



**NORFOLK ISLAND LEGISLATIVE ASSEMBLY
12TH NILA HANSARD – 21 JANUARY 2009**

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

Honourable Members if you wish to remove your coats please do so.

WELCOME

Honourable Members I would like to place on record and welcome to the public gallery Mrs Heather Thurstans. Mrs Heather Thurstans, Second Clerk Assistant from the Parliament of Tasmania, is on a one weeks secondment to the Legislative Assembly of Norfolk Island to assist our Parliamentary Officers in the lead up preparations for the meeting of ANZACATT being held on the Island next week. I record our thanks to the Tasmanian Parliament for this assistance and welcome Mrs Thurstans, back to the island which she visited last September as a delegate to the Parliamentary Educators Conference hosted here. Mrs Thurstans comes to us with a wealth of background knowledge in organising ANZACATT having organised a seminar hosted by Tasmania in January 2008. Welcome Mrs Thurstans and I hope you enjoy your time here on the island

Honourable Members I call on Mr Gardner

SUSPENSION OF STANDING ORDERS

MR GARDNER Thank you Mr Speaker, I move that so much of Standing Orders be suspended as would prevent only those matters listed on the Programme from being dealt with at this Sitting

SPEAKER Thank you Mr Gardner. Any debate

MR GARDNER Thank you Mr Speaker, Members just prior to Christmas when we were discussing the programme for sittings of the House over the festive period had agreed that whilst we were heavily involved in the development of a revised budget for the 08/09 financial year, that we should dedicate the January sitting where we would in the past normally have had a recess as far as sittings of the House, dedicate that period to address the revised budget and any supplementary appropriation that may be necessary as part of that process so that is the primary purpose of the motion that I've brought to the House today, to deal with that matter, but in saying that, Members are also conscious of the Healthcare Amendment Bill that I introduced into the House at the last sitting which has retrospective effect to the 1st January 2009 and it was felt that it was important that that matter be dealt with today as well, thank you

SPEAKER Thank you Mr Gardner. Any further debate Honourable Members. The question is that, that question be agreed to

QUESTION PUT
AGREED

That motion is agreed thank you

LEAVE OF ABSENCE FOR MR MAGRI MLA, MRS JACK MLA AND MR BRENDON CHRISTIAN MLA

MR NOBBS Thank you Mr Speaker I seek leave today for Minister Magri, Minister Jack and Brendon Christian

SPEAKER Thank you Chief Minister. Is leave granted.
Leave is granted thank you

PRESENTATION OF PAPERS

Are there any Papers for Presentation this morning Honourable Members

MR CHRISTIAN Thank you Mr Speaker, I table the financial indicators for the month of November 2008. Mr Speaker at best it can be determined as at the 30th November 2008 is that the revenue fund's overall income is estimated to be at 93.1% of the revised 08/09 budget, that is, \$420,000 short. Customs duty receipts are \$60,000 under budget; GST receipts are 150% of budget which equates to \$52,000 over, the sum total of other tax categories is \$263,000 short of the revised 08/09 budget; land title fees are \$131,000 short and departure fees are \$123,000 short. The revenue fund's budgeted income from the Liquor Bond is \$73,000 over budget, earnings from the other charges income categories is currently \$80,000 short of budget. Overall expenditure including known creditors at the end of November 2008 is 2.1% or \$130,000 over budget. This is mainly because the tourism grant has been drawn down in advance and that is \$444,000 and the hospital grant has been drawn \$90,000 in advance. All expenditure categories except for health and quarantine, hospital grant and community services, tourism grant are under budget and the most significant being administrative which is \$237,000 under budget. At the 30th November 2008 the overall revenue fund budget is in deficit \$588,000 which is \$550,000 worst than budgeted for. Mr Speaker I'll just carry on for a moment and I'll turn to the estimated position of the revenue fund as at the 30th November 2008 and we have cash at bank of \$1,515,000 and our other assets such as debtors and the like come in at \$1,408,300 which gives us the total current asset of \$2,923,300. Mr Speaker from that we have to deduct total liabilities of \$3,342,400 which would leave us in a net position of negative reserves of \$419,100. Mr Speaker I need to just point out that \$452,000 of the liabilities relates to long term employees entitlements and we would not be called upon to pay them in a lump sum so I am comfortable with the situation there. Mr Speaker I now share with you the cash at bank information and at the end of November 2008 the cheque account and on line accounts at the Commonwealth Bank had in them, \$5,165,232. Our term deposit at Westpac had in it \$1,330,168. Our term deposit at the Commonwealth Bank had \$1,388,700 so our total cash at bank is \$7,884,100. Mr Speaker that breaks up into the GBE's and revenue fund having \$3,925,800 in them and the trust accounts which include airport prepaid tickets and the like, have a balance of \$3,942,100. Mr Speaker it's worthwhile pointing out that in the airline prepaid ticket area there was \$3,027,300 held at the end of November so that is quite encouraging. Mr Speaker I'll share some information with you in respect of Norfolk Air. For the month of November Norfolk Air's operating income and income from investments total \$1,658,908. From that we must deduct expenditure and that expenditure for the month has come in at \$1,639,250 which has delivered a small profit for the month of November of \$19,658. The position for the financial year to date at the end of November 2008 is this. Total income for that period is \$8,095,908. Total expenditure for the period is \$9,510,850 which results in an operating loss for the airline for the first half you could say, almost half of the financial year of \$1,414,942 and Mr Speaker the bulk of that loss can be attributed to an amount of \$1,390,700 that had been paid out in additional fuel costs for that part of the financial year. Thank you

MR GARDNER
noted

Thank you Mr Speaker, I move that the paper be

SPEAKER
paper be noted

Honourable Members the question is that the

MR GARDNER

Thank you Mr Speaker, my comments that will follow the presentation I don't mean to pre-empt the next item on the Notice Paper and debate in regard to that, but I was going to contain most of my comment in relation to the financial indicators and the finances generally at that time, and I still intend to do that, however, there's a couple of issues that I think we as an Assembly need to focus our attention on and I think the community need to clearly understand. As the Minister has indicated, particularly in relation to Norfolk Air the results for December clearly indicate that through the various initiatives that have been put in place and co operation from our industry partners in the provision of their services to Norfolk Island we have for want of a better word, been able to stop the hemorrhage from the airport GBE's in its support for Norfolk Air's operations. The loss for the financial year has been to date, significant. As I said, the hemorrhage has stopped and the indicators that the Minister has discussed briefly with us in recent days seem to show that we have positive booking activity that is ahead by some many percentage points over the same time last year, so that's positive and encouraging and because of the new arrangements that have been entered into with the operation of Norfolk Air we aren't as exposed as we have been to the fluctuating fuel prices that we've experienced in recent months, which as the Minister has correctly pointed out have been a significant contributor to the loss in the financial year. What it does indicate is the very precarious nature of the airline business and the very expensive cost of doing business in that particular field and it does clearly indicate that it is potentially an Achilles heel for us, not just for the airport undertaking but for our general cash flow position generally and it is something that we need to carefully manage and in saying that, as I've already indicated the Minister and our industry partners have been active in trying to contain those costs and have done that successfully as have been indicated by the indicators for the airport undertaking and the operations in Norfolk Air. To the financial indicators generally, they continue to be disturbing. I think we've recognised that. I think the Legislative Assembly have entered into meaningful discussion and the Public Service have been instructed by the Minister for Finance and each of us in our particular areas of responsibility have had discussion generally with Members of the Legislative Assembly and provided documentation as I understand to the non Executive Member to show the process that has been through in trying to arrest some of the issues that have arisen in relation to the revenue fund budget and our position generally, financially, in Norfolk Island. To be quite frank it's not a pretty picture and really the secret in how we are addressing that will be contained in the content of the Minister's presentation later this morning and I certainly hope that there'll be some robust debate in relation to that and in relation to our position financially and how that affects our being generally in Norfolk Island. I don't know whether there's much more that I want to add at this stage. I do welcome the provision of the financial indicators. We had a period of time, not so long ago where there was a bit of a break in the provision of those indicators and there's nothing more unsettling than not knowing where you are at any given point in time, but now we've been provided with that detail, we've been provided with the detail in relation to the next subject matter on the programme today, and we need to very clearly work very hard to ensure that we continue to enjoy the way of life that we do on Norfolk Island and that hard work has begun and will need to continue over the next period until we resolve some of the issues that have put us in the position that we're in and I recognise Mr Speaker that there are some issues that are beyond our control but the hard work needs to be in containing our expenditure and ensuring that we have a fair and equitable revenue raising system in Norfolk Island. We are committed to ensuring that we revise those revenue raising measures, to ensure that the equity and the fairness are maintained in the system. Thank you

SPEAKER Thank you Mr Gardner. Further debate Honourable Members. There being no further debate, the question is that the paper be noted and I put that question

QUESTION PUT
AGREED

That Paper is so noted

MR N CHRISTIAN Thank you Mr Speaker I table the financial indicators for the month of December 2008. Mr Speaker as best as can be determined as at the 31st December 2008 the revenue fund's overall income is estimated to be at 99.7% of the revised draft budget, that is, \$22,000 short. Customs duty receipts are \$60000 under budget; GST receipts are 107% of budget which equates to \$191000 over, however, included in the total GST receipts is an accrued sum of \$490,000 for December 2008. The accrual of \$490,000 is based on the average monthly receipts from July 08 to November 2008. The sum total of other taxes and categories is \$42,000 short of the revised draft budget. Departure fees are \$53,000 short. The revenue fund's budgeted income from the Liquor Bond is \$85,000 over budget. Earnings from the other charges income categories is currently \$43,000 short of budget. Overall expenditure including known creditors at the end of December 2008 is 8% or \$59,000 over budget. This is mainly because the tourism grant has been drawn down \$361,000 in advance and the hospital grant has been drawn or paid \$60,000 in advance. All expenditure categories except for health and quarantine and community services are under budget and the most significant being administrative which is \$140,000 under budget so at the end of December 2008 the overall revenue fund budget is in deficit \$555,000 which is \$81,000 worst than budgeted for. Mr Speaker if we look at the revenue fund's capital works and purchases programme the revised budget provides for an expenditure of \$104,400 for the year and to date we have spent \$50,500 of that allocation. We now move to the cash at bank and the cheque and online accounts have in them \$4,676,938. Our term deposit at Westpac has \$1,105,762 and our term deposit at the Commonwealth Bank has in it \$1,388,700 so our total cash at bank is \$7,171,400 and the split there between trust and non trust accounts is in the non trust accounts we have \$3,449,500 and the trust accounts we have a balance of \$3,637,700 and for those who are interested, the airline prepaid ticket sales at the end of December stood at \$2,758,500. Mr Speaker I also have here the estimated position of the revenue fund at 31 December 2008, cash at bank for the revenue fund stands at \$1,903,600. We add to that our other assets and our total current assets come in at \$3,168,150. From that we must deduct liabilities of \$3,626,900 which would leave the revenue fund in a negative territory of \$458,750 and once again, \$452,000 of that is long term liabilities which I would not be called upon to pay in a lump sum so once again I can live with the outcome. We now turn to Norfolk Air's performance for December 2008. Norfolk Air's total income was \$1,543,132. Total expenditure for the month has come in at \$1,552,150 which has delivered a small loss for the month of December of \$9,018. The position for the financial year to date at the end of December 2008 is this. Our gross income for that period is \$9,639,040. Total expenditure for the period is \$11,052,100 which leaves us in a position at this time of the financial year, in negative territory of \$1,413,060 and Mr Speaker that is after paying out \$1,501,700 in additional fuel costs. Mr Speaker many in the community are probably wondering where to from here and I do have a bit of good news for them. As a result of reducing the cost of fuel we have varied the charter arrangements with OzJet from 1 January through until when the contract expires on the 20th May and Norfolk Air will now not be liable for any additional fuel costs over and above those contained within the original contract so we should be able to put funds back into Norfolk Air at the rate of about \$150,000 per month, and the airline budget for the year indicates that we are forecasting a loss for this total financial year of something in the order of \$619,000 which is quite a large turn around on where we currently stand. I can live with that outcome. It's not as good as I had expected but I have had discussions with the CEO of the airline and if we can lift our seat load factors for the remainder of this

financial year by as little as 5% over the numbers contained within the airline budget. We will deliver not a \$619,000 loss for the year, but a \$65,000 profit and that is what I am driven to achieve and I'll be working with the Minister for Tourism and his respective officers and mine to bring about that result and that's the situation. I might add if we look at the total picture of the airline as to where it is, from June 2006 the actual situation today is that the airline for that period is in a loss situation of \$822 and of course, the loss for that period is actually reduced by carrying forward profits from previous years, and for the 07/08 year the profit was \$35,569 and for the 06/07 year the profit was \$759,200 so it was handy to have had that cash flow in place. Thank you

MR SHERIDAN

Mr Speaker and move that the paper be noted

SPEAKER
paper be noted

Honourable Members the question is that the

MR SHERIDAN

Mr Speaker I just have a couple of queries if I may. Minister with regard to the revised budget, there is a comment there from the Finance Manager that says the December 08 financial indicators reflect the recent budget review changes. I can accept that but then he goes on to say that this budget in its present form is not sustainable. So I would just like you to make some comments with regard to that. I am not pre-empting your comments further on down the track, and also looking at the creditors for the past twelve months, I note that the Department of Education and the Australian Federal Police have some \$2.4m, nearly \$2.5m represents the whole account for January 08 to December 08 and I just would like some indication of why this hasn't been reduced at some time throughout the year and when is it your intention to reduce these amounts. The last thing I would like to see is the Department of Education withdraw their support for the school and or the Federal Police release some inmates early because we're not paying the bills. The only other query that you might like to enlighten us on Minister is the airport. I realise the airport fund has taken a beating over the last couple of months with regard to the purchase of fire engines and the building of the station etc but at the end of December it's \$655,000 in the red, if you would just give some indication as to how the actual airline operation is being operated at this point in time

