



**NORFOLK ISLAND LEGISLATIVE ASSEMBLY  
12<sup>TH</sup> NILA HANSARD – 16 FEBRUARY AND 3/5 MARCH 2010**

**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

**SUSPENSION OF SITTING AT CONCLUSION OF PRAYERS TO WEDNESDAY 3 MARCH**

**SPEAKER** Honourable Members, due to members of the Assembly being called unexpectedly to meet all day yesterday with officers from the Attorney-Generals Department and from the Department of Finance and Deregulation on the exposure draft of a Bill to substantially amend the Norfolk Island Act of 1979, a majority of Members have agreed that the sitting be suspended until 3 March 2010 at 10 am to allow further consideration of the Bill so that a report can be made to the House on those discussions which continue tomorrow morning. Honourable Members I therefore suspend this sitting until Wednesday 3 March 2010 at 10 am. Thank you Honourable Members

**RESUMPTION OF SITTING ON WEDNESDAY 3 MARCH 2010**

Honourable Members we are resuming the sitting of the House today from 16 February 2010

**CONDOLENCES**

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

**MR SHERIDAN** Thank you Mr Speaker. It is with regret that this House records the passing of Gerardus Hendrikus Aafjes, Delores Pearl Wotherspoon, Joan Margaret Nobbs and James Frederick Christian Mitchell.

Gerardus Hendrikus Aafjes, known to us all as Gerry, passed away on the 26<sup>th</sup> January aged 86 years. Nancy and Gerry first visited Norfolk in the early 1960s as members of the French's Forest Lions Club to charter the Norfolk Lions Club. They fell in love with Norfolk and after many family visits moved to the Island in 1966. "Oakridge" became the family home and their pride and joy. Nancy enjoyed working in their beautiful garden and both of them enjoyed entertaining a wide range of friends. As a partnership they involved themselves in the community. Gerry was on the Hospital Board for 17 years. As a member of Lions, Gerry designed and built the Lions Club Park in Burnt Pine. He served a term on the Legislative Assembly, and as Minister for Works, achieved the building of the new Post Office and Customs. Whether for good or for bad, he got the livestock off the Golf course. In business, they were involved in projects such as the bulk gas installation, the upgrading of the Norfolk Island Airport and the ANZCAN project to name a few. Nancy passed away in 2002 and Gerry missed her every day. To Gerry's children and grandchildren, to his many friends, this House extends its deepest sympathy. Mr Speaker, may he rest in peace.

Delores Pearl Wotherspoon, affectionately known to us as “Pumbles”, passed away on the 27th January 2010 at the grand age of 92. Pumbles was described as a barefooted island child who became one of the most elegantly attired ladies we have had the pleasure to see. Delores Pearl Buffett, was born on 17th September 1917, at Steeles Point. Norfolk didn't then possess a hospital so the midwife, Aggie Quintal, attended her birth at home. The First World War, still had a year to run. Her parents were George Hunn Nobbs Buffett (Nobby) and Gladys Amelia Buffett. “Ma and Fardy” to many. She was the 4th of six children and the last to survive by a number of years. Pumbles early life was both carefree and eventful. School was at Middlegate and she walked from Steeles Point over the creek into Cascade and up to the Middlegate corner. Early life was part of an agreeable, agricultural subsistence. In her early teens she heard the unfamiliar noise of an engine, and she and others ran from Steeles Point to witness the arrival of Frances Chichester landing his amphibious aircraft in Cascade Bay. In April 1936, Pumbles married Herbert Metcalf King Nobbs in All Saints Church, Kingston and they lived at 100 Acres. She was a good horsewoman and stylish. An attractive, constant and successful competitor at the A&H Show. Pumbles firstly had four daughters. The 2nd World War, when it arrived in 1939, created significant impact upon Norfolk Island and turned the lives of many upside down. Most of the island men and some women joined up and were posted overseas, including Pumbles husband. She went to work in New Zealand and in September 1946, married Robert Blackwell Wotherspoon. They had two children. Robert then Elizabeth. In the 60's, the family returned home, living at “Whitewings” whilst they built their own home on Fardy's Hill at Steeles Point. Pumbles worked at a number of places, including Paradise Hotel, catering for Qantas and at Mokutu with her sister Fleurette who lived next door. Pumbles mind was more expansive than just this island. She was an avid reader of 'The Womens Weekly', 'New Idea', and knew the latest on Brad Pitt, Tiger Wood and others. She didn't miss the news and was Norfolk Islands strongest support of the All Blacks. She was a tennis player and a notable croquet player. The original croquet lawn is still in use at Steeles Point and in her 92nd year, she and Lorna Christian beat Edie and Albert who are significantly younger and not inexperienced. Pumbles brother Neville died a POW in Japan and after the war, prompted by the loss, Pumbles joined the Women's Auxiliary of the RSL and served in that worthy organisation for the remainder of her life. Pumbles lived an interesting life. To her six children, her 16 grandchildren and at the moment, 26 great grandchildren, to her many friends this House extends its deepest sympathy. Mr Speaker, may she rest in peace.

