesterday if they don't like me or want to talk to me there's eight other Members of the Legislative Assembly they can talk

to or make representation to and certainly I would welcome that feedback from the community and I commend the bill to the House. Thank you

SPEAKER Thank you Mr Gardner for your explanation and introductory speech. Any further debate

MR CHRISTIAN Thank you Mr Speaker, I thank Geoff for bringing forward this piece of legislation. In my view it's well overdue. If we look at unit licences in Norfolk Island as the Government's economic lever if you like, that is the only mechanism that is open to us to regulate the size of the tourism industry in Norfolk Island and the size of the tourism industry at the moment is determined at a level which we think is a level which is sufficient to sustain Norfolk Island. However, to sustain Norfolk Island we need to have people actually occupying those beds on a fairly regular basis and what Mr Gardner is attempting to do here with the tradability of licences is to make more efficient use of the available bed licences out there in the market place. I've got to say that that might only fix part of the problem and Mr Gardner may have to come forward at a later date with an additional mechanism and I'll just foreshadow the scenario that I see and it's possible that there are people sitting on unit licences now who think they have some ownership or property right as a result of that licence and may not take advantage that this legislation before us now will provide and that is to get out of the industry and sell the licence so they make take the view that I own the property, I have the licence but I'm still not going to put anybody in the bed. So the Government may need to come to a situation where it decides to issue the licence in the first place with an expectation that the licence will be used and if you are not going to use it we are going to take it back and give it to somebody else who can use it or we will have to form a view amongst ourselves that there's this section of the industry that will never work and we'll then have to provide or lift the lid if you like and allow additional units to compensate for the part of the industry that will never operate efficiently. I think banks look at the viability of unit licence in Norfolk Island for new developments that will achieve a 65% or so occupancy so it may be that the government needs to determine the policy in the fairly near future that units that for instance continually achieve occupancy rates of less than 20% or whatever the number we decide may be, should be up for review and if that proprietor doesn't want to voluntarily sell his unit licence and get out of the industry we need to develop another mechanism where we can actually get those unit licences working so I just put that on the table for consideration

MRS JACK Mr Speaker yes it's well considered and well needed this type of legislation but I just query the Minister for Finance in his saying that some people could actually start buying up these licences sitting on them and not using them at all hoping to drive up the price and you're saying that we should look at a time frame that the licence must be used within x months or a year say that the transaction initiates this process, that they just can't be left like somebody's bank account for example. The other issue that I'd like some clarification over and consideration is also what happens to the buildings that are left over. Should this go on a wholesale rampant exercise that considerable buildings or parts of buildings could be left without a purpose attached to them and so how could that be addressed. Are they going to be put on the market as future rental properties, or the worst case scenario is that people are going to have to pull them down which I certainly wouldn't support but what are the plans for that, the options available to the holders of those buildings in order to put them to use because they are getting rid of them so we'll have to start looking at their options. Also I'm unsure with the Minister for Tourism when he spoke before on the current provision for resorts and hotels within the Norfolk Island plan. That resorts are only able to be built in the mixed use zone because they are the only ones that cater for accommodation. Hotels is defined in the Norfolk Island plan as coming under the selling of alcohol and requiring a suitable licence and so they are allowed outside but there's no provision for hotels to actually provide accommodation and so they can go out into business zone and perhaps also the light industrial zone but resorts that are able to provide for accommodation they also are restricted to mixed use zone. So that I understand that I would consider there

would be a lot of push in the review of the plan for amendments to be made to clause 91 and to column 3 in the Norfolk Island plan

MR GARDNER

Mr Speaker if I can just respond to a couple of issues in relation to the use of any structure for which a licence may have been transferred and obviously that is part of the commercial decision that any property owners would need to take into account and we are faced with exactly that problem now with the provisions within the legislation that provide for an entire tourist accommodation unit licence can be transferred from one property to another. For example a major hotel could in theory sell all of its licences for the entire property, not necessarily the property but the licences to a willing purchaser who has a block of land within that central zone of those two areas that I talked about and construct an entirely new hotel now so that raises the issue of what happens to the old one. Quite rightly could it be considered by the owner of that property that sold those licences to utilise those buildings for rental accommodation. That has an impact. That is a consideration that we need to give some thought to as this bill sits on the table and there's a hundred issues like that that needs consideration and some address. Others may not be so easy to address but I guess the point I'm trying to make is that we are not really complicating an issue but it is raising an issue that needs to be addressed under current provisions and if we were to enact this piece of legislation to provide for individual buildings that brings us to the point of one of the issues that was raised in the discussion with the ATA yesterday which was the discussion of the actual policing of tourist accommodation on Norfolk Island and I think as Members around this table would be aware as I'm aware there is always anecdotal evidence of private accommodation in Norfolk Island being used as tourist accommodation. That's something that we probably haven't adequately resourced as far as policing that and as I said yesterday the tourist accommodation officer is a single man band in this exercise and so maybe we need to turn our mind to how these sorts of things are going to be properly regulated because when I spoke to the ATA about that yesterday I think there was unanimous endorsement that that practice does occur in Norfolk Island and it is something that does need to be addressed because it's not fair to those that have to comply by the regulation and legislation that we have in place only for it to be abused by other people in the community. In addressing this issue that is something that I'm giving serious attention to, to ensure that people within the industry who are abiding by the provisions of the legislation and regulations that we have are not being disadvantaged by other people in the community that are abusing those provisions

