



**NORFOLK ISLAND LEGISLATIVE ASSEMBLY
12TH NILA HANSARD – 17 JUNE 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

Thank you Honourable Members

CONDOLENCES

Honourable Members I call on condolences, are there any condolences this morning?
Mr Sheridan

MR SHERIDAN Thank you Mr Speaker it is with regret that this House records the passing of William Kauta known in the community as Wiremu. Wiremu worked on Norfolk Island for just on eight years and made many friends amongst the people. Wiremu was born in Opotiki on the 4th November 1957, the son of Albert and Annania Kauta. He was husband to Sandy Chuter Kauta and father to two sons, Tainui and Wade. He was also brother to Colin, Philip, Wye, Kingi, Alistair, Malcolm and Dean. He was looked up to, being the eldest in the family and his character was one of a gentle nature, someone who would always give a helping hand. He worked as a truck driver in New Zealand in the late '70's then in the building trade. He found his peace and his home in Norfolk Island and enjoyed working at the South Pacific Resort Hotel where his care and attention were evident. To his family and friends in our community and in New Zealand this House extends its deepest sympathy. Mr Speaker may he rest in peace.

MR SPEAKER Thank you Mr Sheridan. Honourable Members as a mark of respect to the memory of the deceased, I ask that all members stand in silence please. Thank you Honourable members

PETITIONS

Are there any petitions this morning Honourable Members?

GIVING OF NOTICES

Are there any notices Honourable Members?

QUESTIONS WITHOUT NOTICE

Are there any questions without notice this morning Honourable Members

MR SHERIDAN Mr Speaker a question for Minister for the Airline. Since the departure of Ozjet from our shores can you confirm that all accounts owed to businesses on Norfolk Island that supplied services to Norfolk Air have been paid

MR N CHRISTIAN Thank you Mr Speaker as far as I'm aware where there are debts owed to suppliers in Norfolk Island who supplied Norfolk Air directly I

expect that those suppliers will be paid during the normal course of business when their accounts arrive at the airline office for approval to be paid by the accounts section of the Administration. However if you are a local supplier and you provided services to Ozjet on behalf of Norfolk Air where Ozjet incurred the liability and responsibility to pay the Bill and it was inclusive or included in the charter prices paid by Norfolk Air then I would expect that you would line up with the rest of the unsecured creditors and the Administration of Ozjet

MR SHERIDAN Mr Speaker a supplementary question for the Minister. Minister isn't it correct that Norfolk Island's Spring Water has been supplying water to Norfolk Air for its premium class passengers and has accounts for some seven months unpaid, and is it the intention of Norfolk Air to realise its account for services provided

MR N CHRISTIAN Thank you Mr Speaker I'm aware that Norfolk Island Spring Water has a claim. I'm not sure whether the responsibility to pay this lies with Norfolk Air or lies with Ozjet. I have had representation from the owner of Norfolk Spring Water and what I've said to him is that if the debt is one that is payable by the Administration I will authorise its payment. If it's one that should have been paid by Ozjet and I've already paid Ozjet, I'm not in the business of paying twice, so the matter is still under investigation

MR BRENDON CHRISTIAN Thank you Mr Speaker, I have a question for the Chief Minister. Will the Chief Minister be presenting a statement about what correspondence has been exchanged with Minister Brendon O'Connor being the new Federal Minister with responsibility for Norfolk Island

MR NOBBS Thank you Mr Speaker and thank you Mr Brendon Christian for that question. Perhaps not a statement in statements today but perhaps I can answer that in some detail right now. Naturally enough, at the changeover of the Minister responsible for Territories and Norfolk Island we sent the usual courtesy correspondence of welcome to Brendon O'Connor MP to that portfolio responsibility, also welcoming him to come to Norfolk Island and receive a full on island briefing. Additional to that we've also placed information with regard to our coming to meet with him in ACT to discuss the relevant areas. Additional to that has been a letter and background documentation containing somewhere around about forty pages of what has been the ongoing dialogue between ourselves and myself with Minister Bob Debus in his role with working with Norfolk Island over the last many months, and the purpose of that, background information is to do two things, it's one so that we do not lose the momentum that we were starting to get with regard to some clearer communications from a Minister who was taking a genuine interest in Norfolk Island and it was also to ensure that the Minister had the information at his fingertips rather than relying on officers of the Department who may not have clear information as to how Norfolk Island has been operating or may not have clear information about the discussions that have gone on up to this point. Now in our recent meeting with the Joint Standing Committee, two key points came out of that meeting I think. One was ongoing communication with the Territories and the other was alliances with the Territories so that the best results could be achieved from both sides of the pacific in our case, hence the reason for us providing that detail and additional to that, is that we are naturally enough not giving up on the approach we made back in January for the stimulus funding which as \$2.5m for the stimulus support to Norfolk Island as a direct result of the impacts of the global financial crisis, so there has been a significant amount of detail in writing already and I could just say additional to that, we have also provided the forty pages of background documentation to Finance and Deregulation as well

MR SHERIDAN Mr Speaker a question for the Minister responsible for the electricity services. Minister I understand a large retail business on Norfolk Island has or is intending to install a stand alone power generator through a private person for

his business on Norfolk Island initially for a trial period and it could turn into a long term option. Minister is the connection to this business from a stand-alone generator legal under our current electricity Act and if it is not is it the intention to bring the necessary changes to this House

MR N CHRISTIAN Thank you Mr Speaker this is an area that spans over two executives. I'm responsible for electricity but the Chief Minister has been the principle person coordinating the installation of this experimental equipment in Norfolk Island and I'm not sure where we stand legislatively but if legislative changes are required, I am prepared to bring them forward to the House but Mr Speaker for quite some time now we've been encouraging renewable and alternative forms of energy in Norfolk Island to reduce our reliance on imported fossil fuels. There is some exciting technology around at the moment, which appears to generate more electricity than the input required. This is pretty exciting stuff for Norfolk Island and I have embraced the concept I suppose of having this experimental equipment installed in Norfolk Island and its due here I think in the middle of July, where it will be installed in a major business in Norfolk Island and trialled and we will take it from there

MR SHERIDAN Mr Speaker a supplementary question please, considering that this trial equipment that you speak about is new technology as you say, and though I think the Chief Minister has mentioned on occasions that the inventor of this new technology has had some very serious threats against his in regard to the technology that his system utilises. Minister the question is, what safeguards are in place for Norfolk Island if this new technology is so advanced and this bloke has had threats against him, what safeguards are in place for the community of Norfolk Island and for the actual business that it will be connected to, to alleviate any damage that some want of a better word, unscrupulous band may want to cause to this equipment to negate the technology coming to the surface

SPEAKER Mr Christian, before you answer that, that is really asking the Minister for an expression of an opinion if you could readjust your question accordingly

MR SHERIDAN Mr Speaker yes I thought it was quite plain, I'm asking what safeguards are in place or intend to be in place to safeguard the business and the community of Norfolk Island damage to the equipment or against possible threats or blow it up, what safeguards are in place

SPEAKER Mr Christian I will leave that to you

MR N CHRISTIAN Thank you Mr Speaker I'm not aware of any threats that have been made against the inventors of this equipment but if the threat is real, I can consult with our local police department here to see what measures we can reasonably put in place but in respect of protecting the community's asset which is the power generation system because this gadget will be connected to the grid, I understand that the Chief Minister has developed an agreement which has some indemnity clauses in it which protects the Administration so that if our infrastructure is damaged the experimenters will make good that damage

MR GARDNER Thank you Mr Speaker, a supplementary question in relation to that if I may, my understanding and reading of the Electricity Supply Act suggests that the Administration of Norfolk Island is responsible for any damages that might result from what's being described. I'm not quite sure and I would suggest that maybe the Chief Minister if the Chief Minister is developing that type of agreement with the supplier of this technology ensures that they are not trying to contract out of what the legal position is in relation with the supply of electricity in Norfolk Island

MR NOBBS Thank you Mr Speaker two issues there I think I can respond to. One is that I think that a lot of the dangers associated with the developing of this equipment is prior to proof of concept and prior to registration of the technologies for the equipment that is shortly to be trialled on Norfolk Island, that has been through its proof of concept and also as far as I'm aware the registration process. In terms of the liability that may be levied if there is an issue caused by the equipment, the reasoning behind having the trial within one business area is that, that particular business area has undertaken to isolate themselves from the Norfolk Island grid, to connect themselves independently to the trial equipment and to provide overall coverage should there be any incident that comes out of a malfunction or something of that equipment. If I could add to that, sorry, it is worth noting that these opportunities don't come along every day and we have gone through an extensive and very lengthy evaluation period with the two technologies that we seek and hope will add some operational value to us over the coming few months

MR BRENDON CHRISTIAN Thank you Mr Speaker a question for the Minister responsible for Norfolk Energy. Minister in the latest release of fuel prices it states the price of PULP, and I presume this stand for Premium Unleaded Petrol, and if so, could the Minister explain why we import premium fuel when I believe it costs substantially more per litre to buy than standard unleaded petrol

MR N CHRISTIAN Thank you Mr Speaker as I understand it, whether we get PULP or ULP depends on which port the tanker sails from. It can either sail from Noumea or Suva I think and I'm not quite sure which port supplies which product but that's the explanation. At the moment I think the most recent tanker arrived with ULP, and the one before arrived with PULP premium unleaded so that's the situation there

MR SHERIDAN Mr Speaker a question for the Minister responsible for the Employment Act, Minister does the Administration Employment Officer have the authority to enter a business and ascertain from company records whether or not an employer is abiding by contacts lodged within his office

MR NOBBS Thank you Mr Speaker there's a fair degree of interaction now that's leveled between the Employment Liaison Officer and the Immigration Officer on workers compensation and things like that so that we can be certain that in terms of working hours, in terms of coverage for workers compensation, and in terms of abiding by the Immigration Permits all things are in alignment as they should be. In terms of the Employment Liaison Officer in legal ability, able to go onto a site and demand records, I may have to get an opinion on that one, I don't actually have that information to hand

MR SHERIDAN Mr Speaker I have a question for the Minister responsible for KAVHA. Minister during the March sitting of this House you made a statement that the Chair of the KAVHA Board had asked landowners within the KAVHA precinct who wished to vary their property boundaries listed under the Norfolk Island Heritage Register to make submissions for variations under the Heritage Act 2002. You stated that nine applications were received. Minister I asked the question of Minister Gardner in your absence over a past couple of sittings, in that the statement was not correct and in fact, quite misleading to this House. All nine applications were submitted wholly and solely by the landowners themselves without the request of the Chair of the KAVHA Board and Minister Gardner tabled a considerable amount of paperwork dealing with this issue, but nowhere in that paperwork is there a request as to your statement. Minister will you table the document that the Chair of KAVHA at the time said to landowners within the KAVHA precinct asking for submissions as per your statement

MRS JACK Thank you Mr Speaker, look I was made aware of this question raised by Mr Sheridan. I don't have all the information with me unfortunately and so I too will take time, on getting this and I may have to continue to

respond and make a statement and discuss this with Mr Sheridan in the intervening weeks before the July sitting but the request, or in my statement when I said that the then Chair of the KAVHA Board asked landowners and land occupiers within the KAVHA precinct to make submissions comes from my interpretation of what was stated in the December sitting in 2006 by the then Minister with responsibility for KAVHA who went on and I don't know if I should read it all out Mr Speaker but he does go on and say, that the Heritage Register was formally made on the 9th December 2003, and I'm cutting and pasting Mr Speaker, but the landholdings with KAVHA includes crown land, crown land reserves, and freehold. The portions of land which are included in KAVHA are specifically listed in schedule 1 of the Norfolk Island Plan, I'm just trying to speed read to get to the part, the nomination of KAVHA for listing on the Australian National Heritage list and public consultations in Norfolk Island regarding the proposed nomination of KAVHA for listing on the World Heritage List and a review of the KAVHA Conservation Management Plan, some land occupiers, and owners within KAVHA expressed concerns with these developments and some have expressed a preference that their land not be included within KAVHA. In this regard Members will be aware that a number of landowners and their families have faxed single page documents to Legislative Assembly Members. These documents have been in a common form, requesting their land be excluded from KAVHA. Now they did that on their own volition and that was never announced. These faxed documents really don't have statutory effect but they are an expression of opinion of course from those who have dispatched them however, one freehold landowner, part of his land lies on the boundary of KAVHA has made a statutory request to vary the Heritage Register to remove their land from within KAVHA and from the Heritage Register. This is known under the Heritage Act as a variation application. I haven't yet sought public submissions on the variation application as required under the Heritage Act. It is my intention to do so and to this end I propose to issue appropriate notices to landowners and to call for public submissions as required by the Heritage Act. I notice how I took it Mr Speaker that while those initial submissions were made, they were not in fact meeting statutory requirements and in fact the Minister of the day did then call for public submissions to vary and that is how I took it. If there has been some misinterpretation, or some correction I would like to have that explained and I can deal with that appropriately

MR SHERIDAN Thank you Mr Speaker just a supplementary there. Minister I put it to you that the only information that the Minister of the day issued and it was through a public gazette, was actually in response to the first application to vary the Heritage Register and as you just stated he had a responsibility then to ask for submissions in regard to that application. At no time did the Minister ever ask the landowners directly if they would like to make a submission to vary their landholding within KAVHA and this is what I put to you and this is what you stated in your initial statement in March

MRS JACK Thank you Mr Speaker look I'll go back through what Mr Sheridan is saying and talk with him about it and we can discuss it further and as I said I'm prepared to clarify and make further amendments. That's as best I can do at this time

MR SHERIDAN Mr Speaker a question to the Minister responsible for the Environment please, is there any regard to the ability to deposit builder's waste at the Waste Management Centre. When the centre was closed in March I believe it was, it was only supposed to be closed for something like a period of six or so weeks. Minister when will the general public be able to deposit builder's waste back at the Waste Management Centre

MRS JACK Thank you Mr Speaker I wish I could give a definite answer to Mr Sheridan's question. It's clearly a sore point with builders and with Members of the community to deposit that type of waste back at the Waste Management Centre. It was disappointing that after six weeks there was still a pile to burn. I'm aware

that there's been repetitive machinery break down; the walls of the second burning pit have started to collapse. I've asked that this matter be dealt with asap, I appreciate the problems and I appreciate the public's manner in which they've dealt and come up with alternative suggestions. I apologise that I can't give a definitive answer but I have as stated before asked the CEO to get it open asap

MR SHERIDAN Mr Speaker a final question there for Minister for Finance, Minister with the cessation of Ozjet flights to Norfolk Island, and their going into liquidation, can you provide details of the actual amount of money owed to the Administration by Ozjet

MR N CHRISTIAN Thank you Mr Speaker the figure will be in the order of \$1.2m and that was quantified first creditors meeting. It may be adjusted upwards or downwards a little bit in respect of the airline operation and that basically stems from the fact that a couple of the local suppliers and they are Burnt Pine Travel and the Colonial had entered into an arrangement where Norfolk Air would make deductions from the weekly payments that we make to Ozjet and pay these suppliers directly because they were receiving fairly regular payments from Ozjet going back a period over the last one or two years so we attempted to remedy that situation by making deductions and paying those suppliers directly. However it was only a matter of a couple of weeks after those arrangements were put in place that Ozjet in fact fell over so what we have said to these suppliers is that we've paid Ozjet for the service that you provided, they have taken our money and run, I therefore can't pay you again, so you'd better line up as a creditor in your own right and they have done that but there are a couple of other things that have come out of the woodwork. Ozjet themselves where they deal with the Administration in respect of GST and things like that, for rental properties and the like, they owe the Administration I think something like \$30,000 and that could be electricity, Telecommunications, internet services and things, so they weren't directly related to Norfolk Air, they were between the Administration and Ozjet directly. The Crown Counsel will take all of that into account, but Mr Speaker there's been one further development which I find a little bit annoying, since the day Norfolk Air commenced operations in its own right, and this is immediately after the collapse of Norfolk Jet Express all payments from Qantas in respect of passengers carried by Norfolk Air on Qantas's behalf have been made directly to the Administration and that's been the situation since day one. Unfortunately, after Ozjet went into Administration some officer within Qantas directed a \$250,000 from Qantas, which was meant to come to the Administration to the Administrator of Ozjet. The Administrator is rubbing his hands together at the moment because it's the only actual bit of real cash that he's got and he's refusing to hand it over, so I'm in the process of trying to recover that quarter of a million dollars and not having too much success at the moment so Geoff Murdock the airline CEO is taking it up with Qantas as we speak now, and he's meeting with Qantas today and Wednesday of next week I will attend the second meeting of the Ozjet creditors accompanied by Ron Holdsworth the Crown Counsel and will again raise the matter and I am not ruling out suing Qantas to recover the money because in my view they made the payment incorrectly to the Administrator of Ozjet and I don't see why the Administration of Norfolk Island should suffer. Thank you