MR GARDNER

Thank you Mr Speaker, just if I could pick up on the policing queries that Mr Sheridan has. The Federal Policing bill so to speak, has been a matter of discussion between myself and the Australian Federal police. We had some meetings on island I think in about November to find some agreement on some of the disputed costs in relation to that account and I think there's notations in the financial indicators in regard to that. So that matter is in the process of being dealt with and there is regular communication with the AFP in relation to that but on the questions of your fear Mr Sheridan that we may find our inmates that we currently have incarcerated in Australia released early because we're not paying the bill, our arrangement is not with the Australian Federal Police for incarceration of those persons, it's with the New South Wales Department of Corrective Services and I think in the revised budget documents that we've got, it clearly indicates the figure that has been budgeted for that which is somewhere in excess of \$300,000 for the financial year. Thank you

MR N CHRISTIAN

Thank you Mr Speaker when the Finance Manager sends me an email and says that the situation is not sustainable, that's exactly what I would expect him to do because obviously the revised budget that we'll talk about later today has a shortfall of \$1.250m in round figures and we will be talking about how we will deal with that later today and if you want to run with a deficit budget you've got to fund it with money from somewhere so I think the Finance Manager has been quite responsible in drawing it to our attention that we need to look at this in some detail and we need to provide some solutions and we are in the process of doing that and I will elaborate on that later in the meeting. In respect of the liabilities, that we have in the revenue fund particularly the Education Department, the number is there is \$2.075m and

these would have been prepared on an accrual basis so we know the bill is coming and the bill may not have arrived yet but we put the amount in there. I would think that we probably need to pay at least \$1m to the New South Wales Education Department as soon as we can and I have instructed the CEO of the Public Service to meet with the Finance Manager with a view to making smaller but more regular part payments and we'll hopefully get that process underway fairly quickly, because I too share Mr Sheridan's concerns with not wanting to upset our service providers, but at the same time, I'm doing whatever I can to preserve our cash reserves, so in some instances I might actually slow down the out flowing of cash into the Administration whilst trying to accelerate the inflow of cash and that's the situation there. In respect of the airline and the airport duty it's best that I not respond to it here as I have some detailed comments on it in the debate in the Appropriation Bill section of this meeting so I'll deal with that later if that's okay with Mr Sheridan he can ask questions then

SPEAKER Thank you Minister. Further debate Honourable Members. There being no further debate, the question is that the paper be noted and I put that question

QUESTION PUT
AGREED

The ayes have it, that Paper is noted

MR N CHRISTIAN Thank you Mr Speaker in accordance with section 19 of the Goods and Services Tax Act 2007 I table the October to December quarterly report in respect of GST. Mr Speaker I won't go into too much detail on this one except just to read out for the public's benefit that from April 2007 through to February 2009, so that means some people have actually paid in advance. We have collected \$9,516,543.36 in respect of GST. In respect of NSL the GST office is still receiving payments of NSL and the payment received for the period 1st August 2006 through to the 31st December 2008 totals \$604,006.31 and I table the GST quarterly report as I am required to do under the Act

MR GARDNER Thank you Mr Speaker, I move that the paper be noted

SPEAKER Honourable Members the question is that the paper be noted

MR GARDNER Thank you Mr Speaker, just a question to the Minister in relation to the tabling of that paper. I just wonder and I know the question has arisen on a number of previous occasions how we are going with compliance generally of people meeting their GST commitments and payment of that

MR N CHRISTIAN Thank you Mr Speaker I'd say that 99% of people are doing the right thing. We do have audit processes in place and there are a couple of businesses that face prosecution under the Act and I'm informed by the Legal Services Unit that those documents either have been served or summonses have been served on those individuals or are about to be, so the enforcement procedures are well under way now

MR SHERIDAN Mr Speaker just a further query there for the Minister. I note with regards to the issuing of these default notices there was a press release yesterday I believe that I read that indicated that such a thing was happening, that default notices had been sent to people who are registered for GST and failed to comply with the Act. I would just like to ask a question, Minister what if somebody is running a business here who has failed to register for GST, will this be picked up in this area as well

MR N CHRISTIAN Thank you Mr Speaker yes certainly. There's a couple of ways we can pick up people who are conducting business activities who are not registered for GST. We for instance, monitor ads in the local paper, we monitor ads that are placed in the Norfolk telephone directory and we receive tip-offs from Members of the public and the like, so that's how we monitor it, and if we uncover somebody who's engaged in activities that should be part of the GST scheme we draw it to their attention and if the matter is serious enough we'll mount prosecution

SPEAKER Thank you Minister. Further debate Honourable Members. There being no further debate, the question is that the paper be noted and I put that question

QUESTION PUT
AGREED

Thank you, the ayes have it

Tape 2

MR GARDNER Thank you Mr Speaker, I table the inbound passenger statistics for December 2008 and move that the paper be noted

SPEAKER Honourable Members the question is that the paper be noted

MR GARDNER Thank you Mr Speaker, the trends seems to be continuing according to these figures and the decline that we've been experiencing over previous years in relation to visitor numbers to Norfolk Island. I gave a fairly lengthy presentation at the last sitting of the House in relation to that and some of the initiatives that were in place, and activities taking place to arrest that decline and where we see the future of tourism going. Amongst other things the meetings we have had with our wholesale partners, which appear to be generally upbeat about business generally so that's encouraging. Also the figures that the Minister for Finance has provided to us in relation to indicators for forward bookings as far as airline booking activity is concerned over the same period as last year, so those are encouraging signs. As part of this role, obviously we're exposed to tremendous criticism from time to time about maybe the lack of exposure or the perception of the lack of exposure of Norfolk Island in the marketplace and the Tourist Bureau manager has been particularly active in trying to piece together from all sources, Norfolk Island's Tourism Marketing Partnerships programme activity and advertising activity in the market place and they've produced and I understand distributed a fairly comprehensive report with sampling of the advertisements that appear Australia and New Zealand wide in relation to that activity and it's a document entitled Norfolk Island tourism and marketing partnerships programme activity July to December 2008 and in tabling the inbound passenger statistics I would also like to table that also as a tabled paper in the context of those statistics and also Mr Speaker draw Members attention and again, another document that is widely circulated to the industry is the most recent addition of the Norfolk Island tourism market Intel which deals with the marketing partnership programme, all of the activities that are under way, recording mechanisms, reporting on the wholesalers meeting, the distribution of visitor maps in Norfolk Island, the implementation of the Bookeasy system, responses and stakeholder concerns and the various activities of staff and others related to tourism generally in Norfolk Island and I certainly value the ongoing preparation of this document because it is a clear and concise overview of activities in which the Bureau and its staff and our partners in tourism are engaged in at any given point in time, so both of these documents are invaluable additions to information that is available to our partners and to the community generally to demonstrate the activity that is undertaken and I think it is fair to say that these are documents that we could have

well done with over the last twenty years on a regular basis, to be provided with that information and so I welcome it and I look forward to further updates as they are prepared and made available. Thank you

MR NOBBS Thank you Mr Speaker just a query and it may well be in the Tourism Marketing and Partnership Programme Activity document that the Tourism Minister has put on the table, and it comes out of some discussions that I've had with the Tourism Manager that there were at least a greater degree of avenues to assess the advertising programmes of partnerships to show the effectiveness and to designate ongoing financial partnerships. Is that contained in that document or is it a document to be reported on at a later date

MR GARDNER Thank you Mr Speaker, the document that I've tabled in conjunction with the Inbound Passenger Statistics is really just a physical documentation of the advertising that is in place generally in the marketplace with a synopsis of the type of advertising and activity that takes place including newspaper advertising magazine advertising, direct and internet marketing, radio trade shows, famils and those sorts of things so it's a snapshot in time I guess that shows the activities that's taken place. I think what the Chief Minister is referring to is the assessment process of the Marketing Partnerships Programme and how that process will deliver outcomes I guess you could quote it, to keep performance indicators. We enter into a programme, we enter into an arrangement – how do you measure the effectiveness of the spend and those things are collected on an ongoing basis. We have access to numbers that our partners are booking through the airline, we have access to a whole host of information including where they are advertising, and we have put in place a system where we will be able to measure the response to those things and at the end of the day, and in preparation of the next financial year's budget we have ready access to how the partners have performed and that will give you a very clear indication of where you should actually be laying your support in the following financial year, so those that haven't performed and we've spent a lot of money on, as has happened frequently in the past, we are able to call them to account and say well look, you need to revise your activities if you are going to ensure your ongoing support of tourism Norfolk Island and the airline and other financial contributors to marketing. The same can be said for those who are performing well ahead of expectations. Clearly they are people who we want to encourage to grow business and they would certainly be the people that we would be focusing on for providing additional support in subsequent financial years

MR SHERIDAN Mr Speaker just a couple of questions for the Minister there. I appreciate the papers that he's tabled. I actually queries some of the aspects of this with the Minister over the last couple of months and its enlightening to see that we are doing some very good advertising. Some of this advertising is very good and it's well spread. Just looking at the papers that he's put out here what I would like the Minister to comment on, I note in – not all the ads, but a few of the ads – there are only certain tourist accommodation places allied with certain ads, with certain wholesalers etc, if he could just make comment on why this is so, so that the tourist accommodation providers on Norfolk Island who aren't reflected in these ads might like to get on board, and also in the other paper with regards to marketing, there's quite a deal, two paragraphs about visitor maps, and with regard to the Norfolk Island Tourist Bureau's decision to change from Jason's map of Norfolk Island to a locally produced brochure which has just recently been produced by 2899 which I must admit is a very good product, but if the Minister would like to explain to the community as to why this decision was taken and just allay some fears out there that we are getting rid of someone like Jason's who's been dealing with the island for many a year and going with another product

MR GARDNER Thank you Mr Speaker, there are many questions in those couple of questions, but I'll deal with the accommodation and the advertising the wholesalers do as evidenced in the documentation that I've tabled. The

marketing partnerships programme engages the different wholesalers in various forms and fashions they all have different business plans and we try as best we can in engaging with them to understand that and be flexible enough to work with all the different models. The wholesalers have alliances and allegiances that have a stable of properties that they deal with, they have confidence in dealing with, some of them will be almost all embracing to all properties on the island, some of the wholesalers stick with a proven group of providers, and they are inclined then in their advertising to advertise those properties, depending on the wholesaler they may only have six properties that they want to advertise and when they go to the marketplace those are the properties that they will advertise and promote in their literature and when the customer is looking for a property they are generally referred to those properties. When they fill up, then they'll try and refer them to other properties on the island because they are all armed with the knowledge that there are plenty of other properties on the island that are available to be booked. Some of the advertising as I understand it, has an example of properties that are available in the package that is available to them but that doesn't necessarily mean that it is entirely restricted to them. If you have a small property on there that only has one or two units, generally if a package like that is sold out, there are others that are in the same package bracket so to speak and then the references flow to those properties in due course. There are however other properties that don't have any alliances or allegiances to wholesalers or to very few wholesales and unless they develop those business relationships they aren't going to get the exposure that they need to drive their business so they need to be proactive as well, the individual properties as well as the wholesalers. They need to build these alliances and those allegiances and they need to be able to demonstrate that they have a property that can respond on a regular basis to enquiries that have the mechanisms in place to be able to book people without too much delay because one thing that we have noted and the industry notes regularly is that unless you are able to book directly and have your booking confirmed at the time of the enquiry, people are liable to look elsewhere and go and look for a different product and so in those words, that's an encouragement for people to be more proactive in their approach if they feel as though they are not getting the exposure through the advertising that the Tourist Bureau or the airline are engaged in but that's generally an overview of how that side of things works. As far as the visitor maps are concerned, my understanding of the situation is that the Tourist Bureau made a decision to no longer distribute Jason's maps. They've been the distributor of Jason's maps for some lengthy period of time, however, that doesn't mean as Mr Sheridan said that we are going to lose Jason's maps from Norfolk Island. Clearly the correspondence that I've seen indicate that Jason's maps will continue to have a presence on Norfolk Island, they will just find another distributor on island for the distribution of their maps. I understand that the Tourist Bureau will continue to engage with Jason's in advertising in their product and that Jason's will continue to be advertising their product in Australia New Zealand and elsewhere, the only that has changed is the fact that the distribution or the decision has been made not to be the distributor for Jason's maps on Norfolk Island. That will continue, and in fact we have another player in the marketplace now who is providing a commercial return to the Tourist Bureau by way of providing advertising and other commercial activity to the benefit of tourism generally on Norfolk Island so we haven't lost anything. Nothing's gone away. It's just simply that the Tourist Bureau won't be distributing the map any longer. That doesn't mean that the map won't occur on Norfolk Island. Jason's are active in the marketplace looking for sponsorship. They will continue to do it. It's in their commercial interest to continue to have the map produced and interestingly enough the Tourist Bureau I think was the last remaining visitor centre in Jason's stable Pacific wide or regionally wide that acted as a distributor because in their own view, Visitors Information Centres were not the ideal distribution network for them