MR MAGRI

Mr Speaker I've already expressed my support for the introduction of this bill. I believe that it should not be seen as a new layer of regulation but a move towards the transfer of licences in a more free and open manner and to accept that all of the stakeholders in our current tourist accommodation centre have differing individual financial realities to tend with. I believe that the current tourist accommodation owners will have to work more within their own financial capacity and less with some of the current Government regulations and restrictions will start to see the improvements we'd like to achieve in the standard of tourist accommodation in Norfolk Island. I believe this bill provides a new improvement in the current process

MR GARDNER

Mr Speaker if I could make some additional points to try and encourage some feedback to Members and I want to make sure we get this right. We need to give consideration obviously to who can trade. Now this piece of legislation doesn't control that. There are other pieces of legislation, the Tourist Accommodation Ownership Act for example determines who can be involved in tourist accommodation and the ownership of it so it's not a hole in this piece of legislation when I'm not talking about those matters because it's controlled elsewhere but certainly if there is a view within the community that maybe that should be opened, we might then have to revisit other legislation but certainly I would welcome feedback on that issue. Another issue I've discussed with Members is the standards that we expect to apply to any unit that might be transferred. One of the issues that's been discussed by my colleague the Minister for Finance is certainly in better utilization is maybe the standard that should apply. The

genuine attempt was made in or around 1997 with deregulation of the tourism industry, one of its primary drivers was the desire to want to improve the standard of tourist accommodation that was generally available in Norfolk Island and it probably achieved that with a significant portion of our tourist accommodation in Norfolk Island being above the three star mark now. But obviously something that we may wish to give consideration to, to ensure that any of these units that are transferred are two or three star and maybe we need to ensure that they are going to be constructed at three and a half or four star level of something like that. I'm just throwing these ideas out at the moment so we get some feedback on it, or do we need to regulate in that direction. We probably would do that under regulation or conditions of transfer. The various classes of tourist accommodation that this might apply to needs to be discussed. I'm not aware that we actually have any homestay designated as tourist accommodation but the tourist accommodation Act envisages that we would have it. Now is it proposed that in the transferring of these licences we may contemplate homestay as part of the sale. That's another issue that we need to give some thought to. We don't have provision for backpackers but somebody has already said to me well, how about if we buy five or six of these licences could we establish a backpackers arrangement. We don't currently have provisions within our legislation to allow for that type of tourist accommodation but is it, and I'm posing the question, is it another one of those issues that we need to give some thought to in this process and I've touched on the planning issues, but there are a number of issues that need some thought and I would encourage as many people as possible to let their favourite MLA's know their thoughts on these issues so that we can get it right

MR NOBBS

Mr Speaker I'm pleased to see this come on to the table here and I actually see it as a stepping stone for some commercial viability review by some of the tourist accommodation owners and by that I'm actually addressing one of the areas of concern that Mrs Jack raised whereby they may want to assess what the remaining building may be used for. In some cases it may be equitable to look at reducing the number of beds and expanding the actual size of the unit, or there may be various outcomes from this and I also acknowledge that there was mentioned of inbank whereby someone could buy the licence and potentially hold it or lease it which was covered by the Minister for Finance and thought that that would not be an option for use in that form that he spoke about with regard to the 65% usage. I would suggest that a review of the outcomes from this some six months down the track but I would also draw a parallel with this action to the tourism strategy of the five year plan in that in just the same way this could be used as a stepping stone to be used by the tourist accommodation proprietors, the tourism strategy is also a potential tool for use as a stepping stone for review in the private sector. Thank you

MR ANDERSON

Mr Speaker just mirroring the remark of all the previous speakers I think this is definitely a step in the right direction. The concern that a couple of people have about use of the buildings I don't think that's a problem because basically it's going to be a commercial decision as to whether someone sells their licences and holds onto a property and they will have to get a darned good price on their licences to make it worthwhile and the use of the property is covering other aspects. I think it's a definite step in the right direction. It's just that more work needs to be done but the principle is certainly right