MR SHERIDAN Mr Speaker a supplementary question, Minister as part of the \$1.2m debt I believe \$800,000 of that was in the form of a bond that was lodged with Ozjet and at the time of that bond being lodged I believe yourself stated that the bond was guaranteed by the then owner of Ozjet, Mr Stoddard. Minister why has this money not been recovered

MR N CHRISTIAN Thank you Mr Speaker I'll explain the process. The \$800,000 was advanced to Ozjet as a bond and in normal operation the intention was that the bond would be cut out by the end of the five year contract with Ozjet by them doing the last two and a half or three weeks of flying, basically for free. To protect the Administration's position at the time in advancing the \$80,000 a guarantee was given by

Mr Paul Stoddard and that guarantee was by way of British European Charters, I think is the firm which is a company that he owned in the UK. Now a Dunnon Bradstreet search was done on that company and the recommendation came back that it was good for I think from memory about 345,000 pounds of credit which more or less in the day matched the \$800,000 Australian so there was some comfort there that we'd taken the correct course of action. However, that was the guarantee, and you can't call up the guarantee unless you first try and recover the money from the actual borrower which in this regard is Ozjet, but prior to Ozjet falling over the company that had the guarantee in the UK actually went into receivership on the 2nd December 2008 so our fallback position evaporated before Ozjet fell over and that's the situation there. So at the moment the \$800,000 does form part of the \$1.2m that we are owed by Ozjet. We are unsecured creditors now in that respect and what we have to weigh up as a Government going forward is what we do with Ozjet. It's likely that the company could go directly into receivership because if its hopelessly insolvent or if there's somebody out there who wants it, they could enter into a Deed of Arrangement with the Administrator which would see the creditors getting some cents in the dollar back but Mr Speaker what we have to weigh up, amongst ourselves is this. If we were prepared to pay Trade Away 90% of what's owed to us, to get 10% back and someone else were to buy the Ozjet AOC and commence another charter operation in Australia and become a potential competitor to Norfolk Air we've got to really ask ourselves whether that's in the best interest of Norfolk Island and Norfolk Air so this is one of the important reasons why I will be attending the second creditors meeting because after I consider the facts and then report back to my executive colleagues in Norfolk Island we may well take the view that it is better to liquidate Ozjet fullstop and that's a decision for next week. Thank you Mr Speaker

SPEAKER

Thank you Mr Christian. Question time has expired.

Does any Member have any further questions without notice.

PRESENTATION OF PAPERS

Are there any Papers for presentation this morning Honourable Members

MR GARDNER

Thank you Mr Speaker, under subsection 31(4) of the Legal Aid Act 1995 and clause 12 of the Memorandum of Understanding between the Commonwealth of Australia and Norfolk Island I now lay before the Legislative Assembly at its sitting on the 17th June 2009 a report addressing the matters specified in that subsection, and they are a report of the Legal Aid Advisory committee for the above period relating to its activities for that period is 1 July 2008 to 31 December 2008. Secondly all recommendations of the committee that have been accepted and a Statement of Reasons for the non acceptance of recommendations; c) that no legal assistance has been provided to a body corporate and d) enclosing a summary of the financial records of the fund in relation to the above period, and I table that report Mr Speaker

MR MAGRI

Mr Speaker in accordance with the requirement of the Interpretation Act 1979 I table the Road Traffic General Amendment No 2 Regulations 2009

MR N CHRISTIAN

Thank you Mr Speaker I table the financial indicators for the revenue fund for the month of May. I will just say a few words in respect of the financial indicators as we are drawing close to the end of the financial year now. For the 2008/2009 financial year, the budget had an estimated total income of \$13,686,000 and we had budgeted for an expenditure of \$14,863,000 which would have seen us come out of this financial year with a deficit of \$1.177m and that deficit was intended to be funded from funds held within the Administration or possibly we were holding our hope to get some assistance from the Commonwealth under the various stimulus packages. However it's highly unlikely that any funds will flow into the revenue fund coffers from the Commonwealth at this late stage and the \$1.177m deficit will

therefore stand. However we've kept a pretty tight reign on expenditure certainly throughout the latter half of this financial year and I expect the outcome will be a little bit better than budget and I will talk to that in a minute. If we look at our revenue items and they are customs duty. At this point in time, Customs duty is running at 91% of budget. Other taxes in the categories that make up that are running at 95% of budget, funds transferred from GBE this is dividend and administrative fees and the like are running at 92% of budget, funds transferred from the GST entities are running at 110% of budget, interest has achieved only 75% of budget and income from other charges is at 113% of budget so Mr Speaker the all up situation there is on a pro rata basis at this time the budget is running at 105.5% of where we would have expected it to be. Mr Speaker on the expenditure side we've managed to keep things in check so on the administrative side our expenditure is running at 91% of budget; health and quarantine is running at 98%, education is running at 98%, Welfare is running at 89%, community services at 100%, general works at 96% and capital works purchases at 87% so we have kept expenditure to 95.5% of the revised budget. So in dollar terms on a pro rata basis we have anticipated that income will be \$12.546m, expenditure would be \$13.624m at this time of the year and the deficit on a pro rata basis should be just on \$1.1m. I can say that the actual result to date is a heckova lot better than that. We've earned on the income side \$12.611m, we've spent just over \$13m so the deficit as we stand today is \$402,000 and that is \$677,000 better than we had budgeted so there's a huge improvement there largely due to some of the cost saving measures that were put in place back in the budget review in November last year and also a freeze on discretionary expenditure in the last month or so. Now just to give you some idea of how effective the freeze on discretionary expenditure has been, and I'll qualify the freeze by saying isn't not an actual freeze but what it does, is that before officers of the Administration can make discretionary expenditure now they have to first seek the approval of myself or the Chief Minister and discretionary expenditure has been traditionally running at about \$8,500 per week and we now have that down to \$3000 per week so we've down to \$5000 per week and we now have that down to around the \$3000 so we've limited the outgoing at the Administration about \$5000 per week at the moment so the exercise has been worthwhile and I thank the officers of the Administration who have had to bear with it by having that extra step in the approval process but it has born fruit. I'm quite happy there and as long as we don't have some massive expenditure blowouts for the month of June I expect that the deficit for the financial year will be a lot less than the \$1.17m that we originally envisaged. Mr Speaker if we turn the page now to capital works and purchases in respect of the revenue fund we had provided for expenditure of \$101,700 and to date we have spent \$81,300. We now turn to the current assets less creditors or assets and liability situation for the revenue fund at the 31st May 2009. Cash at bank at the end of May stood at \$641,200 and when we add debtors and the like to that and loan advances the total current assets in the revenue fund stands at \$2,722,300. When we take away from that our known liability and these are the liabilities calculated on accrual basis, we have liabilities totalling \$3,624m and the net position at the moment for the revenue fund would be a deficit of \$901,900 and that takes into account an advance from the revenue fund to the airport to continue the operations of Norfolk Air through the quiet winter periods with a loan of \$1.2m. So that's the situation there. Money's tight but I'm confident that we will get through. If we turn to the Cash at bank page and this is for all the Administration and not just the revenue fund we have a total cash at bank at the moment of \$6,467,000 and if we split that into trust and non trust type accounts the result is as follows. In non trust type accounts we have \$3.16m and in trust accounts we have sitting there \$3.23m and by far the larger portion of the trust type accounts is the airport prepaid ticket sales or airline prepaid ticket sales and that figure stands at \$2.6m. So we still have a healthy amount there in forward ticket sales and hopefully we can increase on that as we go forward. It's also worth noting that I don't have any number for May in respect of Norfolk Air. I've been advised by the Finance Manager that I'll have them within a week but from the airline perspective we expect that things will be tight for July, August with a bit of an up swing becoming apparent in September and through to October and as you will be aware, the NIGTB and the airline now have on board a new marketing person and we

hope that will bear fruit. I had a report in late last night from Geoff Murdock, CEO of the airline who is on the mainland at the moment doing the rounds and he met with the owners of Fastbook yesterday and that is Norfolk's Specialist Holidays now, and if we go back a year or so they were the large providers of business to the airline and therefore I suppose to tourism in Norfolk Island and over the last twelve months, they've suffered a 70% decline in their business in respect to Norfolk Island and they've made some staff changes over the last few weeks and their advice to us yesterday was that they are now experiencing significant new interest in travelling to Norfolk Island so hopefully we are now starting to turn the corner. Thank you

MR SHERIDAN
the paper be noted

Mr Speaker was the paper noted. May I ask that

SPEAKER
be noted

Honourable Members the question is that the paper

MR SHERIDAN
congratulate the Minister there for keeping our expenditure or our figures down this year to something just over \$400,000 in the negative compared to a forecast of just over \$1m so we're doing quite well there, but what is of concern is when you look at the consolidated revenue as the Minister pointed out for the year, if you look at the start of the financial year in July we had something like \$13.3m in consolidated revenue in the bank and as the Minister just indicated now we have \$6.467m so something, just under half. What I would like to ask the Minister is how long can the Administration keep up this rate of expenditure before there won't be anything left there to spend Mr Speaker

MR N CHRISTIAN
one of the difficulties of giving financial information to people who are not equipped to read it or understand it. Now of course if you sat there and looked at that and you extrapolated it out, you would say we're going to be broke somewhere down the line, but what is incorporated into all of those numbers there, is an accumulation of depreciation as well. So when the airport GBE for instance or any other section of the Administration spends money for which it is accumulated funds, of course your cash balance will go down. But if you look at your balance sheet on the other side, you will have a re valued asset, and that's what you've got to look at is the total picture, and not just cash at bank. Now if you want a further explanation, it is this. We have had some significant expenditure at the airport in recent times. For instance we have spent \$1m on RESA. We have spent in this financial year \$1.5m on the new fire station and combined emergency services centre. We have spent \$2.5m on fire engines so if you put all of that back into the equation you actually end up with a healthy cash balance, but the fact that we've spent the cash doesn't mean that we've lost or wasted the cash, we actually have an asset on the other side and that's reflected in the balance sheet so you really have to look at the consolidated accounts of the Administration and the financial statements to get a true picture and I consider this to be irresponsible when a Member of the Legislative Assembly sits here and reads information like that which is designed in my view to unnecessarily cause alarm bells to ring

SPEAKER
put that question

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

QUESTION PUT
AGREED

Thank you. The ayes have it, that Paper is so noted. Any further Papers for presentation Honourable Members

STATEMENTS OF AN OFFICIAL NATURE

Are there any Statements of an official nature this morning Honourable Members? No.
We move on

MESSAGE FROM THE OFFICE OF THE ADMINISTRATOR – NO 29

SPEAKER Honourable Members, I have received the following Message from the Office of the Administrator and it is Message No 29 which reads that on the 26th May 2009, pursuant to section 21 of the Norfolk Island Act 1979, I declared my assent to the following law passed by the Legislative Assembly, the Road Traffic (Amendment No 3) Act 2009 (Act No 7 of 2009) and that message was dated the 26th May 2009 and signed Owen Walsh, Administrator

ORDERS OF THE DAY**GOODS AND SERVICES TAX (AMENDMENT) BILL 2009**

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

MR N CHRISTIAN Thank you Mr Speaker. The Goods and Services Tax Amendment Bill 2009 proposes to give effect to suggestions for changes to the principal Act that arose from the review, which was conducted by a Public Service Working Party. The suggested changes did not seek at that time to change the underlying rate of GST but do seek to clarify the conceptual basis for liability to GST and improve the effectiveness and efficiency of GST collection and enforcement. Mr Speaker when this Bill was introduced at the last Sitting I foreshadowed that a number of detail stage amendments would be required, and today I intend to move seven such amendments, six of which are routine housekeeping type amendments but there is one amendment that proposes change. Mr Speaker: That amendment is Amendment No. 4 and it proposes to increase the rate of GST from 9% to 12% by amending the new subsection 5(2) of Item 3. Mr Speaker the need for this change in rate stems from the fact that we as a community are responsible for raising the vast majority of the funds required to govern and administer Norfolk Island, and we must do so wherever possible without borrowing externally. Mr Speaker as a result of increasing the rate of GST from 9% to 12% we estimate that an extra \$1,869,283.00 will flow into the Revenue Fund after factoring in the usual economic elasticity variables. Mr Speaker: The Norfolk Island Government considers that a GST at 12% could impose an unfair burden on those on lower incomes and those with young families, and, as such has designed a system that will restore social equity to the GST taxation regime. Mr Speaker the Norfolk Island Government has considered information contained in the Population Census of 2006 and compared that with information available from the Australian system where Household Expenditure Surveys for low-income earners provide more information than is available in Norfolk Island. Mr Speaker the Australian model has determined that low-income earners on average spend about 19% of weekly expenditure on food and non-alcoholic beverages and if you note there that it is 19% of weekly expenditure and not gross weekly income. Mr Speaker we have transposed that figure to Norfolk Island and have used 19% of gross earnings for low-income earners in Norfolk Island to be the number that represents a reasonable estimate of the amount of gross weekly income spent on food and non-alcoholic beverages. Once again Mr Speaker I stress that in the Norfolk Island context we are using gross income rather than what you actually spend so in the Norfolk Island context we are giving people a bit of a break. It is the intention of the Norfolk Island Government to effectively remove all GST from food and non alcoholic beverages for all low income earners in Norfolk Island, whether they be single, a couple or a family household. Mr Speaker a series of income thresholds has been created and if you fall within the threshold levels you are able to register for a special benefit under the

Norfolk Island Social Welfare System, whereby, subject to satisfying the Administration that you meet the requirements, you will receive a full rebate of the amount of GST that you qualify for. Mr Speaker: There are three thresholds, and they are as follows. The first threshold is determined if you are a single person, by the minimum wage and that is \$428 or less and the rebate you would get on a weekly basis would be \$9.76. the second threshold Mr Speaker relates to couples without children and the threshold there is \$600 per week for gross income and the rebate that a couple would receive under this proposal would be \$13.39 per week and the last one is for a household, so this is a couple with children and the threshold has been set at \$850 per week Mr Speaker for combined income and the rebate that the family would receive each week amounts to \$18.97. Now Mr Speaker what we are proposing here is that you need to prove to the Administration what your income is and that would be done through Kim Edwards in the Social Welfare System and once you satisfy us that you qualify for the rebates the rebates will be paid automatically fortnightly to an account nominated by you, electronically, and it is intended that the ability to qualify for the rebates be reviewed quarterly. Mr Speaker the Annual cost of the rebate system is estimated to be \$308,989 and the re-injection of this money back into the local economy should be of benefit. Mr Speaker the net increase of GST funds that will flow to the Revenue Fund is estimated to be \$1,560,294 and the total GST that is estimated to flow to the Revenue Fund at the new higher rate is estimated to be \$7,389,000. Mr Speaker I am seeking the agreement of the House to pass this measure today, so as to give the business community a clear two weeks to adjust their systems and equipment prior to commencement of the new rate, and to factor in an increase if necessary to their prices. Mr Speaker I commend the Bill to the House.

