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**NORFOLK ISLAND LEGISLATIVE ASSEMBLY  
12<sup>TH</sup> NILA HANSARD – 16 SEPTEMBER 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

**CONDOLENCES**

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

MR SHERIDAN

Mr Speaker it is with regret that this house records the passing of Karl Davies who passed away at the Wesley Hospital, Brisbane on the 19<sup>th</sup> August. Karl was born in Leanora in Western Australian in 1927. He lived a full and varied life that started with a turbulent childhood as a student at a Catholic Boys School. This was an extremely difficult time and many years later Karl wrote a biography about those early years. He spent some of his younger working years as an electrician in the Merchant Navy and later with a film crew in New Guineas as a film technician making nature documentaries. During this time Karl met and married Maeve and in 1963 they moved from Sydney back to Norfolk with their three children, Kim, Karlene and Adam. He brought three Morris Minor cars with them and started the Island's first hire car business. He then purchased Miss Rigby's grocery store at Middlegate, installed a petrol bowser, started selling hardware and changed the name to the Middlegate hardware Store. Karl was also involved with the fish factory operation at Cockpit and spent many long hours filleting and packing fish for shipment. Karl and Maeve parted ways and he married Kate and moved to Sydney where they started a wholesale fruit and vegetable business supplying shops in and around Ballina. He and Kate moved back to Norfolk and they adopted Priscilla and helped her to recover from her serious accident. Karl initiated the Middlegate Museum which still operates today. He was constantly busy and one of his passions was to purchase real estate that needed renovations or where he could see an opportunity to improve its value. He was resourceful and imaginative in finding ways to transform a run down piece of real estate into something worthwhile. Probably the best example of this was Christian's at Bucks Point which he renovated from an old and broken island home to Norfolk's first 5 star accommodation. At 72 he decided he needed a new career path and enrolled at the William Angliss College in Melbourne to qualify as a Chocolatier. He then started the new venture of "Sweeties" Chocolate factory at Middlegate which is today run by the Maxwell family. Karl was a passionate golfer and lived for his daily game with his friends. When he realised in Brisbane that his sickness would not allow him to return to Norfolk he sent them a special farewell. To Kate, Priscilla, Kathy, Vivienne and Jo and grandchildren Jessica, Kristy, Nicole, Daniel, Alex, Kate, Brooke and William; to Maeve, to Kim, Karlene, and Adam in the loss of their Dad, to Carli, Ronan, Temanu, Atua and the late Shannon Davies, to Karl's many friends this House extends its deepest sympathy. Mr Speaker may he rest in peace

It is with regret that this house records the passing of Jean Pearson on the 14<sup>th</sup> August. Affectionately known as Pet or Mabel she was born on Norfolk Island in 1929, the youngest daughter of Fairfax Leslie and Beatrice (Pa Les and Aunt Ginny) Quintal. She lived 'up in a stick', now known as Selwyn Pine road. Her schooling was here and she was

a good scholar. Whilst she was the second youngest in a large family her father turned to her for major support in the hard physical work running their farm. Up early to milk before school, walking long distances to gather his work horses and ready them for the day ahead. Jean had particular skills with horses from quite early in her life. She rode well and worked horses with care. When her father sustained a major foot injury, Jean did his ploughing with a pair of horses. She was only 13 at the time. On Christmas Eve 1942 Jean suffered a bad fall from a horse and was in a coma for three months. Against all odds, she made a remarkable recovery and it didn't deter her work with horses. Jean took up part time farming work with the Locksmith family at their farm at Headstone. Milking 30 cows morning and night and other farm work. When Mr Locksmith died, Mrs Locksmith would have had to sell were it not for Jean. She was 14 years old. In 1948 Jean moved to Sydney and initially shared a flat with her eldest sister Helen. She met and married Bill Pearson and they had four children, Dianne, John, Deb and Jen. For a long time the family lived at Woollahra. She and bill danced, loved music, Jean played the piano, guitar and ukulele. They shared a love of sport, both being strong tennis players, and taught and encouraged their children in these life skills. The family moved to the Liverpool area in 1964 and Jean was able to resume her passion for horses. She turned to training thoroughbred Pacers and she worked with show horses. The children had ponies and accompanying pets and they all loved this life. In 1974 the family moved to rose Bay. While she was in good health, Jean's love and care of elderly people came to the fore. She looked after many in the block of units where they have lived for the past 35 years, taking care of all their needs. Jean enjoyed fishing and was good at that too. She had strong writing skills which she passed on to her children and she loved writing humorous poetry in the Norfolk language. Jean had a short stay in St Vincent's Hospital before she died peacefully in her sleep. To Bill, her children and four grandchildren Elise, Matthew, Sasha and Riley and great grand daughter Isabell, to her extended family and her many friends this House extends its deepest sympathy. Mr Speaker may she rest in peace

It is with regret that this house records the passing of Samuel Frank Sheridan – my nephew - who was born on Norfolk Island on the 4<sup>th</sup> October 1987. He was affectionately known as Sam, Sammy, Frankie and Stinken. Sam was a beautiful baby, blessed from birth with a very large family. He was dearly cherished and loved by both his Nana's and Poppy and he thought he was so cool to have Martyn - his father, and Drill – his dad. Sammy travelled a lot in his younger years with his Nan's, cousins, aunties and uncles - to New Zealand, Sydney and Queensland. Sammy went to school on Norfolk and was an excellent student – well, dars tull dem hormones kick een. From den orn there was never a dull moment at school. Sam really loved his motorbikes; right from the age of six, and as he grew the bikes kept getting bigger en bigger. He loved going to all the bike tracks around Norfolk where he could hold his own with the best – even winning trophies. When Sam tun fifteen he get one postie, and boy did dar poor bike cop a hyden. The legal age for leaving school was 14 years and 9 months and the day couldn't come fast enough. He was out of there. Sam got a job with Georgie working on the Mt Pitt Road. When that finished, he worked at a number of different jobs, never staying too long at any one. At 16 he got his car licence but was more off the road then on. Sammy had the urge and found the strength to leave the rock two years ago. He was so nervous but so determined to make it on his own and his dream was to work as a deckhand on a prawn trawler. He had many jobs, up and down the Queensland coast and about a year ago he finally scored a job in Southport on a tuna boat – “Kimocean”, and later on a bigger tuna boat “Shiome”. He loved the hard work and had many stories. He loved showing pictures of the big fish they had caught. Two months ago Sam headed up the Sunshine Coast still chasing his dream. He scored a job in Hervey Bay on the scallop trawler “Eastern Mist”. Less than a month ago, on the 25<sup>th</sup> August Sam's dream finally come true and he got a job on a prawn trawler, the “Elizabeth G” – his last 12 days spent at sea. Sam had many friends here and away, but some were extra special. They were his rock and anchor. Sam loved all his family with all his heart. They know that because he told them all - all the time. He also loved his mum and dad's CDs en hi luw a hihi. To Sam's family, Kaye and Drill, Cody, Tamika and Larrin, to both his Nana's and poppy, to his extended families of the LeCren's,

sheridan's and Nobb's and to his many friends both here and away, 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

#### **LEAVE OF ABSENCE FOR MR CHRISTIAN MLA**

MRS JACK Mr Speaker could I ask for leave for my colleague the  
Hon Geoff Gardner

SPEAKER: Honourable Members, is leave granted? Thank you.  
Leave is granted?

#### **PETITIONS**

Are there any petitions this morning?.

#### **GIVING OF NOTICES**

Are there any notices?

#### **QUESTIONS WITHOUT NOTICE**

Are there any questions without notice?

MR SHERIDAN Mr Speaker Thank you. A question for the Minister responsible for the RPI. The Chief Minister I believe. Minister what was the movement of the RPI for the past financial year

MR NOBBS Thank you Mr Speaker I may have to go and gather some of that data and answer that towards the latter part of the sitting

MR SHERIDAN Mr Speaker if I may. I believe that the movement was something like 3.2% and regardless of what movement it was, it was a movement upwards and in light of this movement and in line with discussions with regard to movement of the minimum wage, that this wage would be reviewed periodically, do you intend to increase the minimum wage in the near future

MR NOBBS Thank you Mr Speaker in line with any change to the cost of living and other issues on an annual basis I discussed earlier that we would be providing a review on a regular basis for wage on Norfolk Island

MR BRENDON CHRISTIAN Thank you Mr Speaker, a question for the Minister for the Environment. What was the process followed for the recent visit by Dr Christophe Sand, assessor from UNESCO for World Heritage and who came out with him and why was his visit kept so low profile

MRS JACK Thank you very much Mr Speaker. Mr Speaker a bit of history to it with regards to the World Heritage listing. We all knew that an assessor would be required to come and assess the nomination. The nomination of the eleven sites and so the assessor would have to visit the eleven sites. We knew roughly for some period of time that the months for the assessor would be around the September October and that's all we knew. We had a letter, we the people involved in the process of World Heritage listing, received a letter from ICOMOS Paris, and the content of that letter stated that the person who would be coming was an assessor, in particular a technical assessor, that the visit was to be kept low key and that there would be no interview requests given.

We have to respect these requests. The definite time for the scheduling of the visit, from about two and a half weeks out from the actual arrival of Dr Christophe Sand and so we worked within this. The Commonwealth did the schedule of visits and it turned out that we were in the last assessment, the last site visited. As it turned out there were two technical assessors owing to the number of sites and the traveling involved between the eleven sites. There were several in New South Wales, several in Tasmania and of course the site here as well as one in Western Australia. Dr Christophe Sand dealt with the Tasmanian and Norfolk Island sites and the other assessor, who I forget his name but was from New Zealand, dealt with the New South Wales and Western Australia. Now as I said before Mr Speaker the request or notification that came from ICOMOS Paris said no interviews and a low key visit. In keeping the sites on an even keel, there was a concerned group around the Port Arthur site who wished to meet with Dr Christophe Sand and so we had a similar meeting held here for various KAVHA landowners. Now in Port Arthur these people were given half an hour on their own with no other Government whether State or Federal representatives present, it was purely between those landowners and the assessor. That same protocol followed here and they met privately with three KAVHA landowners who had requested the meeting. To try and get some sort of public input not all sites had morning teas, in fact, I know that the Port Arthur site I think had one and we did Mr Speaker. I'm unsure of the other sites Mr Christian just who held these morning teas but I can find out for you if you wish and have more detail in the next sitting. This low key I suppose of community meeting, rather than public would be a poor choice of words involved people who could represent groups that use the KAVHA area for example, Mr Tom Lloyd represented the Lions Group, we did tell Dr Sand that he was from a newspaper and he did ask Dr Sand's permission to take a photo that was later subsequently published in the paper. We had two landowners from within KAVHA. We also had a young Norfolk Islander who has shown an interest in what we do down here, that person had sent a letter to all Members earlier this year or late last year and I thought it would be good to include a person of that same desire, skill or interest. We had I think a tour operator there but there was a broad range of people and so we considered that to involve just a little of the community and it was something that the assessor agreed to. We did not force on him, we sought his permission and he had no problem with that. During that time he was asked several questions about the process which he was very diplomatic and gave very general answers to. He told us of his background etc but there was no intention on my part or the Commonwealth to hide it. That came as a direct request from ICOMOS to keep it low key with no interviews

MR BRENDON CHRISTIAN Thank you Mr Speaker, a supplementary question. Minister who chose your group and did staff from KAVHA have the opportunity to meet with Dr Sand

MRS JACK Thank you Mr Speaker the discussion on choosing the people who came involved the Administrator, myself, a couple of officers within this compound, the Site Manager and as for the staff not having opportunity it was hoped that we would be able to introduce them to workmen as we toured the site but I took it, and this was just a reading I suppose, more body language, that he wanted just to look at the site. He didn't ask to meet any of those and I wasn't going to force the issue. I left that for other people to do. It was not meant to be a slight or anything like that, it was not intentional, that was just how the progress around the site happened

MR SHERIDAN Thank you Mr Speaker I have a question for the Minister responsible for KAVHA, Minister have you undertaken to see whether or not the landowners within KAVHA were written to and asked whether they would like their boundaries within KAVHA reviewed

MRS JACK Thank you Mr Speaker yes, following the last meeting, I requested Legal to see if the then Minister of the day had followed up on his statement that he had made in the House. I was sent back from Legal a draft letter with a list of all the landowners that the letter should be sent to within KAVHA. That was then

given to the Minister to work. Now I took that as being done. There was also a note from Legal saying that perhaps one person may not have received a copy of that letter owing to a legal action that the person had undertaken. I took that as being done. And so I just said what I said in the House. To me, that was work that was necessary. I haven't been able to find any in the files because not all the files are here Mr Speaker. Legal certainly didn't have it because they sent the proforma letter over and I haven't gone through the archives looking for copies of that letter

MR SHERIDAN Thank you Mr Speaker and I thank the Minister for that response and she did give to me a copy of what she just explained to the public, but Minister I put it to you that the letter that you gave to me that was sent out to all landowners was actually a letter asking for comments or submissions in regards to the one particular application that had been received to vary their boundary. The statement that you made in the House I think in March was that all landowners had been sent a letter requesting if they would like their boundaries varied in accordance with blah, blah, blah. This is the issue. Minister can you confirm that such a letter has been sent in accordance with your statement in the House