MR ANDERSON

Thank you Mr Speaker I would like to endorse the general remarks of the Minister for Tourism. I'll start with the latest comments on the visitors maps. It was a commercial decision by the Board to go with the new map inasmuch as wholesalers didn't like to have a Jason's map because they were in opposition to themselves so the thing that the Tourist Manager did was to arrange for a

map that was without advertising of wholesalers etc that could be distributed generally by the Board throughout the network of Australia and New Zealand so that was a commercial deal that they did to cover those maps. Jason's can negotiate with the Board or the Manager to have their maps in the Visitors Information Centre and that's up to their initiative to do this. It's not for the Tourist Board's initiative, that's up to Jason's. Now with the new map, again, anyone who advertised in the new map rather than this Jason's if they decided to change, that was also a commercial decision. Some people think the new maps are better. Some people don't. They make their own commercial decisions and there is room for both of them and I'm sure there'll be a lot of people who choose the Jason's map first. In regard, I would like to make a comment at how delighted I am as a board Member with the great partnership that's developed between the airline and tourism. The Airline Manager and the Tourism Manager. It's something that's been lacking for quite a long time in Norfolk Island where there are real partnerships and real co operation. Now we're seeing this and I can only see this as a great benefit developing in the future. I really applaud this. Again the wholesaler partnership programme, again, this is developing into a real partnership. I don't think we've seen this before in this regard and this has to be applauded and I think this is going to show great results in the future. Thank you

MR NOBBS Thank you Mr Speaker I just wonder how the online booking engine has worked out for the Tourist Bureau, whether there is any feedback that's come back to the Minister in that regard

MR GARDNER Thank you Mr Speaker, the Chief Minister is referring to the Book Easy system that was recently commissioned and launched on the Tourist Bureau website for the booking of tours, accommodation and the like. The only response that I've had to date in relation to that is that it has been successful, there are bookings that have been made and there don't appear to be any glitches that I'm aware of at this stage. However, it's a work in progress. No doubt there will be some warts and bumps along the way. Nothing ever seems to go absolutely 100% smoothly but the system and the support systems to support the Book Easy system are there to address any of those warts and bumps as and when they arise but at this stage I'm pleased to report that I've had nothing but good feedback to it. It is working, it is operational and it is providing yet another way of distributing products of Norfolk Island in the marketplace and I certainly welcome that. The more the merrier

SPEAKER Thank you Minister. Further debate Honourable Members. There being no further debate, the question is that the paper be noted and I put that question

QUESTION PUT
AGREED

Thank you. The motion is agreed. Any further Papers for presentation

MR N CHRISTIAN Thank you Mr Speaker in accordance with section 41 of the Interpretation Act 1979 I table the Postal Services Amendment No 2 Regulations 2008, thank you

SPEAKER Thank you Minister. Any further Papers for presentation

MESSAGE FROM THE OFFICE OF THE ADMINISTRATOR - NO 21

SPEAKER Honourable Members, I have received the following Message from the Office of the Administrator and it is Message No 21 which reads that on the 30 December 2008, pursuant to section 21 of the Norfolk Island Act 1979, I declared my assent to the following laws passed by the Legislative

Assembly, the Limitation of Actions Act 2008, (Act No 17 of 2008) the Law of negligence and limitation of liability Act 2008, (Act No 18 of 2008) the Electricity Supply (Amendment) Act 2008 (Act No 19 of 2008) and the Airport (Amendment) Act 2008 (Act No 20 of 2008) and that message was dated the 30 December 2008 and signed Owen Walsh, Administrator

MESSAGE FROM THE OFFICE OF THE ADMINISTRATOR - NO 22

Honourable Members, I have also received the following Message from the Office of the Administrator and it is Message No 22 which reads that in accordance with the requirements of section 25 of the Norfolk Island Act 1979, I recommend to the Legislative Assembly the enactment of a proposed law entitled "An Act to amend the Appropriation Act 2008-2009" and that message was dated the 21 January 2009 and signed Owen Walsh, Administrator

NOTICES

APPROPRIATION (AMENDMENT) BILL 2008-2009

MR N CHRISTIAN Thank you Mr Speaker I present the Appropriation (Amendment) Bill 2008-2009 and move that the bill be agreed to in principle.

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

MR N CHRISTIAN Mr Speaker The Appropriation (Amendment) Bill that has been introduced into the House today seeks to give effect to the revised 2008/2009 Revenue Fund Budget. The revised Revenue Fund budget is the product of the most extensive review that has ever been conducted into the Revenue Fund and Government Business Enterprises and I thank the CEO, Finance Manager, section Managers and my Executive colleagues for their participation in the process. It was apparent as early as October 2008 that the income projections contained within the original 2008/2009 budget would not be achieved. The Norfolk Island Government estimated that the global economic meltdown would cause a 15% downturn in visitor numbers to Norfolk Island and the November and December 2008 Inbound Passenger Statistics have shown that assessment to be correct. The Appropriation Amendment Bill of 2008/2009 seeks to limit Revenue Fund Expenditure to a lesser amount than that contained in the original 2008/2009 Appropriation Act. Mr Speaker, before I summarise the income and expenditure differences between the original and revised Revenue Fund budgets, I wish to state categorically that the revised Revenue Fund budget contains no new taxes nor increases to existing taxes. It does not require either voluntary or mandatory reduction in working hours for public servants and has been designed to provide and preserve jobs wherever possible. Mr Speaker, I intend to explain in detail the difference between the two budgets in respect of both income and expenditure. Mr Speaker on the Income side I will deal with revenue from taxes first. I have listed the individual items. The first column is the original budget, the second column is the revised budget and the third column is the difference Mr Speaker is the difference.

Revenue from Taxes	Original	Revised	Difference
Customs Duty	\$1,200,000	\$1,200,000	NIL
Land titles and			
Miscellaneous Fees	\$530,000	\$200,000	-330,000
Tattersalls commissions	\$150,000	\$140,000	-10,000
Company Fees	\$75,000	\$85,000	+10,000
Stamp duty on cheques	\$12,000	\$12,500	+500
Liquor Licence fees	\$15,500	\$15,500	NIL
Departure fees	\$1,230,000	\$1,017,600	-212,400
Absentee Landowners Levy	\$126,000	140,000	+14,000
Sub-total Taxes	\$3,338,500	\$2,810,600	-527,900

We now move on to revenue from charges.

Revenue from Charges	Original	Revised	Difference
Crown Lease fees	\$9,500	\$9,500	NIL
Court fees and fines	\$25,000	\$30,000	+5,000
Pasturage and dog fees	\$40,000	\$30,000	-10,000
Mobile plant hire	\$110,000	\$20,000	-90,000
Timber royalty	\$3,000	\$3,500	+500
Sale of surplus equipment	\$5,000	\$5,000	NIL
Rent from Administration Properties	\$160,000	\$171,000	+11,000
Curator of Deceased Persons			
Estates Fees	\$5,000	\$60,000	+55,000
Sale of forestry products	\$5,000	\$7,000	+2,000
Tanalith Plant charges	\$60,000	\$55,000	-5,000
Customs warehouse fees	\$1,500	\$2,500	+1,000
Customs out of hours fees	\$25,000	\$30,000	+5,000
Immigration fees	\$65,000	\$60,000	-5,000
Transferred Assets	\$25,000	\$10,000	-15,000
Profit on sale of fixed assets	\$5,000	\$6,000	+\$1,000
AFP contribution to policing	\$31,500	\$20,000	-11,500
Planning Application fees	\$20,000	\$20,000	NIL
Building Application fees	\$500	\$500	NIL
Miscellaneous revenue	60,000	110,000	+50,000
Subtotal Charges	\$656,000	\$650,000	-6,000

We now move on to revenue from earnings

Revenue from Earnings	Original	Revised	Difference
Interest from Investments	\$200,000	\$200,000	NIL
GST/NSL	\$5,900,000	\$5,580,000	-320,000
GST/NSL entity moment fee	\$25,000	\$25,000	NIL
Liquor Bond	\$751,400	\$874,300	+122,900
Cascade Cliff Sale of Rock	\$131,000	\$31,000	-100,000
Gaming Enterprise	\$653,000	\$783,000	+130,000
Postal Service	\$65,000	\$65,000	NIL
Water Assurance Fund	\$605,000	\$605,000	NIL
Workers Compensation	\$35,000	\$35,000	NIL
Norfolk Island Airport	\$429,000	\$429,000	NIL
Norfolk Air	\$200,000	\$50,000	-150,000
Norfolk Telecom	\$914,000	\$214,000	-700,000
Electricity Service	\$212,000	\$212,000	NIL
Lighterage Service	\$48,600	\$48,600	NIL
Healthcare Fund	\$53,000	\$53,000	NIL
Norfolk Energy	\$500,000	\$990,000	+490,000
Roads	\$25,000	\$25,000	NIL
Museum Management Fee	\$2,000	\$2,000	Nil
Sub-total Earnings	\$10,749,000	\$10,221,900	-527,100

Mr Speaker, the original Revenue Fund Budget forecast total income of \$14,743,500. The revised Revenue Fund Budget has forecast total income of \$13,682,500, a reduction of \$1,061,000. Mr Speaker, the expenditure comparison between the original and revised Revenue Fund Budgets is as follows -

Expenditure	Original	Revised	Difference
Salaries and Wages	\$6,599,100	\$6,412,800	-186,300
Recurrent Expenditure	\$8,042,400	\$8,113,800	+71,400
Capital Expenditure	\$101,000	\$104,400	+3,400
Total Expenditure	\$14,742,500	\$14,631,000	-111,500

Mr Speaker, the original Revenue Fund Budget forecast a surplus of \$1,000. The revised Revenue Fund budget has forecast a deficit for the 2008/2009 financial year of \$948,500 and when a deficit from the previous financial year of \$295,200 is included, the forecast result at 30 June 2009 will be a deficit of \$1,243,700.

Mr Speaker, the NIG proposes that the Revenue Fund budget be approved with this deficit and if the Legislative Assembly indicates its willingness today to endorse the NIG's

preferred position and pass the Appropriation Amendment Bill in its current form at the February sitting of the House, I will seek a Financial Assistance Package totalling \$2.5 million from the Commonwealth Government. This is in addition to any stimulus or infrastructure funds that Norfolk Island may be able to access. Mr Speaker, I propose that \$1.5 million of the Financial Assistance Package be directed to the Revenue Fund to assist the Administration meet its community service obligations such as health, welfare and education expenditure and the remaining \$1million be split with \$500,000 being spent in the remainder of this financial year on tourism promotion in Australia and New Zealand and a further \$500,000 be committed to kick start tourism promotion in Australia and New Zealand at the beginning of the next financial year. Mr Speaker, the NIG has chosen this course of action instead of raising taxes across the board because the NIG is of the view that the downturn is of a temporary nature and when consumer confidence in Australia and New Zealand returns, Norfolk Island should be able to resume the pathway to sustainability contained in the Econotech reports. Mr Speaker, the NIG considers that the \$2.5 million Financial Assistance Package will greatly benefit the Norfolk Island community and represents excellent value for the Commonwealth Government. Mr Speaker, I say this because when the Norfolk Island governance model is compared with that which operates in the Australian Indian Ocean Territories it is abundantly clear that the Norfolk Island governance model and the community of Norfolk Island has saved the Commonwealth Government and taxpayers well over 3 billion of today's dollars over the past 30 years. Mr Speaker, I consider the time is well overdue for the Commonwealth Government to acknowledge what has been achieved by the community of Norfolk Island and the time is also well overdue for the Commonwealth Government to commit to an annual finance package to assist with Norfolk Island's continued development into the best small economy in the south-west Pacific. Mr Speaker, I have sought a meeting with Minister Debus in Canberra at the earliest possible date to discuss the detail of the Financial Assistance Package. Mr Speaker, I will now refer in some detail to each of the Government Business Enterprises.

Mr Speaker, the **Norfolk Island Lighterage Service** has estimated income totalling \$457,000 for the 2008/2009 financial year. \$430,000 of the income will be derived from lighterage charges and the remainder from investment interest and equipment hire charges. There is no proposed capital expenditure this financial year and recurrent expenditure is expected to total \$496,200 which will result in a small deficit of \$39,200 which will be covered by income from previous years. The balance at 30 June 2009 is expected to be \$183,800 exclusive of depreciation.

Mr Speaker, the **Bicentennial Integrated Museums** has estimated that it will receive \$300,800 total income in the 2008/2009 financial year. The income breakdown is: Entry Fees \$110,000; REO shop profit \$9,500; Research Centre \$1,200; Interest on investments \$200; KAVHA Grant \$8,900; Subsidy from Revenue Fund \$116,000; Management Fees - Trial of the 15 \$8,000; Trial of Fifteen Play \$47,000. Mr Speaker, Recurrent Expenditure is projected to be \$324,900 and when capital expenditure of \$3,900 is included the expenditure grand total for the 2008/2009 financial year is \$328,800 which will result in a deficit of \$28,000 which will be funded by cash earned in previous years. Mr Speaker, at the 30 June 2009, the cash balance will be Nil.

Mr Speaker, the **Norfolk Island Postal Service** has estimated that total income will be \$663,100 for the 2008/2009 financial year. The break up of the income is: Philatelic Bureau \$280,000; Post Office \$200,000; Income from Agents \$71,500; Post Office Box rentals \$34,000; Coins and medallions \$500; Retail products \$30,000; Mail imbalance \$42,000; Facsimile service \$100; Interest \$2,000; Commission income \$3,000. Mr Speaker, Recurrent and Capital Expenditure will total \$662,400 which will result in a surplus of \$700 for the 2008/2009 financial year which is a significant improvement on the \$68,000 loss for the previous financial year.