MR ANDERSON Mr Speaker I applaud the moves here. In my opinion there is no other available revenue raising system to us that brings us enough money in the current year. Anything else we might look at will have a time lag. I also applaud the fact of the rebate attached to the low income earners. I will support this Mr Speaker

MR BRENDON CHRISTIAN Thank you Mr Speaker, reluctantly I support the amendments to the increase to GST. I understand the charges need to be increased to account for increasing expenditure. I also support the rebate system that allows the people below the said thresholds to claim back their GST on food. I do however believe that lead in times given of some two weeks for business to adjust their scale is inadequate and more lead in time needs to be allocated. It is unreasonable to give such a short period given that all advertised prices need to be adjusted. I urge that more time be given

MR NOBBS Thank you Mr Speaker it's with a fairly great weight that we brought this to the meeting today as the Legislative Assembly has deliberated on this and on what mechanisms are available to us to provide equitable outcomes in the situation that we are working under at the moment, economically. It further reinforces something that we proposed to the Commonwealth some time ago which was an invitation to the previous task force that visited Norfolk Island from Treasury and Finance and ATO to map some of Norfolk Island's economy to enable a better understanding of what is an equitable threshold and what is a damaging threshold in terms of what we can do taxation wise on Norfolk Island. One of the issues that comes out of that with us not having clear data is that currently there is an ability to divide the community because of promises that assistance may be given if the Commonwealth was to step into Norfolk Island holus bolus and as it stands, and I would understand it Mr Speaker, I don't see that there's necessarily any particular targets of Commonwealth assistance that go directly to private sector operators. However the issue that Norfolk Island faces at the moment is of two things. One is that we are obviously combating economic downturns from global financial crisis. The other is that this Legislative Assembly has sought to put together long term plans for Norfolk Island's future. Put together a well calculated outcome that can look after our infrastructure and look after the economy of Norfolk Island so there are a number of issues that are in the mix I suppose. I intend to support this. At

community can bear. So I want to put it in this context. The 9% GST arose from the Econtech Report into Norfolk Island's revenue raising capacity and Econtech indicated that a 9% GST would meet Norfolk Island's recurrent expenditure needs and also provide a significant amount of funds over and above recurrent expenditure to provide for asset replacement, asset creation or asset maintenance. But in order to make those numbers work, we had to achieve significantly higher visitor numbers than we are currently achieving and in fact we have never in any given year met any of the visitor number targets contained in the Econtech Report so what we've done in formulating the GST at the higher rate is that we've based it on what we've actually got and what we actually need to spend to maintain, administer and govern Norfolk Island and to that end, we have used an annual visitor number figure of 29,000 and that forms the basis of the new GST rate and if we get back in the next year or so, or the next two years, to 35,000 or 40,000 visitors well then, the GST should ensure at 12% that we have sufficient funds flowing into the public coffers and I intend taking on board the suggestion of Minister Magri that we get EconTech back now to update the model that they have prepared in respect of Norfolk Island's economy and I think we need to do that sooner rather than later but that's it in a nutshell. We have looked at the situation today and in the last financial year, that's not the one just finishing but the previous one, we ended up with 35,000 visitors and in this current financial year I think we'll end up just short of 30,000 and in the new financial year, that is the 09/10 we have based all of our calculations on only achieving 29,000 so anything over and above that is a bonus. We have demonstrated only a year ago that we were able to get to 35,000 so I think that's an achievable goal for the next year, year and a half, but 40,000, 42,000 or 50,000 might have been a step too far and we've taken stock of the situation and put in place I think the necessary mechanisms that will see us through. Thank you

MR MAGRI

Thank you Mr Speaker I just want to go back a step because there was some discussion leading up to today in relation to which Bill should come forward first, the GST Amendment Bill that increased the GST to 12% or proposed to increase the GST to 12% or the Appropriation Bill, so a lot of our discussion today, even though we are talking about the GST Amendment Bill are probably more related to the Appropriation Bill and I'll be providing my decisions at how I arrived at supporting the rise from 9% to 12% in my debate on the Appropriation Bill but just coming back to the GST Amendment Bill, the GST Amendment Bill proposes pages of amendments in relation to how the GST is to be collected and formalising some of the policy decisions that have been operating under, over the last twelve or eighteen months into formal legislative processes. One of those processes that I just wanted to quickly outline, that has caused a little bit of angst in the community was in relation to how businesses might claim input credits in relation to the use of Motor Vehicles. This GST Amendment Bill before us under part 5 allows for public rulings to be made and one of the public rulings that is still being finalised will outline the requirement for business owners to register any vehicle they intend to make a claim against in relation to the use of that vehicle for input credits would have a requirement that they register that vehicle as a commercial vehicle. I think that the facility of having a public ruling is going to allow the Chief Revenue Officer a great degree of flexibility in how the legislation is to be applied. In general I support all of the amendments, they've been a labour of love for our Legal Counsels for probably a little over twelve months now and we at this Legislative Assembly have sat down and had some pretty frank and open discussion about all these amendments but I think personally that the way the GST is being run is extremely efficient and I think all in all the introduction of the GST in Norfolk Island has been a success. Just in relation to the move from 9% to 12% as I said I will probably extend on the reasons on how I arrived at supporting that in the debate on the Appropriation Bill but the key thing that got me over the line in relation to that was the decision to provide or to return some equity in relation to a refund, in relation to an amount equivalent to the estimated GST paid on food for low income earners and families, and it's important I know and the Minister quite clearly said it in his statement but it's important to note that the refund is not in relation to the difference between the 9% and the 12% but it's in relation to an estimation of the total amount of food used so I think in that respect it's a significant improvement even

thought he community is being asked to shoulder the burden of the higher tax rate and I'll be supporting the amendment today Mr Speaker

MR ANDERSON Mr Speaker I was going to talk further on supporting this Bill but most of my remarks are when we come to the Appropriation Bill. I believe it is the right move and like Mr Magri I applaud the fact that we are going to in cash pay those people who may be disadvantaged. Thank you

MRS JACK Thank you Mr Speaker. Mr Speaker, first let me take this opportunity to acknowledge the tremendous amount of work undertaken by the General Revenue Officer in reviewing the GST - both legislatively and operationally and to the Minister for bringing the amendments before the House. I also need to acknowledge the work undertaken by the GST review group, chaired by the Minister I believe, as well as the Legal Services Unit of the Administration. The road has been long and I am sure at times arduous and I must admit to wondering at times if the review would ever be completed. So it is good to be here today to discuss the Bill and in fact Mr Speaker there are only a couple of the amendments that I wish to talk about. The first is the new section 'public rulings'. This will allow the GRO, with the approval from the executive member, to make decisions on the operation and interpretation of the Act in relation to an individual or group type GST remittance. Now in that I don't mean a whole group is going to get together and put in a non-remittance form. I'm talking about the way an issue may effect say an accommodation owner or a particular type of group as they put in their remittance forms. The ruling once published in the gazette and placed on the relevant web site will be both binding and enforceable. I consider this a tremendous step forward in the day-to-day operational management of the Act. Keeping it both contemporary and relevant and giving the public more timely, definitive and binding responses to their questions and certainty in how to on manage similar business queries. The second matter I will discuss is of course DSA number 4, the movement of the GST from 9% to 12%. This increase has no offsets for the community as a whole. Yes there is the rebate as discussed by the Minister but there is no abolition of any customs duty, no abolition of FIL nor abolition of the accommodation levy. It is a straight 3% rise. I am concerned about this rise Mr Speaker. I am concerned and I am not alone in this membership in mentioning this, about the impact it will have on the community and in particular singles and couples who are social welfare recipients as well as those in the low income bracket and those with young families. I am concerned about the flow on effect this increase will have not just on the food bills but in the overall day to day/week to week expenses that make up having a family. From the car repair bills to buying school uniforms, from having a birthday party to buying everyday clothing and shoes. I believe we all care about these matters Mr Speaker and if all we were looking at was the 3% increase then perhaps many of the concerns could be more easily dealt with. But as one employer said to me yesterday look at what is being proposed - a superannuation scheme that will seek co contributions from both the employer as well as the employee, possible changes to the Employment Act, there has just been a \$0.01cent increase back on electricity. If all go ahead costs will have to be reflected in increased prices in his outlet. Staff will push for a pay increase and so the heady spiral starts. Mr Speaker in talking with others in the community many want to know just what we have been doing down here to curb the expenses, some of the public see the RESA works, the fire station and new fire tenders, the airport car park and see wasted money. Many see assembly members pay increase as another waste taken at an inopportune time, they view the public service and I quote here Mr Speaker 'as over staffed an under utilised and why don't we get rid of half of them. So Mr Speaker, how to go about responding to these issues. The shortfall was not caused by the capital expenditure program what caused it was the drop in tourism brought on largely by the global financial crisis. When investments are dropping through the floor and a person's capital wealth and future or retirement wealth is matching that drop then one of the first items to draw back on is the travel. Our expectation in preparation for the 08/09 budget was for some 38,000 tourists, we have revised that figure and are hoping to hit 30,000. That is 8000 departure fees not collected, 8000 passenger movement fees not paid, 8000 people not

staying in accommodation, not being on tours, not dining and not spending. That is a lot of fees not being delivered and a lot of GST not being paid. The capital works program carried out at the airport was CASA driven and my bet is Mr Speaker that the community would have been up in arms if we had allowed the airport rating to drop and not be able to accept international flights. We were notified in 2006 that used replacement fire tenders would no longer be available and so we knew that we would have to fund our own replacement strategy. The funds came Mr Speaker from a deferment of the airport loan asked for 2 reasons. The first was that the actual works for the reseal had not started and we did not see the reason why repayments should begin if the project had not commenced. The other was due to the collapse of Norfolk Jet where we asked for assistance in the form of deferment of payment for the loan given the passenger movement fee which funds the loan repayment could be severely affected and so too would our ability to fund the loan. The deferment was approved. The severity of the collapse did not have as much of a financial burden as estimated because we were able to rebuild our visitor numbers and we did it by establishing our own air service. No mean feat. And I remember some of those heady days as I'm sure my colleague Mr Gardner does. Days that no-one wants to see repeated. So passenger movement fees went into adding to the budgeted amount set aside for the fire tenders. The airport car park had been showing signs of poor traffic flow as well as a lack of sufficient car park spaces and funds for this project came out of passenger movement fees. These fees are collected to provide for the necessary upgrades for repairs and maintenance as well as capital expenditure at the airport. Our pay increase – well is there ever a good time for politicians to receive a pay increase. On the popularity scale we seem to rate with used car salesmen and snake oil merchants. A pay increase given in good economic times is seen by many as riding in on the coattails of the hard work done by the rest of the community and a pay increase taken in an economic downturn is seen as unwarranted. Mr Speaker the pay increase was the first in almost 12 years (11 yrs 9 months to be exact) and was awarded through an independent tribunal that asked for and received submissions from both individuals and community groups. Both the PSA and the chamber of commerce supported an increase in MLA's remuneration though at different levels. I think it worthwhile to note that had the increase not gone ahead then the total saving would have been insufficient to fund a doctor at the hospital. One other point Mr Speaker is that this increase in remuneration will, I suspect and hope, have a dramatic effect in bringing a greater number of community members to put their hands up and stand at the next election. Mr Speaker as for cutting the public service in half. Let me just inform the community, that the process in restructuring the service is one that must follow an extremely detailed process set out in the Public Sector Management Act. Safeguards are in place that ensures that fair process for public servants is followed and many consultative processes must occur. This government is committed to public sector reform and will work within the legislation to ensure that this is achieved as soon as is possible. So Mr Speaker, where to from here? A thorough review of the budget process has delivered a deficit that must be funded. The deficit without any change is \$1.7M. Unlike other states and territories we are not introducing any new taxes. We are increasing the rate of the already existing GST. The Minister has spoken already on the offset being provided for low-income individuals and families. More detailed work will be done in the coming two weeks to ensure that the program is up and running by the first of July and it's going to be extremely detailed and extremely long hours to get these policies and systems in place Mr Speaker. For those already in receipt of social welfare benefits the increase will be incorporated in their fortnightly payments with effect from the 1st of July. My understanding here Mr Speaker is that the basket of goods is reviewed on the 1st of July and the 1st of January each year so as soon as that is complete changes can be made to recipients payments and if there's already been a payment done, that we'll go back and get that added increase and that's why I say it will be effective from the 1st the July. Thank you.

MR SHERIDAN

Mr Speaker I will keep this short and sweet. I think I made some comment on this proposed Bill at the last sitting and there were just a couple of queries that I did have from the last sitting if the Minister could explain and one of the

around I know among some of the parents. Some schools in Australia are now asking for voluntary payments from parents because of funding being insufficient from their own State Government. Thank you

MR GARDNER

Thank you Mr Speaker, Mrs Jack I thank her for her brief and comprehensive discussion on a number of issues looking at primarily expenditure and what attempts have been made in Kingston to try and curb that expenditure and to respond to very widely held criticism in the community about expenditure of funds particularly in relation to activities at the airport and I think that she's given a fair summary of how that money's been expended and why that money needed to be expended and I think it was a very good assessment. Mr Speaker in relation to the Bill before us at the moment, the Goods and Services Tax Amendment Bill 2009 and the proposed detail stage amendments I think it's important to say and reinforce what Mrs Jack said, these things have been on the table for the best part of twelve months at least. There's been a lot of blood and sweat shed in relation to trying to clean up the legislation that was in place, make it more easily understandable or recognisable by people in the business community who basically are the ones who are working at the coalface in the collection of GST on behalf of the Government and so genuine attempts to try and improve the reporting mechanisms established by the legislation to assist people through where there no doubt would still be some doubts but certainly a great effort in trying to remove some of the doubts in relation to the application of GST legislation in Norfolk Island and I applaud the work that's been done and reiterate Mrs Jack's views and the acknowledgement that's been paid by my colleagues around the table to those officers who have been involved in the preparation of the Bill and the detail stage amendments. The only thing that is a major change over that twelve-month period is consideration of the rate of GST and that's been touched on by previous speakers and addressed in item 4 of the detail stage amendment which I'm not sure has been moved yet Mr Speaker so I don't want to pre-empt debate but it's necessary to touch on those because it has been touched on by previous speakers and I think it is probably fair to say that the introduction of the Bill at the last sitting, the Bill did not envisage an increase, so that gives an indication of the consideration that has taken place since the introduction of the Bill and I need to say even before the introduction of the Bill, what was the best way of addressing the shortfall in the expected revenue for the next financial year as part of the development of the Appropriation Bill which we'll deal with later, and this move from 9% to 12%. The Minister for Finance, Mr Christian, has touched on two options that were considered as part of our deliberation, which has given rise to this proposed change in the Bill before us today in the move from 9% to 12% and that dealt with the imposition of land rates or tax or the imposition of an income tax. At some time during those discussions and I can't give you a time frame on that, but we actually discussed a combination of two taxes, an increase in GST to I think 10% and the imposition of a land tax or land rate system in Norfolk Island. The detail of which one of those we didn't know, it was just an idea about trying to get a fairer imposition of taxes, across the community and for the reasons that the Minister and other speakers have outlined we've steered clear of the land tax arrangement simply because of a number of complications that would prevent us realising any real revenue flow to the Administration for an unacceptable period of time going into the next financial year. The income tax discussion is not new and I think that the discussion paper that was developed by Treasury officials and others back in 2003 is almost a joint effort by the then Norfolk Island Government and the Commonwealth had some discussion on income tax, had some discussion on a range of different taxes and for a range of reasons different ones were eliminated but I think it even extends back before then there was a lot of discussion in the early days even before things like the NSL came into being and Mr Anderson will correct me if I'm wrong here, but I think going back to about 1995 the taxation working group of which I think he was a Member of the community on, had considered a whole raft of different taxation arrangements and I think the focus back in those days had settled on a broad based consumption tax and I think it was affectionately referred to as Brian Bates Consumption Tax because he may well have been the Minister for Finance at the time when it was under consideration. I'm not sure

about that but it always sticks in my mind about the Broad Based Consumption Tax, so it's not something new. Some of the speakers have suggested that it will take maybe two years to fully implement in Norfolk Island and that may well be the case but I think the same discussions were had about the implementation of a Broad Based Consumption Tax in Norfolk Island which I think probably prevented, certainly in my earlier days as a Member of the Legislative Assembly the Legislative Assembly fully considering in probably those first five or six years, seriously considering the imposition of a Broad Based Consumption Tax for the same reason. It's complicated, it's going to take time to implement it, and so there is resistance to doing that and we relied on the incremental increases in various indirect taxes and charges that we had in place whether it was customs duty and other fees and charges and I think that as a Parliament, as a legislature, we have matured somewhat over the last ten or so years in our thinking about taxation and the best ways of implementing a taxation system in our small community and we are the best to judge that because we are the ones around this table and in the community who are best placed to make an assessment on the impact of the imposition of the taxation. Now in raising the question of the assessment of even the imposition of a new tax or increasing the rate of an existing tax or fee or charge, it does raise a question and I hope that the Minister will be able to provide some comment on it, and that is the assessment that has been done within the community on let's say, all of the options that have been provided, and I know some of the discussions have already covered some of those things, for example, the suggestion of income tax. The imposition of land rates and the like and I guess the general question of equity and the equitable imposition of those taxes across the community and what it was that's made us come to the conclusion that the only way forward at this stage is an increase in the GST. The reason I say that is I look a little bit more widely at imposing a tax burden or otherwise on a part of the community or the whole of the community and my reasoning for wanting to discuss this today is when Australia introduced GST they did away with a number of taxes and it had a significant impact and almost immediate impact on Norfolk Island and our viability as a very good shopping destination because our competitive edge as a destination have been significantly impacted on by the removal of excise taxes and the like in Australia and similar considerations were had where I sit as the Minister for Tourism on the changes in tourism and our competitive edge as far as a destination over that same intervening period of time but not necessarily because somebody's removed excise taxes but because of other developments within the economy and what I'm speaking about there are the impacts of the cheap airline revolution in Australia which over the last six, seven or eight years in Australia have seen a quantum shift in the way people choose where to go. As we all know, it wasn't so many years ago that the cost of flying from Sydney to Cairns was dearer than flying from Sydney to Norfolk Island but in this day and age, it's not too uncommon to see in the newspaper a Jetstar special or a Virgin special or one of those flying from Sydney to Cairns for \$99. That has had a marked impact upon us and it's an assessment that we have to make on how we address those things. So I've given a couple of examples about where changes elsewhere in what people do have an impact on the amount of business that we are able to generate whether it's in the retail industry or in the tourism market and that's something that we need to continually assess and try and address. What I'm saying and certainly anecdotal evidence that's been presented to me is this change, some are suggesting is the last straw basically. It's going to break some businesses. It's going to break some family units. That's only anecdotal. Are we able to quantify, and again this is the question that I'm trying to get to the Minister are we able to assess what this impact is going to have on a business, what this increase is going to have on a family unit, if it's an expenditure of food, my rough calculation's for a family spending \$200 would be about \$6 per week but over everything that they do, what is the net impact of this and without pre-empting discussion on the Appropriation Bill I know that as part of the development of the Appropriation Bill as we all do around this table, there has been significant consideration given to increasing fees and charges basically across the board. I know in relation to the hospital that those charges that don't move for the medical benefit scheme assessments which are done on an annual basis at the hospital, will increase by 13% at the hospital in this next financial year and the reason for that is

because our costs at the hospital including the recruitment of doctors have increased that much and we have to cover it somehow, we just can't keep diving into a supposed bottomless pit of money to keep meeting those fees and charges. We have to go back to the community and ask them to assist in meeting those expenses. But what I'm trying to say is not just an adjustment to the rate of GST from 9% to 12% it's a combination of what effect that will have combined with the increase in fees and charges that somebody earlier mentioned the 1% adjustment in the cost of electricity. What does that mean for the community and I would certainly be very keen to hear the Minister's views on that assessment. I think we had that discussion but I think it's useful that the community understand it and hear our consideration in relation not only to those options but to what these net impacts are going to be and despite obviously covering some of these rebate things which are a great initiative just how and where we made those assessments on the impact on business generally and on the impact of family life in Norfolk Island. Thank you