MRS JACK Well then if that's the case with this then, the answer would be no Mr Speaker

MR BRENDON CHRISTIAN Thank you Mr Speaker, a question for the Minister for Finance, Minister how many people took up the offer to have their facilities tested by the visiting representative from weights and measures office and if any businesses did take up this offer, who were they

MR N CHRISTIAN Thank you Mr Speaker I'm not armed with the necessary information at this time to answer the question, but I do know that on an annual basis the Administration does bring a weights and measures person to the island principally to calibrate the weigh bridge at Cascade which is used for the sale of rock. I understand they also did a weigh bridge at Island Industries which is also used for the sale of rock and they calibrate the concrete silos at Island Industries that is also used for the sale of rock and ready mix concrete and they also do the scales that are used for weighing baggage at the Norfolk Island Airport. Beyond that, I'm not aware Mr Speaker but I can say that we are in the process of handing all of that responsibility back to the Commonwealth who are in the process of introducing a national weights and measures scheme

MR SHERIDAN Mr Speaker a question for the Minister for Finance. Minister considering that the airline has been operating over the past fourteen months at an average loss of some \$300,000 per month, how long can the Administration prop up the airline before the Administration dollars run dry

MR N CHRISTIAN Thank you Mr Speaker I think you'll see when I talk to you later today that the financial results for July and August of this year in line with budget expectations, one would hope that we will only have to support the airline for another month or two and then we will turn the corner. The new schedule hopefully will go some way toward doing that and for instance, in arriving at the schedule that was circulated to the industry and announced in the paper last weekend, I think something like fourteen versions were prepared for consideration and some were better than others; some were much better than others; and the one that has gone out now is the one that we think has the best financial fit but also delivers sufficient capacity to meet the expected demand and also has sufficient flexibility to be modified if demand exceeds supply, but importantly Mr Speaker you can see there that the Wednesday service is the most significantly effected where we've triangulated or combined the Sydney and Brisbane services on a Wednesday on an annual basis, and from memory the savings that would flow to the airline as a result of combining the services would be in the order of about three quarters of a million dollars so they are the sorts of things that we've looked at, to get the airline back under control but

we have had a number of issues that we have had to deal with. There are a number of charges that were previously borne by Ozjet which have now come home to roost with Norfolk Air and these are for instance, passenger movement taxes at the Australian gateways and you can see when you look at the numbers contained in the airline things that I will table later, airport taxes in Australia I think it is \$98,000 and these are all sorts of costs that we now have that we didn't have previously. We think we've got fuel costs under control, for the next twelve months, assuming that we don't have any major disturbances and if visitor numbers could be increased slightly and yield could be increased slightly, as I've said previously, the airline should turn a profit for the next twelve month period of somewhere between \$500,000 and \$1m. That's the target. Interestingly Mr Speaker we could significantly improve that bottom line result if we could extract as little as \$15 per sector extra out of the traveller, that's \$30 on a return fare. We tried to do that recently, in the last three weeks or so, by removing all of the deeply discounted airfares out of the system, and as a result of doing that, demand declined considerably so we've had to go back into the marketplace with the deep discounts, so it's something that will have to be massaged, and we'll have to keep a very close eye on it. In fact I might say in closing, in effect at the moment, the Norfolk Island Administration is subsidizing the airline. There really is no alternative in the short term. We're not able to throw our hands up in the air and close Norfolk Air down, because that would collapse the entire Norfolk Island economy and that's not something we want to do, but if we look at what's happening in other places around us for instance, Rarotonga, they have had to pay air New Zealand annual subsidies now of up to \$5m to keep particular air services running between Rarotonga and Los Angeles and more and more regional destinations around Australia are actually having to pay the airlines to maintain services there, so what we are doing in the Norfolk Island context is not unusual but in our case, it's essential because there's no alternative. Thank you

MR SHERIDAN Mr Speaker another one for the Minister for Finance. Minister could you advise the following. What were the initial budgeted amounts for the RESA works; the fire station and the airport carpark upgrade, and also, what amounts have been spent on these areas to date

MR N CHRISTIAN Thank you Mr Speaker I'll try and take them in order. On previous occasions I have indicated to the community that the new emergency services centre could ultimately cost between \$2.4 and \$2.5m. That's spread over a couple of financial years. The actual expenditure to date, I think is a touch over \$2m and the budget review committee controls all expenditure in respect of these major projects and we meet generally at 4pm every Thursday and we determine the amount of money that will be made available for expenditure over the ensuing week. So the Emergency Services Centre is running pretty much according to budget at the moment. I will hopefully as a result of the budget review committee meeting this week be able to inform this House and Mr Sheridan of the final expected amount because over the last week, the Project Manager up there at the centre and the acting Executive Director in the Administration have been requested to put together a brief for us, outlining the total expenditure required to complete the project and also to give us timelines for certain works to be completed and the aim at this stage is to have the centre ready for an official opening by mid January 2010 and it's likely that an invitation will be issued to Mr Brendon O'Connor to officiate at the opening. In respect of RESA this actually falls in the Chief Minister's area but to date we have spent I think a touch over \$1m on RESA and to complete the RESA works, at the eastern end of the runway I think the Works Supervisor has indicated that an additional amount of \$460,000 would be required to be spent. That money does form part of the airport budget for the current financial year, however, the expenditure will not take place if come October/November the Budget Review committee determines that we can't afford to spend the money there, so that's what will happen there and if for instance some infrastructure Australia funding becomes available, which we applied for well then a decision may well be made to continue with the work. In respect of the airport car park a figure I think from memory of around \$300,000 to \$350,000 had been provided but to date we have not actually spent that amount of money. I can't tell you what the actual amount

is, but what had happened is that, that work was not outsourced, nor was it completed to the original design so there's no concrete curbing and the like in there. Some of the material has been recycled in situ. Some of the new material has been provided and most of the work has been executed by the airport staff themselves and on occasion they have used Works Depot Staff to assist and there's been an internal contra to meet the cost so that's the situation there in respect of those three projects Mr Speaker

MR GARDNER Thank you Mr Speaker, a supplementary question if I might to the Minister for Finance on the question of RESA, you mentioned that if the Budget Review Committee determined that there wasn't significant finances in the remainder of this financial year's budget at the airport to complete RESA that it would be deferred until some later date. Could the Minister advise as to what position that puts us in, in relation to the timelines requiring the completion of RESA

MR N CHRISTIAN Thank you Mr Speaker certainly and I thank Mr Gardner for the question. The situation is this. The Civil Aviation Safety Authority will not consider an extension of time based on financial hardship or other such grounds. It's not a factor they take into consideration irrespective of whether the request comes from the Norfolk Island Government or the Federal Government. They will though allow an extension of time if we present them with a plausible safety case for an interim period and that safety case has to cover such things as operating instructions which are issued to pilots and those instructions may well say that the runway is grooved, maximum use has to be made of reverse thrust, maximum use has to be made of wheel brakes and the like. You would have to provide specific warnings in respect of wind and the like and all of that is to reduce the risk of an incident or accident. So in short, if we do not get to complete the works by the 30<sup>th</sup> December this year, which is the period that we do have an extension in time for, I am confident that we can get a further extension but CASA has made it quite clear that we've been on notice for six or seven years now that the work has to be done and the extensions will not continue forever

MR SHERIDAN Mr Speaker a supplementary question there for the Minister, Minister just with regards to the fire station, I believe the original budget was around \$1.2m and as you have indicated there's approximately \$2.1m that's been spent on it thus far, Minister how could this be possible considering that the constraints that were being placed on the Administration finances over the last twelve months or so

MR N CHRISTIAN Thank you Mr Speaker and thank you for that question, I disagree with Mr Sheridan's version. I don't have the information with me, but if I had my file I could give you the chronological time lines but some internal estimates were done as to what a new fire station would cost. That was in the order of \$1.4 to \$1.6m. The \$1.4m I think originally included a reduced Emergency Services Centre and then the decision was taken to expand the building to allow for the relocation of the Emergency Services Coordination centre from the airport car park into that building and also to allow for the volunteer rescue association to be relocated from the police station to the new facility and that was an additional cost estimated at \$200-250,000. now that was our internal working estimates as to what it would cost. We then went to the industry to cost it by calling for tenders or expressions of interest to supply the building, the materials and the services. Once those costs came in, an amended budget figure was provided for that would see the building cost I think from memory about \$2.1m so we make adjustments on a weekly basis up there based on availability of goods or somebody comes up with an idea that we can do this rather than we can do that, and all of those things are considered by the Budget Review Committee and taken forward but as I have stated, previously, I think I've been fairly consistent and I can look back at some of the statements I've made in the radio forum and there is always an expectation that the finished product was going to cost about \$2.4m

MR SHERIDAN Mr Speaker a supplementary question for the Minister, Minister that's well and good but in regards to your saying that the Budget



whilst they are on the island in preparation for the official launching next month in October in Norfolk Island

MR ANDERSON Thank you Mr Speaker just adding to what the Minister has said...

MR N CHRISTIAN Point of Order

SPEAKER A point of order Mr Anderson

MR N CHRISTIAN Thank you Mr Speaker Mr Gardner is the Minister and has the responsibility to answer questions without notice

MR GARDNER Thank you Mr Speaker, may I just in defence of my colleague Mr Anderson, in fact questions without notice are allowable under Standing Orders to Members that fill statutory roles on statutory bodies and Mr Anderson does fill a role as a Member of the Norfolk Island Government Tourist Bureau as the Legislative Assembly representative on the Tourist Bureau so it is right and proper for him, for Members if they wish to direct questions to Mr Anderson in relation to those duties

MR N CHRISTIAN In that case Mr Speaker I'll withdraw my Point of Order

MR ANDERSON Thank you Mr Speaker I'm just adding some detail to Mr Gardner. There were 55 applications and I might say quite excellent applications for the job. The Board met yesterday evening and in fact have got down to a short list of I think eight so it's progressing very well

MRS JACK Thank you Mr Speaker a question for the Minister for Tourism if I can please. A supplementary question you said Minister that the current chairman of the Board is in the relieving position as manager of the Tourist Bureau

MR GARDNER Not as yet. Will be

MRS JACK Will be. And so he is going from a voluntary position I suppose. Will he be receiving any remuneration in taking up that role

MR GARDNER Yes he will Mr Speaker

MRS JACK Just another question. Do you also know who is on the selection panel for the position

MR GARDNER I might defer to my colleague Mr Anderson. He has probably more knowledge of that than I

MR ANDERSON Could you please repeat the question

MRS JACK Who are the people on the selection panel

MR ANDERSON The selection panel for the new position. Yes. The acting Tourist Bureau Manager, Mr David Porter and Mr Morgan Evans and someone else I can't think

MR SHERIDAN Mr Speaker a final question for the Minister for Finance if I may, Minister can you confirm the Administration's obligations in regard to the Provident Fund are being met and paid into the Provident Fund fortnightly

MR N CHRISTIAN Thank you Mr Speaker I can't confirm that they are. I just assume that they are. Nobody's told me anything other than is being done

MR SHERIDAN Thank you Minister. In that case can you provide to this House a detailed summary of the Provident Account up to this date, and the details of the Administration's fortnightly obligations and the deposits made in the past six months

MR N CHRISTIAN Thank you Mr Speaker the Provident Account is not something that I'm responsible for. It has its own set of Trustees

SPEAKER Thank you. Any further Questions? We move on

### PRESENTATION OF PAPERS

Are there any Papers for Presentation this morning Honourable Members.