Mr Speaker, the **Cascade Cliff Sale of Rock GBE** estimates that it will receive income totalling \$316,600 with \$313,600 income being received from sale of rock and \$3,000

from investments. Recurrent Expenditure totalling \$325,000 has been projected for the 2008/2009 financial year with no planned capital expenditure. The expenditure covers items such as: Wages; Transport Cost; Audit fees; Office requisites; IFRS; Protective clothing; Insurance; Electricity; Telecommunications; Rental of portion 5A; Workers Compensation; Contribution to computer upgrade; Weighbridge maintenance; Consultancy fees; Port Feasibility study; Accounting and management fees; Equipment hire; Rock Royalties. Mr Speaker, the overall result for the 2008/2009 financial year is a small deficit of \$8,400 which is due to a \$51,000 contribution to the Port Feasibility study. Mr Speaker, it is anticipated that \$187,600 will be repaid to the Commonwealth in rock royalty payments during this financial year.

Mr Speaker, the **Healthcare Fund** has estimated that total income for the 2008/2009 financial year will be \$910,000. Recurrent Expenditure is estimated at \$828,600 and the expenditure break up is: Operational cost \$153,600; Local Treatment \$250,000; Overseas Treatment \$300,000; Medivacs \$125,000. Capital Expenditure of \$3,000 has been provided for the purchase of computer upgrades. Grand total expenditure is expected to be \$831,600 which will result in a surplus of \$78,400. The closing amount at 30 June 2009 is estimated at \$443,700.

Mr Speaker, the **Workers Compensation Scheme Fund** has projected \$378,500 total income for the 2008/2009 financial year. The employers' levy will contribute \$350,000. \$15,000 will come from insurance refunds and \$13,500 is expected from interest on investments. Mr Speaker, recurrent expenditure totals \$223,900 and when a figure of \$60,000 for wages paid to employees along with \$60,000 paid to the medical services providers the expenditure grand total is expected to be \$343,900 for the 2008/2009 financial year which will provide an operating surplus of \$34,600. Mr Speaker, the Workers Compensation Scheme Fund is projected to have reserves totalling \$556,600 at 30 June 2009.

Mr Speaker, the **Roads GBE** is estimating income totalling \$892,000 for the 2008/2009 financial year. The source of the income is: Vehicle registration \$540,000; Fuel Levy \$15,000; Revenue Fund contribution \$275,000; Road Traffic fines \$10,000; Interest from investment \$12,000; Private sealing work \$20,000; Equipment hire \$20,000. Mr Speaker, the Roads GBE will spend \$1,055,300 on recurrent expenditure during the 2008/2009 financial year and recurrent expenditure covers items such as: Wages; Overtime; Burnt Pine Upgrade; Signage; Materials; Culvert maintenance; Drainage; Gravel Road maintenance; Bridge maintenance; Engineering consultancy cost; Transport; Fuel; Staff training Plant hire; Hand tools; Occupational Health and Safety; Audit; Office requisites; Number plates; Registration stickers; Adoption of IFRS, and for those who aren't familiar with IFRS it stands for International Finance Reporting Standards which is the accounting standards the Administration has adopted and is moving to; Protective clothing; Insurance premiums; Electricity; Telecommunications; Workers Compensation; Staff Airfares; Contribution to computer upgrade and Accounting fees. Mr Speaker, in addition to the Recurrent Expenditure the Roads GBE will spend \$83,100 on Capital Expenditure made up of \$2,000 for miscellaneous plant and equipment, a roller spreader at a cost of \$9,000 and two skid steer loaders with a value of \$72,100. Mr Speaker, the grand total expenditure will be \$1,138,400 which is \$246,400 more than the Roads GBE will receive in income. The \$246,400 shortfall will be funded by cash reserves from previous years which were \$375,000. Mr Speaker the Roads GBE will end the 2008/2009 financial year with \$150,600 in reserve.

Mr Speaker, the **Norfolk Island Liquor Supply Service** has estimated that gross sales will be \$3,800,000 for the 2008/2009 financial year. The Gross Profit will be \$1,254,000 after allowing for stock of \$2,538,000 and \$8,000 for stock losses in transit. Recurrent Expenditure is projected to be \$421,700 and Capital Expenditure of \$10,000 has been provided for. The net profit after Capital Expenditure is projected to be \$822,300 and all of this profit is usually transferred to the Revenue Fund as a dividend. At 30 June 2009

the closing balance is expected to be \$540,000 which is retained by the GBE as working capital

Mr Speaker, **Norfolk Telecom** has estimated that total income for the 2008/2009 financial year will be \$2,638,700. Total Recurrent Expenditure exclusive of depreciation is estimated to be \$2,336,900. Capital Expenditure totalling \$216,500 has been provided for and \$100,000 of this amount will be spent on equipment upgrades at the Radio and Television station. The balance will be spent on telecommunications infrastructure. Grand total expenditure exclusive of depreciation will therefore be \$2,553,400. The result for the year ending 30 June 2009 is forecast to be a small surplus of \$85,300, which compares with a deficit of \$93,900 for the previous financial year. At this stage, a surplus of \$116,000 has been forecast for the next financial year. Mr Speaker, Norfolk Telecom has for some years been burdened by the cost of operating the radio station and re-broadcasting free to air television. For the 2008/2009 financial year, radio station income has been projected to be \$40,000. The Broadcasting and Television budget has estimated expenditure totalling \$218,000 and \$100,000 has been provided for equipment upgrade. Mr Speaker, the net position is that Norfolk Telecom would be \$278,000 better off if it were not responsible for the radio broadcasting and television cost. As Norfolk Telecom now operates in a competitive environment in which its private sector competitor is not burdened with such additional cost, I believe that the stage has been reached whereby other options for funding radio and television broadcasting in Norfolk Island must be considered and they will form part of the budget deliberations for the next financial year and the preparation of those budgets get underway in February.

Mr Speaker, **The Norfolk Island Electricity Service** has estimated total income for the 2008/2009 financial year to be \$4,560,000. Total Recurrent Expenditure for the combined Powerhouse and Reticulation components of the Electricity Service is estimated to be \$4,698,800 exclusive of depreciation and an amount of \$72,000 has been provided for Capital Expenditure. The Grand Total of expenditure for the 2008/2009 financial year will result in a deficit of \$210,800 exclusive of depreciation. The closing amount at 30 June 2009 is estimated to be \$1,445,600.

Mr Speaker, the **Norfolk Island Airport**, which includes the Norfolk Island Fire Service and Norfolk Air is forecasting total income for the 2008/2009 financial year of \$23,598,400 and the individual income estimates are: Landing charges \$2,740,100; Airline Ticket Sales \$20,502,200; Rental Income \$22,000; Sale of Fire equipment \$25,000; Miscellaneous Income \$83,000; Security Screening \$126,100; Interest on Investments \$100,000. Total Recurrent Expenditure is expected to be \$22,705,000 exclusive of depreciation. An amount of \$5,153,200 for Capital Expenditure has been provided and the break up is: New Fire Vehicles \$2,551,000; New Fire Station \$1,500,000; RESA \$1,000,000; Vehicles \$45,800; Norfolk Air vehicle \$17,400; Building and grounds \$39,000. Grand total expenditure is estimated to be \$27,858,200 exclusive of depreciation for the 2008/2009 financial year which will result in expenditure exceeding income by \$4,259,800. The difference will be funded with income from previous years. The closing amount at 30 June 2009 after meeting all commitments including the first \$600,000 loan repayment to the Commonwealth is projected to be \$1,466,800. Mr Speaker, there are early indications that confidence is returning to the Australian consumer as statistics prepared by the airline indicate that sales for the past 5 weeks have exceeded those in the corresponding period last year by an average of 22% and Mr Gardner referred to that number earlier. I have quantified it.

Mr Speaker, the **GST/NSL and Business Transaction Levy** total income for the 2008/2009 financial year is estimated to be \$5,911,000 with \$5,891,000 being attributed to GST and NSL with a further \$10,000 each expected from the Business Transaction Levy and GST non-compliance fines and penalties. Total Recurrent Expenditure is forecast to be \$318,100 exclusive of depreciation. No provision has been provided for Capital Expenditure this financial year and an income excess of \$5,592,900 is expected. An amount of \$5,580,000 will be transferred to the Revenue Fund as general revenue.

The closing amount at 30 June 2009 is projected to be \$2,200. The Econtech Model of the Norfolk Island economy which was updated in February 2008 estimated that \$5.2 million would flow into General Revenue from the GST. If the targets identified in this budget are achieved, GST revenue for the 2008/2009 financial year will exceed the Econtech projections by \$380,000 and that figure is exclusive of the \$400,000 expected to be claimed as duty drawback this financial year.

Mr Speaker, the **Water Assurance Fund** which includes the **Waste Management Centre** has estimated that total income for the 2008/2009 financial year will be \$650,000. Total recurrent expenditure exclusive of depreciation has been estimated to be \$617,200. Capital Expenditure of \$135,200 has been provided and will be spent on: skid steer loader \$46,000; high pressure water cleaner \$19,200; Pitcairn Place Sewer extension \$70,000. The grand total expenditure is \$752,400 exclusive of depreciation, which will result in expenditure exceeding income by \$102,400 for the 2008/2009 financial year. The shortfall will be covered by income from previous years and a dividend of \$550,000 will be paid to the Revenue Fund. The closing balance at 30 June 2009 is estimated to be \$417,600. Mr Speaker, like, Norfolk Telecom, the Water Assurance Fund has been burdened with the operating cost of the Waste Management Centre which has disguised the true cost of operating the Waste Management Centre. The Waste Management Levy, which is a levy imposed on imported goods raises \$245,000. The cost of operating the Waste Managements Centre annually is \$344,900 with the \$100,000 shortfall being met by the Water Assurance Fund. A large part of the problem stems from the fact that the Waste Management Centre processes waste upon which no levy has been collected. Mr Speaker, once again, we have reached the point in time when we must re-consider how the Waste Management Centre is funded.

Mr Speaker, the **Norfolk Energy** estimates that total income for the 2008/2009 financial year will be \$9,302,700. Total Recurrent Expenditure is estimated to be \$8,322,300 exclusive of depreciation. Capital Expenditure of \$62,200 has been provided and will be used to purchase Fuel Hoses and lines necessary to operate the business. Grand total expenditure is projected to be \$8,384,500 exclusive of depreciation. A dividend of \$950,000 will be paid to the Revenue Fund. \$350,000 of that amount will be paid to the Roads GBE as the fuel levy equivalent. The remaining \$600,000 will go into general revenue within the Revenue Fund. The closing amount at 30 June 2009 is estimated at \$272,600 exclusive of depreciation. Mr Speaker, the \$600,000 dividend to the Revenue Fund has been achieved without variation to the original fuel pricing formula

Mr Speaker, the **Norfolk Island Gaming Enterprise** has forecast total income of \$810,500 for the 2008/2009 financial year. Recurrent Expenditure is estimated to be \$106,600 with no planned Capital Expenditure. Income excess over expenditure is \$703,900. It is proposed to pay a dividend of \$780,000 to the Revenue Fund for the 2008/2009 financial year. The closing amount at 30 June 2009 is projected to be \$25,700. Mr Speaker, these are exciting times for the Gaming Enterprise. An existing licence holder is in the process of re-vamping their operation which will see increased activity and therefore increased income for the enterprise. A new licence has recently been issued to an additional organisation and they expect to be on-line by the end of the first week in February 2009. Not only will Norfolk Island derive revenue from the gaming activity directly, Norfolk Telecom will gain additional income as a result of providing office space and equipment telehousing at the old ANZCAN station. The NIG expects to hold discussions with two existing licence holders over the course of the next month which has the potential to yield further income from gaming. Mr Speaker, as a result of the most recent licence being issued, I expect that by the 2011/2012 financial year gaming revenues will be at least \$3,000,000 higher than they are today.