Joan Margaret Nobbs passed away on the 26<sup>th</sup> January aged 76 years. Joan was the daughter of John Alexander and Ethel Evelyn Collins who owned a large wheat, sheep and stud cattle farm in St Arnaud, Victoria, where they also raised trotters. She had four sisters and three brothers and was the much loved baby of the family. Joan's mother passed away when Joan was four years old. Joan was never afraid of hard work. She came from a hard working farming family and to help her brothers, sisters and dad she milked cows every morning then peddled or walked nine kilometres to school at St Arnaud then later onto high school in Wedderburn. At the age of 14 Joan was taken out of school, so she could help her father on the farm. By this stage all her brothers and sisters were married. To this day they still own large portions of farmland between Wedderburn, St Arnaud and Fenton's Creek, Victoria. Collins Street in Melbourne is named after Joan's great, great grandfather who came out from The Cotswolds, England, in an open boat. Joan loved telling stories of her family, with a twinkle in her eye, as she had a great sense of humour. Steve met Joan in 1952 in a country-shearing shed at a dance hall in St Arnaud where he was working as a contract fencer on a property seven miles from the Collins's farming property. Joan was caring for her father in St Arnaud where he had built a home for them both. Joan looked after him until he was unable to live at home anymore. Joan and Steve's romance continued to grow strong and they were married a week after her father passed away in July 1954. She had inherited the home and eleven trotter horses. Her trainer raced them and they won many races. A year after they were married, their daughter Lyn was born. They continued to work around the district then in 1958, they sold everything, packed up and headed to Norfolk Island on the “Malaita”. When they arrived, Joan found that Steve spoke a different language which she couldn't understand. They ate different food called ‘Mudda’ and ‘Pilahi’. When they arrived at their

home at Rocky Point, property of the late Eldon Foote, Joan said she said she sat on the back steps and howled her eyes out, crying for her family and beautiful home she had left behind. Here she had no power, no lights, no inside toilet, no washing machine. A year later their son John was born and in 1972 they moved to Grassy Road where Steve and Joan were in tourist accommodation for 33 years. To Steve, Lyn and Rob, John, to her grandchildren, Brendon, Vanese, Maree and Douglas, her two great grandchildren, Kyan and Aaliyah, to her brother Jack and sister Gwen, to her friends here and in Australia, this House extends its deepest sympathy. Mr Speaker, may she rest in peace.