MR GARDNER

Mr Speaker just a couple of other issues again just to maybe encourage some thought. Obviously in the planning environment when approvals are considered for this sort of thing there's as I understand it, a check list which the Planning Board follows as far as infrastructure impacts when developments are considered and that's the electricity, the water, the sewer, the roads and those sorts of things, so that's something that needs to be borne in mind. As I said earlier, particularly in relation to the review of the Norfolk Island plan but there is always the big question about what's the Government going to make out of this and this is one of the financial impacts that is considered in the bill. In speaking to the ATA yesterday I wasn't able to

give them any really definitive insight into whether the GST would apply to a transfer of this type because it is part of a business or it's a goods that's transferred or does it neatly fall under the business transaction levy which applies to the sale of a business. It certainly doesn't as conveyancing because the actual property is not changing hands only a portion of the business or the infrastructure that sits within the business and so that's something else that we need to address or its definition because there's nothing worse than people entering into these types of arrangements where there's a nasty sting in the tale. Certainly I believe that at least the business transaction levy would apply but we would really need to get a very clear understanding as to whether GST would apply to this so that people have their eyes open when they are entering into discussion as far as purchase and into their planning process.

SPEAKER Thank you Mr Gardner. Is there further participation in debate Honourable Members. Mr Gardner

MR GARDNER Mr Speaker, I move that debate be adjourned and the resumption of debate made an Order of the Day for a subsequent day of sitting

SPEAKER Thank you Mr Gardner. There being no further debate I put the question is that debate be adjourned and the resumption of debate made an Order of the Day for a subsequent day of sitting

QUESTION PUT
AGREED

The Ayes have it. Debate is so adjourned Honourable Members

ORDERS OF THE DAY

APPROPRIATION BILL 2007- 2008

SPEAKER Honourable Members we move to Order of the day number 1 which is the Appropriation Bill 2007-2008 and we resume debate on the question that the Bill be agreed to in principle. Mr Christian you have the call to resume

MR CHRISTIAN Thank you Mr Speaker, the Appropriation Bill 2007-2008 was introduced at the last meeting of this house. The Appropriation Bill is the legislative document that breathes life into our budget for the Administration of Norfolk Island Revenue Fund for the next financial year and allows us to actually spend money. The 2007-08 financial year we are planning to spend \$13.2m from revenue of just over \$14m. The first draft of the budget for 07/08 was prepared back in January/February of this year and is without doubt the most sophisticated budget that was ever introduced into Norfolk Island. Once again may I take just a moment to thank the Members of the Public Service and in particular the Finance section for their work in producing the document. I must also thank my parliamentary colleagues for the countless hours of diligent scrutiny to which this document has been subjected. In summary this budget seeks to provide \$5.9m for salaries and wages; provides \$7.1m for recurrent expenditure; provides \$168,500 for capital expenditure; provides \$400,000 towards computer system upgrades; provides \$700,000 for a depreciation sinking fund; provides \$2.4m for education; provides \$1.15m for tourism promotion; provides \$1m to the Hospital Enterprise including \$200,000 towards a new hospital building and lastly provides almost \$300,000 for policing in Norfolk Island. Mr Speaker I hope today that my colleagues will see fit to support the Appropriation Bill as its been presented and I commend the Bill to the House. Thank you