Mr Speaker, I would like to make some closing comments. I don't think I've missed any of the GBE's. in closing, I can say that I am confident about the future once the troubles that have plagued the world recently are behind us, and I look forward to working with the Commonwealth Government to assist us through this difficult period and beyond. As

a government, we have decided that the responsible course is to budget for a reasonable deficit rather than to reduce expenditure further. The key reason for this is to ensure that we maintain employment levels and therefore stimulate activity in the Norfolk Island economy. This is in line with the actions of governments around the world, including the Australian federal and state governments, who have recognised that the best way to moderate the effects of the global economic downturn is to stimulate their economies through ongoing government spending, especially in areas which flow quickly into increased public sector activity. It is for this reason that we will continue with our major capital works activities at the Norfolk Island airport, which of course are also vital to maintaining our tourism infrastructure. In the short term I believe that we must strive to rebuild visitor numbers to match the projections contained in the Econtech Report. The Tourism Minister and I are working closely on a daily basis with our respective officers to increase visitor numbers and as I have stated previously the early indications are encouraging. Once the 737-300 aircraft commences operations between Norfolk Island and our Australian gateways in mid-May 2009, there will be an additional 20 seats for sale on each flight. Based on our current schedule there will be 45,865 return seats available for sale rising to 52,416 if the Sydney Wednesday service can be maintained year round. In the medium term we need to grow our gaming and e-commerce business and that will require a high speed broadband link to the rest of the world. In the longer term, the port facility must be completed and cruise ship tourism fostered and encouraged as this industry alone has the ability to double the size of our economy. Thank you

MR NOBBS

Thank you Mr Speaker I thank the Finance Minister for the work that he and the public service officers, the Executive and the MA's have put into finalising and presenting a reviewed budget and the Appropriation Bill before us today. I, and I would imagine the whole community, appreciate the detailed content provided regarding not only the overall expenditures and incomes but also the detail concerning GBE financial planning as we look toward the completion of this financial year. I must commend the Minister for his very comprehensive overview of all 15 Government Business Enterprises. I think that it is unprecedented for the Assembly to have so much detail before it about the very important GBE sector. As we are all aware, the Norfolk Island economy and public sector are structured very differently from those of the Commonwealth and states. We must supply a number of essential community services – such as airline, fuel, electricity, telecommunications and postal services – but we also look to the GBEs to underpin the finances of the Revenue Fund to ensure that we can continue to provide funding for health, education, social welfare and tourism promotion. Mr Speaker, over the last few days we have had a most welcome visit from the Commonwealth Shadow Minister for Home Affairs, the Hon Sussan Ley. We have had very constructive discussions with Ms Ley, including a strong emphasis on the efficiency of the Norfolk Island governance structures in delivering a wide range of high quality community services at levels comparable with those in Australia. It is clear from examination of departmental budgets and recent news reports that the structures here are far more cost-effective than those in the external territories directly administered by the Commonwealth. Perhaps in the past we have been too defensive about some criticisms from outside, rather than highlighting the great success of the Norfolk Island model in developing and sustaining a highly enterprising local economy which produces sufficient public sector revenues to fund our many community services. We now say to the Commonwealth that it is reasonable for them to make a modest contribution to assisting Norfolk Island to overcome the uncertainties created by the global economic situation, given that the structures and programs we have in Norfolk Island have saved Commonwealth taxpayers many millions of dollars, when compared with the amounts expended in all other external territories. One of the many outcomes from the comprehensive budget review we have just finished is the decision to move toward performance and program budgeting over the next financial year. This will be implemented in a controlled manner that will not only modernise the incremental budgeting system currently in place, but will also align the public service with the longer-term strategic planning for Norfolk Island and improve accountability both in terms of

management and delivering outcomes to the community. This Assembly's commitment to address some of the longstanding issues such as public sector remuneration, Legislative assembly remuneration and some of the needed infrastructure upgrade has meant careful consideration of both cash management and assessment of the best spend for the sustainability of Norfolk Island's economy. Budgeting for these major and sometimes unpopular items has been formulated on incoming historic revenues, which in this case the Global Financial Crisis has altered. Our combined work regarding budget review and the resulting outcomes have maintained a steady focus on stable overall employment and maintaining programs that have a direct positive flow-on to the community and economy of Norfolk Island. We have removed some new project areas, at least in the short term, such as the investment in two wind tower testing units for renewable energy. This does not mean that we will not pursue these environmentally and fiscally friendly options for delivery of electricity in Norfolk Island, and in saying that I hope in the near future to provide a further update on renewable opportunities that the Finance Minister and I have been pursuing over the last 12 months. A great deal of effort and attention to detail has gone into the Appropriation Bill and at some stage we will adjourn debate to enable timely consideration by all Members before finalising the process in February. Thank you, Mr Speaker.

MR GARDNER

Thank you Mr Speaker. Let's be frank. This Bill forms clearly part of the State of the Nation address part one, of last month by the Chief Minister that gave us a brush over view of where we were. The thing that was missing from that was a clear analysis of our financial position and that was one of the primary purpose of the Bill coming forward today, is to fill that gap and quite frankly, the State of the Nation is pretty poorly financially. Where we stand today. I can't be any more honest than that Mr Speaker. It's pretty poorly. I think it's fair to say, as I said in debate earlier today, that the Legislative Assembly did recognise some months ago that there was a need to clearly identify and address the failings of the current 2008/2009 budget that was predicated on results as far as visitor arrivals which I highlighted in this House back in July following a visit to New Zealand that as I said at the time, the New Zealand market is a pretty good litmus test for where things are going. It's usually first to be affected by the world environment, the world global economic environment, and is sometimes first to recover but often drags the chain as far as recovery is concerned. And subsequent to that, clearly with what's happened globally has again raised alarm bells around this table and certainly within the community. The Legislative Assembly in addressing the issue have recognised in some areas, and the Minister has covered those in some detail this morning, in some areas the original budget certainly is not going to achieve the contributions that it expected from the Government Business Enterprises and in particular Telecom where I believe the budgeted shortfall in its expected contribution is some \$700,000. That immediately created a heckova problem. Why that assessment was made at the time that Telecom was going to be in a position to provide that additional \$700,000 I don't yet know the answer for that, and maybe the Minister might be able to enlighten us in relation to that, but immediately knowing that, it put us on the back foot with an already budgeted position that was precarious as far as whether it was going to be slightly in surplus or actually in deficit, suddenly put that on the back foot immediately and then the indicators and I think some of the historical data as the year has progressed has indicated that our projections in some instances were greater than we may be should have budgeted for in hindsight and that's impact I think on what the Minister has said earlier about GST and the expected decrease in the GST take of somewhere in the region of \$320,000 down on the original budget but there's been some pleasing additional sums that will be coming from those areas that provide us with earnings including liquor. Gaming which I will come to shortly and Norfolk Energy and obviously the question of the increased dividend from Norfolk Energy does raise some questions and I'm sure my colleague Mr Sheridan might have some comments on Norfolk Energy. He's been fairly active in wanting to try and establish the pricing mechanisms that we use in that and obviously how that flows through to the rest of the community as an indirect tax raising measure, which it is. I don't think there is any other way of describing it. It does raise a tax for us as all the GBE operations do that provide a

profit. We draw on those to fund the revenue fund in many cases. So the picture is not pretty but all is not lost and in describing the less than pretty picture, I am very conscious that we are facing a currently unfunded deficit in excess of \$1.5m or thereabouts and the message from that clearly with the presentation of the document today is that we are in no position to go it alone for the remainder of the financial year, if at the end of the financial year we expect to maintain our cash position as of the 1st July 2009 and be in a position to give us confidence going forward into the next financial year and what that has meant, is as the Minister has said, we are going to be reliant on a \$2.5m contribution from the Commonwealth. Now that discussion is yet to be had and if that contribution doesn't come. What are the options that we need to consider for the remainder of the financial year. Well as every day goes by, those options are reduced and it becomes increasingly difficult to find our way clear of the problems that we have. I have no issue in approaching the Commonwealth. I think I need to make that clear. In the past we have approached the Commonwealth in various different forms for assistance, whether it's for upgrading of the Kingston Pier, whether as we do currently, work through a number of different Commonwealth programmes for assistance and support in some of our activities, whether it's in buying equipment for the Waste Management Centre, whether it's partial funding for the KAVHA operations and the like, we've done it under different guises. This is a direct approach. The Regional partnerships programme for the support of Tourism Marketing and promotion in 2007 where we got \$300,000 from the Commonwealth to assist us in that, and clearly that activity paid dividends. It was a co-operative arrangement with the Commonwealth that paid dividends and I think it's fair to say that without that additional funding the visitor numbers in that year, the financial year in which it had effect, would have been worst than they were so that said, if the Commonwealth are of a mind to provide a stimulus package as has been described by the Chief Minister in previous discussion, then that would be welcome because we do recognise that tourism is what drives the economy and generates the dollars and cents that circulate within the community. As far as the budget is concerned, I welcome the additional funds. Well it's not additional funds, we had from a tourism perspective, budgeted on the provision of the \$1.285m in the original budget. We committed ourselves at the time of the passage of the original budget, to providing the shortfall of \$285,000 at that time it was just a matter of finding out where we were, where we could best source those funds and how we were travelling through the year but we were committed to providing it and the Tourist Bureau have committed their budget to that amount. This budget leaves us still \$35000 short of that and clearly that's something that we are going to have to continue to monitor over the next few months to see what impact that may have on their ability to fully

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Fully discharge all of their agreements and arrangements that are in place. There are still some lingering concerns about some of the creditor payments that have been made and we are yet to get to the bottom of that as to how cash flow might be impacted on the Tourist Bureau in the remainder of this financial year but we will certainly, and I'm sure Mr Anderson as a Member of the Tourist Bureau is very conscious of the need to manage that situation very carefully until the end of this financial year but it is something that we need to work on. The budget documents have only in relative terms been recently been circulated to Members of the Legislative Assembly and I've spent some time in going through them but still am pleased that this is going to sit on the table for another month to allow some closer examination and that month is going to provide us with some real opportunities and I think is going to be a very important month for the future of Norfolk Island generally in that we will have some answers from the Commonwealth over the approach that's been made and the proposal that's been made to assist the shortfall in the revenue fund budget for this financial year and I have no doubt that the Commonwealth I think will give favourable consideration to the approach. But Mr Speaker when you go looking for money whether it's in your own private life, or in your own business activities, the people that you go looking for money from, whether it be a bank or a lending institution or a private financier usually in most cases will have

some pretty stringent and strict conditions that you will need to follow and adhere to as part of that process and we need to be, as a unit, prepared to accept that there aint no free lunches and we can expect that there will be some contrary conditions that will be imposed on any support package or stimulation package for want of better words that might be provided and that's no different either from what's happened in the past whether it's been the regional partnerships programme, where we had to look to the business community for a contribution and the Government had to provide a contribution and then the whole lot was put together as a package. Not unusual. Not unusual in our loan for the Norfolk Island airport upgrade to borrow the \$12m despite the fact that we weren't charged interest on that, we've been asked to make sure that the contribution level is sufficient that at the expiry of that loan we have sufficient funds in place to pay for the next upgrade. I mean those are the type of conditions that can be attached and they can be many and varied so the point I'm trying to make is that when we do look for assistance we have to expect that there are going to be conditions attached and they may not be as palatable as some of us might like. Others may take them as part of doing business and certainly that's the way I look at it, so where are we. We've got a bit of over \$1m unfunded deficit that we are looking at, at the end of this financial year and clearly it's imperative that certainly over the next six months, til the end of this financial year we will focus our attention on dealing with that and focus our attention on finances and on sustainability and I may have a differing view, I do have a differing view to Neville on the sustainability question. Certainly I've adhered to the concepts and the principles that are outlined in the Econtech Report that if we do x y and z we can expect a delivery of so much and that will be the net benefit to the coffers and the economy generally and this will be our position. Unfortunately we are not tracking along the projections of Econtech and so it goes without saying that if we're not tracking on those we're going to fall short of their projections as far as benefit to the community. Now those projections I think, certainly the latest ones from the Econtech report in 2008, the revised version suggested that even if we were tracking along the projections we were still going to be some \$400,000 short. Now that's not a lot of money in terms of the overall budget but it still indicated that we were going to be a few hundred thousand dollars short on what we needed, generally across the board and taking into account that, the Econtech made provision for depreciation, asset replacement and those sort of things, which are all things that are necessary to look to, to the future, and despite all of that and despite and being conscious of the fact that we are not tracking where Econtech ideally would like to see us being, the net overall result obviously that flows from that is that we are going to be in a far worse position then we would have been then the \$400,000 position, and that's evidenced in this budget and that's evidenced in where we are so, to achieve that sustainability clearly we have to make sure that we at least meet, if not exceed those projections in the Econtech report. Now, the Minister has quite correctly identified that both his and my primary efforts are directed at lifting visitor numbers in Norfolk Island and ensuring that we meet those targets and if we do that it will be applauded but at the moment, and on the projections that we have before us and are contained within this budget document, we are not going to meet those targets as they've been set out in the Econtech report and that just makes the job in the next financial year that little bit more difficult to make sure that we recover from the loss and we actually meet those targets and that's where our focus is. Why are we here Mr Speaker. I think I've touched on that. Contributions from the GBE's if we look at them, I've talked about Telecom. They indicate as well in taking the historical data in how they have performed through the financial year is how we have come to the point the Minister has and the Public Service has in projecting what's going to happen between now and the end of July. Now that's if all things remain equal and everything remains on target, but any change to that upwards is of benefit to us. If things get tougher, the expectation of the contribution from some of those GBE's will in fact be less than is contained in this paper and that's something that we need to be conscious of that, and I'm sure the Minister is, but it is something that we all need to be very conscious of, and we're going to have to monitor this very carefully whether or not we get a contribution from the Commonwealth. And I'm sure that they are going to insist that we do. I think over the years we've talked about, we've had great ideas about what we would like to do and what we would like to aspire