SPEAKER Thank you Mr Gardner. Is there further debate at this time? . Honourable Members, then I put the question that the Bill be agreed to in principle

QUESTION PUT
AGREED

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

We move now to the detail stage and Mr Christian has foreshadowed detail stage amendments dated the 12th June 2009 and I call on Mr Christian

MR N CHRISTIAN Thank you Mr Speaker I move that the detail stage amendments be taken as read and agreed to as a whole

SPEAKER You don't wish to do that?

MR N CHRISTIAN Thank you Mr Speaker if Members of the House would wish to deal with them as they appear on the Notice Paper that is fine, but we have all spoken at length about amendment No 4 which is the change of rate from 9% to 12%. Everybody seems to be in general agreement and I see no point in debating it separately

SPEAKER Thank you. The question is that the proposed amendments be taken as read and agreed to as a whole. Any debate

MRS JACK Thank you Mr Speaker this is just a concern I have of mine and perhaps other Members around the table don't share it and that's fine. My concern is that I realise that the need for Mr Christian, the Minister, to have some certainty in moving forward and also the important relationship this plays with the Appropriation Bill however the Appropriation Bill is going to be placed on the table today for finalisation next week. Given that this detail stage amendment No 4 is so important and plays such a huge part in the community, would it be possible to keep that on the table, just to hold off and keep this proposed amendment on the table for finalisation next week so that we get some feedback or are we not interested. I'll be prepared, we are not going to change therefore why get community feedback. I would just like to hear some answers because to me it is an important amendment that's coming through with big ramifications and while I can see no other way forward but to have it, would it not be opportune to keep it on the table for a week. I would just like to have other Members views

MR N CHRISTIAN Thank you Mr Speaker there's no point in delaying the inevitable

MRS JACK Thank you Mr Speaker obviously no one else has that view so I won't even bother putting the motion

MR GARDNER Thank you Mr Speaker, just to clarify the debate is on the detail stage amendments before us. It is not on agreement to the bill itself

SPEAKER That is correct Mr Gardner. So I'll put the question that the amendments be agreed to

QUESTION PUT
AGREED

Thank you. That motion is agreed to. The amendments are so agreed. I call on Mr Christian

MR N CHRISTIAN Thank you Mr Speaker I move that the Bill as amended be agreed to

SPEAKER Just before we move on to that, the clauses as amended be agreed to. Do we wish to follow those through

MR N CHRISTIAN Thank you Mr Speaker all been agreed to in the one motion

SPEAKER Thank you. And you have moved that the Bill as amended be agreed to. Any debate Honourable Members. Mr Gardner

MR GARDNER Thank you Mr Speaker, I just reiterate my request to the Minister in relation to the matters I raised in my debate and that is I guess the want for supporting information or discussion in relation to the potential impact of an increase from 9% to 12%. We know what it will do to our revenue based on scientific calculations that have been done about resistance and what percentage that has over what you would expect to receive. We know that but I would hope that we can have some discussion on what the views are around the table on the impact this may have on the level of business that's transacted generally within the island and the impact that this change will have on a general family unit each week and I just wonder whether the Minister may want to provide some discussion on this

MR N CHRISTIAN Thank you Mr Speaker this is importance. Yes there's been wide ranging discussion in respect to this and we have accepted the advise of the Chief Executive Officer in this matter and he is a qualified economist. Generally what we've done is looked at varying the rate. We've looked at options from 9%, 10%, 12%, 12.5% and even 13% and higher and we settled on the 12% because whilst it didn't totally fill the budget hole we figured that going beyond 12% would be counter productive, would be difficult to sell to the community and would have some adverse impacts but in economic terms what we've done is not straight lined it, so that a 3% straight lined increase would actually pull in a heckova lot more money than the \$1.8m that we've identified here in gross terms and what happens is that as you increase the rate of taxation is that private final demand actually decreases. That's how you measure the impact on communities or on individual consumers so what we have done is we've only taken 75% of each percentage point increase as an actual increased revenue flow to the revenue fund and generally what that would tell you is that if you have a family unit for instance and Mr Gardner has identified what he thinks the impact on them will be, is that they actually modify their spending habits, so they don't spend as much as they used to before, they will spend less, they will be more selective about what they spend it on and they manage their affairs in that way and as a result the expected or the actual flows to the Government by way of GST revenue will be less than what you would

expect than if you just straight lined it, so we have taken that into account and I know the Chief Minister has spent quite a bit of time looing at how it would effect him personally as a typical family with three young kids and he appears to be comfortable with the impact on his family, and we've looked at these scenarios over the last couple of months as we've considered the options but when it all boils down to it, as Mr Gardner has said, we have looked at land tax and we have looked at income tax and one of the principle reasons that we didn't go down land tax and we'll talk about this more later in this meeting is that from the Commonwealth context, land tax is looked upon as wealth because in the Commonwealth context if you sit on large land holdings you must be well off. Now we know in the Norfolk Island situation that is not necessarily the case. With our cultural difference we seem some people sitting on large land holdings as if they are the caretaker for the next generation and that in fact is what happens, one generation in many cases pass it on to the next and they never ever receive the financial reward for the years of sitting on that land and holding it and in fact, it actually costs them money to do so because they've got to keep it fenced and maintained. Likewise Mr Speaker, if you look at land tax again, you can have a tax on the unimproved capital value and you can have a tax on the improved capital value. Now neither of them I favour but it's a debate that we are going to have to have. Now if you look at the tax on improved capital value and you take Mr Anderson's comments, why should I be penalised for investing in my property. It doesn't mean I'm wealthy. I take pride in it. I build myself a nice house. But you want to tax me for it. So these are the discussions that have been far and wide ranging and that's why besides the time frame implication, the land tax hasn't formed part of the budget deliberations here or it's not in the final mix. The reason I've listed it later is that as we engage in dialogue with the Commonwealth about future governance arrangements for Norfolk Island and how Norfolk Island might contribute to the Commonwealth and how Norfolk Island and how Norfolk Island might fund itself, I know they are going to raise the question and I cannot, nor can a future Legislative Assembly, because it will be a future Legislative Assembly that argues that. It won't be this one. You cannot argue either case unless you are armed with the facts. It's as simple as that and to highlight, and this is the stuff that I was going to use in later debate but I can use it now to highlight what I'm speaking about. When the Grants Commission in 2006 estimated what Norfolk Island's capacity was to raise taxes and or raise money, they looked at the commercial sector of Burnt Pine and they rated that as all commercial land and I think from memory, I don't have the report with me, but they estimated that the CBD of Burnt Pine could contribute another \$2.5m taxes to the public purse. Now you and I Mr Speaker know that that's absolute nonsense. If I were to burden the commercial sector of Norfolk Island in Burnt Pine with an additional \$2.5m tax per year they would all fold. It's as simple as that. So it's a hot topic but it's a discussion we are going to have. Coming back to the income tax side of it. My personal preference is for a flat rated income tax in Norfolk Island with thresholds that provide social equity but as I've said earlier, to design and implement an income tax system for Norfolk Island in the time frame available to us was just never going to happen and in the meantime Norfolk Island had to continue to operate and I think we've taken the course of action which is the least painful. It is a system, which already exists. It is running well and I think consumers at the moment have the ability to lessen the impact on them by clever buying. Now in respect of the impact on our tourism industry, yes, I'm the first to admit that it could have an adverse impact and we will obviously have to monitor the situation very closely over the next few months, because we don't obviously want to destroy that, but Mr Speaker when Mr Gardner has mentioned the JetStar holidays to Cairns and the like, yes, you can buy \$79 tickets but I guarantee that not every seat on the aeroplane is available at \$79. Mr Speaker I fly my daughter backwards and forwards from Perth fairly frequently to come home for the school holidays and you still look at about \$350 to \$400 one way between Sydney and Perth so it's still about \$800 return and very few ready specials and the like are available so I'm not quite sure what impact it will have on Norfolk Island but what I can say is that having looked at all of the information available to us including stuff provided by the joint task force set up in 2001 2002 whenever it was and you look at the airfares that were being charged back in 1996 and 1997 when Ansett were still on the run and you were paying nearly \$700 to go Norfolk Island to Brisbane in those days

so I don't think air travel to Norfolk Island at the moment is that expensive and if you look at what Norfolk Air is doing today I'll put that in context too Mr Speaker. We all know that the airline is doing it tough at the moment and will do so for another couple of months through the winter period, but if you compare this year with last year, and you compare airfares over all with what else is available in Australia, our average sector fare now on Norfolk Air between Norfolk Island and Australia is about \$140 one way exclusive of taxes. So you double that, that's \$280 exclusive of taxes for a return ticket and that's the net returning to the airline. Now if we go back a year, the average one way fare that the net was returning to the island was about \$210 so that indicates to you the level of discount that we've had to put in the marketplace to attract the visitor numbers that we currently have so it is a tough market out there. I don't disagree but we just have to monitor the situation and work our way through it because simply throwing our hands into the air and telling the Commonwealth to come and take us over wasn't an option that I was prepared to accept. Likewise we have spent five months trying to participate and get some benefit for Norfolk Island out of the Commonwealth Government's stimulus programme for this financial year. Haven't been able to achieve it yet so I was not going to go forward into the next financial year, relying on a contribution from the Commonwealth to assist me to fill my budget hole for this year. I've turned to the community to bear the burden. I am part of the community. It affects me as well just as it affects every other Member sitting around here, and I think it's the only responsible thing we can do under the circumstances Mr Speaker

MR ANDERSON Mr Speaker I just come back in regard to comments on whether or not the commercial sector can in fact the increase in GST and I honestly believe that we can and as we spoke around the table I was quite adamant that 13% was not the amount. The 12% was the correct amount and having my own business with various sections of it with different kinds of activities, I've looked at how it will affect my business and in the profitable parts of my business I can cope with it. There are other parts of the business, which can't cope with it but that business and some of the others unfortunately on Norfolk Island their days are numbered anyway. Now Mr Christian has made the point a few times now that okay, what are the options and there aren't any options in the short term and that's what we've got to accept. There are options but there are delays and later on I mean to make a couple of points in that regard but I do believe that the commercial sector can cover a 12% increase in GST and I'm quite satisfied with that

MR N CHRISTIAN Jeepers. I need to make a detail stage amendment

SPEAKER it is noted Honourable Members that we did move that the amendments be agreed to. There are also before you clauses within that legislation and the remainder of the Bill. I take that it that when we pass this motion that all those have been agreed to and I just want to make that clear for hansard. That is agreed. I move now that the Bill as amended be agreed to

QUESTION PUT
AGREED

The ayes have it. The Bill as amended is agreed to. Thank you Honourable Members

MESSAGE FROM THE OFFICE OF THE ADMINISTRATOR – NO 30

SPEAKER Honourable Members, I have received the following Message from the Office of the Administrator and it is Message No 30 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 the proposed law entitled an Act to authorise expenditure from the public account for the year ending on the 30th June 2010 and that message was dated the 16th June 2009 and signed Owen Walsh, Administrator

NOTICES**APPROPRIATION BILL 2009-2010**

MR N CHRISTIAN Thank you Mr Speaker I present the Appropriation Bill 2009/2010 and move that the Bill be agreed to in principle. Mr Speaker it is with a degree of pride that I present the Revenue Fund budget for the 2009/2010 financial year. I say pride Mr Speaker because I believe that this Government will lay before the House for its consideration what many believed could not be achieved and we have done so in an environment where some were praying that we would fail; in an environment in which we could not easily borrow to fund a deficit either from the Commonwealth or elsewhere, in an environment where we could not print more money and in an environment where the only federal minister in a long time who was prepared to go into bat on Norfolk Island's behalf, was tapped on the shoulder by Prime Minister Kevin Rudd and informed that he was past his political use by date; and in an environment where the Federal Finance Minister has flatly refused to meet a Norfolk Island Government delegation to discuss Norfolk Island's participation in the Commonwealth Government's economic stimulus programmes after he was lobbied not to by those in Norfolk Island that would gladly have us fail and who constantly criticise everything that is Norfolk Island while offering no alternatives for consideration; and in an environment where other Australian states are running massive multi billion dollar deficits, retrenching staff and selling the farm to survive, not to mention tax hikes as well. Mr Speaker in the Norfolk Island context we propose a small affordable deficit, full employment where possible and modest increases in our taxes levies and charges. And Mr Speaker we have achieved this in an environment where visitor numbers for the financial year are forecast to be no more than 29,000 in total. Mr Speaker the 09/10 revenue fund budget has estimated that income will be \$15,725,700 and expenditure of \$15,868,300 has been budgeted for, the result being a small deficit of \$142,600. Mr Speaker I will now provide more detail in respect of income. Revenue from taxes: customs duty \$1,025,000, Land title fees \$300,000, Tattersalls Commissions \$150,000., Company fees \$160,000, Stamp duty on cheques \$12,000, Liquor licence fees \$15,500, Departure fees \$1,360,000, Absentee Landowners levy \$126,000, Sub total taxes \$3,148,500. Revenue from charges. Crown lease fees \$9,500, Court fees and fines \$30,000, Pasturage and Dog fees \$30,000, Mobile plant hire \$20,000, Timber royalty \$2000, Sale of surplus equipment \$5000, Rents from Administration properties \$157,000, Curator of Deceased Estate fees \$10,000, Sale of forest products \$8000, Tanalith plant charges \$60,000, Custom warehouse fees \$2500, Customs Out of hours fees \$32,500, Immigration fees \$122,500, Assets transferred from other entities \$10,000, Profit from sale of fixed assets \$1,035,000 and they are 1. Barkman Estate; 2. House in Little Cutters Corn and 3. the Old Lighterage shed in New Cascade Road. AFP contribution \$21,800, Miscellaneous revenue \$95,000, Building application fees \$30,000, Sub Total – Charges \$1,680,800. Revenue from Earnings. Interest from Investments \$160,000, GST \$7,389,000, GST Management Fee \$25,000, Liquor bond \$974,800 Sale of rock \$31,000, Gaming \$878,000, Postal service \$65,000, Water Assurance fund \$55,000, Workers compensation \$35,000, Norfolk Island Airport \$179,000, Norfolk Air \$50,000, Norfolk Telecom \$214,000, Electricity \$212,000, Lighterage \$48,600, Healthcare \$58,000, Norfolk Energy \$500,000, Roads \$25,000, Museums \$2000, Sub Total Earnings \$10,896,400, Grand Total \$15,725,700. Mr Speaker that completes a summary of income from all sources and I will now address the major expenditure items which are contained in the schedule to the Appropriation Bill which sets to spend \$15,868,300 of public funds during the 2009/2010 financial year. Mr Speaker the budget provides for expenditure on 1. Salaries and Wages \$6,749,700, Recurrent Expenditure \$9,066,600, Capital expenditure \$52,000. Mr Speaker I will now detail some of the larger expenditure items which form part of the proposed \$15,868,300 spend. 1. Grant to Tourist Bureau \$1,390,000. This is what we believe it will take to fund Norfolk Island promotion wise for the next twelve months and it was largely in the past funded by the departure tax. The Departure Tax has normally been \$30 and in the budget going forwards we have proposed to increase that to \$40 and that \$40 departure fee on