SPEAKER Thank you Mr Christian. Any debate Honourable Members

MR NOBBS

Mr Speaker I intend to vote for the Appropriation Bill 2007-08, which puts into place the Revenue Fund Budget for the financial year. The Minister for Finance summarised a range of initiatives included in the budget in his speech to last week's Assembly meeting. I endorse the remarks of the Minister for Finance and thank him and the staff of the Administration for the hard work which has gone into the preparation of the budget. In supporting the Appropriation Bill, I would like to briefly outline how the budget fits into the overall aims of the Norfolk Island Government, and particularly into the strategic framework which I presented to the Assembly sitting in May. Growing prosperity for Norfolk Island. The Executive portfolios we have implemented and some of the budget measures demonstrate the stress that the Norfolk Island Government gives to economic growth and the prosperity of the wider community. Next financial year will see available an unprecedented amount of almost \$2 million for promotion of our most important industry, tourism. Much of this money will be allocated toward encouraging high yield tourism through destination advertising, use of a wider range of media and promotion of the experiences and events which can enrich the holiday experiences of our visitors. The larger amount available will mean that these initiatives can be implemented without detracting from simultaneous promotion to our traditional and strong market sectors. Tourism will remain pivotal to our economy, but the budget also provides funding for developing and promoting other industries, including an allocation to develop fishing and agricultural initiatives. The budget allocates monies for the operation of the new Assembly Public Accounts and Estimates Committee, which has among its functions a specific focus on economic development and diversification. As well, funding will be available for travel and consultation with Commonwealth agencies involved in industry diversification and business promotion. My colleague the Minister for Industry and Commerce has commenced dialogue with his Commonwealth counterpart to pursue possible opportunities for Norfolk Island to share in relevant programmes and initiatives. Better services delivery. The budget provides record amounts to maintain and improve quality services in many areas, especially health, education, law enforcement and social welfare. It also includes new areas of funding for infrastructure replacement and, very importantly, for the implementation of new electronic financial information and management systems. The \$400,000 to be spent in this area will enable us to greatly improve financial transparency and should also result in improved productivity and substantial cost savings. Communicating our direction. This Government has made clear that it will continually communicate with the community about both its overall directions and the details of new initiatives and the implications of policy changes. One of those major new directions is to focus on longer-term financial planning. This will flow from the implementation of the improved electronic financial management systems I have already mentioned. We are committed to the production and publication of three-year forward financial estimates. In company with two of my ministerial colleagues and senior officers, I have discussed this issue with Minister Lloyd and have asked for information on Commonwealth procedures for forward estimates, so that we can mirror their formats and procedures in those we have under development. Consultants are currently on the island working on comprehensive process mapping and systems development as a first stage in our upgraded Financial Management Information Systems. I believe that we have set in place the preconditions for much improved communication and cooperation between the Norfolk Island and Commonwealth governments and our senior officers. This will open up new opportunities to share in Commonwealth programmes to develop our infrastructure and economy, to protect our environment and culture and to promote our industries. Meetings with Commonwealth ministers and officials have been very positive, and the budget includes funding to support ongoing liaison and face-to-face meetings. We intend to continue to show leadership and direction through innovative ways of communicating and consulting with the Norfolk Island community. Our community radio station is a key component of this strategy, and we have already trialled several different methods of public involvement in radio forums and outside broadcasts to maximise community information and public input into important debates and issues before the Government. The budget reaffirms our commitment to public broadcasting, and at this point I would acknowledge the strong contribution of the Radio Station Manager, Mr George Smith,

confident it will result in a substantial improvement in our waste management capability. Many opportunities exist for the NIG to leverage its efforts through partnerships with Commonwealth agencies. The Natural Heritage Trust has assisted us to develop a Green Waste Management process, a better understanding of the Hydrology of Norfolk Island, the development of a comprehensive Natural Resource Management Plan and Public Reserves Revegetation. These opportunities arise through continuous networking at Ministerial and Officer level and I take this opportunity to thank our colleagues in the Commonwealth sphere for their ongoing support. Mr Speaker, locally we further enhance our environmental capacity when we encourage and support groups like Land Care and facilitate further investment in the Norfolk Island Environment through the Ivens F Buffet Environmental Trust. Members will be aware that this Trust is funded through monies received from the freeholding of Crown leasehold land. Mr Speaker I am pleased to announce that all applicants involved in the first round of grants will be advised of the outcome of their application this week. Administration officers in the environment area also provide advice to members of the public seeking to independently gain external grant funding for environmental projects. Mr Speaker, in the Water Assurance GBE, we will undertake extensions to the water assurance scheme to assist in the protection of our ground water resources and to more fully utilise the capacity of the treatment plant. The treatment plant was commissioned on the 12th of December 1990 and many aspects of the plant are nearing the end of the 20 year design life. Therefore, Mr Speaker, we need to examine the performance of the system and begin to plan for any substantial upgrades that may emerge. Mr Speaker, Stock & Noxious weeds expenditure will remain at current levels with some ongoing work on stock health. Improved weed control capacity has been sought through the purchase of a new herbicide spray unit, however that purchase will be deferred until the September review. The Waste Management Centre remains a work in progress and I remain committed to continuous improvement of this facility to a point where it will stand as a model operation, at least in an island context. The Waste Management levy does not fully cover the cost of running the Waste Management Centre and the Water Assurance Fund currently covers the difference between the Waste Management Centre running cost and the revenue. The Waste Management levy revenue. The budget at this stage envisages no increase in the Waste Management levy. The tanalith plant provides an essential service to Norfolk Island through the timber preservation process. This activity at an operational level is close to cost neutral. The only significant expenditure proposed in this area is for improved environmental protection from accidental spills. Mr Speaker capital expenditure from the revenue fund is on hold until gst revenues are clearer. Overall I anticipate that on the environment front with the help of all our partners we will continue to make sound progress. Social Welfare. This government remains committed in providing suitable social welfare payments to those within the community who suffer hardship and may require benefit payable under aged benefits, invalid benefits, widowed persons benefits, orphans benefits, handicapped children's benefits, special benefits, supplementary children's benefits and long term care benefits. This commitment is tempered however with ongoing review of the social services Act 1980. the 11th NILA under the direction of the previous executive Member with responsibility for social services welfare separated the review into two parts. Part one which considered amongst other issues such topics as age equality between men and women in applying for the aged pension, and length of working life on the island prior to application for the aged pension was passed by the previous Legislative Assembly and this Government waits for the bill to be assented to by the Commonwealth. Part 2 is a work in progress with this Legislative Assembly. The principle issues raised in this section relate to the deeming of income and assets. This work is emotive and I predict that it will be some months before I am able to place the legislation before the House, it will then go before the Impact of Bills Committee for public review and consideration just as part 1 was. Mr Speaker the amount allocated for social services was approximately \$240,000 lower than the previous budget allocation in the 06/07 financial year. Some \$207,000 was forecast. The extra culling of requested funding will no doubt come under consideration during the review process carried out during the first three months of the next financial period. Savings during the current financial year in the areas of overseas medical