to. Some of those things probably have been forced on us I think it is fair to say, by things beyond our control, so that's changes and regulatory environments, and in that regard I refer particularly to the airport undertaking and the requirements for RESA and the requirements to have five vehicles that can service the size of aircraft that's coming in here and can respond at a certain time and carry the right amount of equipment and all of those other necessary things. I think it goes without saying that we've recognised for a long time the need to replace the fire engines at the airport. The pressure has been steadily increasing that the decision needed to be made sooner rather than later. It's just not something that you are able to defer. And you've got to house them and you've got to do RESA because that's part of the regulatory environment that we as an international airport operator operate in. So those things come about sooner rather than later and we have been cognizant of the need to do those things. Have established the airport GBE in such a way that it collates the taxes for those purposes and its fair to say that even though the reserves of that GBE have been technically exhausted, historically demonstrates that there's a good earner of revenue and it will re establish the funds within it to finalise RESA, to finalise the fire station, to pay back the airport loan and to provide the safety net for any further capital works that might be required at the airport, subject of course to the international environment. Not then deciding that we need to have a twelve foot high fence around the perimeter of the airport and to increase further still security measures and the like which all have, and have in the past, impacted pretty significantly on the airport budget. But that's just an example of the way those GBE's can perform. Historically and that even though they are at a low ebb they have the potential to recover and to meet and exceed any of their forward commitments. Think historically it's fair to say that aside from new fire engines and RESA and meeting those compliance issues, we have resolved that we want to build a new hospital and we need to replace it, and somewhere, sometime that's going to have to happen and we have to find the many many millions of dollars from within our resources, philanthropic contributions, assistance from the Commonwealth or where-ever to allow or make that happen, and that will happen in time. I have no doubt of that. But if you were to ask me which year is it that we are going to build this hospital, I couldn't tell you. At the moment we're talking about going through that on a staged basis and building one part of it and slowly working through the system. People have been discussing with me in recent days, stimulus packages that the States and Territories are looking to the Commonwealth to provide and some have suggested that there would be no better stimulus package for Norfolk Island then for the funding of a new hospital to create jobs, employment and the flow on benefits through the community and ultimately end up with something that has, for the sake of argument, been one of the prime topics of criticism that's been levelled at Norfolk Island is the state of the hospital. Susan Way was here with us yesterday and like the JSC and like many previous other Federal Parliamentary visitors who have come to Norfolk Island have praised the staff and praised the service that we provide at the Norfolk Island Hospital Enterprise and praised the surprising level of services that we are able to provide but each and every one of them without exception, have recognised like we do that there is a need one day to replace that building. Some have said that it's disgraceful as it is now I think some have suggested that OH&S is a prime concern immediately at the Norfolk Island Hospital Enterprise because it wouldn't meet standards elsewhere. Some have suggested that the buildings quite fine just give it another lick of paint and you might get another fifteen years out of it. I mean, we listen to all of those things, but we have to be realistic about it and recognise that it's not going to last us forever. The telephone exchange isn't going to last us forever. The power house isn't going to last us forever. Even renewable energy options if they are brand new tomorrow are going to depreciate from day one and are going to have to be replaced. This is a very very difficult task under our own steam and in part because of the impact of the cost of meeting compliance issues, and infrastructure and capital requirements, we find ourselves in the position that we do today. Compounded by a whole lot of other things that are happening generally around the globe. What's been done. I think the Minister for Finance and the Chief Minister have ably discussed those issues about looking at expenditure. I think the Chief Minister last month described going thorough the budget process line by line and that's exactly what did happen. It went through line by line to

see where savings could be made. Where there was unnecessary expenditure, where that could be trimmed and the Minister for Finance has discussed that in detail which I welcome. And then some might say well what about looking at increased revenue. What can we do to do that. Well in some areas we will expect some increased revenue. Minister's talked about gaming. The Minister's talked about a couple of other areas, the Liquor Bond where things might be up but that hasn't offset the things that are unfortunately on the wrong side of the ledger. And the Minister for Finance in his presentation talked about not increasing any taxes. Certainly that has been a consideration amongst the executives at our preliminary discussions over how we would address the shortfall in the budget, whether that meant an increase from 9% to 10, 11 or 12% of the GST. Whether that meant looking at new taxes. An income tax or land tax. Land rates and various other similar type for want of a better word, local Government type taxes that you would expect in other jurisdictions and a conscious decision was made that following assessment, that addressing those issues today would not necessarily provide you with the income required to fill the hole before the end of the financial year. So what are the options. The Minister's clearly outlined the option of going to the Commonwealth and that's going to happen. The meetings will take place. A proposal will be put and negotiation will be had. That is an option. We have discussed around this table amongst all Members of the Legislative Assembly the other options, about, maybe it is time to look at making a contribution to the Commonwealth in return for their support and the underwriting of some of our major infrastructure projects. Some may argue that because we do get a level of support now indirectly through some of the programmes that Norfolk Island is eligible for that we should already be making some sort of contribution. Some quite rightly argue as the Minister for Finance does, that maybe it is something that we should have expected, was made as a contribution over past years and maybe we've been too proud to actually run the argument strongly and forcefully with various Ministers. But we are going to them. We are going to be asking them for funds and one of the considerations that may need to be had is, yes that can happen but you are going to need to make contribution in some form or fashion. We've discussed collecting our GST and passing it over. Every single cent of it to the Commonwealth as a contribution to the Commonwealth and seeing whether that would satisfy the criticisms that we don't contribution yet we are taking benefits from the Commonwealth. We don't know until that's tested. We don't know whether that will be an acceptable position or no. We've discussed the imposition of other taxes whether it's of a local income tax and again, bundling that up and passing that to the Commonwealth as a means of making the contribution and then expecting some contribution in return, because let's face it, I know the argument's been had about the Indian Ocean Territories, the tax take the contribution of the Indian Ocean Territories to the finances of the Commonwealth is very very small compared to the contribution in return made by the Commonwealth to support the activities that takes place in the Indian Ocean Territories so its not a unique situation that we are talking about, but at the other end of the scale, the idea of a contribution and this is the other extreme from what I'm talking about, is the complete overlay of the Commonwealth taxation system and the requirement obviously to maintain and run our own Local Government and State and Territory Government type taxation systems in conjunction with that and it would be foolish if that suddenly was to be overlaid as we spoke with Susan Ley yesterday and I think there's a recognition that it's not just as simple as doing option 1 and seeing whether that's acceptable and what you would get in return. It's not just as simple as overlaying everything that is in the Commonwealth in Norfolk Island until and unless you have done a full assessment of exactly what the impact of that will be on people's lives, on industry, on business and on the community as a whole. And then of course there's the hybrid of maybe contributing something and maybe having also the extension of some portion of the Commonwealth taxation system. And this Mr Speaker is based on the understanding that to ensure that we can meet all of our requirements necessary for capital expenses and infrastructure development on Norfolk Island we are at a loose end. I think we recognise that we can't do that alone. I think on the other hand, we recognise that our recurrent expenditure and the provision generally of most and if not all of our services, we can manage with some tweaking on the edges, but that is so heavily heavily dependent and reliant upon

maintaining a viable and robust tourism industry and we can't not continue to explore the development of new industry and commercial activity in Norfolk Island . we have a Minister for Commerce that we have appointed to explore those opportunities and we probably need to ramp that up in conjunction with what we are doing to maintain our tourism industry. Gaming. I said I would come back to that. Gaming as the Minister says is a good news story. I accept that. But in accepting that I have to raise a note of caution in that I've seen these good news stories over a lot of years where people have come in and they say, look there's millions of dollars that we are going to be able to provide to you through gaming and they haven't eventuated. But it's not to say that gaming hasn't been good to us. Because, and this is only just a guestimate, that since the dollars have been flowing I would estimate that we've probably taken somewhere between \$3 or 4m from gaming, if not more. At the time of the establishment of gaming the Government of the day had declared that the intent of revenues raised from gaming was to set them aside for specific purposes projects such as those I'm talking about. Infrastructure and the like. And if the money does flow from gaming, as the projections show us, and I'm comfortable for those projections to sit there at the moment. If it does flow we are going to be well placed to address some of those infrastructure issues, but there's a lot of ifs, buts and maybes. There's no guarantees in this game at all and so there needs to be a note of caution there, and there needs to be a note of caution as we have with tourist arrival figures. We struggle year after year after year to raise them and we're at the mercy of other environments and other activities, and other promotional avenues that are out there by those in what is a very very competitive marketplace and as I was saying to somebody the other day, a million dollar marketing budget combined between the Tourist Bureau, Airline and some of our partners, doesn't go a long way when you look to try and put a \$20,000 advertisement in a newspaper and those are the rack rates but put a \$20,000 advertisement in a newspaper, what it equates to is having one advertisement in one Australian or New Zealand newspaper, once a week over fifty weeks. That's it. We do a heckova lot better than that because we are able to enter into these cooperative arrangements. We are able to buy better space by negotiation. We are able to do a lot of things very well with the limited funds that we have available to us. But unless we can continue to support that, and it needs a lot more money than we already give it, for that to be successful and you might say that you don't agree with that, and there will be some people who say we don't agree with that. I just hark back to regional partnerships. Very clearly demonstrated with the additional support funding, we were able to generate additional numbers so it's proven that it can happen. We just aren't in a position at this stage. I would love to give them another million dollars today and say, look, let's go out. We're going to ask the Commonwealth for that to assist us as a stimulus package and as I said, I've got no issue with that at all. We haven't progressed the additional taxation measures at the moment but there still are further options that are available to the Government, the Legislative Assembly, the community, to be considered and just like in your private life, or in your business life, we have the option to go out and loan money. Certainly something that we talked to Susan Lay about yesterday. That's an option. Whether it's a palatable option. Whether it's realistic I don't know because if you go and loan money there's an expectation that you're going to pay it back and somebody who loans money wants to make sure that you've got the wherewithal and you've got the systems in place to ensure that they are going to get a return on their investment as well but it still is an option. We have discussed the options Mr Speaker. Also a sale of assets. The one that most often comes to mind and is a regular talking point around the table is the sale of the liquor bond. You know, many argue that it would be great, that it would give you that cash injection that you need immediately but what of the future. Where does that place us. And those are the answers that we haven't got yet. Others suggest that it would be foolhardy to offload one of your biggest earners and contributors to the revenue fund. I take that on board and I accept that. But there are assets that could be realised to get us over an initial shortfall and those assets currently provide some security whether it be an approach to the Commonwealth for a loan or contribution of \$2.5m. They are secure in the knowledge that the Administration, the Island, has the assets to support that and if it was transferred into some sort of loan arrangement, the security's there. There's no issue with that. But

it's something that we have to consider and it's something that as part of the options going forward but do any of those really overcome these in ground problems that we seem to face and I think since 1979, and I'll probably be shouted down about this, but I don't think we've ever had enough money to do everything that we've wanted to do, and I'm not saying that we should have, but importantly we've never had enough to do what's absolutely necessary and certainly not all of the time. We are always talking about, and have always talked about, what we aren't prepared to do and the services that we aren't prepared to provide and you have to bear in mind that since 1979 we have a community that has become reliant on expectations and expectations that are generated by a belief that they haven't got things that they think that they should have. And the expectation in the community is that they want better services all of the time. Better health services. Better telephone services. Better internet services. Better transport services. Better roads. Better schools. Better communication at the school. Better opportunities for children. Better opportunities for those in the tourism industry. So the demands continually increase as people have and generate these expectations of wanting more and more and we as their elected representatives certainly get very much embroiled in that because we are the ones who are asked to provide those and to stretch the dollars even further and further. So. What does all this mean. There's a lot of hard work to be done. Certainly a lot of hard work to be done in the next month and a lot of convincing of what I'd prefer to call our partners in going forward which undoubtedly will be the Commonwealth. A lot of negotiation. Sensible discussion based on what is possible. And a lot of discussion about what the trade offs will be for them assisting us in this way despite the fact that there are indicators out there that are good. Visitor bookings, can be demonstrated. Some of the GBE areas will recover after having had to cover the costs of some fairly significant projects and that they'll meet and exceed those expectations so there's some bright stuff about. We are currently in a very very precarious position and it goes without saying, my firm believe is that the most precarious position Norfolk Island, the Legislative Assembly, the Government and Administration have ever been in, but to assure those who are listening, that our energies are in trying to resolve those issues and I know that the decision to approach the Commonwealth for assistance is significant, and is controversial but as has been highlighted, is necessary and a necessary part of our consideration going forward and so I welcome that. If I could just go back and touch on the taxation arrangements for a minute. The suggestions of increasing GST, the suggestions of putting in other taxes. We are conscious, I hope all of us are conscious that there are people in this community who are doing it extremely tough, that are having problems meeting their commitments, whether it's healthcare levy, or Administration bills or even meeting their commitments to pay some of their business accounts in town. We recognise that and we need to, in giving consideration to the taxation environment in which we exist, as to where is the point of resistance, where it doesn't matter what tax or what level of taxation that we implement, there is going to be a place where people just simply cannot afford to pay any more and we have to be very very conscious of that in all of the discussions that we're having and the decisions that we are making. Now that's my initial contribution Mr Speaker to the debate. I look forward to the input of other Members and certainly the careful consideration of factors over the next month and look forward to engaging more fully at the next meeting. Thank you

MR ANDERSON

Mr Speaker I'll be a lot briefer than my colleague next to me. Firstly I think the budget process has been a great thing, regazetting it, because it's been so far out and looking at some of the areas where we thought we could have saved money, have found that it wasn't the right way to go. I think that it would have had other effects and I think the budget process that we've been through has clearly defined just where we are. Now I would support the steps that are being taken for a couple of reasons. One, it would be irresponsible of us at the present time, to be looking at increasing specific taxes whilst we have got the present negotiations going on with the Commonwealth because once something has been bought in, it is never taken back and for us to go in the wrong direction would be completely irresponsible at this stage, so we have to play out the plans that we have decided on or is being suggested.