what we estimate to be 34,000 people passing through the Norfolk Island airport should fund in total the amount of money that we're proposing to spend at the Tourist Bureau. Now there are also some other changes that will be made in the way we collect departure fees. As part of the budget deliberation there was expressed a desire for the fee to be included into the air ticket cost and no longer collected upon departure at the airport. Letters requesting information from Air New Zealand and Norfolk Air were duly sent off. Air New Zealand responded that they wouldn't like to collect it on our behalf and wouldn't do so unless we could provide some legislative requirement for them to do so. We took that on board and what we've decided to do is to gradually phase out the departure tax and we will incorporate it into the passenger movement tax at the airport so the airport will collect the money and it will flow into the revenue fund and from the revenue fund it will then flow back to the Norfolk Island Government Tourist Bureau by way of subsidy so we need to make some legislative changes early in the new financial year and there'll be parallel systems running for collecting the departure tax probably through until about October this year when we cycle through all of those that haven't got tickets that they've already purchased, so the situation there will be you present at the departure desk at the terminal. If your ticket already incorporates the higher passenger movement tax, you don't pay again. If you've got a ticket in which it hasn't been incorporated you will be required to pay the \$40. Number 2. This is also a big one and this is the Works Depot area and we're planning on giving them \$1,051,400, and its worth pointing out here that we are making good progress in respect of bringing cruise ships to Norfolk Island and we have had engineers on island in the past week finalising the designs of the pontoons which will assist landing of passengers at both Kingston and Cascade so the \$1,051,400 that will flow to the works section of the Administration includes an amount of \$163,000 for jetty maintenance, and part of which will be used to dredge the docking basin alongside Kingston Jetty and we would expect that, that work will be completed by December of this year and what Carnival Cruises has indicated to me is that if we are ready to go by December of this year and they have a cruise with a disrupted schedule, they will actually divert that ship to Norfolk Island prior to the formal commencement of the cruise schedule for next year just to try things out so that's once again, quite encouraging. Education as someone has mentioned before is a fairly big ticket item and we're planning to spend \$2,776,500. Welfare is also large and we're proposing to spend \$2,646,600. Policing in Norfolk Island is fairly expensive as well and we will be spending \$636,100 on policing and the Hospital Subsidy \$1,551,000. Mr Speaker as I mentioned earlier I would not normally table the budget working document but in the interest of transparency and for Members that's this document here, and I now do so and will also table those for the GBE's at a future sitting of this House. Mr Speaker I must thank the Senior Management and staff of the Administration for the assistance that they have rendered to the budget Review Group that consisted of all Ministers and which was chaired by the Chief Minister over the many weeks that it took to formulate this budget. Mr Speaker I now welcome participation in debate from my parliamentary colleagues. Thank you

MR MAGRI Thank you Mr Speaker, some of this debate is rehashing the debate in relation to the last Bill. I foreshadow that and the horse before the cart decision to decide on which Bill to bring forward but I'll commence my contribution to debate in relation to the Appropriation Bill. This upcoming financial year, because of circumstances largely outside of our control we were faced with some very difficult decisions with regards to increasing revenues and decreasing expenditure to ensure that in the next financial year we are able to confidently continue to provide for the high level of services the NI Community has come to expect. Some in the Community may argue that some of the difficult decisions that we are faced with today might not have been necessary if the NIG did not spend so much money in this financial year renewing, upgrading and replacing our critical infrastructure like the fire station, RESA and the fire engines or some might argue that an inefficient or oversize public service is to blame or that the NIG should stick to taxation and service delivery and not be involved in running businesses. To some degree those arguments would be correct. Firstly, as far as privatisation is concerned the CEO is examining the true benefit to the Administration in

owning or operating some of the businesses we currently operate and has made suggestions to the Assembly to consider offering some of the more obviously unproductive Government business enterprises to the general public to operate on a lease or concession basis. Secondly as far as an appropriately sized and efficient public service is concerned, the CEO is introducing practices to measure and improve the efficiency of the public service. The first part of this process is underway and requires managers to have their areas' performance measured through a new performance budgeting process. In fact despite the costs of running the Administration and the areas of responsibility growing, the overall running costs have been contained very well through efficiency gains and tightened expenditure controls. However Mr Speaker, as far as infrastructure spending goes I would argue strongly that ignoring spending on critical infrastructure and spending infrastructure dollars for recurrent expenditure would only serve to create serious long term damage to the viability and sustainability of our economy. Mr Speaker, we must continue to invest in infrastructure with a special focus on critical infrastructure like the airport or economic development infrastructure like the SPIN project and we must continue to provide the right environment to ensure that we have enough money coming in each year to cover our likely ongoing investment needs. Mr Speaker, not investing in critical and investment infrastructure now is a certain recipe for our economic demise and not addressing any income/expenditure imbalances is merely pushing the difficult decisions forward for another Assembly or another generation, neither of which is a prospect this Assembly supports doing. Mr Speaker what is reasonable to question, is why we, through this Appropriation Bill are seriously contemplating approving a budget that includes raising taxes and slashing expenditure during an economic downturn and it why it is that we are not following the path of other Countries who as a result of the global financial crisis are filling their revenue shortfalls through borrowing. To offer some background to this question I offer the following: In 2006 Econtech, the highly respected econometric modelling company, now a part of KPMG, was commissioned to examine the current and future financial position of the NIG. This report identified that with a few minor changes to taxation policy and moderate growth in tourism that the NIG could enjoy a financially sustainable future. These recommended policy changes were adopted by then 11th Legislative Assembly and a subsequent report provided by Econtech to the 12th Legislative Assembly on the 29th February 2008 titled 'the Norfolk Island Government's financial position 1 year later' provided an updated assessment of the current and future financial position for the NIG. In a nutshell, the 2008 Econtech report noted that the new policy changes were a significant improvement to recent years and indicated that the new policies and initiatives were heading in the right direction. Econtech estimated that under the new NIG policies, the NIG would have net operating cash flows of \$3.3 million in 2008/2009, however cash flows were still likely to fall short of likely ongoing investment needs by about \$400,000 per annum. Mr Speaker, bolstered by and armed with the 2008 Econtech report the 12th Legislative Assembly discussions deliberated over what strategies the NIG could employ to fill the remaining \$400,000 shortfall in the 2008/2009 budget. It was agreed that because we had met and exceeded the previous tourism targets set by Econtech that the proposed infrastructure spending program would provide enough of an additional stimulus to the broader economy through increased GST receipts to fill the hole \$400,000 hole. With no inkling that a global economic perfect storm was just around the corner, preliminary data suggested we were on track. In September/October 2008 as the world's banks and stock markets crashed everything changed. Mr Speaker, despite easily achieving the first targets set by Econtech of 34,300 tourists in 2006/2007, the Global Financial Crisis quickly cascaded into a national crisis in confidence which directly affected our key visitor demographic, the self funded retiree. In Sept/Oct as tourist numbers fell dramatically away from the 2008/2009 Econtech forecasts of 39,700 tourists, it became very clear very quickly that this was no ordinary downturn. In January 2009 the NIG approached the Federal Government for immediate access to extraordinary funding assistance for tourism promotion to assist in stimulating the NI economy. With new tourist forecasts estimated at approximately 30,000 for the 2008/2009 years, some 25% below the Econtech forecast of 39,700, and an almost direct correlation between tourist numbers and Government revenues, the NIG faced some significant challenges. As the

financial crisis deepened and no stimulus assistance was forthcoming from the Commonwealth the 2008/2009 budget was completely redesigned and severe expenditure controls were placed on the public service. By May 2009 it became evident that the Commonwealth had missed the boat to assist Norfolk Island in a timely manner. It is a woeful indictment on a Commonwealth Government that prides itself as a good international citizen that it could so comprehensively ignore one of its own territories during such a severe global event and the past 6 months have only proved to confirm my suspicions that prejudices fuelled by misinformation about NI within the Commonwealth persist. Mr Speaker, recognising that Norfolk Island was not a part of Australia in relation to access to stimulus funding, my initial thoughts when framing this budget were that we should follow other jurisdictions by entering into a program of responsible borrowing to bridge the deficits over the next year or two. For a number of reasons this path was not followed and I am extremely pleased that this Assembly decided to make the tough decision to deal with this crisis head on rather than to ask future Assemblies and future generations of Norfolk Islanders to carry the debt burden. I will be supporting this Appropriation Bill before us today and the measures we have built into that Bill to ensure the Island's ongoing sustainability. I would like to take the opportunity also to provide a bit more detail about my areas of responsibility. These include the Post Office and Philatelic Services, the Norfolk Island Liquor Bond, the Public Accounts and Estimates Committee, the Works and Stores Depot, Registration of Motor Vehicles and the Road Safety Committee, the Road Traffic Act, the introduction a new compulsory superannuation scheme, and the management of the Norfolk Island Inshore Fishery. Whilst a few of these areas of responsibility are not part of the revenue fund, all have a direct bearing on the Island's finances. In relation to the Liquor Bond. This year the Norfolk Island Liquor Bond has a budgeted income of \$4.1m which is up from \$3.9m in the previous year. These figures represent an increase in expected sales revenues for the 2009/1020 financial years over the 2008/2009 financial years of approximately 5%. This year with forecasted visitor numbers of 29,000 visitors, and increase in 5% in overall sales will represent some significant challenges. The liquor sales during the past twelve months of the past financial year have only exceeded the required monthly average of \$342,000 per month required to meet this new target, in five of the last twelve months. A closer analysis of the current monthly sales shows that it is the visitor and licenced premises sales which show a decline and it is my intention if we are to met the budget targets this year, that the current pricing policy will require some amendment. To assist me in the policy changes in relation to meeting budget targets this financial year and making the Norfolk Island Liquor Bond, as equitable and efficient an operation as is possible I turn to the recommendations arising from the enquiry into the Liquor supply in Norfolk Island, which was completed in September 1999. As a result this year the Norfolk Island Liquor bond will introduce a new pricing policy to provide a beneficial wholesale purchasing differential as compared to retail alcohol sales. Additionally once the present stock of plastic bags has been exhausted, no plastic bags will be available and the Norfolk Island Liquor Bond will revert to the option of purchasing environmentally friendly bags which despite the environmental benefit will provide additional savings of approximately \$6000 per year. Also the Norfolk Island Liquor Bond will be introducing measures to recoup the \$23000 per year that is currently paid in credit card fees. Mr Speaker we have on a number of occasions also considered the merits or lack thereof of privatisation of the Norfolk Island Liquor Bond. However, there seems no question of the maximum community benefit in relation to the oversight of the sale of alcohol and the revenue raising abilities of the community coffers lay in streamlining the current processes. I'm confident that whilst the Norfolk Island Liquor Bond is relatively efficient operation that there is still some room for improvement. The Norfolk Island Liquor Bond will continue to provide an efficient, responsible service to the community and continue to provide the significant financial contribution equivalent to 100% of its profits. This money is paid to the revenue fund and as the Appropriation Bill before us outlines, is all spent providing services to the community.

Superannuation. Mr Speaker all things being equal and with no major unforeseen complications, in September of this year I intend to introduce into Parliament a Bill to provide for compulsory superannuation scheme for Norfolk Island. Whilst there is still a lot of detail to be considered in relation to this Bill, the basic principle will be for all liable

persons, that a small contribution from the employer and a small contribution from the employee will need to be paid into an approved fund. At this stage an approved fund will be any fund that is regulated by ASIC and compliant with the provisions of the CSISA or the Commonwealth Superannuation Industry Supervision Act of 1993. Whilst it is not envisaged that these changes will have a direct affect on our budget today, it is important that Members of the community that may be assessing the impact of the changes to fees and charges in our budget today that there may also be an additional cost to their businesses, may need to be considered towards the beginning of next year in relation to compulsory contributions to the superannuation fund if the legislation is agreed. Mr Speaker instead of going into more detail about the proposed scheme, anyone that feels that they might want a further explanation of our intentions in relation to a compulsory superannuation scheme for Norfolk Island can contact me directly.

Fisheries

This year a budget allocation of \$20,000 is proposed for Fisheries Management for the 2009/2010 financial year. With the development of the new Fisheries Management Policy and the associated Memorandum of Understanding also comes a number of new obligations for the Norfolk Island Administration. The key obligations contained in the ongoing data collection program and the comprehensive strategic assessment on the Norfolk Island Fishery that are required to deliver quarterly reporting to the Australian Fisheries Management Agency (AFMA) and the Fishing Association. This report will be tabled in the Norfolk Island Legislative Assembly by the 31st of October each year beginning in 2010. It will require additional professional resources and a yearly meeting with AFMA and the Norfolk Island Fishing Association and other stakeholders all of which are included in the budget allocation. This budget will also cover any miscellaneous costs associated with the Norfolk Island Administration meeting its responsibilities in relation to management of the Norfolk Island Inshore Fishery including such things as the Norfolk Island Administration making a submission to the Eastern Marine Bioregional assessment, which is currently underway and has the potential to have a significant affect to our fishery. Mr Speaker the 30th of this month marks an important day for the Norfolk Island Fishery and all those that have enjoyed and would like to continue to enjoy the use of that Fishery. On the 30th I am pleased to record that the signing of the Memorandum of Understanding between AFMA and the Norfolk Island Administration will take place. This MOU records how the partnership between the Norfolk Island Government, the Norfolk Island Fishing Association and AFMA will ensure the ongoing sustainable management of the Norfolk Island Inshore Fishery through a formal management policy. This process consolidates the access and management arrangements of the Norfolk Island Box and for the first time demonstrates to AFMA that the Norfolk Island people have, and continue to save and sustainably manage their fishery. This process has been a labour of love and is one about which I am very proud of and for \$20,000 it demonstrates to all stakeholders and the community that we are best placed to manage our fishery cost effectively.