expenses, overseas travel expenses, local medical expenses together with examination of comparative figures from the previous year 05/07 have assisted the Public Service in lowering the budgetary forecast but continued stringent controls and reviews will nonetheless need to be maintained in this area. Mr Speaker I mentioned earlier the matter of assent to part 1 of the review of the Social Services Act and when assent is given it will be necessary to inform the community to changes within the act and I will be required to ensure that adequate funding is available to carry out that educational awareness programme. Another matter to be considered is the BAF or Benefit Adjustment Factor. This process is similar to the RPI but relates only to welfare payments. I understand that the Minister for Finance has begun the process of reviewing the entire RPI issue. I should imagine that this review will affect too the BAF calculations and so Members need to be aware of the possible further upward financial flow on implications to the social services budget. Education. Mr Speaker this is another big ticket item. A total wages bill in excess of \$2.1m with recurrent operational expenditure with some \$234,000 in the 07/08 budget will raise eyebrows with many in the community. But education along with policing and provision of social welfare are obligations all Governments must concern themselves with. The degree or extent of the provision is what gives call for debate. Mr Speaker it is the Government's duty to provide all children within its care to a basic education and today the term basic education in my view means attaining the year 12 High School Certificate and so continuing to offer years 11 and 12 at the Norfolk Island Central School is providing that basic education. The manner or style in which it is offered may change or be required to adapt especially as changes in the delivery or video conferencing, internet access, and improvement in computer technology in general find their way to Norfolk Island. It is these improvements that are starting to influence teaching methodology and student participation and distance education. It is through technological improvements such as these that I believe this Government needs to start committing funds. In doing so, school education can broaden its base to assist not only its students by offering extra curricular opportunities but also open opportunities in adult education in TAFE, recognised courses to assist in upskilling and multi skilling for both the private as well as public sector personnel as well as assisting greatly in re establishing such programmes as apprenticeship training. Mr Speaker the video conferencing has already been successfully tried by the school earlier this year, when the technology was used to conduct teacher interviews. Just as there is discussion on the need for sinking funds for catering of depreciation of capital items within the revenue fund consideration must also extend to include the capital items within the education area. Cyclical replacement programmes must be introduced and just as technological issues appear to be under review within the Administration so too must technological issues be addressed at the school. I made mentioned of addressing this requirement when I briefly spoke to the budget last week and the issue was one I will be requiring support for during the review process. The school P and C played, and continues to play a major role in the financial of much of the equipment within the school. Donations and special considerations from the Commonwealth have also assisted. Mr Speaker I applaud the generosity and commitment of all Members past and present at the school's P and C and long may it continue, but I see that the role of any P and C as providing the extra resources to a school and not the basic resources. Of providing the extra items that add to the comfort of students, that add to the school as an enjoyable and interesting place to be and so Government must also make a commitment and looking at the true cost of education within this community. We must look beyond staff wages and ad hoc money being made for recurrent and operational expenditure. We have to seriously start looking at and making provision for systematic cyclical replacement programmes. Then and only then will we start to appreciate the real cost of education and then and only then can we be more informed and can more informed discussion take place on the provision of education and possible changes in its funding arrangements. In the 07/08 financial year the educational Memorandum of Understanding will be reviewed. I've asked all my fellow Legislative Assembly Members for their comments and concerns. I've spoken to the President of the P and C about the matter asking if that group wish to submit comment. The Chief Minister is I believe also part of that association's board and he too will seek