James Frederick Christian Mitchell was born in February 1948. He passed away in February, 2010 three days before his 62<sup>nd</sup> birthday. For more than half those years Jim was in a place to which those who loved him, had no access - a world of the military, of demons and a population of people with whom he often had animated conversations. It was the world of mental illness. Jim, his mother and sister left Norfolk Island in the early 1950s. For a while, they lived with Don and Vi Reynolds and their seven children on their dairy farm in Gresford, northern New South Wales. Nine children with the freedom to roam and to build friendships that remain today. They spent many months with Jess and Frank Christian and Ruthie and Foxy McCoy in Roseville in a home with a never-ending stream of family and friends. They then moved to Melbourne where as young children, Jim and Trish never gave a thought to what their mother had given up for them; where she would save hard so that they could return to Norfolk for Christmas holidays. Jim was intelligent, spiritual, quiet, gentle and very special. Impatient for knowledge, he taught himself to read, long before he started school. Jim began Primary at Canterbury State School, then Camberwell High School before he became a boarder at Scotch College. There he was a Cadet and he learned to play the saxophone and the piano. He loved practicing scales because he could read comics at the same time! Later he learned to play the flute. Jim ran away from school and returned home to Norfolk. He worked at the Burns Philp Burnt Pine store and was involved in the construction of the Fish Factory at Cockpit, later working in the processing there. He played football and in an accident at Fishers Hill, he broke his leg badly. He worked the ship and worked with Maitland and Gloria Arthur at the Bakery. He travelled on the Jacques del Mar and sailed to Sydney by yacht with Jan and Ted Semple. From time to time, he worked with Pelly Evans. In 1966, Jim married his sweetheart, Marie McCoy and they were blessed with two sons, James and Tony. For a time, Jim, Marie and the boys lived in Melbourne where James began preschool and Jim learned to fly, gaining his pilot's licence at Moorabbin airport. When his marriage ended, Jim travelled. He toured Australia with his mate, Kerry Douran, in his much-loved Monaro - then travelled the world. He loved Kathmandu for their beliefs and for the gentle people he met there. He wrote lots of cards and letters to his sons and the depth of his love for them is expressed in those letters. Returning home, Jim started the "Hettae" Health shop in the small shed near the CCR Nobbs store in New Farm Road selling organically grown nuts, flours, honey, seeds, sprouts and juices and books on nutrition. Then, one day, he gave the keys to his mother and went away. Signs of Jim's illness had become more and more evident. Jim lived on the streets of Sydney for a long while. His mother went looking for him but he was not interested in speaking with her. A lady at a boarding house in Bondi, persuaded Jim to seek help and, miraculously, his treatment for schizophrenia began. For much of the past thirty years, Jim has lived at the Mawson Units at the Norfolk Island hospital. The Hospital Staff have ensured that his medication was administered and they have cared for him tirelessly. Late last year, circumstances required that Jim's medication be changed. Dr McNamara managed the transition to new medication and gave Jim blood transfusions - and a miracle took place. For the first time in all those years, Jim and Trish had conversations; they reminisced; laughed and had the opportunity to tell each other how much they cared. The old, gentle, mischievous, delightful Jim was back. But these precious days were not to last. Jim was admitted to hospital on Friday February 19 with a temperature and on Thursday, February 25, Jim slipped quietly and with dignity from this life. To his sister Trish, to Tony and James, to his family and particularly to his cousin Lorraine and to his many friends 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. Anyone wishing to remove their coats, please do so

### PETITIONS

Are there any petitions this morning?.

### GIVING OF NOTICES

Are there any notices?

### QUESTIONS WITHOUT NOTICE

Are there any questions without notice?

MR BRENDON CHRISTIAN Thank you Mr Speaker, a question for the Minister for Tourism. Minister why has the Tourist Bureau overspent their budget to the tune of some \$386,000 prior to receiving approval

MR GARDNER Thank you Mr Speaker, it's quite a convoluted and lengthy answer that is required to that question and will be no doubt touched on in more depth with the presentation of the Appropriation Amendment Bill later this morning, but in a nutshell the funds that the Tourist Bureau are due to be appropriated which in quantity is as Mr Christian has indicated, or very close to it, has a significant component, more than half of that, that is the component that the Tourist Bureau would normally be able to spend which are funds that are generated by its own trading initiatives. As the Tourist Bureau has been operating under the requirements of the Public Monies Act since the 1<sup>st</sup> July 2009 it was identified at that stage that those monies now would need to be appropriated for them to be able to spend so in essence \$190,000 of that are funds that they would normally generate from their own commercial activities, funds that are required now under the Public Monies Act to have to be appropriated where in the past if they generated the income they were able to spend it without the appropriation. The balance of it are funds to ensure that they Tourist Bureau are able to continue to operate until the end of this financial year

MR SHERIDAN Thank you Mr Speaker a supplementary question. Minister in regards to the extra \$200,000 that has been spent by the Tourist Bureau is this a blatant disregard to the requirements of the Act to go against the expenditure of these public monies and if so, what action will be taken to make whoever is responsible accountable for this unauthorised expenditure of public monies