If we look at where our revenue stream has fallen down, as far as I can see, it's in two areas. Telecom and in that area, is it because we didn't move with the times when we should have and now find ourselves in this position. The other area of course is just straight out revenue for tourism which affects the airline, revenue from GST and so forth, it's a complete flow on effect. Now I'm very confident that the tourism plan and the work with the airline and the direction we are taking is going to be very positive and show great results but it's not going to do it tomorrow and it's going to take time so it can't be fixed overnight. So we have this shortfall in revenue. There are savings to be made in the Public Service and through our budget but they're not great savings. We've got to give services. We can't just stop giving services to the Hospital or social services and what have you, or education. They can't be passed off and there are fixed costs there that will be there. There are savings but that is again, long term efficient planning so I'm going to support the plan that is being put up and as I say, I just would like to reiterate the point that I'm making about it would be irresponsible to be bringing in new taxes at the present time until we know where we are going with the Australian Government and there just aren't any significant savings through the budgeting process. We've saved what we can going through. Now we haven't had time to get to all the details which we can do at next month, but a cursory glance shows that point. The other thing that I would like to make from my perception of things is that going to the Australian Government as we are, we are taking a very positive approach to this and something must come out of it, and that is important because we have not put ourselves in a position where we are going to have some sort of positive outcome. Now Mr Gardner has gone through a lot of what if's situations, which I think we are all very conscious of quite frankly and they are all just that. What if's and there are so many things that could happen, but what will happen with this plan is we are going to get an indication of just what action we've got to take. Now if it comes back that there's got to be taxes, we'll look very carefully at this as Mr Gardner said. You raise taxes. We saw with the FIL, you raise it above a level, and you don't get the return. I would think that if you raised GST above a certain level, you are not going to get the return. So we have to look very carefully at what these taxes are going to be. I don't think it's any secret that my idea is that we should have an income tax but I want it to be a Norfolk Island tax. I know all the problems of collection but I consider that to be our answer. If I was game enough and thought I'd get it through I would look at what ACCESS Economics suggested some years ago of an expenditure tax. I won't go into that. It has no hope of getting up because most people don't understand it, but that would be a great solution for our situation. I think we have to have an income tax and I think that would probably be the final outcome of things but now is not the time to be making those suggestions until we've started real negotiations with the Commonwealth. Thank you

MR SHERIDAN

Mr Speaker very interesting there and I think the Minister for Tourism takes some sort of pleasure out of putting us through some of those long speeches that he has to put into some of the debate but it's appreciated and it covers all areas very well. This will be sitting on the table for a month and I don't intend to go to any great degree but I have a few comments to make and I think the first one to make is that I believe since I've been down here this is the first budget that we've had that totalled the GBE budgets as well, instead of just purely the revenue fund and in saying that, it certainly makes the process a whole lot easier to understand and having the figures available to see exactly where your revenue will be coming from or where it's going out and it really makes it so much easier and I think I made mention when we had the original budget in June, that when you look at it, I made the comment that we needed an additional \$185,000 for tourism which has come to the fore that we have to put in. maybe the \$700,000 take from the Telecom would not have been in there if we had had these detailed papers, so in saying that, it would have been more constructive back in June and the budget may well have been a more realistic one then what we passed back then with a surplus of \$1000. a deficit of \$950,000 is positive in the sense that we've had six months of the financial year to allocate expenses and income against, so we're virtually 50% of the way there so we know what we are going to achieve this financial year and that's made this so much easier you might say, this review, because

we've had those six month figures to work on so I'm quite satisfied that the figures that they have produced are quite realistic in the six months coming up because of that 50% history. Just in saying that, there's a few areas that I would like to make comment on, in some particular areas there, and firstly the Minister for Finance said that there's no increases in taxes but it doesn't necessarily mean that there won't be any increases in charges and of course the regulations that got tabled today was an increase in the postal services. The local stamps goes up by 5 cents to 15 cents. I was unaware of that until I read the Regulations and of course outgoing mail has increased from these Regulations that we've tabled today, so there are some increases in charges. No taxes but charges. Either way, it's revenue for the Administration and no doubt they won't be the last. Just working through a few things that the Minister talked about. These are issues that we've had over the last two years of this Legislative Assembly and it hasn't been mentioned I this budget review. If you work through them, in Lighterage there was no mention of barges. Now I think we've commissioned a report to purchase some barges. Now I don't know where that is at, but this is where the Minister in the next financial year, if it is his intention to get his cruise ships here, and we need those barges, these would have to be funded from somewhere and there's no mention of that in there. The port feasibility study. It's a bit of an anomaly where the study has been funded out of the sale of rock. I don't know why. I would have thought that Lighterage might be a better area to take that out of but in saying that, the port feasibility study I thought was due months ago and yet we haven't seen anything so we don't know where that's at. Whether we need to fund more on that. Again through Telecom we did discuss and I think there was some discussions on SPIN the cable network up to Noumea and actually we had officers go to Noumea to discuss this with the principals. Again. It's fallen off the table but where is it. Where is it at. Are we still going down that road of providing this underground cable to the island. Are we still going to do that. In electricity now with the solar power coming a reality and it's hooked up into the grid what effect will that have on electricity's income. Okay. I realise that will be offset by the savings in fuel but there has to be a point in time where if the island gets flooded in them, there has to be an evening out somewhere where the income from electricity will not be able to pay for the reticulation of services etc so does that mean that the people who remain on normal power will be disenfranchised by having to pay higher rates. I don't know. These are things that have to be discussed. Plans have to be worked out and we have to make decisions on where we stand on all these issues. The airport. In the revised budget there was \$1.5m for the fire station, \$1m for RESA, and \$600,000 for the loan repayment for the reseal. My queries there are, for the fire station \$1.5m, is that just to lock up stage. Is that the complete fit out. Do we need to expend any more in the next financial year. Same for the RESA works. \$1m. I believe the total costs was more than that and I think there was an indication that only the northern end would be complete. Is that just to complete the northern end and the eastern end and south east end have to be carried forward. These are all things that we need to really think about, not only for this budget that we're passing now, but we have to think ahead. Where our money's going to come from. GST where the review I believe was done in April last and yet still that reviews results and recommendations hasn't come to the House. There could be huge potential there to increase our revenue from GST. Getting that review. I don't know. There should be That's what the review is all about, to fine tune things and to stabilise the income. Like Minister Gardner stated, I do have concerns about Norfolk Energy and the dividend that they take. I was on the understanding that when we set up Norfolk Energy and the Government's total take from the enterprise would be costing incurred in supplying the services etc through Martins, the maintenance of the Depot, the payments for the providers of the fuel, and the equivalent to the fuel levy. Now I see that in the initial documents there was only something like \$350,000 additional, but that's gone up to \$600,00. now when we talk about no new taxes, is this a new tax. Is this just a surplus that's purely because of when we first did Norfolk Energy we made a formula. Is it because the formula needs a bit of fine tuning. Do we really need to take a \$1m surplus for the revenue fund as a dividend out of Norfolk Energy. Something else that needs to be looked at. Do we have to fine tune the formula and in saying that, like I said, we got the paper last week. We haven't had that much of a chance to go through them with

detail but like I mentioned to the Minister on Tuesday, I will support a deficit budget of this degree, only if, he can provide me with a plan for the way forward. That would be something that I would be hoping to see through the next month. Some details of how we would be able to work our way out of this deficit that we find ourselves in now. Again Mr Gardner touched on it. We discussed these things briefly during the week and we talked about sustainability, and I believe that the bar has been reached. A small community of this size, of 1800-1900 people can only provide so much revenue, so much income. We rely on our visitors to provide the bulk of it, but the residents themselves can only provide so much. I really believe that the stone has been squeezed virtually dry. And in saying that, how much more will our total income start to rise. Can we afford to keep raising that income. If we can't, if we say no we can't do that, we have to look at our expenditure. Our expenditure keeps increasing and increasing so we can't fund the expenditure. We have to look at that side of the coin as well. Not only our income. We have to look at the expenditure side. How can we save money. What can we do to cut down on that expenditure. Again, the budget review starts in February as the Minister says and these are things that we really have to look at in the next five months, because the budget will come to us this June. I won't say any more now. As I said, I would like to review the paper some more and just leave the Minister like I said, I would love to see a plan for the way forward and forward projections. I know that we do have some for the GBE's but after a year or two of those projections I think they really need to be rehashed, so whether or not you can say there's a solid five year projection, I don't know. I don't know whether you can hang your hat on them but it's something for the Minister for Finance to take on board and take all views on board and come up with a plan. Thank you

SPEAKER

Thank you. Before I ask the Minister for his confirming remarks I would like to come down to the floor if you wouldn't mind taking the chair

MR SNELL

Thank you Mr Deputy Speaker. I think all of us are very much aware that we are not alone in this matter. There are many Governments around the world seriously short of the money to meet their expenditure. Norfolk Island is in a difficult situation through sustainability and I wish I could shake the hand of John Ryves who twenty five years ago he forecast this very situation and he didn't get the support that he needed for some type of offloading of expenses in return for some contribution from Norfolk Island to the Commonwealth, however, we still have the situation where we provide benefits here that are funded and should probably be funded with Commonwealth assistance, and I refer to the airport and communications and related services and so on, and we have to remember too that the Commonwealth in a lot of areas have put up hurdles in front of our revenue raising areas and I refer to international banking and so on. It is inevitable that expenditure needs will exceed available revenue and difficult choices will have to be made by this Legislative Assembly. The Norfolk Island lifestyle as we have known it is probably gone, particularly for the next six months anyway, and I congratulate the Minister on trying to balance this, even though it is a deficit balance, in trying to save as much pain as possible. We have options. Increasing revenue by raising taxes or charges, which in some cases may be necessary, but of course, the forecasted revenue needs to be realistic since unrealistic forecast can lead to unplanned budget deficits or unplanned expenditure cuts during the year. Obviously we have areas where we can help to close the fiscal gap and that's reducing expenditure as mentioned by previous speakers. Abandoning activities that are no longer necessary, is one of them, privatising or contracting out some activities that the Government already takes responsibility over, certainly there is the question mark of whether we operate efficiently or not here. Improving budgeting and financial management. And that's no criticism. Only the situation that we're doing but of course we are still relying heavily on incremental budgeting and we're planning on going to a better international system of accounting and as most people know, most conventional budgets are incremental, but hopefully the new one will assist us in planned expenditure which of course are based on previous years expenditures, that's an incremental

budgeting. Plus an allowance for inflation or service improvements. Such budgeting is easy to do and offers relatively stable situations. However, Neville challenges whether the activities are really necessary or whether it could be correct or it could be carried out in other more efficient ways. I think we have reached the situation now after thirty years, whether we are doing things right here in Norfolk Island or not. Some of the advantages and disadvantages of course of this incremental budgeting system that we've relied on over the years is that it's simple, it's quick, it's accurate if little change is made in its activity. Some of the disadvantages is that there's not account taken of necessary future changes, which we've been caught with now, assumes the base is accurate and also compounds historic errors if there are any. In reducing expenditure of course there are situations where we could look at abandoning activities that are no longer necessary. Those will have to be looked at. Privatising or contracting out some activities. I'm sure we'll look at those in the next month. Operating more efficiently, improving budgeting and financial management, improving revenue collection, improving the identification of taxes and tax liabilities, certainly is one of them that's been mentioned also. Improvement in record keeping, accounting and checking arrangements. More effective pursuit of arrears, reducing collection and compliance costs. Increasing charges for services. Charging for some services that the Minister mentions are now free and he mentions of course green waste and radio and television. Reviewing charges in relation to service costs and we could look at increased local tax revenues, increasing tax rates and certainly not income tax. We don't have that but we have the ability to introduce one as suggested by one previous speaker. We have the ability to move into rates fixed in monetary amounts based on the value of the taxed object. Identifying new local taxes and of course there's borrowing. Investments that generate revenue directly or indirectly, there may be an ability for us to borrow where we can guarantee there'll be a return and SPIN is one of them and of course subject to local government or Australian Government agreement on that, but I do agree that it appears that the halcyon days are over and we are facing one of the most difficult times in the thirty year history of internal self government on Norfolk Island

MR GARDNER

Mr Deputy Speaker just one question of Mr Snell if I could. He made mention of abandoning things that may be unnecessary. I wonder if he could give me some examples of what he thinks may be unnecessary things that we provide for at the moment

MR SNELL

I can't give examples today from the areas that are in deficit but in the next thirty days we'll go through that

MR N CHRISTIAN

Thank you Mr Deputy Speaker, I'll just respond to some of the queries that you raised in your contribution to the debate. Firstly the lighterage barges, yes, I believe they are still a necessity. I had always envisaged that we would fund them as we have funded previous purchases by the Lighterage GBE and that's by the way of an internal loan from other GBE's. We took the view through the budget process that, that wouldn't be possible in this financial year, so it's something that will be considered in the lighterage budget for the next financial year. The port feasibility funding, you questioned as to why it hadn't been paid from lighterage and why there had been a contribution from the sale of rock. It's fairly simple, the Port Feasibility funding or study has been funded from both lighterage and the sale of rock GBE. I don't quite remember what the lighterage contribution was, but the logic in the sale of rock, GBE funding part of the port study is this, the port will require significant amounts of rock and the rock GBE needs to identify a new quarry source in due course and that material will also form part of the port we hope and with Minister Jack's agreement we are able to charge part of the Port Feasibility Study to the sale of rock GBE so that's the explanation there. It in no way diminishes what we pay back to the Commonwealth in loan repayment to the Cascade Cliff Loan that comes out of the Administration's Administrative charges which I think are about \$20 or \$28 per tonne for the rock and another \$20 or \$28 is what funds the Commonwealth loan so that's the situation there. The Port Feasibility Study is in its final stages of completion and in the last week or two