comment from Members. I'm awaiting comment from the principal as well as I believe comment from the teaching staff through the Federation Representative. Mr Speaker the school continues to offer an excellent educational experience. All teaching staff are committed to the school and its students. Staff are merit selected and continue in professional upskilling while employed at the Norfolk Island Central School. With an enrolment of just over 300 students Norfolk Island central school fits well in the NSW Literacy and Numeracy grading system. Tests in these areas are done annually, and affect years 3, 5, 7 and 8. Mr Speaker I understand that the annual school report has been published and the aim is that it be sent to all parents tomorrow. I look forward to receiving this document and making it available to my colleagues. Mr Speaker this report deals with state wide comparisons in literacy and numeracy. Much of the future of this community lies with its children. Their education and the social mores of the community play a role in shaping that future. This budget and the review process that will end in September will inform the community as to the real cost of that process. I support this bill Mr Speaker and look forward to the review process commencing. Thank you Mr Speaker

MR MAGRI Mr Speaker I fully support this Appropriation bill. I believe that it's really important that this years budget reaffirms our strong commitment to the provision of high levels of community service in a wide range of areas. Particularly, health, education and social services. This budget also breaks new ground in providing for replacement and maintenance of vital public infrastructure including vehicles, buildings and general plant. I intend to vote in favour of the Appropriation Bill and I believe that it deserves the support of all Members. In support of the budget I would like to highlight a few areas that I believe are significant. The first being the budget review. A comprehensive budget review process will start in mid July with the first business meeting of the Public Accounts and Estimates Committee. That committee will have the ability to scrutinise public expenditure not only from the revenue fund but also through the Government Business Enterprises and expenditures of the statutory authorities. The creation of the committee is an important step in approving the accountability and transparency of the Norfolk Island public finances. As well the Minister for Finance has indicated that there will be a comprehensive review of the revenue fund budget. The first review will commence as soon as we know the true income from the GST which will probably be at the August September period. That review will be completed no later than the end of September. It has been decided that until accurate figures on GST income are known, the executives will have to approve any capital expenditure. This should be seen as an appropriate commitment to tighten monetary control during the transition from customs duty and other revenue sources to the GST. The next area is the allocation for fisheries and agriculture. Mr Speaker in this years budget I sought and received the support of the executive Members for inclusion of \$30,000 for the development of a fisheries management policy and agricultural assistance policy. There's been funding in previous budgets for the purpose of a fisheries policy and in the 2004/05 budget \$20,000 was allocated but for various reasons, the development of a fisheries management policy has not progressed beyond the occasional meeting of the Norfolk Island Fisheries Consultative committee. It has been an objective of previous Norfolk Island Governments and the community to take on a greater management responsibility for the fisheries in the Norfolk Island inshore fishery locally known as the box. And the exclusive economic zone around Norfolk Island and I share this objective. The Norfolk Island inshore fishery is currently governed under an interim policy by a Memorandum of Understanding between the Norfolk Island Government and the Australia Fisheries management Authority, AFMA. In 2001 the Australia Fisheries management Authority commissioned a report from the Southern Cross University entitled the Fisheries and Marine Environment of Norfolk Island baseline studies, issues and options for management. The report noted that it is to be emphasised that the plan of management for the Norfolk Island box must be developed and owned by the Norfolk Island Government, the Norfolk Island Fishing Association and other community groups in consultation with other relevant Commonwealth agencies. In support of this approach the Norfolk Island Government have accepted by