In relation to Registry, Road Traffic Act, the Nominal defendant scheme and the Road Safety Committee. This year the management of the office of the Registrar of Motor Vehicles and the Road Traffic Act and the Road Safety Committee remains relatively unchanged. The only change worthy of mention at this stage is in the special provision of \$30,000 to fund an underwriter or to begin a Trust Fund for a proposed nominal defendant's scheme. This scheme will provide access to compensation for those road users who suffer an injury from another road user not carrying the appropriate compulsory third party insurance. A draft Nominal Defendant's Scheme Bill has been prepared and is awaiting introduction. Currently there is still an issue with finding a suitable underwriter for this scheme and despite attempts by the Norfolk Island Road regarding Lloyd Thompson there has been virtually no interest shown by any insurance agent to consider the proposal. The funding provision provided for in the budget is to establish a Trust Fund but it will be necessary for this to be increased substantially to provide for any claim or claims each of which is limited by statute to some \$850,000 per injury per person. Also despite recent significant amendments to the Road Traffic Act including the use of the DRAGAR Alco Test there is no suggestion that the budget will be affected specific to those amendments. The only changes that will have a minor

right across the Norfolk Island economy, including significant reductions in government revenues. Our responses have been very similar to those in the federal, state and territory jurisdictions in Australia. We undertook a rigorous review of all income and expenditure, resulting in the identification of some savings and a range of measures to improve productivity. This budget extends that process with a variety of measures, to which I shall return later. Like the Commonwealth and our sister jurisdictions, we decided that it was necessary to incur a deficit in order to maintain on-island employment and economic activity. We did slow the pace of some essential capital works projects, but in line with the clear policy directives of the Commonwealth Government, this Assembly – unlike so many in the past – provided for the growth and strengthening of our infrastructure, especially in areas which could create new industry, growth and employment and in areas which support our premier industry of tourism. We make no apology for undertaking the works and capital expenditure at the airport to maintain our international airport status, both to underpin the tourism industry and to ensure that we are well placed to capitalise on the economic recovery, which will eventually come. A similar goal has been set in the five-year tourism plan, which recognises that we must address some severe supply-side issues if we are to benefit from the changing pattern of demand in the tourism market for better quality and range of experiences in tours, accommodation, retailing and visitor services. The tourism market is now much more discerning and demanding, and we cannot continue without change in these vital sectors and simply hope for a return of the good old days. In this context last year's budget set some challenging goals to improve our public infrastructure and to revamp our whole tourism industry. Despite very difficult external circumstances, much has been achieved in those critical areas. Of course, when we met here last year to consider the 2008/09 budget, we were unaware that the worst global recession in 75 years was just around the corner and that it would hit hardest at the groups and individuals who made up the majority of our visitor market, particularly those on fixed incomes including retirees and people dependent on superannuation incomes. The global recession has also highlighted for us that our reliance on incoming airborne tourists places us in a tenuous situation. Hence we have committed to upgrades to our wharf facilities to ensure that from next year we will be able to accommodate many thousands of visitors from cruise ships. An enthusiastic task force is working to involve existing businesses in providing goods, services and experiences for this new type of visitor, and as well to create and provide some new tourism services tailored for cruise passengers. Mr Speaker, last year's budget was a responsible and visionary financial plan for the future of Norfolk Island and was soundly based on the best possible external advice (especially from Econtech Pty Ltd) and on reasonable projections for income and expenditure for 2008/09. Those projections have been dealt a very severe blow by external factors completely beyond our control, most particularly the Global Financial Crisis and its flow-on effects on discretionary spending, especially in offshore tourism from Australia and New Zealand. The first signs of reductions in visitor arrivals quickly followed the drop in post-retirement incomes in the middle of 2008, and these solidified into an ongoing downtrend within a few months. It was at that stage we commenced our rigorous budget review and early in 2009 we sought some assistance from the Commonwealth which was at the time offering stimulus assistance to a wide range of sectors and regions. Regrettably, while the Commonwealth has been quick to propose new measures to restrict our ability to govern ourselves, it has still not decided whether even modest economic stimulus of \$2.5 million will be offered to Norfolk Island. This is in the context of Commonwealth stimulus funding of over \$60 billion dollars in response to the global financial crisis, which has gone, amongst others, to local government, every school in the Commonwealth except Norfolk Island, individuals and a diverse range of industries and groups. The Commonwealth has guaranteed deposits in private banks and has agreed to underwrite borrowings by the states and other territories. The Commonwealth insists that Norfolk Island is part of Australia, yet not a cent of the \$60 billion in stimulus assistance has been spent in Norfolk Island. At this stage, we have framed a responsible budget for 2009/10, without incorporating any allowance for Commonwealth stimulus funding. On a slightly brighter note, the Commonwealth did make Norfolk Island eligible to apply for infrastructure funding under the Nation Building Funds legislation. We have lodged applications

supported by detailed documentation and cost/benefit analysis for projects totalling many millions of dollars. Of course, competition for this is intense and since we are by a large margin the smallest player in the field, there is no guarantee that all or any of our applications will succeed. But in the tradition of Norfolk Island punching well above its weight, we will vigorously pursue our applications for funding of telecommunications, renewable energy, transport and roads, and as well have made approaches for assistance with a project for a new or refurbished hospital. In each of these areas, we are not sitting on our hands waiting for Commonwealth decisions. If infrastructure projects receive Commonwealth assistance, we will have scope to make them more ambitious. But we already have two renewable energy projects up and running, both of which could make us a pilot programme for exciting new technologies with the potential for global application. We have committed to the SPIN fibre-optic project, which will bring high speed broadband to Norfolk Island many years before it is available in most parts of Australia. This will not only give our business community a significant competitive edge, it is already resulting in approaches from potential investors and immigrants seeking to establish new technologies and employment-creating industries here. In signing up with SPIN, we have demonstrated a willingness to accept challenges and to take difficult decisions in the interests of diversifying and growing the Norfolk Island economy. Of course, whether or not Commonwealth capital assistance is received, we will continue to consolidate the Norfolk Island International Airport as our greatest tourism infrastructure asset and to modernise and improve our road network. Mr Speaker, the last few weeks have seen the Australian states and territories hand down what have been described in the media as "horror budgets" to deal with the impacts of the global recession. Most have included very large increases in taxes and charges, cuts in services, sales of assets, reductions in public sector employment, restrictions on wage increases and the abandonment of some major projects. Just yesterday, New South Wales budgeted for a deficit of \$1.3 billion and Queensland predicted a budget deficit of almost \$2 billion. Those states have cut services and raised taxes and charges, but have entered into significant borrowings to fund huge infrastructure projects in an attempt to protect employment and retain their skill bases. On a much smaller scale, we were faced with some similar issues to those of our counterparts problems in framing the Norfolk Island budget. Unlike our state and territory counterparts, we are denied by the Commonwealth any access to the capital markets and so cannot borrow to fund infrastructure or service delivery. This means we must frame our budget with one hand tied behind our backs, on the basis that we must raise enough revenue each year to cover expenditure. This has meant that we have had to take some very difficult decisions to ensure that we can continue to deliver high levels of good quality services, build our economic potential and protect the most vulnerable in our community from the flow-on effects of the recession. We also intend to pursue the longer-term goals set in our strategic plan, including growing prosperity for Norfolk Island; better services delivery; communicating our direction and creating a better environment for living. The work we have done over the past two years has moved us forward in those areas, and I believe that despite the difficult external financial environment, this budget will enable us to continue positive momentum through a range of measures. I wish to comment on just a few of those. Mr Speaker, we intend to remove the sour taste left in the mouths of those visiting Norfolk Island, when their last act before returning home is to pay the existing departure fee. This budget abolishes the departure fee and an equivalent revenue gain will be obtained from an increase in the airport's passenger movement charges. We plan to receive an increased dividend next year from the Liquor Bond, and will be putting in place measures to achieve between 2% and 5% efficiency dividends in the next two years in total salaries and wages across the public sector. Already expenditure on non-salary and wages costs has been minimised with approximately \$966,000 trimmed from the initial estimates. Mr Speaker, the budget provides for some increases in fees and charges, including revising the fee unit upwards to \$24.00 and considerable rises in company fees. The latter will still be well below equivalent fees in mainland Australian jurisdictions. Final GBE budgets are close to completion, and there will be corresponding increases in fees and charges in some areas. Mr Speaker, although we propose a 3% increase to the rate of the Goods and Services Tax, we have not introduced any new forms of taxes in this

budget. We have resisted the pressure from sources in Australia and even from some organised groups in Norfolk Island for us to introduce most or all of the 125 taxes levied by Commonwealth, state and local governments in Australia, such as land tax, income tax, company tax, payroll tax, capital gains tax and many more. Mr Speaker, we recognise that in these challenging economic times, some in our community are doing it tough. Consequently, in raising the rate of the GST to 12%, we have sought to make it more equitable by introducing special benefits amounting to rebates of the estimated level GST paid on food by persons on pensions and low income individuals, couples and families. These rebates will have the effect of making the GST a more progressive tax with a greater impact on those who can afford it most by limiting any additional cost of the GST to the most needy in our community. Based on the best economic advice available to the Government, the increase in revenue from this change to the GST will enable us to fund all of the huge range of community services and programmes for which the Norfolk Island Government is responsible. Unlike the Commonwealth and state jurisdictions, we are not budgeting for a huge deficit measured in billions of dollars, but for a very modest deficit of \$142,600. This figure has been calculated on the basis of a pessimistic prediction of only 29,000 visitor arrivals. Any significant increases in that figure – which I believe is eminently achievable – will see us achieve a revenue surplus in 2009/10. Mr Speaker, these are just some of the areas where this budget will help us to move toward the goals established in our strategic plan, while at the same time dealing with the effects of the global recession. This is a budget for tough times, which takes some hard decisions but does not lose a sense of vision for a better future. I strongly support the Appropriation Bill, which puts the budget into place, and commend the Bill to the House. Thank you, Mr Speaker.

MR BRENDON CHRISTIAN Thank you Mr Speaker, I intend to be quite brief and listen to the Ministers and their areas in this Appropriation Bill. Just to point out, I believe it is a great step that the Minister for Finance has taken in today's meeting towards transparency and accountability by saying he will be tabling the revenue budget and the GBE budgets. It is a step that will be welcomed by many in the community who will be able to scrutinise all the figures and facts and how they come to light. I fully believe we need to look at the overall taxation system on Norfolk Island and as suggested to the Chief Minister at the last Legislative Assembly meeting we have come to the time when a report needs to be prepared in the taxation arrangements on Norfolk Island. We cannot overlook the fact that it's become increasingly difficult to continue to supply all expected services without increasing charges to pay for these services. We need to take into consideration all who will be affected and ensure the system is fair to all. Mr Speaker no Government wants to increase taxes, and in the current economic forecast measures need to be taken. I again support a review of our taxation. And just a query, we talked about, and the Chief Minister has just brought up the increase and other increases, whether we would be intending to table a document along with this Bill to make the public aware of all the increases that have come about, the Minister for Health indicated that hospital charges are going up, we've talked about the departure tax going into the passenger movements, and just to make it clear of just what all these increases will be to the community. Also looking through this document that's been provided, it relies quite heavily on visitor numbers as it always does, but as the Minister for Finance pointed out, it is reliant on some \$1.035m on the sale of Administration assets. A query again to the Minister for Finance that seems to be a large reliance on something that we haven't been able to sell or is something that we may have. Is there a back up plan in that area. I would like to leave the rest of my debate to next week and listen to what the rest of the Ministers have to say, thank you Mr Speaker

MR N CHRISTIAN Thank you Mr Speaker I'll respond to the queries that were raised by the previous speaker. I had thought of that this morning, prior to the meeting and what I will commit to doing for the next meeting, and this is to also table a summary of changes to taxes and charges where ever we made them, so that the community can track the changes and assess where it affects them. They are not isolated to any single area of the Administration. Some of the charges automatically increase due

to the passage of time. Fee units we increase from time to time. We've looked at telephone charges, we've looked at everything so you will find minor tweaking in almost every corner of the Administration. Immigration charges for one is a classic. We collect \$60,000 per year in Immigration fees but it costs us \$120,000 to run the Department so you look at the new Immigration fees in there and they are set at a level that we expect to cover the cost of operating the unit but as I've said, I will bring forward a summary of the changes. In respect of the sale of the fixed assets, which is the land, in formulating the budget, the Public Service went out and got feelers from the real estate agents as to what they thought we could realise and I think it's \$1.035m, that is the figure contained in the budget. I think it's slightly optimistic, that's my personal view, and I intend trying to manage that by getting them on the market asap so that we can test the market and if the numbers come in satisfactorily we let them go and if they don't we rethink where we are, early in the life of the new financial year, so that's the strategy there, but Mr Speaker I think what we were trying to demonstrate to the community is that we haven't endeavoured to pass all of the increased costs of running Norfolk Island onto them by increasing taxes and charges only. We have identified some assets which we believe we can reasonably dispose of. They are assets which cost us money to earn and the Chief Minister in his speech indicated that we are looking at efficiency gains across all of the Administration over the next year. Now the targets that we have set ourselves I think is a reduction in expenditure of somewhere between 2 and 5% so I think it's an upper limit of \$358,000 from memory is what we are looking at as a saving across the Public Service for this financial year, and that process has started as well. Thank you Mr Speaker

SPEAKER Thank you Mr Christian. Is there any further debate Honourable Members. No. there being no further debate, Minister for Finance I call upon you for a final motion

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 The question is that debate be adjourned and the resumption of debate made an Order of the Day for a subsequent day of sitting and I put that question

**QUESTION PUT
AGREED**

The Ayes have it. Debate is so adjourned Honourable Members

SUSPENSION OF SITTING

SPEAKER Honourable Members I take note of the time and I seek leave of the House to have a lunch adjournment. We will suspend the House, is that agreeable. From 1pm to 2.30pm. Thank you. We suspend until 2.30

RESUMPTION OF SITTING

Good afternoon. We resume Honourable Members but before we do I would like to welcome visitors to the Gallery. Welcome. Feel free to leave whenever you wish or stay as long as you like. We'll probably need afternoon tea a little later on...

BY LEAVE – VALUATION OF LAND BILL 2009

MR N CHRISTIAN Thank you Mr Speaker I seek leave to move the Valuation of Land Bill 2009 standing in my name on the programme

SPEAKER Is leave granted Honourable Members. We have a voice of dissent

MR N CHRISTIAN Thank you Mr Speaker I move so much of standing orders that is necessary to be set aside

SPEAKER That is a motion before the House. Is that motion agreed Honourable Members. Madam Clerk could you please call the House

MR SNELL	NO
MR B CHRISTIAN	NO
MR SHERIDAN	NO
MRS JACK	AYE
MR N CHRISTIAN	AYE
MR NOBBS	AYE
MR GARDNER	AYE
MR ANDERSON	AYE
MR MAGRI	AYE

SPEAKER The result of voting Honourable Members, the Ayes six, the noes three therefore that motion is so agreed. Standing Orders 244 requires the support of six Members. It has been attained

MR N CHRISTIAN Thank you Mr Speaker. At present the only valuation of land in Norfolk Island is that done for the limited purposes of the Absentee Landowners Levy Act 1976. This means that there is no general knowledge or understanding of the value of other land unless it is sold and no basis for the Administration to determine policies towards land generally. This Bill therefore provides for land in Norfolk Island to be valued according to the principles of unimproved and improved valuation. These principles are well known to governments and valuers in the Commonwealth and elsewhere. The various clauses as set out in the Bill are similar to clauses in the Absentee Landowners Levy Act 1976. The Bill therefore provides for the usual formal clauses at the commencement and the subsequent clauses provide as follows. Clause 3 clarifies the position of mortgaged land under the unregistered system and follows the Absentee Landowners Levy Act 1976. Clause 4 sets out the principles for the valuation of unimproved and improved land, making extensive clarification of the valuation of unimproved land to ensure that the value of improvements is properly taken into account. Clause 5 provides for the executive member to call for the making of valuations and is similar to the existing provision of the Absentee Landowners Levy Act 1976. Clause 6 provides for the making of objections to the executive member against valuations and is similar to the existing provision of the Absentee Landowners Levy Act 1976. Clause 7 provides for the hearing of appeals against the decision of the executive member to the Administrative Review Tribunal and is similar to the existing provision of the Absentee Landowners Levy Act 1976. Clause 8 provides for the making of Regulations by the Administrator and is similar to the existing provisions of the Absentee Landowners Levy Act 1976. Mr Speaker I just wish to say a few more words on this and they were the words of the explanatory memorandum. This will sit on the table of the House until next week and then will be dealt with one way or the other. The purpose for bringing it forward at the moment is this, in mid July we have valuers arriving in Norfolk Island to value land in respect of the Absentee Landowners Levy Act and I think from memory it's September of each year that we issue levy notices to absentee landowners and I thought it would be an ideal opportunity to get the valuers while they were to also look at all land in Norfolk Island in respect of the unimproved and improved capital value. And what this piece of legislation does, is it doesn't set up a system of land taxing or land rates at all. All it does is provides for a valuer to have access to all property in Norfolk Island and what this Government or subsequent Government's or Legislative Assembly's does with it is a matter for them at a later date. Now the reason I'm keen to proceed with this, is we've been working with the Commonwealth now for quite some

time about a closer economic relationship, we've been talking to the Commonwealth about how Norfolk Island could make a contribution to the Commonwealth's coffers in exchange for receiving a contribution from the Commonwealth towards the cost of maintaining Norfolk Island. The Commonwealth is largely guided in its deliberations by the recommendations of the Grants Commission and the Commonwealth Grants Commission visited Norfolk Island and produced reports I think from memory in 1997 and 2006. Now the 2006 report is quite specific and it was a report into Norfolk Island's capacity to raise revenues, and that report identified that the island had the ability to raise additional revenues by taxing itself more, and one of the specific taxes referred to was the land tax. I don't personally support the introduction of a land-taxing regime in Norfolk Island. I prefer a locally based income tax, and I've stated that on a number of occasions before because a land tax in the Australian context doesn't recognise the cultural differences between Australia and Norfolk Island in how we view land, it's basically held in trust for the next generation. However, if we are to take the argument to the Commonwealth one way or another we really do need to be armed with the facts and this is the first stage in gathering the information necessary to put together whatever argument the Assembly of the day wants to run. The Commonwealth Grants Commission report in the absence of statistical factual information made a number of assertions or assumptions. Some of them were quite flawed in my view and I made mention earlier in the GST or budget debate about one glaring error that they had made, and that's they had determined as I've said before that the commercial sector of Burnt Pine had the ability to pay another \$2.5m into the local coffers by the way of land tax and I don't believe for one minute that, that could ever be the situation and by doing the work ourselves, we get away from the difficulty we had when the Commonwealth did some work and promised to share it with us. Once they had a report that didn't support their point of view, the report conveniently became a cabinet in confidence document and they refused to share it with us. The beauty about going about it this way, and having the work done ourselves, is that we actually own the property or we own the report at the end and obviously in this situation we would share the information contained in it with the Commonwealth so that's the angle I'm coming from. This is purely a mechanism for which the Legislative Assembly can use to arm itself with factual statistical information. It is not of itself an attempt to introduce a land tax in any shape or form and I would hope that I would get the support of the majority of Members to carry this forward. Thank you