has been referred to a retired port pilot so that he can comment on the functionality of what has been proposed, and I would hope that I'm not too far away from receiving the final document. In respect of the SPIN Telecommunications work is still continuing with SPIN but if you recall, some time ago the contribution from the Norfolk Island Government in the contract was expressed in US dollars with a fixed conversion rate to Australian dollars and the global melt down threw all that into turmoil so we are just waiting for things to stabilise and the gaming people will speak to us in the next couple of weeks and are keen to see the optic fibre into Norfolk Island so once we have some revenue estimates from them that'll be able to firm up where we go. I have in recent days authorised the Administration to recruit the services of the consultant to advise us on some Telecommunications issues, and we will likely seek professional involvement in preparing the SPIN business case, that is, external professional advise so that's likely to happen in the next few weeks so it's not a dead issue it's just one that is bubbling away below the surface. In respect of electricity and the photovoltaics, Mr Sheridan's comments are quite right. At some point you must reach saturation point. If everybody is making more electricity than the island needs, who's going to pay for the reticulation system to move it all around? That's quite right. I don't know where the saturation point is but it's something that we will have to look at, there's no doubt about that. But that's what I've said, at the moment what we would really like to do is get to a stage where we can switch off one generator through the day and we should be able to do that. In respect of Norfolk Telecom and the dividend, if you recall, at the time the current budget was prepared, it also coincided with the transition from the old carrier to the new and some extensive modelling was done on what would flow to the Administration under the new arrangements. That modelling appears to have been overly optimistic and as Mr Sheridan has said, we now have six months of experience under the actual conditions and the budget review document that is before us today reflects the benefit of that six month experience so the numbers that are in there now are not projections based on assumptions, they are projections based on historic fact, so I think I can live with the new ones. The old numbers would have been nice but they just didn't deliver. In respect of the airport and the numbers that are in the budget for the remainder of this year, \$1.5m is for the fire station. The fire station itself has undergone an extensive internal review. We expect the completed cost of the fire station including the Emergency Services Centre will be \$1.9m. \$1.5m of that will be spent in this year. The remaining \$400,000 will be moved to the next financial year and it will cover the completion of the ECC and the apron's on the Peter's Highway side of the building and the connection to the road but we certainly intend to complete in this financial year the aviation fire fighting side and that will be fully operational hopefully within a couple of months, so that's the situation there. In respect of RESA we have capped the RESA expenditure at \$1m for this financial year. That should complete the western end of RESA totally, and included in that \$1m is the major earth works at the fire station. The eastern end of RESA as understand it, is the smaller end of RESA and that work will flow into the next financial year at this stage and be completed in that financial year. Off the top of my head I can't give you a budget figure for that but I can certainly find that out for debate at the next meeting but it's expected that the western end will be completed within the next month, that's in the next three to four weeks and then work on RESA will cease until the new financial year unless the airport's revenue recovers faster than we think it will. The GST review and Mr Sheridan's comments that the review of itself may increase revenue flow into the Administration. My assessment of that is that it will not necessarily result in increased revenue but what it will actually do is align the legislation with some things that we do by policy so as I understand it, the Legal Services Unit has completed the drafting instructions. They have gone off to the legal draftsman and in the not too distant future there will be a GST Review Bill introduced into the House so work is progressing on that at a fairly fast pace at the moment. In respect of Norfolk Energy the pricing formula hasn't changed since we introduced or took responsibility for the fuel. The \$350,000 that will go to the revenue fund this year, is the Fuel Levy equivalent, so that's money that under the old system would have been collected at 20 cents per litre. It now flows through the revenue fund to the Roads GBE where before it went directly to the Roads GBE. The \$600,000 that the revenue fund will take is basically an accumulation of profits

over this year and previous years. We haven't increased taxes there, we haven't changed the formula and we're not taking any more from the motoring public than we previously did. That's the situation there. Interestingly, at the time Norfolk Energy took over responsibility for the distribution of fuel in Norfolk Island the price at the pump was 6 cents per litre cheaper than it would have been had Mobil continued, and today's prices I would therefore estimate that had Mobil still been the owner, the prices would be at least 12 cents per litre higher than they currently are so the motoring public has received value for money in that respect. As far as broad projections and how we are going to move forward, I have no difficulty doing that. I wasn't actually going to necessarily labour the point at the next meeting of the House because how we move forwards, will be one of the things we take into consideration in formulating the budget for the next year and as I say, that process has effectively commenced as a result of the review we've just done and will get under way in earnest in February and as Mr Gardner has said, and Mr Anderson has said, part of moving forwards will involve much discussion on new revenue raising measures, and also we will have to focus on the outcome of whatever discussions I had with Minister Debus over the next few weeks. Part of the process or the reasoning behind what we've done today with splitting the budget, because if you recall we were going to deal with it to finality today, it will sit on the table for a month and the purpose of that is that in the intervening period I can hopefully meeting with Mr Debus, I will get a yes or a no from the Commonwealth and that would influence whether we needed to amend what I've got before you now at that time and hopefully that would still be the case. I know some of you may think well then, the budget amendment that's before us now actually limits the expenditure. You're not dealing with it to finality today. It's going to sit on the table for a month. How do you control expenditure in the meantime to make sure that it actually matches what's in this document. What's happened Mr Speaker is under Section 38 of the Public Money's Act, the CEO has directed, or issued a direction to public servants and to the Administration which limits expenditure to the schedules contained here, so that's the protective mechanism that we have put in place to prevent inadvertent blowing of the budget if you like, and that's the situation

MR SNELL

Thank you Mr Deputy Speaker I just refer to the question posed to me by Mr Gardner a few minutes ago regarding my comment of abandoning activities that may no longer be required, and maybe the choice of the word abandoning is not the greatest terminology, but if the current downturn continues just after looking at some of my notes, if the downturn continues, we'll see a lesser need in some areas and I think that's understandable such as we may have to look at, the airport terminal carpark upgrade for example, whether that's necessary, whether it would be necessary if the downturn continues to maintain the same number of motor vehicles that the Government owns, the beatification of the road from the airport to Burnt Pine, those are the types of things that I was referring to. Thank you

MR NOBBS

Thank you Mr Speaker I just want to cover a couple of minor things, towards the end of this. Obviously we are talking about unprecedented times both in terms of Norfolk Island and global financial crisis and over the last few weeks I've had a number of discussions with Minister Debus about some of the direct impacts that both of us have seen and both of us are enduring I suppose, with regard to the impact of the GST on tourism, and he made particular mention of some of the effects that he's seen in some of the areas that rely quite heavily on tourism in certain states in Australia. Just going back a few steps into some of the considerations that led to this Appropriation Bill. We looked at a range of options. Obviously our key lever for incoming revenue is our tourists so we've obviously looked at all ways that we can get more proactive and get other more positive results in there if possible. We also did look at the situation of casual employees to the Public Service, we looked at a working fortnight that may change in days and hours, we looked at the potential of overtime restructuring and the impact that, that may have had on the provision of those services, we looked at increasing the GST and what that would bring into the remainder of this financial year. We looked at asset evaluation, we looked at the ongoing projects that we hope to manage and we also looked at reduction in staffing. The underlying thing with each of

those options that were evaluated is that they don't do anything positive for the economy. They don't help us carry ourselves forward. What they are doing is just limiting the outgoing to the detriment of the broader economy and hence the reason in all other areas, globally for stimulus type packages, is to keep things on their feet without as we talked about once before, standing in a bucket and trying to lift yourself up by the handle by just increasing your taxes and your service costs and things like that so there are a number of options that are on the table for us, but the key that we seek is to do the best we can, long term, in terms of our economy and to keep the best flow on effect in our community. In terms of some of the issues that were raised regarding, some of the conditional aspects that might be applied to a stimulus package or whatever form that may take, if it's an injection into the Norfolk Island revenue fund we have already had some discussions with the Federal Minister regarding the performance audits for better outcomes for how we operate, we've had a great deal of discussion about programme budgeting and performance type budgeting for the Public Service and that will actually form part of the mechanics of what we look at in the budget for 2009/2010 commencing in February. We've also had various discussions on perhaps the reintroduction of the Task Force that assessed Norfolk Island for its revenue raising capacities and what of those options is going to provide the best equitable progressive outcome that's going to keep our economy going as well. So there are a number of other factors that are running in line with this Appropriation Bill. There are a number of areas that we've considered and we've considered them long and hard to see whether we are doing the best we can for the overall economy for the island and the overall community balance. Thank you

SPEAKER Thank you Chief Minister. Any further debate Honourable Members. Then Mr Christian I seek a final call

MR N CHRISTIAN Thank you 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 Honourable Members I put that question

QUESTION PUT
AGREED

Thank you. That motion is agreed to, the debate is so adjourned

ORDER OF THE DAY

HEALTHCARE (AMENDMENT) BILL 2009

SPEAKER Honourable Members we resume debate on the question that the Bill be agreed to in principle and Mr Gardner you have the call to resume

MR GARDNER Thank you Mr Speaker, as Members would be aware I went into the reasons for this bill in some detail at the last sitting and I don't intend re covering that ground but developments since the introduction of the bill are as follows. I have written a formal letter to the Commonwealth through the office of the Administrator and Minister Debus's office requesting an amendment to the private Health Insurance Act of the Commonwealth that would remove any restrictions on Australian private health insurance providers from providing cover for services in Norfolk Island. Mr Speaker I have not as yet had a formal response to that request and I'm conscious of the festive season having got in the way of that being dealt with in a meaningful manner at the Commonwealth level but I do understand from the Chief Minister discussions with Minister Debus just prior to Christmas that he indicated that he had received that request and that a response was being prepared in relation to it. Now I would hope that the Commonwealth would look favourably on that request. Indicators would seem to

suggest that may well be the outcome however the purpose of this bill, if it does eventuate, and that request is not supported by the Commonwealth this will ensure that those Members who haven't been a Member or aren't a Member of the Healthcare Scheme as well as holding private health insurance are covered from the 1st January 2009 from the expiration of their cover that is provided in particularly by MBF and Norfolk Island so that's the primary purpose of the Bill. If the request to the Commonwealth is supported and the passage of legislation does eventuate, in due course, those persons will remain covered until such time as they are in a position because of the change to legislation with private health insurance providers to be able to provide cover for services in Norfolk Island so it's hopefully only a stop gap measure but as I've explained, if it does arise that no changes can be made, at least persons in Norfolk Island who are not also Members of the Healthcare Scheme will be able to rest easy that they are covered under our scheme and that they aren't inhibited in any way or prevented from because of pre existing conditions, which they may have been claiming on under their private health insurance, they would be covered for those under scheme in accord with the provisions of the Healthcare Act on Norfolk Island . that's it Mr Speaker I commend the Bill to the House and I look to Members support for the bill

SPEAKER Any further debate Honourable Members. The question is that the Bill be agreed to in principle Honourable Members and I put that question

QUESTION PUT
AGREED

Thank you. The Bill is agreed to in principle

We now move to the detail stage. Is it the wish of the House to dispense with the detail stage. We so dispense. I call on Mr Gardner

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

SPEAKER Thank you Mr Gardner. Any further debate? The question is that the Bill be agreed to Honourable Members and I put that question

QUESTION PUT
AGREED

Thank you. The Bill is so agreed to

FIXING OF THE NEXT SITTING DATE

Thank you Honourable Members we move to the fixing of our next sitting day

MR ANDERSON Mr Speaker I move that the House at its rising adjourn until Wednesday 18 February 2009, at 10.00 am.

SPEAKER Thank you Mr Anderson. Is there any debate Honourable Members. I put that question

QUESTION PUT
AGREED

Thank you. The ayes have it. The motion is agreed

ADJOURNMENT

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

SPEAKER Thank you Mr Sheridan. Is there any further participation in adjournment debate Honourable Members?

MR NOBBS Thank you Mr Speaker just in brief, there will be a radio forum tomorrow and at this stage it looks like myself, the Minister for Finance and Minister for Tourism will be there for any community issues and questions

MR GARDNER Thank you Mr Speaker, I know that Mrs Jack if she were in attendance and in her role as Minister for Education would more than likely wish all of the students well for the next educational year on Norfolk Island. That will begin before our next sitting but on her behalf if I could wish them well, all the students attending the Norfolk Island Central School and also to wish the very best of luck and good fortune to all of those students departing Norfolk Island 's shores to take up educational opportunities both at secondary and tertiary opportunities in both Australia and New Zealand and also to those returning to further their studies. Good luck and God Speed

SPEAKER Thank you Minister and it has come to my attention the departure of our Principal Mr Frank Stanton, who is leaving and the new principal who is here with his good lady, and certainly the House extends its warm welcome to the new principal and of course best wishes to Mr Stanton and his family and thank him, and those other teachers who also may be leaving Norfolk Island and we welcome those who come to replace them

Honourable Members I have one statement that I wish to make here this afternoon. Norfolk Island next week will play host to some seventy parliamentary officers from Australia and New Zealand who are arriving on the island for their annual Professional Development Seminar known as ANZACATT. Guest speakers from the united Kingdom, Scotland and Canada will join them. Two meetings will be held commencing Tuesday 27th January 2009 when the Australian Clerks of Parliament, seventeen in all including our own Clerk Robin Eleanor Adams, will gather in the Legislative Assembly Chamber on the 27th and 28th January for their Biennial Meeting of Clerks. The 2009 ANZACATT Professional Development Seminar then gets underway next Wednesday afternoon and continues on Thursday and Friday. Seminar workshops will be conducted at All Seasons Colonial Hotel and Governor's Lodge Resort where seminar participants are accommodated. The term ANZACATT stands for Australian and New Zealand Association of Clerks at the Table. The Association which was formed in 2001 meets annually on rotation between the various Australasian parliaments and this is the first time that it's been held on Norfolk Island. The objects of the Association are to advance the professional development of its members who are primarily parliamentary officers within Australia and New Zealand. The theme for ANZACATT this year is Parliamentary Privilege and authorities on this perplexing and often misunderstood topic, will address the various workshops. I know that my colleagues here today joined with me in extending the hand of friendship to those who would join us on our beautiful island for these meetings. A number of social activities for delegates have been arranged outside of the meeting times and Members will have the opportunity later next week to meet with them. I wish to express my sincere appreciation to His Honour the Administrator for inviting delegates to join in the Australia Day celebrations at Government House on 26th January. I also would like to thank those in the community who are working with us to make the delegates stay on Norfolk Island a very memorable occasion. Thank you Honourable Members

Is there further debate. I now put the question that the motion be agreed to that the House do now adjourn

QUESTION PUT
AGREED

The ayes have it, the motion is agreed. Therefore Honourable Members this House stands adjourned until Wednesday 18th February 2009, at 10.00 am.