recommendation that the \$30,000 funding should be allocated to the following areas. The development of a Plan of Management for the Norfolk Island Inshore Fishery in conjunction with the Norfolk Island Fishing Association and other relevant stakeholders, drafting of relevant legislation and regulations to support the Plan of Management to ensure a sustainable fishery and meetings with representatives of the Australia Fisheries management Authority in Australia to review the current Memorandum of Understanding to include the adoption of the Norfolk Island Inshore Fishery Plan of Management as the principle management tool for the box. Finalisation of the Plan of Management for the Norfolk Island Offshore Demersal Finfish Fishery responsibility of which remains with the Commonwealth Government. Negotiations with AFMA with a view to seeking a permanent allocation with the Norfolk Island Fishing Operator or operators to have a licence to fish in the Norfolk Island Offshore Demersal Finfish Fishery and investigating and researching the feasibility of assisting local fishers and fresh produce producers in reducing the cost of storage of whole fish, fish fillets and fresh produce to reduce the necessity for imports. Mr Speaker I'm pleased the Government has now supported these recommendations in a practical way by including the funding allocation of \$30,000. Mr Speaker I strongly believe that the development of a significant and sustainable fishing industry and primary production industry go hand in hand with a proposal to develop improved port facilities in Norfolk Island and to ensure that the local industry is supported and that imports are minimised. The impact on the local economy with increased production will have benefits for the community as a whole as imports of these products are reduced. The third area is the allocation for depreciation in this budget. Mr Speaker I'm extremely pleased that this Government is following so closely the recommendations of Econtech by including \$900,000 in this years budget for depreciation/sinking fund provisions. Additionally in the roads Government Business Enterprise I've also asked the Finance Manager to include \$165,000 for the full depreciation of all current assets held on the roads Government Business Enterprises Assets Register. The fourth area is in the investment of a new financial management information system. The commitment of the Norfolk Island Government to open an accountable financial management is demonstrated in this years budget. An allocation of \$400,000 has been made for a new financial management information system and there is also a commitment to look at the structure of differing entities within the Administrative sphere, starting with the airline. Action has already commenced with both of these important matters. The fifth area is our tourism allocation. Whilst it is my principal responsibility to investigate and encourage new investment into Norfolk Island tourism remains our most important industry. I believe that it is both forward looking and responsible for the Government to maintain its focus on growing tourism and the allocation of \$1.15m in this budget and the total funds available at nearly \$2m this year in tourist promotion is recognition of the importance of growing that market. Mr Speaker this budget sets us up for a really good year of economic growth and improvements in efficiency in governance. I commend the budget and the Appropriation Bill to the Legislative Assembly. Thank you Mr Speaker

MR SHERIDAN

Mr Speaker just a few words. Mr Speaker since the introduction of the Appropriation Bill and the revenue fund budget last week I've been chastised somewhat you might say in some areas of the community for my comments made in this House last sitting. I've been told that my comments were negative to say the least and I should be more of a team player. Mr Speaker may I say that firstly, I stand by my comments and I will not agree with things just to be seen to be doing the right thing. I'll speak my mind and play ball when required to do so. As I said last week, there are two sides to a budget. The expenditure and the income. The expenditure side always gets the write up because the public wishes to see moneys expended in areas in which they are interested. If they get an increase in funding then they go away happy. Mr Speaker this budget has my support and as I've stated, it's good to see areas of education, health, and tourism get increases because if we can't educate our kids, look after the community's health, and increase tourism then the Norfolk Island as we know it will die. And that is not the objective of this Government. We want to see Norfolk Island prosper, thrive and offer the best that education can offer for our children to be a place that everybody can be proud of. Mr Speaker my concern at the last meeting was with

the income and what this income was based on. Some \$980,000 of this income was based on the increase in our tourism numbers by some \$5000. now whilst this is our goal, this target has only been achieved once in the past and that was 40,000 so with this in mind I only urge caution that maybe this will not be achieved, but if we do achieve 40,000 in the next financial year, then we must not relax and pat ourselves on the back, but strive to do it all again the following year and if we can do this, time and time again, then Norfolk Island will prosper. Also some \$500,000 is budgeted income from the Commonwealth is really investment from monies expended during the murder trial originally held on Norfolk Island . this money I believe is yet to be seen. Also some \$500,000 is attributed to costs awarded to Administration for the SMEC litigation and again this money is yet to be seen. And nobody can assure me that we'll even get that much. In reality we should be getting more than \$500,000 because I believe that the litigation costs were more in the area of \$1m. Saying this some \$2m of income are based on things that may and may not happen and I believe that is not a very good way to base income strategy upon. Another area of note in the expenditure is that there has been \$1.1m allocated for capital expenditure. This has been a long time coming. Usually it's the first area that's cut when trying to balance the budget but I note that even \$1m has been cut from this years requirements. Mr Speaker this is special when only some tens of thousands of dollars have been allocated in the past few budgets for capital expenditure but the \$1.1m in this financial year or the next financial year is very pleasing to see. Mr Speaker this budget shows a small surplus at the end of the year but we must be aware that there was another \$1.7m of funding required that did not get approval but at least things look to be on the up. I am happy with the end result and the Minister for Finance and his team have achieved a result if things fall into place and the income streams run to his predictions then things will start to improve once more on this lovely island. Mr Speaker I intend to support this Appropriation Bill and revenue fund budget with the knowledge that a review will be carried out after a short period of time. Thank you