MR NOBBS Thank you Mr Speaker. Mr Speaker in accordance with the provisions of the Interpretation Act 1979 I table the Employment (Amendment) Regulations 2009

MRS JACK Thank you Mr Speaker could I move that the paper be noted

SPEAKER Honourable Members the question is that the paper be noted

MRS JACK Thank you Mr Speaker could the Chief Minister just discuss for the broader community just what is contained in the Employment (Amendment) Regulations please

MR NOBBS Thank you Mr Speaker and thank you Mrs Jack. These were actually gazetted in the Norfolk Islander a while ago. What's tabled within the Employment Amendment Regulations that I've just tabled today and which have been discussed amongst Members and been to the executive council is the public holidays as designated for 2010

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

QUESTION PUT  
AGREED

Thank you. The paper is so noted

MR MAGRI Thank you Mr Speaker. Mr Speaker in accordance with the provisions of the Interpretation Act 1979 I table the Postal Services (Amendment No 2) Regulations 2009

MRS JACK Thank you Mr Speaker could I ask the Minister to inform the public just what the detail of those Regulations are please

SPEAKER Mrs Jack are you asking that the paper be noted

MRS JACK Thank you Mr Speaker I'm sorry, I beg your pardon, yes I am and ask the Minister to explain the detail behind those Regulations please



give an estimated position to 31<sup>st</sup> August and the result is this. The cash at bank for the revenue fund is \$483,300. We have various other assets made up by way of loans and advances and the like, to give us a total current asset of \$2,928,800 and from that you need to take away liabilities which currently amount to \$3,821,800 so the net position with the revenue fund at the moment is that it is in the red to the tune of \$893,000. Now having said that, \$483,000 of that is employee's long-term entitlements which I will not be called upon to pay any time in the immediate future so it's a situation whilst not desirable I'm still comfortable with and we will continue to keep a close eye on it and in fact, we do that every Thursday. The Department of Education bill in there is currently on an accrual basis would be \$2.4m and as I've previously stated, whilst this document implies that we could pay it if we wanted to, the reality is that I'm conserving cash in every possible way that we can. I haven't actually made a payment to the Department of education yet, but I do intend to make a significant payment in November of this year and then substantial monthly payments thereafter which will see the debt cleared in total by the end of the current financial year so that's the situation there. If we now turn to cash at bank which is the important one, the total cash at bank at the moment for the Administration is \$5,242,100 and if we break that up into trust and non trust type accounts, if you look in the revenue fund and GBE's bank accounts, there is \$669,800 in cash sitting there. We look in the trust type accounts and we have \$4,556,100 and then we add to that \$16,200 which is sitting in the Cascade Cliff Loan Fund and in all of that the largest single sum is \$2,992,400 which is held by the Airport in prepaid airline ticket sales so that's the cash situation for the entire Administration at the moment, not just the revenue fund. Now if we come across the page to Norfolk Air for the month of August, I'll just run through this for the benefit of the listening public. Total income for the month of August for the airline was \$1,209,600. Total expenditure for the month was \$1,714,300 which left the airline with a loss for the month of \$504,700. That's a fairly large number and not one that we can sustain forever and yes, I point it out in a response to and answer to a question without notice from Mr Sheridan earlier in the meeting and it is in line with the airline budget forecast for the early part of this financial year, and when we add that to the loss for July, I think from memory which was about \$158,000 and we come up with a accumulated loss for the financial year to date of something like \$662,000 and that is in line with budget forecast and from that point on I anticipate that things will start to improve and if they don't the Budget Review Committee and the Management of the Airline have some serious work to do. Mr Speaker that's it from me in respect of the financial indicators

MRS JACK  
noted

Thank you Mr Speaker can I ask that the paper be

SPEAKER  
be noted

Honourable Members the question is that the paper

MRS JACK  
I would like to keep on clarifying with the Minister and I think it becomes a bit annoying but it's just to continually clarify with the public, as you said Minister you said the Liquor Bond, the possible funds from sale have not been included in the budget, just reaffirming that any refinancing of fire tenders have also not been included in the budget. Another area would be the GST and I think when you talk of receipts, the receipts in the first half of any new financial year seem to be lower than the first few months, and has this trend held true, in comparing this financial year to the last and are receipts above or below similar months for the last financial year and given the 9% to 12% increase in GST has any increase matched that or been greater than that increase and the final point Minister is given the education account and as I'm the Minister, can you just explain what approaches have been made to the New South Wales DET to explain our proposed method of repayment

MR N CHRISTIAN

Thank you Mr Speaker, in respect of the potential sale of the Liquor Bond I can confirm that no proceeds from any potential sale have been included anywhere in our budget deliberations. They form no part of it and likewise the sale and lease back of the fire engines do not form part of the revenue funds budget but

they do form part of the airport GBE budget which I will table today so I have formally written to the Federal Finance Minister seeking his approval to proceed with the sale and lease back which is a sensible commercial tool, I've also requested in the letter that went to him that in the event that the Commonwealth did not give approval for that, which is required under section 49 of the Norfolk Island Act that I will be seeking an equivalent amount of money from the Commonwealth by way of either a grant or a soft loan. I understand from briefings that were given to me yesterday as a result of discussions held by Secretary to Government and the Chief Executive Officer of the Public Service with Finance officials, that a letter to me has been forwarded to Lindsay Tanner for sign off but we are not aware of the content of that letter, nor are we aware when we may receive it but hopefully it's not in the too distant future because requests of this type and correspondence of this nature have been going backwards and forwards between the Commonwealth and us since about January of this year and have not made too much headway at this stage so that's the situation there. In respect of GST and the like, more or less everything is on target according to the budget forecast. One thing I must say Mr Speaker is that the procedures that are in place now to monitor the Administration's financial health and income and expenditure are more robust than any that have ever been put in place in the history of self Government in Norfolk Island and whilst I act as Minister for Finance and I have all the responsibilities under the Public Moneys Act we share the burden in respect so whilst I probably perform the functions of Minister for Finance the Minister for Industry and Commerce has in effect become a de factor Treasurer, and we have a Budget Review Committee which is chaired by the Chief Minister and the Budget Review Committee consists of all the executive members and the Chief Executive Officer of the Public Service and they are supported from time to time as need be by the Finance Manager of the Administration and the Acting Executive Director for Community Services, Mr Bruce Taylor so this is a very robust committee. We sit and consider every piece of discretionary spending in the Administration over and above \$500 on a weekly basis and so if ever there's a trend going the right way or the wrong way, we expect that we will be able to pick that up in as little as a week. Thank you

MR GARDNER

Thank you Mr Speaker

MR N CHRISTIAN

Thank you Mr Speaker Mrs Jack has just reminded me that I hadn't responded to the Education part of her question. I have left the communications between us and the Department of Education to Mr George Plant the Chief Executive Officer of the Public Service so I'll have to get a briefing from him

MR GARDNER

Thank you Mr Speaker, my comments have been answered in relation to the Education question I had. Thank you

MR ANDERSON

Mr Speaker the airport taxes for Australia if I understand what you said, were previously not a cost to us. It was taken up in the charter was it, the charter costs

MR N CHRISTIAN

Thank you Mr Speaker and yes, thank you Mr Anderson for that question. As we bed down the relationship with Our Airline there are a few things coming out of the woodwork and it appears that we possibly were liable for the Australian airport taxes during the period that Ozjet provided services to us but we were never charged them. Under the new arrangements and the new contract they are taxes that we are responsible for so they are one of the issues that we are grappling with at the moment

MR ANDERSON

So Mr Speaker that should be a thing in setting up our contract with Our Airline or any other airline, should be assessed at the time of the contract because it is 10% of the charter costs. Certainly it could have been charged previously by Ozjet certainly to save some money but it is quite clear is it that this is a charge to us

MR N CHRISTIAN Yes Mr Anderson, on my reading of the contract it is a charge that legitimately falls to the Administration. It's arguable that in the previous contract it also did but for whatever reason, I don't think we were ever called upon to pay it and I hope we are not called upon now to pay it as a result of the discussion we are having here but nevertheless, we have taken the liability on board now and it now forms part of the airlines budget going forwards

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

QUESTION PUT  
AGREED

Thank you. The paper is so noted. Any further papers this morning

MR N CHRISTIAN Thank you Mr Speaker in answer to a commitment previously given to the House I now intend to table but not speak to, all of the GBE budgets for the 09/10 financial year so I table the –

The Liquor Supply budget for the financial year

The Airport Fire Service and Norfolk Air combine budget for the financial year

The Norfolk Island Electricity Service budget for the financial year

The Norfolk Telecom budget for the financial year

The Norfolk Island Postal Service budget for the financial year

The Norfolk Island Lighterage Service budget for the financial year

The Water Assurance Fund including the Waste Management Centre

The Bicentennial Integrated Museum's budget for the financial year

The GST NSL and Business Transactions Levy budget for the financial year

Cascade Cliff Sale of Rock budget for the financial year

The Gaming Enterprise of Norfolk Island budget for the financial year

The Roads GBE budget for the financial year

Norfolk Energy's budget

The budget for the Norfolk Island Healthcare Fund and lastly

The budget for the Norfolk Island workers compensation Scheme.

Mr Speaker that honours a commitment that I had previously given to the House and honours a commitment that I had previously given to Mr Sheridan in particular and it also honours a commitment that I had given to Bob Debus, early in the life of the Commonwealth Government that all of the Administration GBE budgets would be tabled in the House and made available to anybody who would care to peruse them, but I will say Mr Speaker whilst those budgets have been signed off and tabled, every one of those documents is a living breathing document and at any time over the next eleven months if the Budget Review Committee decides that budget variations need to be made they will be made and the amended budgets will be tabled shortly thereafter, thank you

MR GARDNER Thank you Mr Speaker, under the Legal Aid Act 1995 I table a report by the executive member for the period 1<sup>st</sup> July 2008 to the 30<sup>th</sup> June 2009. 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 this meeting of the 16<sup>th</sup> September 2009 a report addressing the matter specified in that subsection and they include a report of the Legal Aid Advisory committee for the above period relating to its activities for that period, all recommendations of the committee that have been accepted and a Statement of Reasons for the non acceptance of recommendations, that no legal assistance has been provided to a body corporate and enclosing a summary of the financial records of the fund in relation to the above periods. Thank you Mr Speaker

MRS JACK Thank you Mr Speaker could I move that the paper be noted

SPEAKER Honorable Members the question is that the paper be noted

MRS JACK Thank you Mr Speaker, Minister over the years, the workings or the operation of this Legal Aid section, there are times when the aid has been given, and people have been asked to repay the aid. I'm just wondering if you are able to say how many people have kept up to I suppose their end of the deal

MR GARDNER Thank you Mr Speaker, I don't have that information available to me immediately. Certainly I undertake to provide it to Minister Jack but my understanding is that all efforts are made to recover those funds under the agreements that have been entered into between the various parties

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

QUESTION PUT  
AGREED

Thank you. That paper is so noted. Are there any further Papers this morning Honorable Members

MR GARDNER Thank you Mr Speaker, under section 38 of the Norfolk Island Hospital Act I table the Norfolk Island Hospital Enterprises Annual Report for the year ended 30<sup>th</sup> June 2009

SPEAKER Thank you Minister. Any further Papers for presentation Honorable Members. No. We move on

#### **STATEMENTS OF AN OFFICIAL NATURE**

Are there any Statements of an official nature this morning Honorable Members.

MR NOBBS Thank you Mr Speaker. Mr Speaker, at last month's sitting, I provided Members with a brief update on our ongoing discussions with the Commonwealth on our legislative and financial relationships in the overall context of governance. I now wish to add to that statement. Mr Speaker, regrettably I must report that despite a number of contacts from my office and the Chief Executive Officer there has been little progress in the last three weeks at the Commonwealth end on the many outstanding matters where the ball is in Canberra's court. Despite our supplying a vast amount of information and financial data over the past nine months, we still await a Commonwealth decision on our request for stimulus funding to help offset the significant loss in public revenues resulting from the drop in visitor arrivals directly flowing from the global financial crisis. Members will recall that in late 2008, the Norfolk Island Government responded to the economic downturn with its own stimulus measures. After a very comprehensive budget review, as far as possible we decided to maintain economic activity by continuing with our capital works programme to protect both private and public sector employment, while at the same time underwriting Norfolk Air to maximise tourist numbers from Australia despite the near collapse of outbound tourism to markets such as ours. These initiatives have been successful, but have not been sufficient to completely offset the effects of the global slowdown. As a result, early in 2009, we approached the Commonwealth seeking some stimulus funding to assist us to weather the economic storm. The Commonwealth has provided assistance to other states and territories and has also given targeted funding to specific industries. However, it has yet to give a final response to our request and we have moved forward by introducing a responsible but tight budget which does not include a single cent of Commonwealth assistance. At this stage,

our financial plans are on track and there are some emerging signs of hope as retirement incomes show some upward trends and forward ticket sales begin to recover. Our recovery may well be protracted if we have to rely entirely on our own resources. This week, we have again pressed our case for a decision on our stimulus application, and Commonwealth officials have advised us that we can expect a letter on the subject from the Minister for Finance and Deregulation. We are informed that the Minister's letter will also deal with our requests for answers on our proposal to refinance the fire tenders and our three outstanding infrastructure submissions relating to renewable energy, transport and telecommunications initiatives. Mr Speaker, Norfolk Island is not alone among Australian territories in expressing concerns about relationships with the Commonwealth government. The Minister for Home Affairs has recently visited the Indian Ocean Territories in an attempt to calm down the situation after a number of media and academic reports highlighted significant economic and race relations problems. On June 20, the Canberra Times reported concerns in the Australian Capital Territory that the responsibility for territories had been downgraded by the Rudd Government. It quoted Senator Gary Humphries as saying that the failure to include "territories" in the Minister's designation was a case of *"out of sight, out of mind"*. Senator Humphries went on to say that *"I regret the fact that we don't have at the moment a Minister who is explicitly entitled to be Minister for Territories, because I don't think there's quite the same focus on the ACT..."* Mr Speaker, we share this concern in relation to the apparent low attention being given to Norfolk Island in the Commonwealth's priorities. The Canberra Times of 20 June explained the situation as follows:

"The Home Affairs Minister could be forgiven for not putting territories high on the agenda, given that the portfolio also covers the Australian Customs Service (including border protection), the Australian Federal Police and the Australian Security Intelligence Organisation. Boat people and terrorists might just grab a minister's attention above the latest planning stoush in the ACT. And the ACT, of course, is not the only territory ". Mr Speaker, as a government we are very concerned at the apparent low priority being given by the Commonwealth to territory matters. Apart from the economic policy areas I highlighted above, there is an apparent paralysis in Canberra in implementing its end of the many measures we have jointly agreed in relation to improving transparency and accountability in Norfolk Island. My approaches to the minister and many contacts at officer level have not to date elicited any substantive information on the progress of these reforms such as the appointment of the Commonwealth Ombudsman to oversight our administrative complaint system and the engagement by the Commonwealth of the Australian National Audit Office to undertake our financial, programme and performance audits. Perhaps of even more concern has been the Commonwealth's move to back away from the previous agreement to engage the New South Wales Independent Commission Against Corruption to provide anti-corruption education and investigation in Norfolk Island. In the absence of any relevant Commonwealth instrumentality, we had reached agreement in principle with ICAC, including indicative costings, but it now appears that the Commonwealth is backing away because it is concerned that this might set a precedent forcing it to practice what it preaches and have similar procedures for its own officials and politicians. Mr Speaker, because of our concern at the lack of progress on these important matters, I will today be writing to the Prime Minister and the Leader of the Opposition seeking an improvement in our intergovernmental communications and a more cooperative relationship within which we can mutually work for economic and social progress in Norfolk Island. I have already written to the Chief Ministers of the ACT and the Northern Territory and to the Shire Presidents of Christmas Island and Cocos (Keeling) Islands, proposing that we establish an Association of Australian Territories to meet regularly in a forum which could discuss matters of mutual interest. In my letter, I stated that while these territories might have differing populations, geographic areas and systems of governance, we believe that there would be many areas of common interest in which we could share our experience and support each other. These might include relations with the Commonwealth, communications with the ministers and departments with special roles in relation to territories, budgeting, provision of essential and other community services and forward planning, among many others. We have proposed that the first meeting of the Association of Australian Territories be held in Norfolk Island later this year. I will keep the

Assembly and the community informed of the progress of this initiative. Mr Speaker, we still seek a cooperative and productive intergovernmental relationship between Norfolk Island and the Commonwealth. I hope that the measures, which I have outlined today, will move us forward toward achieving that goal. Thank you, Mr Speaker.