MR GARDNER Thank you Mr Speaker, and thanks to the Minister for Finance for the outline or the reasoning for the introduction of this legislation, the principle of which I have no issue with whatsoever but I'm just turning my mind to the cost of going through this exercise and I notice in the budget that was tabled earlier there is no provision for valuations in the budget for July of next year for absentee land whatsoever, and I just wonder of the additional cost of looking to the improved or unimproved capital value of a block of land, just how that's going to be financed in the next financial year

MR N CHRISTIAN Thank you Mr Speaker I know in the budget deliberations there was provision put in there somewhere for the valuation, I think from memory its a figure of around \$40,000 or more but I may stand to be corrected but I know it was discussed and included in the budget deliberations

MR GARDNER Thank you Mr Speaker, if I can just maybe direct the Minister to vote 43915 under Courts and Lands on page 4, it has the heading Valuations Absentee Land it has a figure in the dollar amount of that page

MR N CHRISTIAN Thank you Mr Speaker if I may we can seek some clarification on that, and we can have that clarification before the meeting next week and if there is no funding provided for it I guess that tells you where this is going

MR SHERIDAN Mr Speaker I was going to bring that exact point up myself, that there was actually no monies in the vote looking at the Absentee

Landowners Act as we have it now so to put the extra cost onto it to value every freehold piece of land on Norfolk Island would add a considerable amount I would assume, specifically if they intend going down the improved value of the property, but just in saying those few works there, I didn't really want to see this come to the House today purely because we have only just discussed this in brief late last week and we only got the actual bill yesterday and I do believe that it's a very dangerous course that we, whilst I understand the nature of the Minister's purpose in bringing this forward is to ascertain the property value in Norfolk Island and at some later stage there could be some taxes applied to those properties, whilst I understand his reasoning there, I really believe it's a dangerous road to be heading down without some better thought behind it and I would have liked to see something come to the House in a few months time backed up by a bit of research and a few options of where to go after the valuations were obtained and so in saying that I actually won't support this next week if the Minister intends to try to bring it forward but we'll see what next week brings

MR MAGRI

Mr Speaker just in relation to this bill I can understand also why the Minister is bringing this forward. I know in the role I took in relation to producing our Appropriation Bill today that when it came to making decisions in relation to the possible new revenue raising options that we have on Norfolk Island it was fairly obvious that we had a shortfall in baseline data and relevant statistical information to make informed decisions on and it was discussed in that time that we should begin to try to collect more information so that better informed decisions could be made. Another suggestion in a similar vein that we discussed was a request to the Australian Bureau of Statistics to include Norfolk Island in the next Household Income and Expenditure Survey. But I can also agree with some of the things that have been said around here in relation to some of the suspicions that might arise in relation with this Bill. I believe the intent is honourable. I think it won't be a decision that this Legislative Assembly will have to deal with but the information will be available for the next Legislative Assembly if they so require it and I know that the Minister has only tabled this Bill now but I've just got some initial questions that we'll need to address, and may be simply answered but in my reading of it in relation to the costs, I know where land rates and the like do apply one of the biggest points of discussion and argument are in relation to disagreement with the value put on or place on that property by the valuer. This bill provides that once the valuations are done, a person can receive those valuations, and if they have an objection, they take that objection to the executive member to agree or disagree with that valuation, although I don't know at this stage what relevant valuation skills the Executive Member would require to agree or disagree with that valuation and after that stage, there's a second level of appeal to the ART and costs can be awarded as the Tribunal makes a schedule and we might also be exposing ourselves to some additional costs there but unless I'm misreading the Bill I think there's a few things there we need to check before we go on with this, but at least from my point of view the intention if I do end up finally agreeing with this Bill, will come with no decision from me that we will then be introducing land rates nor should we introduce land rates at any time in the near future. I think the big decisions in relation to taxation for Norfolk Island in the near future can be dealt with in the Appropriation Bill and it would be remiss or a pity if anybody in the public thought that the debate surrounding this Bill shows an intent to do anything with land rates in the near future

MR BRENDON CHRISTIAN

Thank you Mr Speaker I tend to agree with what Mr Sheridan stated about this Bill. I cannot support the Bill without adequate information. I can understand where the Minister is coming from as far as making a move toward showing the Commonwealth that we are looking at our own taxation arrangements. I understand that we are desperately in need of a whole taxation report to see where we are going with this all. I mean, to me it leads it in one way and that's land rates. It's pretty simple and if that's the way we are going again I urge the Chief Minister to get a task force or whatever it takes, or a team together that's going to push the issue forward, not just the land valuation but the taxation arrangements as a whole to look at the best options of where we're going. As Tim said we were presented with

this Bill quite rushed. I can see some advantage to what the Minister is trying to achieve but I just believe that if it has anything to do with our taxation arrangements immediately why can't we just take the time, get together a team, assess the whole taxation arrangements and take that to the Commonwealth and look at our own measures in place now to come up with a fair and equitable reasoning for any sort of taxation or any sort of legislation that may be perceived to be bringing in another tax and I don't have any intention of supporting this Bill at this time

MR ANDERSON Mr Speaker remember I said some pretty strong words as far as I'm concerned on land tax under certain conditions and so I'll be fighting if I don't think anything that may be brought up during my time, if I think its inequitable in any way, but that's not what we are talking about. Mr Brendon Christian talked about doing a survey and that needs to be done but we also need facts and we can't do that without valuation. That's why we need the valuations and it makes sense to me that we do it whilst we've got someone coming. If we haven't any money, that's another matter but I think we have to take the opportunity because so often our problem here is that we haven't done our homework and this is the chance to do our homework properly. I'll still be supporting this

MR GARDNER Thank you Mr Speaker, just a couple of comments in support of Mr Anderson's contribution. This bill before us does not establish a new tax. All this Bill does is to provide for the valuation of land in Norfolk Island so it's just I guess an expansion of the powers currently in place for the valuation of absentee owned properties in Norfolk Island and I think some of the debate that we had earlier in the week may have suggested, why didn't we use that vehicle as the vehicle to provide for the valuation for all land in Norfolk Island, well it probably is not appropriate to use an act that's entitled the Absentee Landowners Levy Act in the guise of providing valuations for properties held in Norfolk Island. It is specific to absentee held land in Norfolk Island. I can understand that there is probably a perception that surrounds this bill well, that's the next sensible step that a Government would take. Well to instigate a new tax, if it's to be a land tax or a rate system it would require a separate piece of legislation to do that and it would come back to this House and obviously there would be an opportunity to debate it unless this Bill if it became that and its title was changed to the Land Rates Act of Norfolk Island or Land Tax Act of Norfolk Island, and I don't see that happening but we've only just recently got this Bill and I do have a question or a query for the Minister and he maybe able to provide an answer, because with my experience down here, I'm not quite certain that the proposed subsection 8(1)(a) is something that I'm entirely comfortable with, where an executives power is delegated to a Member of the Legislative Assembly and not to another Executive Member. I know in other legislation the Executive Member has powers to delegate certain responsibilities but I'm not sure whether they have the power entirely to delegate what could be perceived as executive responsibility to a non-Executive Member of the Legislative Assembly and hopefully I would like to see that clarified over the intervening period of time that it sits on the table. Thank you

MRS JACK Thank you Mr Speaker just a couple of sentences here. I can understand the concerns of both yourself, Brendon and Tim but honestly I see this just as an information gathering Bill. Yes it may change in the future but we have to start being a little more mature and being fully prepared and gathering our information and this explains to the community why this Government is taking this stand with this Bill. We can't be accountable for other Governments but you can certainly tell around the table where pushes would come from if they were to start moving this Bill whether in this form, amended or whatever, into gathering land rates. This is not about land rates per se, it's about gathering the information in order to use it when we have proper discussions with the Commonwealth and we need to be better informed and I see it as pivotal in obtaining that information. Thank you

MR BRENDON CHRISTIAN Thank you Mr Speaker just briefly I'm sure the ministers have all explained it to me at the same time, and maybe I've missed the point here, but I can't see yet and I haven't heard yet, and I can understand what both Mr Gardner and Mrs Jack are saying about the Bill, it's not about land rates it's about land valuation, but to tell me what else it ties into other than information to see what the taxable amount is that we can get. Can somebody just explain what that issue is and what I'm missing about the valuation of the land

MR N CHRISTIAN Thank you Mr Speaker, Mr Brendon Christian is absolutely correct. The whole purpose of this exercise is to quantify what Norfolk Island's ability is to raise revenue from within itself but as every other Member has stated, this is only the first step in the process. It is not a Bill to introduce land tax in any way shape or form and Mr Christian has said that a Task Force or Working Group needs to be set up to make recommendations in respect of taxes and I would assume he means land taxes, land rates and income tax. But the working group, like us, cannot make any recommendation unless it has some factual statistical figure to work with and this is the first plank. I mean, I'm not going to die in a ditch over it, because let's make no mistake, I know this isn't a popular topic and had I been any smarter I probably would have introduced it on behalf of Mr Ian Anderson, but as Vicky said, we've got to be mature enough to have these discussions and it's time we had it. Where it goes next week I'm comfortable either way

MR NOBBS Thank you Mr Speaker just a couple of thing. One is in terms of the budgeted amount during the budget review committee's deliberations leading up to the budget we certainly discussed an allocation of somewhere in the vicinity of \$40,000 to that area. Now I've got the feeling it may have ended up in the account area of 58530, which is land administration but I'll actually endeavour to find out if that is the case, but it definitely is part of our budget review when we considered what the costing of this would be. In terms of the timing of it coming to the table at this particular meeting I think this has come about due to the fact that we have an impending visit from the valuers who carry out the absentee landowners valuations and I think their arrival time is sometime in early July, hence the reason, if this is to be approved and it is specifically to be approved to capture data where certainly I don't hear anyone around the table saying that we are doing this to introduce land rates. What we are trying to do is to build enough of a data base of all these areas and I should point out that I mentioned earlier in the meeting that going back many months ago, we invited Minister Bob Debus to re-assemble and set the Task Force in motion again that was used in past instances for Norfolk Island where the Australian taxation office, treasury and finance carried out assessments on the six possible tax options that could apply to Norfolk Island and at the end of that deliberation the GST was the most easily administered and probably the most equitable out of them in terms of the way it was to be operated. We've certainly had what I would consider a form of task force already looking at this on island in the form of the Public Servants who have compiled many different policy options for us in the lead up to the budget as well and some of those crossed over into the areas of fees and charges and what could be assumed to be levies and taxes I suppose. Having said that, we definitely won't be backing away from the idea of establishing our own group for Norfolk Island to analyse all the options in that way. In discussions that I had in recent weeks I think there may be an opportunity to perhaps have the initialisation of a similar study to what was carried out by SIE, the Senate International Economics which was the report that the Minister for Finance alluded to before and in generating that, or re initialising that report perhaps we'll get more information to hand on the impacts of some of those tax changes that were proposed back in 2006

MR GARDNER Thank you Mr Speaker, just one query, I understand that the reason for the introduction of this today is basically to take advantage of the visiting valuers in July who would be undertaking the valuation for absentee land owner purposes. I would imagine that following the discussion on the

need to consider future taxation options for Norfolk Island and a lot was said about it earlier today in relation to the implementation of an income tax regime in Norfolk Island, that a similar bill at some time allowing the Administration to assess income from all sources may be the next bill to be considered by this House as part of a package of the consideration of taxation options going forward for Norfolk Island

SPEAKER Thank you Mr Gardner. Any further debate? Mr Christian I seek a final motion

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 The question is that debate be adjourned and the resumption of debate made an Order of the Day for a subsequent day of sitting and I put that question

QUESTION PUT
AGREED

The Ayes have it. Debate is so adjourned Honourable Members. We move now to Orders of the Day

ORDERS OF THE DAY

PLANNING ACT 2002 – REJECTION OF A PROPOSED VARIATION TO THE NORFOLKI SILAND PLAN

SPEAKER Honourable Members we resume debate on the question that the motion be agreed to and Mrs Jack you have the call to resume

MRS JACK Thank you Mr Speaker just let me say before going into this motion , I would just like to thank my colleague Minister for Tourism and Health Geoff Gardner for taking on my responsibilities during my recent vacation and for also bringing forward three bills standing in my name. This is for a rejection of a proposed variation to the Norfolk Island Plan and talking to Geoff about what has been stated or concerns voiced by Members in this motion and I had a brief discussion with Members yesterday I guess that the main concern and it was also voiced by the Members of the Planning and Environment Board, was a failure on behalf of the Administration to develop a Development Control Plan for the airport. One had been put forward earlier, but that was for a specific moment in time and that was superseded at a certain date. I would have to agree that in order to consider more properly proposals for variations within this area, we need to develop that particular development control plan. In saying that, I have had a shortage of staff within the area and I must admit that the current Planning Officer, Mr Alan McNeil has been doing a valiant effort in looking after not only his original area of planning but also dealing with other areas as staffing has been cut out or not been filled as people have left. In the forthcoming budget, it is proposed to employ one other person that should lighten his load, enabling him to get back to just planning mode, also to lighten it further with a part time conservator position. We are running abit behind also with the Norfolk Island Plan Review and thanks to some really hard work being put in by Alan when I was away he has been able to do some catch up and we actually had a very full meeting last week in bringing that review of the plan forward. However, in dealing with this particular variation and the need to develop a plan to cater for such requests now and in the future it won't be until the completion of the review of the Norfolk Island Plan unless I can find funding somewhere in the budget because nothing's been put aside to bring in some outside help to actually do that Norfolk Island Plan and whether I can find a few thousand dollars it's something that I can take up with both the Minister for Finance and the Chief Executive Officer but as I

say, the motion stands before for a rejection of this proposal and that's how I mean to move forward with it and I seek any further comments that Members wish to talk about

MR MAGRI Mr Speaker I actually talked against this motion when it was introduced by Mr Gardner and I haven't changed my opinion a heckova lot since then. Although the discussions that I had yesterday with the Minister in the creation of a DCP certainly makes good sense. As I understand, expressions of interest were called by the Norfolk Island Administration for interested private sector partners to develop that site as a tourist site and it seems extraordinary now that we, on the information provided, should never have gone to those expressions of interest and to the point where I expect that those people, on the information proposed for the rejection of this, should deserve some sort of formal apology

MR N CHRISTIAN Thank you Mr Speaker I have indicated previously that I intend abstaining from voting on the final motion here purely because I could have a conflict of interest but as the Minister with responsibility to the airport, I do need to draw Members and the listening public's attention to some pertinent points. Firstly I think the initial call for expressions of interest wasn't just relative to the banyan tree, it was for any commercial activity within the airport and it was up to the proponents to nominate what they wanted to do and as I understand it, that is what happened in this instance. A proposal came forward from a tour company to do a particular thin. However, what became fairly clear during consideration of the application was that the fuel installation location in respect of AVGAS for the airport was clearly drawn in the wrong location on the location documents that were submitted with the Development Application and we have I think something like 10,000 litres of AVGAS stored almost within the banyan tree and it probably is not the best thing to do, is to have tourists wandering around in close proximity to that installation. In light of all of that I think this is probably the best thing to do and go back to the drawing board in respect of how you want to deal with access to the banyan tree. I'm not opposed to access to the banyan tree but it has to be in a manner that is safe to the public

MR BRENDON CHRISTIAN Thank you Mr Speaker, at this time I support the motion given that there is no development control plan as the Minister pointed out. I do believe we need to support new initiatives especially in tourism and we need to ensure the procedure is followed to control such development albeit that expressions of interest may have been called, I don't believe that, that should be a reason for pre-empting decisions especially to vary to the Norfolk Island plan. As the Minister pointed out, the development control plan is about to be formulated for the airport and also on the same token I urge the Minister to get that through as soon as possible and it could then allow the people, or there would be nothing stopping the application being resubmitted at that time if it fits in with the development control plan so it's not the be all and end all and I just believe that doing it this way, if there's no control over it, and there's a process that needs to be followed, and I'll support the motion