MR GARDNER

Mr Speaker just some additional comments to those that I made at last weeks sitting with the introduction of the Appropriation Bill in some of my areas, but firstly might I just touch on a comment that Mr Sheridan made and I'm probably a little disappointed that maybe his views that are expressed in this House are viewed as being negative. I've always found that Mr Sheridan's comments have assisted greatly in ensuring accountability and transparency because most of the issues that Mr Sheridan raises in this House believe me, float through all of our minds from time to time and we might discuss them at our MLA meetings or in direct approaches between Members but I applaud Mr Sheridan for raising those issues. They are appropriate cautions and appropriate warnings that need to be raised. The challenge for us is how we address them and hopefully prove Mr Sheridan wrong in his concerns or assist to allay his fears and certainly I appreciate any of that commentary because it does keep us on our guard so I support entirely the questioning and probing that Mr Sheridan provides, particularly to the ministers and in ensuring that we are kept on our toes and our act is kept up to speed. Maybe if I could just return to the business before us which is the Appropriation Bill. As I said last week I've been through most of my areas of responsibility and since then I've had an opportunity to speak to some of those areas under my responsibility about the provisions of the budget. Certainly one of the larger areas of concern is the hospital and I've spoken with the director in relation to that and the \$1m that's been appropriated under this bill for the hospital, it is likely that every single cent of that is going to be absolutely required. Now I understand we've established a sinking fund and that's all well and good and I also understand that we've got a review process that will be under way and hopefully completed by the end of September. I hope that's not going to pre-empt discussions on the normal mid year review of the budget which is an equally important part of the ongoing process of the budget cycle in Norfolk Island. There were a couple of mentions I think in the Chief Minister's presentation about the justice package and I will be meeting with our Legal Services Unit tomorrow to establish a priority for introduction of those pieces of legislation that the Chief Minister referred to so that by no means have you heard the

last of me for the next few months. I regret in some ways to advise that you'll be hearing a lot more from me with the introduction of significant parts of legislation in relation to the justice package in Norfolk Island. A very important part and as the Chief Minister indicated there had been issues that have been raised by the Chief Justice, Justice Weinberg, in relation to some of the gaps that appear in our legislation for the delivery of an appropriate justice system in Norfolk Island and I'm grateful to him for turning his mind to assisting us in ensuring that we are able to provide an adequate justice system in Norfolk Island. All these areas, I think have been made very clear by our previous speakers, will require very careful monitoring and in my areas, the courts, legal aid and the tribunals, the healthcare, the Hospital Enterprise, gaming, sport and recreation, police in particular and the other big one obviously is tourism. I didn't mention last week healthcare or the legal aid system. They have been very well managed I think and tight controls have been put in place by both managers of those sections and I guess for want of better words, I would probably describe them as excellent custodians of both those schemes. They keep a very careful watch on the dollars and cents that flow through in a particularly competent managers in those areas and I commend them for their ongoing dedication to the task in dealing with public funds and the expenditure of public funds. Both of them do an outstanding job. There are funds that have been provided in this budget for sports promotion and the Youth Sports Fund. Sports promotion mirrors the amount that was made available last year which this Legislative Assembly committed to the team that is travelling to represent Norfolk Island at the South Pacific Games in Samoa in August and September of this year but again there's been \$4,000 provided for sports promotion and hopefully that combined with some of the initiatives that will be pursued by the Norfolk Island Government Tourist Bureau in supporting sports organisations and visitations to Norfolk Island will ensure that we continue to see a growth in that type of visitation to Norfolk Island so I welcome that. Mr Sheridan earlier indicated also the need for caution and that's obviously something that we need to consider. The challenge of this budget is in how it is going to be managed from here on in and I think it is vitally important that areas within the Administration and areas under our control as Executive Member or as the Legislative Assembly as a whole is that we pay particular and careful attention to our revenue streams and I think that that's been highlighted by a couple of previous speakers to ensure that they are able to sustain the level of expenditure for which this budget provides and if those areas of revenue fluctuate as they do, up and down, that we need to be prepared to revisit the budget as has already been indicated. That process hopefully will get it's first solid sounding before the end of September and I compliment the Minister for Finance for undertaking that process. That said Mr Speaker I am in full support of the budget and I just remain conscious of the need to be ever vigilant in the receipt of funds and the expenditure of funds. Thank you

SPEAKER Honourable Members is there any further debate?
There being no further debate I put the question that the motion be agreed to

QUESTION PUT
AGREED

The ayes have it. The Bill is agreed to in principle.

Is it the wish of the House to dispense with the detail stage. Mr Christian

MR CHRISTIAN Thank you Mr Speaker, I move that the Bill be agreed to

SPEAKER Honourable Members is there any further debate?
There being no further debate I put the question that the motion be agreed to

QUESTION PUT
AGREED

AGREED

Therefore Honourable Members this House stands adjourned until Wednesday 18 July 2007, at 10.00 am

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