MR GARDNER Thank you Mr Speaker, and move that the Statement be noted

SPEAKER Honourable Members the question is that the Statement be noted

MR GARDNER Thank you Mr Speaker, just picking up on a couple of matters that the Chief Minister raised in his statement in relation to the status of Territories within Ministerial portfolios as they are currently distributed within many Federal Government. Mr Speaker I speak not so much in defence of Minister O'Connor but really to highlight the fact that he is very conscious of that fact and that it was certainly a matter that he raised in our face to face discussions in Melbourne a matter of six or seven weeks ago, however, he did indicate to us and I interpreted it as being somewhat of a frustration that he has such broad responsibilities within his portfolio that Territories and in particular Norfolk Island is a very small part of a much bigger picture and he did recognise that. Now I'm not suggesting that the Chief Minister is blaming him, or that for the fact that maybe we are being overlooked, but what it clearly does indicate Mr Speaker is that a lack of resources that are directed towards Norfolk Island's interests, and that we have a significant number of matters in Norfolk Island that are of significant importance to this community and as its elected representatives this Legislative Assembly and this Government have been particularly proactive in bringing those to the attention of the Minister whether it's been Minister Debus or Minister O'Connor, and I think from what the Chief Minister is saying, we're not really getting a fair crack at the responses and the ability to openly converse with the Commonwealth on matters that are of particular importance to this community and for the relationship to mature further still, requires an effort by both parties and I think that the effort has been made in our approaches to the Commonwealth on a number of those very important issues to this community. If that same effort is reciprocated I am sure that we are going to make headway. Thank you

MR NOBBS Thank you Mr Speaker certainly I welcome those comments from Minister Gardner and better reiterate that it is not an inference on current Minister's it's a discussion that we need to have on the formula that Norfolk Island operates on and aside from anything else the changing of Governments and on top of that there are changing of officers so one of the I suppose underlying areas seems to be the knowledge base that is retained there as well as the formula for working with us and our working with the Commonwealth

MRS JACK Thank you Mr Speaker I suppose here I'll just throw a complete spanner in the works and say that one thing recently that in particular irritated me and that's to be told that whilst they recognise, they the Commonwealth and the Department recognises our requests for funding assistance, the fact is that there was no spare cash in the tin so it's made me somewhat irate to hear that some \$11m has been found in the tin and made of benefit to the Cocos Keeling Islands with their bat problem and to help with the port facility to assist there, the tourists and other matters so, I suppose I'm just seeking a level playing field, one that seeks equal representation and fair representation and for that representation to be thoroughly considered

MR NOBBS Thank you Mr Speaker and I'll try to be brief on this one and it really relates to some of the discussions that the Minister for Tourism and Health and Minister for Finance, myself and the Secretary to Government had whilst in Melbourne with the Minister for Home Affairs and some of that discussion related to whether or not Norfolk Island was paying directly to an income tax type system into the Australian Taxation Scheme and what needs to be understood here is that Norfolk Island

from the studies that we've engaged so far to find out what we pay perhaps as a customer, directly into the Australian Taxation Scheme through various business enterprises on the island, various associated taxes on fees that we pay in regards to even the airline and things like that, that in real terms from the economic data that I have back so far, we are paying quite significantly more back in to the Australian Taxation system than is being provided to Norfolk Island so that argument I think which has been thrown at us in the past perhaps needs to be really redefined and I understand that the Chief Executive Officer of the Public Service has also had discussions or is beginning discussions with ABS Bureau of Statistics to further quantify that data and the component that Norfolk Island does contribute directly into the Australian Taxation scheme

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

QUESTION PUT  
AGREED

Thank you Honourable Members the motion is so agreed. Any further Statements

MR MAGRI Mr Speaker I have a Statement I would like to make. Mr Speaker, Members will recall that for the past two years I have been working with a small group of specialist advisers toward establishing an island-wide comprehensive and compulsory superannuation scheme. We all realise that Norfolk Island is not immune from the challenges posed by an ageing population and the pressures of underwriting retirement incomes for those who have contributed for many years of work or business operation. The superannuation working group has identified the broad parameters of a possible scheme, which would allow Norfolk Island contributors to join an approved Australian superannuation schemes. Before we can move forward it is essential that we know what are the Australian tax implications of such a scheme. In order to seek clarification of these issues, on 29<sup>th</sup> July I wrote to His Honour the Administrator, asking him to obtain relevant advice from the Australian Taxation Office and the Attorney-General's Department. In particular, I asked for advice on three key areas. Firstly, I sought an assurance that Norfolk Island superannuation contributors would be exempted from Commonwealth Contribution Tax on a range of contributions. Such exemptions are essential since Norfolk Island contributors will not be eligible to claim tax deductions for income sourced here and the failure to provide exemption from Contribution Tax would unduly penalise Norfolk Island contributors. The contributions on which I sought exemption are: Superannuation Guarantee and/or award contributions; Salary sacrifice contributions; Employer ordinary contributions; Member taxable concessional contributions; Spouse contributions; and Transfers from the Superannuation Holding Accounts Register. Mr Speaker, the second area on which I have asked for Commonwealth advice and action is an exemption code request for Norfolk Island superannuation members so that they do not have to apply for an Australian Tax File Number. Members would be aware that not all persons ordinarily resident in Norfolk Island (and thus required to be in any compulsory superannuation scheme we may establish) are residents of Australia. Commonwealth agreement to an exemption from obtaining a Tax File Number would allow the trustees of participating funds to accept non-concessional contributions when the exemption code is supplied. Such an exemption is absolutely essential for the success of an island-wide scheme, because it will mean that Australian superannuation funds will not deduct tax, even though a Tax File Number has not been quoted. Without the exemption code, the funds would be required to apply penalty tax of 46.5% on contributions, which would effectively preclude us from establishing a Norfolk Island superannuation scheme. Mr Speaker, I also sought the Commonwealth's agreement to an exemption from rollover tax arrangements, to ensure that no tax would apply on any untaxed element or granted exemption of rollovers provide through the other exemption requests I have detailed. Mr Speaker, His Honour the Administrator advised on 17th August that he has requested advice from the relevant Commonwealth agencies on my submission. I remain committed

to the establishment of a comprehensive superannuation scheme for Norfolk Island, and look forward to receipt of responses from the Commonwealth. I will keep the Assembly and the community informed of progress on this important matter. Thank you, Mr Speaker

SPEAKER Thank you Mr Magri. Any further Statements Honourable Members. We move to Messages

#### **MESSAGE FROM THE OFFICE OF THE ADMINISTRATOR – NO 35**

Honourable Members, I have received the following Message from the Office of the Administrator and it is Message No 35 which reads that on the 8 September 2009 acting pursuant to section 21 of the Norfolk Island Act 1979, I declared my assent to the following proposed laws passed by the Legislative Assembly, the Child Welfare Act 2009, (Act No 13 of 2009) the Justice Legislation (Miscellaneous Amendments) Act 2009, (Act No 14 of 2009) and that message was dated the 8 September 2009 and signed Owen Walsh, Administrator

We move now to Notices Honourable Members

#### **NOTICES**

##### **CUSTOMS ACT 1913 - EXEMPTION FROM PAYMENT OF CUSTOMS DUTY**

MR CHRISTIAN Mr Speaker, I move that, under subsection 2B(4) of the Customs Act 1913, this House recommends to the Administrator that the goods specified in the first column of the Schedule imported by the person specified opposite, and on the conditions mentioned, in the second column of the Schedule be exempted from duty and Mr Speaker Column 1 identifies the goods as a Telescope and the amount of duty applicable is \$590.40 and Column 2 the importer is the Quota Club of Norfolk Island and the conditions are that it be erected at Queen Elizabeth Lookout on Rooty Hill Road. Secondly there is a portable X-ray Machine and the amount of duty payable would have been \$1,350.00. It was imported by the Animal Welfare Society of Norfolk and the conditions are nil. Thirdly there is a vehicle for use as an Ambulance. The amount of duty payable would have been \$1,000.00 and it was imported by the St Johns Ambulance, Norfolk Island and the conditions are nil. There are also some Rugby League Jerseys imported by the Norfolk Island Junior Rugby League and the amount of duty applicable would have been \$470.40 and the conditions are once again, nil. We then have a further lot of Rugby League Uniforms imported by the Norfolk Island Junior Rugby League and the amount of duty applicable is \$255.80 and the conditions are nil. Thank you

SPEAKER Thank you Mr Christian. Further debate Honourable Members. There being no further debate, the question is that the motion be agreed to and I put that question

QUESTION PUT  
AGREED

Thank you. That motion is so agreed

##### **ANNUAL REPORTS ACT 2004 – EXTENSION OF TIME TO PRESENT REPORT**

MR NOBBS Mr Speaker, I move that this House in accordance with section 12(1) of the *Annual Reports Act 2004* grants an extension of time for presentation of the Annual Report for the Administration of Norfolk Island, and fixes the day of 16 December 2009, as the day by which the report must be presented to the Legislative Assembly. Mr Speaker subsection 12(1) of the *Annual Reports Act 2004*

provides that the responsible Executive Member for an annual report may request the Legislative Assembly for an extension of time to present the report. The Legislative Assembly may extend the time by either setting a period within which the report must be presented to the Legislative Assembly or fixing a day when the report must be presented to the Legislative Assembly. Mr Speaker this motion today seeks an extension of time for presenting the annual report for the Administration of Norfolk Island and that the Legislative Assembly fix 16th December 2009 as the day by which the reported will be presented. Mr Speaker let me assure the community and Members that the preparation of the annual report for 2008-2009 is well progressed but due to time frames in other pieces of legislation and other practicalities it is difficult to meet the timeframe set by the Annual Reports Act 2004. The house will be aware that within the annual report we include a consolidation of the Financial Statements for the Administration. While preparation of our Financial Statements for the 2008/2009 financial year is well underway, they will not be audited until the first half of October. I am sure that with the ever present scrutiny of our finances it would be unwise to table unaudited financial statements. Our external auditors are due to review our financial statements and positions in the first half of October, as has been the case in previous years. Another factor in delaying the production of financial and annual report is that under the Healthcare legislation Members have until 30 September to make a claim for the previous year and this coincides with the timeframe for presenting the annual report - that is, three months after the end of the financial year. Mr Speaker, I have arranged for the drafting of a bill amend the Annual Reports Act to provide that the annual report be presented by 30 December each year. This timeframe would allow for the audited accounts to be included in the annual report and would remove the necessity each year to seek and extension of time. I intend to introduce the amending bill to this house at a future sitting. In the meantime, I commend this motion to the house. Thank you, Mr Speaker.