MRS JACK Thank you Mr Speaker I just need to say too that when a development control plan is being formulated it would be my intention not just to do it just as a text book exercise through some consultant or indeed just the relevant officer within the Administration but also I will be inviting public submissions so that we will get a true representation that we are getting the way the Administration wants to progress in that side and also what the community needs and try to blend those ideas together so that we are getting something that has a full consultative process

MR MAGRI Mr Speaker just to clarify the point in relation to the expressions of interest and just because an expression of interest was put in, that they should automatically seek the approval of a variation of the plan or an approval by the Planning Board and Minister. That's not my point. My point is simple and that is that the information provided as to why this should be rejected should have been more than enough information never to have gone to an expression of interest in the first place and

the private sector operators who have spent their time and money putting in their application, I feel a little sorry for Mr Speaker

SPEAKER Thank you Mr Magri. Any further debate Honourable Members. There being no further debate I put the question that the motion be agreed to

QUESTION PUT
AGREED

MR SNELL	ABSTAIN
MR CHRISTIAN	ABSTAIN
MR MAGRI	NO

The ayes have it Honourable Members with two abstentions, myself and Mr Christian and Mr Magri against. That motion is agreed to

CEMETERIES BILL 2009

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

MRS JACK Thank you Mr Speaker and again thank you to my colleague Mr Gardner in bringing this forward. I understand in talking to this Bill one query was raised and that was the fact of a somewhat shallower depth than the person thought appropriate in the case of a burial at one stage and then a later burial. The idea is in allowing those who have been together in life to be together in the next one, and the fact that if you do there would be a concrete slab placed over and that is in tune with what happens elsewhere. I look forward to hearing what other Members have to say and this bill goes hand in hand with the Public Reserves Amendment Bill and apparently I've just spoken to a clause that's in the Public Reserves Bill so my apologies there

MR BRENDON CHRISTIAN Thank you Mr Speaker, just to clarify to the minister that the point you were referring to was in the Public Reserves Bill and I'll save my debate until then. I have one issue on the subject that was just raised

MRS JACK Thank you Mr Speaker so I just look forward, if there's no further comment to be made if we can progress but I think Mr Sheridan might have a question

MR SHERIDAN No it's not a question there Minister it's just a comment on this bill, it's just a couple of paragraphs long, and I believe it's just to tidy up some anomalies down at the cemetery at the moment where there's maybe some confusion about sites etc and disposal methods etc and it puts into place some rules you might say that the sexton down there can enforce with regards to people who are in that position who want to bury one of their loved ones and or people who actually access the graveyard and desecrate graves etc so its really just tidying up some of the areas that haven't been very clear to this point in time

SPEAKER Thank you Mr Sheridan. Mr Christian are you happy with this coming on. Is there further debate Honourable Members. There being no further debate I put the 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 Mrs Jack

MRS JACK Mr Speaker I move that the Bill be agreed to

SPEAKER Thank you Mrs Jack. 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

PUBLIC RESERVES (AMENDMENT) BILL 2009

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

MRS JACK Thank you very much Mr Speaker. Well I jumped the gun with the earlier comment and that is actually for this reserves in the Regulations that will fit in with it. Again, I'm just looking to see if Members have any queries or if they need further explanation for anything Mr Speaker

MR BRENDON CHRISTIAN Thank you Mr Speaker, just to touch on the topic we have spoken about before, it's a pretty simple issue that I'm sure the Minister can clarify. When you state about the depth of the grave and the possibility of having a concrete slab placed over the top of that, where would that appear and also with the prescribed fee which is nothing, who would be responsible for it, the supply and installation of that slab

MRS JACK Thank you Mr Speaker I would say the cost would be borne by the relatives because that's the option that's being taken, just as today what happens is the headstone comes in, the sexton does the actual installation but the next of kin pay for the actual headstone but the Administration actually pay for the concrete etcetera, however such a large slab as that I would expect it to be given over to the family or the next of kin

MR BRENDON CHRISTIAN Thank you Mr Speaker, a supplementary question. Just for information Minister would that appear in regulations

MRS JACK In the regs and the Regulations may set fees for burials and grave diggings and...

MR GARDNER Thank you Mr Speaker, just if I can offer some assistance after the introduction of the Bill at the last sitting, I had discussions with the Sexton in relation to the Regulations and some of the other I guess machinations that would be involved in some of these areas. He had of his own volition done quite a bit of research into some burials and had provided me with a copy then I think of about 2005, some regulations out of Victoria, which controlled all of these issues which Mr Christian has raised questions about. Now the regulations that was circulated and I guess that's one of the confusing factors, is that draft regulations were prepared in relation to this Bill just to assist with guidance as to what they may look like. Now in my discussion with the Sexton I encouraged him to look to make recommendations in relation to appropriate regulations that would give him the ability to manage all of these things and I would think that in the promulgation of Regulations from here on in that these things need to be properly considered and included In Regulations so what the Act does is, it makes provisions for Regulations to deal with all of those things and that's where they would be dealt with so I hope that explanation is helpful

MR BRENDON CHRISTIAN Very detailed thank you

SPEAKER. Any further debate Honourable Members. No further debate. I put the question that the Bill be agreed to in principle

QUESTION PUT
AGREED

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 Mrs Jack

MRS JACK Thank you Mr Speaker I move that the Bill be agreed to

SPEAKER. Any debate Honourable Members. No further debate. I put the question

QUESTION PUT
AGREED

The Bill is so agreed

PLANT AND FRUIT DISEASES (AMENDMENT) BILL 2009

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

MRS JACK Thank you Mr Speaker it's not my intention, following discussion with Members yesterday, it's not my intention to try and finalise this Bill. I understand that Mr Christian has some further concerns and I think that's great and I welcome it. There has certainly been pushes on a few of us regarding this, some good some bad, and if nothing else it certainly brought some of the issues right out in having a full discussion in the community. I'm certainly looking forward to hear what Mr Christian is seeking and seeing if I can be of assistance in any further detailed amendments that he might be proposing

SPEAKER Thank you Mrs Jack. I note that Mr Brendon Christian has foreshadowed his intention to move that the Bill be withdrawn from the Notice Paper and Mr Christian I call on you

MR BRENDON CHRISTIAN Thank you Mr Speaker, it is my intention to move that the Bill be withdrawn from the Notice Paper

MRS JACK Thank you Mr Speaker that's an amendment a few steps too far for me to agree to, as an over the top amendment one would have it, and so if he wants to put that motion to the House so we can either keep it here or clear it off I suggest we do so

MR BRENDON CHRISTIAN Thank you Mr Speaker, I so put the motion. After long periods of this motion being on the table I've had the opportunity to discuss this issue with quite a few people in this community both for and against the importation of fruit into Norfolk Island. When this issue was first raised around two years ago it was suggested that we could maybe allow for the importation of apples by simply adding it to the list of allowable imports such as potatoes and onions. I thought this would be a simple process Mr Speaker. How wrong I was. After a lengthy process of receiving advise from the Public Service an AQUIS protocol was drawn up that would allow for the importation of apples, it was then finally introduced to this House but with the proposal to import all fruit and vegetables. This created a very controversial subject. There are

proposed importer retailers who are very keen to see a wider more readily available source of fruit and vegetables for use on Norfolk Island as well as some general community support for more fresh produce available. On the other hand there is concern from the growers who believe that with Government support a more diverse and sustainable industry could be established on Norfolk Island in this area and have justified concerns that we would be exposing Norfolk Island's fragile environment to a range of pests and diseases that we have mostly avoided. I believe Norfolk Island's status in world quarantine issues cannot be overlooked. We are relatively sheltered from most pests and diseases and genetically modified foods and the isolation of Norfolk Island is a definite advantage in this area. I've also taken into consideration that some in the community use their gardening as a means to supplement their income and by allowing the importation of all fruit and vegetables could be a threat to an already struggling economy meaning more money leaving Norfolk Island's shores. Mr Speaker I also believe that the availability of fresh fruit and vegetables is an integral part of good health and we as a Government need to do our part in ensuring as best we can that the community has access to this produce but we need to be very careful not to inadvertently destroy something that we may need to protect. Mr Speaker I still support the importation of apples into Norfolk Island with strict sourcing guidelines attached and I have concerns that all other fruit and vegetables to be imported, we are taking the easy way out. I also have concerns with suggesting we refer each type of fruit and vegetable to the Impact of Bills Committee and I stand to be corrected on this Mr Speaker but I do not believe this committee has the ability under legislation to deal with applications from the public. I also believe we need to do more to give more support to growers by assisting with technologies that allow for them to diversify and grow a better product for consumers. Thank you

MR GARDNER Thank you Mr Speaker, I understand Mr Christian's views and am pleased that he's gained enough to bring them down here and represent them on behalf of people in the community. Likewise he was keen to see the trial of the importation of apples into Norfolk Island and as far as I'm concerned the jury's still out on whichever way the House wants to go with it but my fear in withdrawing the Bill from the paper at this stage is that it seems to leave garlic and ginger in limbo because they are currently not provided for under the Plant and Fruit Diseases Act 1959 for importation into Norfolk Island regardless of how you read the Act so that needs to be tidied up. If it was suggested that this be withdrawn I would be interested in Members views to make sure that at the next sitting we have a revised Bill that at least deals with those things that have been taken for granted, should be allowed to be imported into Norfolk Island which includes the garlic and ginger. I think the Act is very specific that at this stage a person can only import into Norfolk Island fruit, and I think they class potatoes and onions and edible nuts and wheat as fruit and those are the only things that are allowed into Norfolk Island under the current legislation so obviously that needs to be addressed otherwise there won't be any garlic or ginger if we are going to enforce the word of the law as it is now, as we are required to. That's my contribution to debate at the moment but I'm interested in other Members views. Thank you

MRS JACK Thank you Mr Speaker it's interesting that Mr Christian mentions free from genetically modified foods, because I think it was either late last year or earlier this year, on the Green peace website to which I subscribe, or did at the time, there was notification coming out about the amount of genetically modified foods entering through the manufacturing process and did people realise just how much it was coming on and certain companies were refusing to deal with their basic manufacturing product coming from genetically modified foods. So some months ago I actually wrote to people such as Island Eggs because they import grain for their chickens, I also contacted Foodland Supermarket and a couple of other retailers as well, asking them what were their policies and were they aware of any genetically modified foods entering into Norfolk Island and it turns out that really as far as food for chickens, and I would have to go down because I don't want to misquote from Mike Andrews response but it could well be that there is no position he could take because of his small

purchase buying power that there could be in the future some genetically modified food coming in if not already. Now I will talk to Mr Mike Andrews and ask him if he will talk to me and we can organise a statement, but there is a concern that in actual fact some genetically modified foods may be already appearing on some of our shelves coming in that way. I can do some more work and find out just exactly what brands are doing it, but on the website from Green Peace they actually publish a book advising people on what brands to be wary of. As far as the Government being prepared to do more in the past I've organised protocols for bear rooted fruit trees, for citrus and mangoes. So I believe that this Government have done a lot in helping the producers. My concern sometimes is that people are mixing up sustainability with self-sufficiency. Sustainability, and I can see Madam Clerk shaking her head, she's a very passionate lady about this, but to me they are somewhat different, it's all a personal view I suppose, but I believe we have done a lot. I'm not prepared to support any motion on wiping this or repealing this Bill. What I would be prepared to do is amend it to include garlic and ginger and apples but just to wipe it, no

MR BRENDON CHRISTIAN Thank you Mr Speaker, I don't intend the Minister to take it the wrong way that the Government is doing nothing. I actually commend what is being done and I support and fully urge that support to continue. On an earlier note, and I believe I've quoted this, to say that we are relatively sheltered from most pest diseases and genetically modified food. Relatively sheltered was the key word. I didn't say that we haven't got them, I'm saying that we are relatively sheltered and that's all I would like to add

MR SHERIDAN Mr Speaker it seems we are in a bit of a mess and have everyone confused I believe by signalling changes to the original Bill and I think the further that we have had community input the more messy it's become but I'm quite willing to support Mr Brendon Christian's motion to withdraw the Bill. Mrs Jack has stated that she would like to leave it on the table with the purpose of replacing the Bill with another Bill to ensure those things that Mr Gardner has said that aren't already lawful to bring in what we do, as in garlic and ginger etc, a couple of small ones, but if Minister Jack will give us the assurance that she will leave it on the table but replace it with another Bill we can, but it would be so much easier to get rid of it altogether and to bring a new Bill to the House

SPEAKER Honourable Members the motion is that the Bill be withdrawn from the Notice Paper. Is that the wish of the House

MRS JACK That was Mr Brendon Christian's motion

MR N CHRISTIAN I move that you put that motion to the vote

SPEAKER Then I put that motion to the vote

QUESTION PUT

Madam Clerk could you please call the House

MR SNELL	NO
MR B CHRISTIAN	AYE
MR SHERIDAN	AYE
MRS JACK	NO
MR N CHRISTIAN	NO
MR NOBBS	NO
MR GARDNER	AYE
MR ANDERSON	NO
MR MAGRI	AYE

SPEAKER The result of voting Honourable Members, the Ayes four, the noes five so the motion is defeated. The motion that was put was that the Bill be withdrawn from the notice paper. That was defeated so now we move on Honourable Members to resume on the question that the Bill be agreed to in question and Mrs Jack you have the call

MRS JACK Thank you Mr Speaker I wish to just make it an order of the day for a subsequent day of sitting

SPEAKER The question is that debate be adjourned and the resumption of debate made an Order of the Day for a subsequent day of sitting

QUESTION PUT
AGREED

The Ayes have it. Debate is so adjourned Honourable Members

FIXING OF THE NEXT SITTING DATE

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

MR SHERIDAN Mr Speaker I move that the House at its rising adjourn until Thursday 25th June 2009, at 10.00 am.

SPEAKER Thank you Mr Sheridan. Is there any debate Honourable Members

MR N CHRISTIAN Thank you Mr Speaker the reason that the House is proposing to sit on Thursday the 25th June rather than Wednesday the 24th is to accommodate me. The next creditors meeting of OzJet airline is to take place in Sydney at 11am on Wednesday the 24th June. I need to be at that meeting and then I will endeavour to make my way back to the island that afternoon and as you know, this will be the second reading of the budget and this has all been done to accommodate me. Thank you

SPEAKER Thank you Minister. Is there any further debate Honourable Members. The question is that the motion be agreed to and I put that question

QUESTION PUT
AGREED

The motion is agreed to

ADJOURNMENT

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

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

MR NOBBS Thank you Mr Speaker, just a small statement in regard to something that I became of earlier. I became aware earlier today that a member of the community expressed disappointment that the Legislative Assembly did not debate the GST Amendment Bill clause by clause so that the listening public could hear in detail all of the changes proposed to the GST Act. We did have a lengthy debate about the proposals to change the rate of GST

MR N CHRISTIAN Thank you Mr Speaker point of order. The decision has been made in respect of this. It is not appropriate for it to be debated in adjournment

MRS JACK Thank you Mr Speaker I note that the school had their cross country today, the junior school and some of the Ministers went and watched the young ones winning or at least participating. I hope that as Minister the day was successful for all concerned. It certainly was a lovely day and I just hope that perhaps Nepean pulled ahead at the very end

SPEAKER I take your point Minister but Philip should win

MR NOBBS Thank you Mr Speaker just in regard to the ministers forum at this stage most of the Ministers are tied up from 8.30 tomorrow morning. If at all possible we will seek to have a minister's forum on the radio on Friday at 9.30

MR SHERIDAN Mr Speaker that will of course take place after the manager of the Norfolk Island Leagues Club has his say at 9.30 on Friday

MR BRENDON CHRISTIAN Thank you Mr Speaker I believe that the Chief Minister should know that it would be very important to have a Minister's forum if not tomorrow then definitely on Friday

SPEAKER Honourable Members before we adjourn I would just like to make mention and to thank the Broadcasting Officer who is in the Chamber and has been with us for the last two years or so, Rueben Craig is conducting his last presence with us in charge of recording and broadcasting and I'm certain you would join with me in wishing Rueben the best in his endeavours to move on and we will certainly miss him down here and thank you very much for your attention and your courtesy in the time you have been here and we wish you well

MEMBERS Hear, hear

MR SHERIDAN Mr Speaker you never know he's there

SPEAKER Thank you Mr Sheridan. Any further debate Honourable Members. I now put the question that the motion be agreed to that the House do now adjourn

QUESTION PUT
AGREED

Therefore Honourable Members this House stands adjourned until Thursday 25th June 2009, at 10.00 am.