SPEAKER Thank you Chief Minister. Further debate Honourable Members. There being no further debate, the question is that the motion be agreed to and I put that question

QUESTION PUT  
AGREED

Thank you. That motion is so agreed

**MOTION BY LEAVE – NORFOLK ISLAND HOSPITAL ACT 1985 – APPOINTMENT OF MEMBERS OF THE NORFOLK ISLAND HOSPITAL ADVISORY BOARD**

MR GARDNER Thank you Mr Speaker, I seek leave to move a motion to appoint members of the Norfolk Island Hospital Advisory Board

SPEAKER Is leave granted Honourable Members. Leave is granted Minister

MR GARDNER Mr Speaker I move therefore that this House, in accordance with subsection 12(1) of the Norfolk Island Hospital Act 1985, resolves that Valeria Grace Martinez; Candice Anne Snell; and Marshall Shane McCoy be appointed by the executive member as members of the Norfolk Island Hospital Advisory Board for the period ending 19 August 2012. Thank you my apologies for the late notice of this motion. It seemed to have got caught up in the mix of having been on leave and other issues, and as I said, my apologies to my colleagues for not having brought this on with more notice. The Norfolk Island Hospital Advisory Board provides an important role in the operations of the Norfolk Island Hospital Enterprise. Both Mrs Martinez, Ms Candice Snell and Marshall Shane McCoy have undertaken a tremendous job on behalf of the community in forming the Norfolk Island Hospital board and all three of them are very keen to continue in that role. They certainly have provided a significant degree of advise on a wide range of issues in relation to the operation of the Hospital not only to the Director but to myself as Minister

and they've been enthusiastic supporters of our efforts in the development of a new hospital and hopefully will continue with that enthusiasm over the next period of their appointment and hopefully that will realise a solid forward plan for the replacement of our current hospital infrastructure and also to ensure the delivery of service of the Norfolk Island Hospital continue to meet the expectations of this community and remain at the leading edge of the provision of health services in Norfolk Island and I commend the motion to the House Mr Speaker

MR BRENDON CHRISTIAN Thank you Mr Speaker, just with the Minister there was at some stage, talk of appointing a Member of the Legislative Assembly perhaps to this Board to bring it into line with maybe other Boards, like the Planning Board and the Tourism Board. At some stage there was talk of making it so that there is a more direct line between the Legislative Assembly and this Board. Is that still the intention of the Minister

MR GARDNER Thank you Mr Speaker, though I saw an attraction in doing it, because as I understand it, that used to be the arrangement that was in place when the Advisory Board was in a slightly different format and was actually a management Board there was as I understand it, appointed a Member of the Legislative Assembly on that Management Board. I've had discussions with Mr Christian on this and although I see the merits in it, it's been overtaken by a desire by the Legislative Assembly to look very closely at maybe closing off some of the Boards that we have in place in Norfolk Island and rationalizing the way we go about doing business and the reason for that Mr Speaker was a recognition obviously of the maturing of the systems and the want and desire to see the officers involved in the decision making actually making decisions without reference to the board and that a more mature appeals process that was able to monitor the decisions that were being made, so I guess to cut a long story short, yes I have given consideration to it but it's not my intent at this stage to look to appointing a Member of the Legislative Assembly. I'm more than happy to have further discussion on that and increase the size of the Advisory Board if my colleagues are of a view to want to do that so that we actually do have a designated position of a Member of the Legislative Assembly on the Advisory Board but in saying that, I have been very pleased with the degree of interaction between the Advisory Board and myself as the Minister and made it very clear to the Board that my door is always open so that if there are issues I'm more than happy to discuss them and I think, that probably pre-empts the need to have another Member of the Legislative Assembly involved in the process but certainly I'm open to consideration on that matter

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

QUESTION PUT  
AGREED

Thank you. That motion is so agreed

#### **MOTION BY LEAVE – ALTERNATIVE ARRANGEMENTS FOR IMPORTATION AND SALE OF PACKAGED LIQUOR**

MR NOBBS Thank you Mr Speaker, I seek leave to move a motion regarding alternative arrangements for importation and sale of packaged liquor

SPEAKER Is leave granted Honourable Members. Leave is granted Minister

MR NOBBS Thank you Mr Speaker I thank the House for granting leave and I now move the following motion: that this House agrees in principle to seek expressions of interest for alternative arrangements for the importation and sale of

packaged liquor in Norfolk Island, with a view to providing a more competitive commercial environment and ending the current Administration monopoly on importation and wholesale sale of packaged liquor products. Mr Speaker, Members would be aware that there has been much talk in the community in recent months about the best model for importation and sale of alcohol in Norfolk Island. We have discussed possible options a number of times in informal meetings of Members and it is now time to ensure that all interested Members and the wider community can contribute to the debate, thus enabling us to be fully informed on the social and economic costs and benefits of each option before we move to a final decision on these important matters. In that regard, I intend to move at an appropriate time that debate on this motion be adjourned until our next sitting so that the information gathering exercise can proceed over the next month. This motion, if carried, would not lock us into a particular option for future arrangements for the import and sale of liquor, but would enable the testing of the market to assist us in determining the value of the liquor supply service in its current form and on the market value of one or more licences to import and wholesale alcohol. At least one representative community body has already engaged an independent expert to assess the value of the Liquor Bond. Expressions of interest will provide us with considerably more information to enable us to decide whether there should be a change in ownership of the liquor industry and the conditions required to ensure maximum local participation in any changed arrangements and to foster healthy price competition. Mr Speaker, to put this motion into context, consideration of the import and sale of alcohol, and therefore of the role of the Liquor Bond GBE, has arisen as an integral part of the detailed forward planning embodied in the Twelfth Assembly's Strategic Plan and our comprehensive Budget Review Committee process. As I have recently stated in public, the overall aim has been to ensure effective and efficient financial management of all of the activities of the Norfolk Island Government and Administration. These responsible financial and asset management activities have naturally included an ongoing assessment of our core business activities and of the operations and social contributions of each of our many Government Business Enterprises. One of the larger GBEs is the Norfolk Island Liquor Bond, which currently has a monopoly on the importation and wholesaling of alcohol, and is also a major retailer. The Liquor Bond represents a major investment by the Administration, and one issue we will need to consider is whether the capital tied up in the Bond stocks and goodwill is an appropriate investment for the community, or whether those funds could be better used for activities closer to the core business of government, such as the provision of education, health, welfare and other essential services. On the other hand, the Bond contributes a significant amount from its profits to the Revenue Fund each year, and if we decide to realise on our investment and move to new arrangements for the importation and sale of alcohol, we will need to consider how the revenue streams will be maintained. Mr Speaker, as an Assembly we need to evaluate whether our heavy dependence on GBE profits is the way to ensure ongoing sustainability for Norfolk Island public finances, or whether we need to move down the path of our counterpart jurisdictions in Australia, New Zealand and elsewhere by developing a more mature revenue model in which government revenues are largely achieved through equitable measures for taxes, fees and charges. Members will be aware that we have proposed to the Commonwealth that we reformulate the previous joint Commonwealth/Norfolk Island task force to consider a range of issues relating to revenue measures and the financial relationship between our two jurisdictions. Now is the time for us to develop a more mature model of public finances, and that will also include ongoing review of the roles and contributions of GBEs. This motion will enable us to do that in relation to one of the larger GBEs, which by any measure is not part of the core business of democratic government but which at present is a significant contributor to public revenues. Mr Speaker, it is not necessary for governments to own liquor stores or to tie up large amounts of public capital in alcohol stocks in order to achieve the important social goal of encouraging the responsible consumption of alcoholic products. Nor is government ownership necessary to ensure significant contributions to public revenues, which in most jurisdictions arise from licensing fees and excise duties. Regulation of the industry is usually achieved through legislation, regulations, careful enforcement and public education activities, not through investing public funds in owning liquor outlets. All of these options are open to us, and should form part of our discussions over the next month before this motion is put to a vote. Mr Speaker, I informed the public in

last week's *Norfolk Islander* that I considered that the debate about liquor import and distribution would be *"in the context of the 2008-09 budget, where we have produced a model to carefully manage the Island's finances through the current global financial crisis, without accounting for any contribution from the Commonwealth. We said at the time of the budget that we would review all of our fixed assets, in line with what all other states and territories have undertaken this year. Consequently, we announced that we would put up for sale assets, such as a few buildings and land which are surplus to requirements and not producing positive revenues. That process is proceeding and the properties will be advertised for sale in the near future.* Mr Speaker, we have said many times that public finances have been stretched by the reduction in visitor numbers and consequent falls in public revenues. In that environment, consideration of the possible sale of our liquor supply service is another part of our review of the best use of public assets and the responsible management of our revenues and expenditure to deliver the services expected by the community from the Government and Administration. We also have under active discussion within government and with the Commonwealth a range of other options to underpin our expenditure on community services, public works and infrastructure maintenance and development. Mr Speaker, I encourage Members to consider the implications of this motion, to consult widely about it within the community and to return here in October prepared to support the calling of expressions of interest as proposed so that we can make a detailed assessment and move forward toward a final decision on this important matter. Thank you, Mr Speaker.

MR GARDNER

Thank you Mr Speaker, without meaning to pre-empt discussion on the next matter appearing on the Notice Paper being the Liquor Amendment Bill 2009, I try to draw a very clear and I believe there is a very clear connection between this and the following Bill. This motion seeks to get expressions of interest for alternative arrangements for the importation and sale of packaged liquor in Norfolk Island and we follow this motion with a very specific bill that provides a single option for the alternative arrangements for the importation and sale of packaged liquor and I think any listeners could probably be forgiven for thinking that the result of this motion will be a consultation process that is designed to seek as many clear and definite options as are available for the alternative arrangements for the importation and sale of packaged liquor in Norfolk Island. Only to see that we have a very definite option that is about to be presented to the House in the form of the Liquor Amendment Bill and Mr Speaker generally in relation to Bills they can have detail stage amendments. We don't necessarily have to run with what's contained in the Bill but the point that I'm trying to make is that on the one hand we are seeking expressions of interest for alternative arrangements and on the other hand we are giving a single option for the alternative arrangements and I'm not quite sure whether I sit comfortably with one or either of those. Certainly if it is the clear intent of the Legislative Assembly and the Norfolk Island Government to want to dispose of Government Business Enterprises or things considered not to be core business, and I'll come back to the core business question, it's prudent for us to ensure that we consult as widely as we possibly can, and there has been discussion in the community, I recognise that, about the Liquor Bond store and its future and an incredible amount of speculation about what form that will or should take. The reasons why, and I think the Chief Minister has explained a number of possible reasons why we would want to dispose of such an important asset and I think we recognise that it's an important asset, it's worth a lot of money to us, provides us with a great deal of income and it employs people and they are all things that we have sought as this Government in this Legislative Assembly to try and encourage the development of similar types of business that provide significant income or real income and employ people within the community. Now as this motion is proposing to do, is explore those options and certainly consideration will be given I hope to as many options as we can possibly imagine that will be brought to us by interested individuals who will reflect those various options through their expressions of interest and it's not to say that we are not going to lose a revenue stream, as I understand it, the taxation arrangements that we have in place will ensure that we still attract GST, that we still attract a degree of duty that will be involved in that, depending on how the new operations might operate. We don't know that just yet because we haven't sought the expressions of interest but it is still expected that there will

be a deal of employment opportunities that will be available within the community so they meet our goals as far as development of industry so this motion doesn't propose that we are going to do away with revenue streams and it doesn't propose that we're going to do away with employment, albeit, that those principles will be met in different ways. Our taxation GST will provide us with a stream of income. The thing that we probably won't realise is the profit or the transfer from the GBE and I understand there's been discussion about how we are going to mitigate any loss in that area but those things are still detail which need to be worked through. The employment opportunities if licences were to be provided would be in a different form or fashion to what they are now. At the moment the operation is staffed by full time Public Servants under the Public Sector Management Act there are means and ways of reallocating those resources elsewhere within the Administration if we are no longer in the liquor business and those jobs will be picked up by other people within the community so it's really a repositioning of the tax income that we've had and a repositioning of the staffing resources but in doing that there is a need for us to consider the implications and to date I'm not satisfied with the degree of information that I've been provided that in fact we are going to be able to retain the degree of earning from our taxation environment to replace those earnings that we are going to lose. Yes there's potentially going to be a short term benefit in the disposal of the asset through the sale of licences so to speak, through the expressions of interest proposal which will give us an idea of exactly what we might realise from exiting the supply of liquor but it does raise yet one other question and the motion only talks about ending the current Administration monopoly and again without pre-empting debate on the Bill that is soon to come before us, neither does that Bill indicate that the Administration will no longer be involved in the supply of liquor. Now for any person seeking an expression of interest for the licencing or distribution I would have thought that one of the first issues that one would want to consider is just what sort of advantage is to be gained in securing a licence or looking at an alternative form of distribution and one of the arguments that would probably run is that if it is indicated as it clearly is indicated in the next matter on the notice paper that there be two licences issued, one would want to ensure that there isn't the possibility of further people being involved and dilute the potential of the industry which you are going to become involved in and at this stage the door is still open for the Administration under this arrangement and under the following Bill for the Administration to continue to be involved in the supply of liquor in Norfolk Island. That may not be the intent but clearly the material that I've seen seem to suggest that we still leave the door open for that. I had initially thought that a matter of this significance to this community should be referred to the scrutiny of Bills and Subordinate Legislation Committee. It probably doesn't have a role as far as the motion is concerned but if one was to couple it with the following matter which is the Liquor Amendment Bill I think there is very good reason that it be referred to that committee so that full and thorough exploration of the various options is able to be undertaken, that full consultation is able to be undertaken and that full consideration is given to the options available to the Norfolk Island Legislative Assembly and community as far as the retention or otherwise of its assets. Now much has been said about the core business issues of a democratic Government, I think they were the words that the Chief Minister used, and that's all well and good and I think discussions around this table on previous occasions had indicated, yes, we pride ourselves on being democratic organisation but it doesn't necessarily mean that we do things the same way as the New South Wales Government might or that the Northern Territory might or some local council might, we do things that are designed we hope, and structured in such a way that they provide maximum benefit, to the Norfolk Island community first and foremost. It doesn't mean that we always have to follow the same rules and Norfolk Island in fact, in a lot of things it does, doesn't follow the normal rules, and it's been a model that has worked well for us I would argue, over the 30 years of self Government but as far as core business is concerned I would have imagined that an entity such as the Liquor Bond store which has over the years provided varying degrees of taxation support to the Norfolk Island Government would be seen as an important part of our core business and I think, that that contribution over the years has ranged from somewhere in the region of about five or six percent up to eleven or twelve percent or thereabouts and so it waxes and wanes but it's very difficult for me to support an argument that says something that has provided the best part of on average about 10% of our total

revenue is not part of the core business that we undertake. Now I accept the argument that maybe the supply of liquor in other places is not something that Governments do. But we do it on Norfolk Island and we do it, hopefully, as best we can to provide a mechanism to fund a whole host of social programmes and other programmes and to provide employment and we do that well and we try to mitigate any of the potential down sides to the supply of alcohol by providing other programmes, social programmes such as counseling support services and the like to people who might be suffering from issues associated with alcohol and I think generally we've done quite well in that area but there is always the argument that we can do more and maybe that's something that we need to turn our attention to whether this motion and the subsequent Bill actually get up. It's still something that the Government will have responsibility for in allowing through the licencing process the distribution of alcohol in the island so just because we may be looking at a different distribution method of alcohol in the island we still retain the ultimate responsibility at the end of the day so whether we are providing it or somebody else, that issue is still there. The reasons for disposal are another issue that I have. Why are we moving down this road. I've touched on the core business issues and I think the Chief Minister's words are the ongoing sustainability of Norfolk Island and its revenue streams etc and as I've tried to cover, there's an expectation that there will still continue to be no matter what the expressions of interest say and no matter what we enter into and if we adopt the subsequent bill on the notice paper there will still be a mechanism to ensure that we retain some flow of revenue. It doesn't by any means guarantee that the flow of revenue will be the same as or anywhere near the same revenue streams that we've experienced over for example the last decade from revenues from the Liquor Bond and that's something we need to give careful consideration to. I accept the arguments I've heard around the table for the last few weeks and months that the mechanisms are there for us to be able to adjust it, but that in itself is a little disturbing in that if I was a punter and I declare now that I wouldn't be in line to look to providing an expressions of interest in line with this motion or a participant in any organisation that might look towards licencing, but if I was, I would probably be a little hesitant in embellishing my bid in the knowledge that the Norfolk Island Government or Norfolk Island Legislative Assembly still want to maximise its return from alcohol. Now what does that mean. It means that the Government still retains a way to tax liquor and alcohol as much as it wants, subject to the Legislative Assembly agreement that is in place at the time and that's what Government's do but if you are looking at entering into a business you would be looking for some guarantees and that's what I touched on earlier about the number of licences that might be issues, whether it's two and the Administration maintain a presence or have the potential to maintain a presence with their concern, whether it goes wider than that an a subsequent Legislative Assembly decides its going to release another 5,6 or 7 licences, all are areas of concern and I think legitimate areas of concern if people are thinking of entering that type of business. We've identified the bond store as the one we want to deal with first. I would be interested in the list of other so called non core business undertakings that are also being explored. Does that mean the Philatelic Bureau; the Tourist Bureau, the Hospital. Now those that I've mentioned might well be considered to be true core business enterprises but we live in a different society to most and there may be consideration that needs to be given to some of those, so the question is, why is it the bond store or the distribution of liquor which has the effect on the bond store. What I'm trying to drill down to is, why is it, that we are looking to get rid of the bond store because I do not think it is actually about us trying to move outside the core business activities and there is the often lauded reason that there are the social implications and Government just shouldn't be involved in the distribution of alcohol. I'm not sure that I accept that argument either. I would however accept the argument that the reason that we want to dispose of the bond store is that we desperately need the money because my understanding is that we do desperately need the money. If that's the case, let's be honest enough with the community and tell them that's the reason that we want to get rid of the bond store first and foremost and we want to do it as soon as we can. Certainly I've had discussion with my colleagues in trying to think all of this through and I think I've probably accepted the argument that it's not imperative that we get rid of the bond store but probably financially prudent and that to achieve that aim I have supported the argument that we probably need to firstly deal with the question of whether we should dispose of it or not and

in progressing that aim, I support the Chief Minister bringing the motion forward so that we can have the debate on whether this is the right path to go down in calling for expressions of interest for alternate distribution and importation and sale of packaged liquor into Norfolk Island so I support that but the question that I really want answered is why it is that we are looking to do this, because I do not accept the arguments that are being put up, that it is not core business, or that in some way socially Governments shouldn't be involved in this because as I've already explained, to me, this is core business because it is a large portion of our revenue stream and the socially responsible question of whether we are doing it or not and somebody else is, we still as a Government have a responsibility to oversee the sale and distribution of liquor within the Norfolk Island community so we don't for some reason because we are looking to seek expressions of interest for a different method, suddenly abrogate our responsibility to have some oversight of the whole process. I've probably used up my fare share of time in this debate. I haven't finished. I'll probably come back in after I've heard some other Members but I commend the Chief Minister for bringing this motion forward, particularly in advance of the next matter. I will reserve my judgement on that Bill because I think it is introduced at an inopportune time, we have some decisions to make on the principles that relate to this motion which is more about should we actually be looking to and is it prudent or is it imperative that we need to offload what is a core part of our business operations in Norfolk Island for a very short term gain and benefit. Thank you

MR BRENDON CHRISTIAN                      Thank you Mr Speaker, in not as many words but I couldn't agree with Minister Gardner any more. Does this mean that electricity, Telecom, Lighterage, Norfolk Energy, other GBE's that hold monopoly's on Norfolk Island could be sold off or diversified. Is it the intention to move away from holding monopolies if it's not a core business or essential service within the community. It is in my opinion that we express the true reason for selling off these assets because I too don't wear the story that we don't need to be in that business I think it's only fair that all reasons are laid on the table and all options are given to the community and Members of the Legislative Assembly on why this track is being taken. I'm grateful that the Minister intends to adjourn the motion so that the community has the opportunity to provide Members with their opinion before the next meeting. That's all I have to say about it at this time and I look forward to hearing responses

MRS JACK    Thank you Mr Speaker. Well while agreeing with much of what Mr Gardner has said, I would just like to say Mr Speaker, that regarding the sale of the business or GBE known as the liquor bond I feel that I have been somewhat of a lone voice during much of my time as a member of the legislative assembly for I have had difficulty with the Administration owning and operating the business from a social conscience point of view. Here we all sit making legislation about the responsible sale of alcohol, about drink driving and we own the only alcohol importing business. Now please don't get me wrong Mr Speaker I am not a wowser. I enjoy a gin and tonic or two especially in summer and I enjoy a glass of wine with my dinner but as a parent of three young men I know I am not alone when I admit to my worry when they go out at night. I worry because I don't want them in a car driving if they have been drinking and I don't want them as passengers in a car where the driver has been drinking. These concerns were repeated by many in the women's group on Norfolk. Members of this group also raised the matter of domestic violence issues through excessive alcohol abuse. As minister for social welfare I am privy to minutes from the SAA working group which receives a generic report from the counsellor so I am able to note how many counselling sessions relate to alcohol issues and at times Mr Speaker those figures concern me because it is not just the person who drinks that is affected it is the spouse and more often than not children of the family. So Mr Speaker when I consider all these issues that flow on from the sale of alcohol that is why my personal view is that the Administration should not be in the business of importing, wholesaling and retailing alcohol. Let me also add Mr Speaker that the liquor bond is a business the history of which goes back to and I stand to be corrected in this area, to think about the 1930's where there was prohibition on the sale of alcohol that it could only be used and I believe imported for medical reasons – Mr Speaker I understand that coughs,

colds and flu like symptoms could be almost at epidemic proportions. This situation was maintained until the Liquor Ordinance of 1960 which saw the importation of alcohol being permitted but only through the Administration. I understand from this time the situation remained pretty static until a review by the minister of the day, Gary Robertson in 1999 and then a complete review undertaken by Ron Nobbs in 2005 saw the formation of the current Liquor Act 2005. All reviews and remakes have maintained the monopoly hold of the Administration on the importation of alcohol. I find all this somewhat conflicting because now if I put on another hat the one that stipulates for all GBE's not only to be making a profit but to be innovative and increase sales, increase profitability, use better marketing to expand sales to visitors to compete with duty free in Australia and New Zealand, to be out there Mr Speaker selling alcohol and making money. I suppose the one good thing about the overall aspect of this is that while the bond does retail, it retails only packaged and closed bottles. It does not compete with across the bar sales dealing with sale by glass or opened bottle. Mr Speaker while my preference has always been to sell the bond I am fully aware that one does not go selling what some in the community refer to as a 'cash cow'. I also realise that once an asset is sold while the initial 'cash up front' amount gives a great boost the annual revenue stream from the entity could no longer be relied upon. So I have to ask just how much of a 'cash cow' is the liquor bond and I understand that the liquor bond is providing approximately 40% less contribution to total income from a peak in the 04/05 financial year. In that year the liquor bond contributed 11.13% of the total income whereas in the last financial year the total was 6.5%. The decline over the 4 years has been gradual. Now we could put all this onto falling visitor numbers and the fact that successive price increases have seen buyer resistance come into play and those would be pretty valid reasons and so the argument could be that if we hold on to the bond then when visitor numbers get better, the income will rise and that would be a better time to sell. Mr Speaker I also hold the view that the very lack of competition in this area does not provide the correct incentive to operate the facility in a true commercial sense. Let me also add Mr Speaker that in selling this entity we will not be losing our entire annual revenue stream we will continue to regulate and to this end customs duty will remain as will GST and new revenue through the issuing of annual license fees. Mr Speaker since the liquor bond commenced trading other enterprises, GBE's, have also come into being – gaming, Norfolk energy to mention but two and the expectations by the relevant ministers is that revenue from these areas will gradually increase and one could hope that these revenue streams could begin to replace that of the liquor bond especially when added to the duty and licence fees. Mr Speaker gaming presents another set of social conscience concerns. Some time ago I was approached by two people at different times, both have partners that have at different times depleted bank accounts in the hope of the 'big win'. That win had not eventuated and the family left to sort out the mess of trying to pay the bills while maintaining the current lifestyle of raising a family. The pressure of the community makes it so extremely difficult for the person or their partner to find a sympathetic ear and one that can put them on the correct path. The presence now of a counsellor full time on Norfolk is doing much to alleviate this social problem. We as a government must ensure that we do not add to the pressures on families such as these. So Mr Speaker and perhaps from a slightly different view I have no issue in agreeing in principle to the sale of this GBE and the fact that it is financially prudent but not imperative to my way of thinking reaffirms that agreement in principle. Again, can I just say that regarding the expressions of interest for ways of doing this, I look to the next Bill standing on today's notice paper as providing the option. I know that not all Members will agree with this option and so am expecting some very detailed detail stage amendments to come forward when that debate moves on. I note that the Minister for Tourism and Health raised the matter that the following Bill fails to exclude the presence of the Administration as an ongoing operator or future operator in the importation of packaged liquor. Mr Speaker I can only say and give warning to the Minister who will be bringing that Bill on that unless that aspect is addressed then I would fail to support it and the Minister for Tourism and Health also spoke of referring the matter, possibly this motion and the next one to the Impact of Bills Committee. I would certainly back that view, especially with the second motion but as I say, I look forward to the rest of the debate but as for agreeing to this motion in principle, I certainly have no qualms in agreeing to it, thank you

MR N CHRISTIAN

Thank you Mr Speaker I won't dwell too long on the subject other than to say that I support the Chief Minister's motion and if we take on board the queries that Minister Gardner has tossed into the debate we do have to be frank. Times are difficult in Norfolk Island not only of the Administration but for the entire community. I think we realise at this time that raising additional taxation in Norfolk Island to meet the cost of running the place isn't an option that we would take, at all and I think Minister Magri has made it clear that in his view it's not absolutely crucial that we dispose of the bond store but it would be financial prudent to consider it and hold the proceeds of any such sale in reserve. Likewise I share his view but its also worth pointing out that if the sale was to proceed I think it's absolutely crucial that we identify to the community sooner rather than later what we intend to do with any funds that might flow from the sale of the bond store. Will it go into general revenue, will it be used to capitalize Norfolk Air or put to a new hospital. These are all things that need to be well and truly debated and the community informed of what our intentions are. But coming back to the issue of why we are considering selling the liquor bond, well basically I suppose if we go back to the beginning of this Legislative Assembly we gave the community an undertaking that we would actually look at most of the GBE's and decide whether it was in the Government's best interest to hold onto them or dispose of them. To a degree that process slipped a little bit and then the global financial crisis came along, and our hands are being forced. Now it's no secret that we have gone to the Commonwealth for assistance but the Commonwealth is not in the business of just handing out money willy nilly and the first thing that the c will say to us when we eventually get to sit down at a table with Brendon O'Connor to try and trash out some details, is what have you done to help yourself. That's the first question he's going to ask us, and if we say nothing, our first port of call is being you and we expect the Australian taxpayer to cough because wi es gud salan, they're not going to swallow it, so I think it's responsible Mr Speaker that we do sit down here, we do consider in the first instance the disposal of the Liquor Bond and whether we proceed or not will depend on the outcome of the expressions of interest process. Now fir instance if we get an offer that is too good to be refused, we would obviously I think move to the next step. If the market values the Liquor Bond at less than our expectation well I think the answer would be totally different. We would not proceed but unless we go down this fact-finding mission, you are not armed with the necessary information to make an informed decision so I do support the Chief Minister's motion but what I do say, I'll qualify my support in that supporting the motion today, does not mean that I will automatically support selling the Liquor Bond store. We will have to have some robust debate in this and if part of that process is referring it to an Impact of Bills Committee I would probably also support that at the appropriate time but I would also qualify that by saying that I would insist on strict time frames being placed upon the Impact of Bills Committee reporting back to this House

MR ANDERSON

Mr Speaker I will be supporting this motion. The argument that it has brought in a lot of revenue for the island in the past, doesn't follow that it will bring in a lot of revenue in the future and times are changing and I believe that the revenue under the present structure without saying anything is wrong is going to diminish and I think we have to accept that fact so that we have to look at alternatives. Now as to what we do, depends on what is going to be the most important aspect, is the capital that we gain from selling it being the main priority as opposed to long term which will be the best business proposition for the Government and they are the aspects that I see to be very important in the final decision that we make on this. Now a lot of us in the commercial sphere still necessarily may have to look at selling assets at the present time. It may be a necessity. That doesn't mean, because you set yourself up in such a way, and prepare yourself so that you can do it, that you are going to make the decision to sell on as Mr Christian said. I think it's something that we have to go through this procedure and I support it. Thank you Mr Speaker

MR MAGRI

Thank you Mr Speaker. What this discussion is about is simply whether the Norfolk Island Administration should discontinue being the sole importer of alcohol into Norfolk Island and assessing the benefits or lack thereof for doing

so. We are all aware and acknowledge that the Norfolk Island Liquor Bond business has grown into a considerable community asset that provides this community with a stable source of revenue and employment however, this situation as it exists today where the Norfolk Island Government is the sole importer and primary wholesaler of alcohol is not without its critics. For example I think we could all agree that it is certainly not an ideal situation when a Government has a vested interest in the community drinking more alcohol and I think we need to consider whether the Administration should responsibly continue being the primary importer and wholesaler on Norfolk Island and the regulator when a clear conflict of interest exists. Mr Speaker its about time the Norfolk Island Government matured in its approach to the importing and wholesaling of alcohol and providing the due diligence process and this is important, determines that such a change is in the wider community interest and has a general community support, I will be offering my in principle support for the Norfolk Island Government to a) step back from the direct import and sale of alcohol and concentrate its efforts on providing a non bias, regulatory and competitive environment in which the safe and respsible sale and consumption of alcohol can exist and where b) all future Government revenues for the sale of alcohol are realised through duties taxes and fees. Having said that for the benefit of the community Members that may be taking a keen interest in this debate and may believe I would support the Government getting out of this business at all cost, I will clarify the significant benchmark and criteria I will be applying to the due diligence process to ensure that if we do proceed down this path it will be in the best interest of the whole community. If Norfolk Island is to discontinue as the sole importer and wholesaler of alcohol on Norfolk Island can the community expect at the very minimum that 1) the Norfolk Island Government will continue to realise a significant financial contribution to the revenue fund; 2) that a competitive environment can exist where downward price pressures can continue to provide or improve value to the customer; 3) that any new arrangement can provide the community with an appropriate level of service; 4) that the new licences will not conspire to price fixing or price gouging; 5) that the change process be managed properly to give due and appropriate consideration to the current staff of the Liquor Bond and their livelihoods and futures; 6) that the issuing of any new licences realises to the community coffers a reasonable compensation equivalent to the fair market value of the current enterprise and 7) that any new regulatory framework demands best practice for the responsible sale of alcohol. Just in closing I've heard a lot of the discussion around here today. It would be important that the community understands that we are only at the beginning of this process and they really need to get on the telephone and talk to the different Legislative Assembly Members and let us know your opinion and I certainly will be making myself available I would say most hours of the day to anyone who wants to talk to me on this pretty important issue Mr Speaker

MR GARDNER

Thank you Mr Speaker, if I can and I'll attempt to brief as I can and I thank the Minister for Finance for suggesting that there needs to be robust debate. It's a great thing that we have some robust debate, particularly about where any monies that might be raised from this exercise would be directed to. If I can just respond to some of the speaker's comments and I'm not quite sure whether it's my thinking that's fractured or some of my colleagues thinking that's fractured and that's not designed to be insulting, it's just really clearly an issue that I have floating through my mind from time to time but Mrs Jack had very legitimate concerns about drink driving and alcohol abuse and domestic violence. My question to her is what on earth a different distribution arrangement will have on addressing those issues. There will still be if there is alcohol within the community issues with drink driving, there will still be issues associated with alcohol abuse and unfortunately there will still be issues associated with domestic violence. Mrs Jack did indicate that when she puts her other hat on she has to deal with trying to maximise the returns from the business. With all due respect with us offering an alternative distribution method for the import sale and distribution and supply of alcohol in Norfolk Island what we would be encouraging is exactly what Mrs Jack was looking for as far as the performance of the current entity and that was that its performance could be markedly improved with a different marketing approach and that's something that if we bail out of this its going to be something that private enterprise are going to pick up and go for with the bit between their teeth and try and maximise as best they possibly can their return. In fact we

are probably encouraging people to come into the industry to actually secure the distribution to a far greater degree of alcohol and alcohol related products in the community and therefore I would imagine that to minimise the social impacts in Norfolk Island Mrs Jack wouldn't support the sale of the Liquor Bond because in her view we don't do it very well at the moment and so we are indirectly impacting on the maximum benefit that could be accrued from the business operation. And she did state that the lack of competition that exists today fails to realise the full potential of the current operation. And that's fine but as I said if my thinking is fractured somebody please tell me so. I'm pleased that both she and the Minister for Finance would be looking to addressing the matter through the Impact of Bills Committee if and when an appropriate motion comes forward and I do accept that strict time lines would have to be put on that to comply with Chief Minister's desire within the month and the Minister for Commerce and Industry whose Bill follows so that those time frames can be met and a report can come to the House on the benefits and otherwise of moving down this path. I do support the motion but what I'm trying to highlight is that there are so many intricacies within this that need a clear understanding, not just by us around the table but by the people currently engaged in the industry; want to get into the industry and the community about what the impact of a move like this, a significant move will have generally. I thank the Minister for Finance for the robust debate on this issue and not just this motion, it will also be had in the community over the intervening period. Mr Speaker questions like what steps are proposed to be taken that are any different that are in place today for the safe supply and responsible service of alcohol. What is it that's going to change that is going to give me comfort that we are going to do things a lot better than we've done in the past? What is it that we seem to think will in some way distance the Norfolk Island Government from its responsibilities for the supply and safe and responsible supply of alcohol in Norfolk Island. I'm yet to be convinced that there is anything that's going to change, other than the occasional tweaking of legislation and regulation that the Government does anyway and will do into the future. Thank you

MRS JACK

Thank you Mr Speaker Mr Gardner highlighted his confusion over my comments. All I can say is that the conflict I feel in encouraging better supply as well as their having to legislate that supply is the conflict that I feel this House is put in and that to sell that Liquor Bond and take a step back from provision of the alcohol to just one of legislation I think is a good step to remove oneself and as you yourself mentioned Minister the actions that we would be answering to or the comments that we would be referring to in providing that better provision of alcohol is your Liquor Licencing Board I think, it might be the Road Safety which has come up with some, the SAA Working Group, the public themselves but I have trouble in being both sides of the coin and that is my conflict in this matter. The Minister may fail to appreciate that, and that's fine, he has that. I have just voiced my view on this motion and my acceptance to agree in principle

MR N CHRISTIAN

Thank you Mr Speaker I would just like to add a little more to the debate and clarify some of what Mrs Jack has said and what Mr Anderson has said in the context of Mr Gardner's debate. What we are talking about here in respect of the Liquor Bond is not that Mr Anderson has just devalued it by saying that we expect people to drink less in the future. I think what we are all trying to say and Mrs Jack said part of it, Mr Anderson said part of it, and that is that in the current financial year we expect that the revenue fund will receive a dividend from the Liquor Bond GBE of somewhere in the order of \$900,000. That's part of what we expect to be almost \$16m in total income for the revenue fund from all sources. So to put Mrs Jack's contribution to debate in context, what she was saying is that in 04/05 financial year, the dividend from the Liquor Bond store amounted to about 11% of the total revenue fund's income. In the current environment it will contribute 6.5% of the total revenue fund income so what's happening is that as our taxation systems in Norfolk Island matures the Liquor Bond will continue to play a declining role in our revenue streams is my personal view so that does not mean that the Liquor Bond has lost value. It will still be in my view an attractive asset for a group of investors to own and when we get to the next piece of legislation that Mr Magri has on the table I will express my views there as well, so I don't see the Liquor Bond devaluing or being devalued as a result of our debate here today, I think there just needs to be a recognition that as our



month or two so that we can all make an informed decision as to what would be the best deal for the people of Norfolk Island. I have my own personal thoughts and ideas on the moral ground of whether the Government should be in the selling of alcohol but lets wait until we see all the information before we can make an informed debate and I look forward to discussing it again next month

MR N CHRISTIAN Thank you Mr Speaker just to clarify the debate going on there between Ministers Magri and Gardner, we are probably all correct and on the same wavelength, but the revenue streams to the revenue fund from the Liquor Bond flow in from three different and separate sources. Firstly we collect customs duty; secondly we collect GST from the Liquor Bond and thirdly we collect all of the net profit as a dividend for the revenue fund so when I mentioned \$900,000 in this financial year, that is the actual dividend that the Liquor Bond will pay to the revenue fund, the other components whether it be \$1.4m or \$1.8m is largely made up of GST and customs duty which will flow to the Administration no matter who owns the Liquor Bond

MR ANDERSON Mr Speaker sure the Liquor Bond is bringing in that revenue each year but I'm sure as a Government and previous Governments that one way or another we'll get the same revenue from alcohol even if we get rid of the Liquor Bond store. It will still flow because it's one of those things that happen. People drink and Governments get revenue from it

MR NOBBS Thank you Mr Speaker (difficulty with tape)

SPEAKER Thank you Chief Minister. May I ask if the debate on this first motion is sufficient for you to allow this to go ahead

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

SPEAKER Thank you Chief Minister that now becomes the motion. Honourable Members I put the question 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

Honourable Members I take note of the time. Is it the wish of the House that we suspend. You wish to continue. Very well. I move to motion of leave

**MOTION BY LEAVE – NORFOLK ISLAND 1979 – APPOINTMENT OF THE NORFOLK ISLAND GOVERNMENT AUDITOR**

MR N CHRISTIAN Thank you Mr Speaker, I seek leave to move a motion to recommend the appointment of the Norfolk Island Government Auditor

SPEAKER Is leave granted Honourable Members. Leave is granted Minister

MR N CHRISTIAN Thank you Mr Speaker I move that this House in accordance with section 51 of the Norfolk Island Act 1979 recommends that the Administrator (a) appoint the Australian National Audit Office, which is a registered auditor within the meaning of section 51A of the *Norfolk Island Act 1979*, to be the Norfolk Island Government Auditor under section 51 of the Act for the financial year ending 30 June 2010; and (A) for the purposes of section 51 of the *Norfolk Island Act 1979* determine that the terms and conditions of appointment of the Norfolk Island Government Auditor be that the costs including expenses

for the financial year ending 30 June 2010 be borne by the Commonwealth Government. Mr Speaker it is normal at this time of the year for the Norfolk Island Government Auditor to be appointed for the financial year ended 30<sup>th</sup> June 2010 and this motion seeks to take advantage of a generous offer made by the former Home Affairs Minister Mr Debus, made early in the life of the current Commonwealth Government. Mr Debus offered the services of the Australian National Audit office free of charge to assist the Commonwealth to better understand Norfolk Island's financial reporting procedures and position. The Norfolk Island Government welcomes the spirit of co-operation that has been demonstrated by the Commonwealth Government in this instance. I expect the savings that will flow to the public purse as a result of this initiative will be in the order of \$60,000 for the 2010 financial year. Thank you

MR NOBBS Thank you Mr Speaker I certainly welcome this coming to the table and intend to support the motion as the Minister for Finance has already stated Minister Debus did see the benefit as we do in opening the window to have a better understanding of how the Norfolk Island financial system operates and to also in that discussion facilitate even the performance audit areas which were part of the discussions that myself and Minister Debus had at that stage. These were seen as building blocks along the way to establish Norfolk Island's more secure future and in that I am referring to the fact that on an almost biannual basis we are challenged by perhaps a Federal Minister or some such other body that challenges the position that we operate in and we then go through a process of generating report and response. This connection through the auditor will I think give both Governments confidence in the data and the discussions that we will be able to have and that we will be able to have them on a clear understanding of the basis of the audited data is through that respected body. Thank you

MRS JACK Thank you Mr Speaker I spoke earlier today of my concern over a lack of cooperation and consideration and hear I am already somewhat being corrected with this marvellous sense of cooperation and consideration being given in one instance, and I sincerely thank them for this effort and a great way to start a joint process and just learning how we operate so I'll agree to the motion. Thank you very much

MR GARDNER Thank you Mr Speaker, my understanding was that for so many years the Commonwealth Auditor General was the external auditor in relation to Norfolk Island for the purpose of the Norfolk Island Act and that changed. We've been through a few iterations of that and so as the people filling the role clearly it has been indicated to us, not only through Minister Debus communications but through Ms Annette Ellis's Norfolk Advocate publication that she sends out confirming that the Federal Cabinet had made a decision determining that the Auditor as is referred to in this motion will be the Auditor for Norfolk Island. I'm just not certain as to whether a motion like this can bind the Commonwealth to picking up the expense however, as I understand it, the communications from Minister Debus had clearly indicated that, that was the intend that the Commonwealth pick up so based on that information I have no issue in supporting the motion

MR NOBBS Thank you Mr Speaker I'll just add to that and I certainly appreciate Minister Gardner bringing up that particular part of the issue because it formed an integral part of our discussions in terms of the transparency and accountability mechanisms that the Norfolk Island Government had spent a considerable amount of time putting as far into practice as we were able to with our legislation and inviting the Commonwealth to commence their side in the discussions that related to ICAC and Ombudsman and the Auditor, there was a commitment from the then Federal Minister Bob Debus that we wouldn't be financially disadvantaged by having those processes put to us and my understanding is also that the Cabinet decisions supported that basis as well and I think most people would remember in the community also the open letter that appeared in the Norfolk Islander from Minister Bob Debus following the Cabinet decision and our many months of work on that process. Thank you

SPEAKER Thank you. Further debate Honourable Members. There being no further debate, the question is that the motion is agreed and I put that question

QUESTION PUT  
AGREED

Thank you. The motion is agreed. We move on and Mr Magri you have the call

**LIQUOR (AMENDMENT) BILL 2009**

MR MAGRI Mr Speaker I present the Liquor (Amendment) Bill 2009 and move that the Bill be agreed to in principle. Mr Speaker I also table the explanatory memorandum to the Bill and will now read it into Hansard. The Liquor Amendment Bill 2009. The purpose of this Bill is to introduce a new category of liquor licence, the importer packaged liquor licence, into the *Liquor Act 2005*. The current liquor licences under the *Liquor Act 2005* are the general licence; restaurant licence; club licence; manufacturer's licence; and BYO licence. Apart from the manufacturer's licence all licences focus primarily on restricting the supply of liquor for consumption on the licensed premises. Currently the Administration of Norfolk Island, through the Liquor Supply Service government business enterprise, has an effective monopoly on the importation of liquor into Norfolk Island and the sale of liquor for consumption off premises. An importer packaged liquor licence will entitle the licensee to both import liquor into Norfolk Island and to sell such liquor for consumption away from the licensed premises. The supply of liquor for consumption on the licensed premises will be limited to approved tastings or sampling at no or nominal charge. The number of importer packaged liquor licences will be limited to 2 licences. There will be a two stage approach to the issuance of such licences. The Liquor Licensing Board will have the power to grant such licenses. However, only an "eligible applicant" will be able to apply to the Liquor Licensing Board for grant of an importer packaged liquor licence. The executive member will be empowered to allocate eligible applicant status through a prescribed price-based allocation procedure. This may involve allocation by auction, by tender or by allocation by a pre-determined price or at a negotiated price. The allocation procedures will be prescribed by regulation. The allocation of eligible applicant status will not automatically entitle the applicant to the grant of an importer packaged liquor licence. The applicant will still need to satisfy the Liquor Licensing Board, in a manner consistent with the grant of other liquor licences, that they are a fit and proper person to hold the licence and satisfy other applicable statutory terms and conditions. Once granted, an importer packaged liquor licence will continue until it is cancelled for cause or surrendered by the licensee. The Regulations may prescribe an annual fee to be payable by licensees under an importer packaged liquor licence. Because an importer packaged liquor licence will carry with it a strong degree of market control over the importation and supply of liquor in Norfolk Island there will be conditions applying to the licences against unfair market practices, such as price-fixing with another licensee, and against misleading, deceptive or unconscionable conduct. In this regard the executive member will also be empowered to determine a code of conduct for importer packaged liquor licences. Only the executive member may cancel an importer packaged liquor licence for breach of the Act or applicable licence terms and conditions. Such a decision will be subject to review by the Administrative Review Tribunal. 15<sup>th</sup> September 2009. Mr Speaker further to the explanatory memorandum the attention of this bill compliments the earlier discussion arising from the Chief Minister's motion about the future of the import, distribution and sale of alcoholic products in Norfolk Island. For us as a Legislative Assembly to have the information to fully consider the questions raised in that motion and to complete the due diligence process, we must first go through the process of determining the current financial value of such a licence. The introduction of this Bill is not meant in any way to pre-empt any decisions that the Legislative Assembly might take about the ownership and Regulations of liquor supply in Norfolk Island and even if the Bill is passed and assented to, it will do no more than create a class of liquor licence for which an application can be made. This Bill does not oblige the executive member to actually issue

any such licence and any application for an importer packaged liquor licences will only be considered both on its merits and in light of the policy position of this Legislative Assembly. This Bill if ultimately passed by this Legislative Assembly and assented to would have one over-riding significant effect and that would be to introduce a new category of liquor licence to be known as importer package liquor licence. The new licence if implemented will authorise a licensee to import and supply liquor on a licenced premises during the hours of 8am and 6pm for consumption off the licenced premises. If the Legislative Assembly agrees the availability of this new form of licence could be used at some future time to remove the current monopoly held by the Administration Liquor Bond so as to create greater competition in the importation and sale of liquor on Norfolk Island. Mr Speaker at the appropriate time I'll be moving that this debate be adjourned and made an order of the day for a future sitting. I would also like to indicate that it is my intention that this Bill should lie on the table until our next meeting to allow Members and the community to fully consider the intent of the Bill and to provide their comments prior to a full debate at next months sitting. Mr Speaker I commend the Bill to the House

MRS JACK Thank you Mr Speaker I just ask the Minister a couple of aspects of this Bill. In our MLA's on Tuesday we discussed this, (tape inaudible) and if we get two expressions of interest and they are both acceptable and take it up that the Administration would be excluded from remaining in the marketplace and from restarting and he said that, that was a serious intention. I just can't see it in the Bill and I wonder if he would highlight that. Another aspect of it is the import of packaged liquor licence. I just query the intent of it in that it seems very clear to me to apply to a very narrow marketplace or section, because it refers to a general store, the hours that you mention are 8 til 6, and it means a supermarket, convenience store or mixed business shop used primarily for the retail sale of groceries or associated household items. I'm just wondering does it also include the ability for a person to come in or a local or I should clarify that, for a person who is interested in buying a licence without any shop to come in, make application and then start up a business in another place that doesn't sell groceries because otherwise I have a bit of trouble if it's a bit limited just to a supermarket, so I stand to be corrected if you could just highlight now or at next months debate

MR MAGRI Mr Speaker just in relation to the first part of that question, I certainly was, though whilst I don't think it's absolutely necessary personally for there to be an exclusion from the Administration selling alcohol to be expressly written in legislation I thought intent would have been enough, I could understand certainly from somebody that ultimately if this is passed would apply for one of those licences and they would certainly feel more comfortable if it was and I'll endeavour to make sure that some form of a detail stage amendment is made to this Bill to satisfy that particular concern. In relation to the description of general store, I had quite in depth discussions with Deputy Crown Counsel on this matter and I don't think or I can't give you the exact legal opinion as to why they've limited it to general store, I will bring that back to the House for further description but I don't think it in any way limits what you are talking about, and during this debate I'll try and remind myself of the discussions we had in relation to that exact subject yesterday

MR N CHRISTIAN Thank you Mr Speaker this is an interesting subject once again and I wish to say that I will provide qualified support for Mr Magri's proposed amendments to the Liquor Act 2005 which amongst other things, seeks to provide for the issue of two licences to import packaged liquor into Norfolk Island. We need to delve into it a little bit as to how this particular piece of proposed legislation originated. Some weeks back during budget review committee meetings we were discussing the general disposal of the Liquor Bond and the discussion ranged backwards and forwards. Is it better to sell the Liquor Bond to a single licence or is it more desirable to issue more than one licence which would allow the importation of alcohol. Now the advise from the Chief Executive Officer of the Public Service at that time was that private protected monopolies in his view were undesirable and more than one licence to import packaged liquor into Norfolk Island should be allowed so that is the basis on which we now find ourselves, with two licences

being proposed. Now the difficulty with this is that when you go out to the market to value the business and if you want to stimulate or create competition you have to sell two licences. What it means is that the highest price or offer that you receive for one licence automatically sets the benchmark price for the second one. Because you cannot have a situation where you sell the first licence say for instance \$3m and then some lucky turkey comes along and buys the second one for \$500,000 so that's the situation that you would have to avoid so the highest price would set the benchmark. My personal opinion is that the Liquor Bond is still worth more to an entity if it was the sole importer of alcohol into Norfolk Island in other words, a monopoly but I do accept that to have a single licence in private ownership would not be desirable and would be unlikely to get much support from around the table here. Either today or in the future and I turned my mind to it over the last few weeks and there is an option in my view that achieves the best of both worlds,. It would allow the issue of a single licence, and it would also allow the community of Norfolk Island to be the owners of the Liquor Bond store directly themselves rather than through the Administration of Norfolk Island and our current Companies Act 1985 I think it is allows that to happen. We are able to set up public companies, and in the articles and Memorandum of Association you are able to put in checks and balances that would limit the extent of any individual share holdings or groups of shareholdings so that no single person or entity could control the public company. So if we proceed to the stage where we make the decision that yes, it is desirable to sell the Liquor Bond store this is what I will be proposing at the appropriate time, that a public company be set up, a prospectus be issued, the community of Norfolk Island be offered the opportunity to buy shares in the public company and if it all comes to fruition the Administration would pass title basically of the Liquor Bond to the public company and of course that gets around the problems with having to issue two licences because it means that the community itself owns the facility. You would restrict shareholdings to people who are ordinarily resident in Norfolk Island and the like, so that there was true community value and the Legislative Assembly would then be effectively be out of the ownership of the Liquor Bond and then would be free to do the things that Mr Gardner and Mrs Jack have been speaking about, that is to set legislation for the responsible sale and service of alcohol. Now I know this isn't the preferred course of action, that some of my colleagues would like to take but I can tell you that there is no legal impediment to going down this path. Absolutely none whatsoever. It is the option that I will be pedaling to the public over the next few weeks if we make a decision to go ahead. So that's all I intend saying that this stage. I do support Mr Magri's motion and if we do proceed to sell the Liquor Bond and I do succeed in selling my concept to this House and the wider community I will then be coming back to this House to seek a further amendment to the Liquor Act 2005 by restricting the ability to issuing two licences to only being able to issue a single licence and that licence will be held by a public company with its shareholders made up of people resident in Norfolk Island. Thank you

(difficulty with tape)

SPEAKER

Mr Magri you sought the call

MR MAGRI

Mr Speaker I was actually going to move that the debate be adjourned but I see there is another speaker

MR SHERIDAN

Mr Speaker just listening to all the comments, I believe we've nussed down the question. What's the rush. What's the rush. We are trying to decide why we want to dispose of this asset. And here we are trying to rush things along for the select committee and getting time lines set in. What's the rush

MR NOBBS

Thank you Mr Speaker I don't see that there's any particular rush but I do see that there's a need for us to actually dedicate time lines so that we can provide an outcome

MR GARDNER Thank you Mr Speaker, just to respond to Mr Sheridan's concerns, it's a matter of significant consideration within the community and its appropriate for us to give some time lines for when this Legislative Assembly are going to turn its mind to deal with the question and either accept the recommendations or not accept the recommendations of the committee within a timely period

SPEAKER Any further debate Honourable Members. I call upon you Mr Magri

MR MAGRI Mr Speaker I move that debate be adjourned and the resumption of Debate made an order of the day for a subsequent day of sitting

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

QUESTION PUT  
AGREED

I think the Ayes have it. Debate is so adjourned

#### **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 Wednesday 21st October 2009, at 10.00 am.

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

QUESTION PUT  
AGREED

The motion is agreed to

#### **ADJOURNMENT**

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

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

MR GARDNER Thank you Mr Speaker, it might be a little unusual but I would like to as the Minister for Police to acknowledge the sad passing of a former Norfolk Island Police Officer known to many of us and in our age group also and I refer to Greg Slater who passed away last weekend in an event that he loved which was a sporting pursuit. Greg Slater was a Police Officer in Norfolk Island between the years 1994 to 1997. He was a very well respected Police officer in Norfolk Island a very well respect and very much so instrumental in the revision of our Volunteer Rescue Association Emergency Management Procedures in Norfolk Island and a very keen contributor to that with skills that he had picked up during his policing career and subsequent to that skills that stood him in good stead as he took over senior roles in the New South Wales State Emergency Services. He was also a fine athlete and a great participant in Norfolk Island sports' scene and on top of all of that, a gentleman and I would wish to extend on behalf of this House condolences and sympathies to his family including his wife Jenny, their daughter Madeleine and their son Alex. Thank you