MR GARDNER Thank you Mr Speaker, I'm just in the throws of investigating just where all of this went wrong, and I think as an explanation to that the Tourist Bureau are operating in a very foreign environment to which they have since they were first established since the 1<sup>st</sup> July and following directions that I issued on the 20<sup>th</sup> July which were retrospective to the 1<sup>st</sup> July there was a requirement that the Tourist Bureau would operate within the bounds of the Public Monies Act for their necessary revenue budget requirements and expenditure. That was done in conjunction with the officers of the Administration including the CEO the then internal auditor and in discussion with the Finance Manager about just how that was going to operate. I make no bones about it, there have been difficulties overt that period while this transition has occurred from operating as a separate stand alone entity to coming under the provisions of the Public Monies Act. I'm not certain and my discussions to date haven't indicated that anybody has deliberating gone about abusing their role or functions that are required of them under the Public Monies Act. The Tourist Bureau had indicated very clearly in the promulgation of the last budget for this financial year that there would be additional funds

that were required for the launch of the branding process. At budget time they were unable to identify exactly what that was and made it very clear that they would need to come back for supplementary appropriation at some time. In fact the additional \$190,000 it sought is a lot less than what I had thought they would require to achieve that function. As far as the Public Service are concerned, I was led to believe ten days or so ago that the Finance Manager was only made aware of those directions under the Public Monies Act in the last fortnight and that the incoming manager of the Tourist Bureau was only made aware of those requirements at or about the same time. So I can't be blaming either of those two people for the mess up that has occurred. I accept the responsibility as the Minister that there has been some rocky paths in this transition. I am confident however that now that the Tourist Bureau and the Finance Department, the CEO and the Administration are fully aware of these matters that everything will be drawn into line and operate as it should under the provisions of the Public Monies Act

MR SHERIDAN Thank you Mr Speaker a further supplementary question for the Minister. Minister considering the disorganized management of the Tourist Bureau's finances not only in the last financial year but in the years prior I believe, there was a case where it was thought that there was some \$50-60,000 and I forget the exact amount, missing from the Tourist Bureau funds. I wonder now with this revelation that they have been purchasing goods without proper authority, whether any credence can be given to the supposed loss you might say from the Tourist Bureau in the years gone by. Has there been any funds found? What I'm trying to say is that, and there are people who were supposedly accused of this, thought not necessarily charged, but there were some people who resigned over this matter and is there any credence now that, that money was actually missing

MR GARDNER Thank you Mr Speaker, as part of the quantum of the additional funds sought by the Tourist Bureau for the remainder of the financial year is a sum of money and I haven't that detail before me today but it may have been as high as \$30,000. I'm not sure. I would need to confirm that. But they were funds that I authorised the expenditure of when audit was being undertaken in the Norfolk Island Government Tourist Bureau 's books. I asked the external auditors to pay particular attention to the issues that Mr Sheridan has raised because as you are aware, and as I reported in this House at some length, not only forensic audit were unable to identify exactly what the problem was, and it is only in one financial year it hasn't been an ongoing problem for a number of years, but the external auditors in their investigations at my request, have also been unable to cover exactly where the problem arose and for what reason it was, principally because there are a number of files that have just disappeared and without those files they are unable to balance the books on the accounts of the Tourist Bureau . however in saying that, they were very confident in their discussions with me that they needed to establish a starting point for the beginning of the financial year for which they've just audited. They've been through that exercise. They have provided the report on that making the necessary notations, which reflect those things that I've just spoken about. I don't think it's correct to have identified that anybody has resigned over that matter. I'm not aware of anybody having resigned over those missing funds. There was a lot of speculation being levelled at a number of people and again as reported in this House following a very thorough and comprehensive police investigation that was not able to identify any single person or any collective group of people responsible for the so called missing funds, which, as I understand it under the audit process has been identified at about \$42,000 or thereabouts but again I don't have that detail in front of me and I stand to be corrected on that, but that was to the best of my recollection the final number that the external auditors were able to identify in relation to that matter. I'm not sure what other parts of the question as it was quite lengthy and if I've missed anything I apologise and ask Mr Sheridan if he would like to recast the bits I might have missed out

MR ANDERSON Thank you Mr Speaker. Isn't it true that in the audited report, no one could be accused of any wrong doing but nevertheless, wasn't it obvious and in the report, that the procedures over many years had not been simple accounting

procedures and the manner of banking etc do not follow and therefore no result could really be gleaned from what had happened. Is that correct

**MR GARDNER** Thank you Mr Speaker, in part that is correct. Yes they did identify that maybe the best way I can couch my response is that the staff responsible for the reporting and the management of those areas simply had not been either provided with the necessary skills or resources to report in the appropriate manner, or following training, simply had not had the skills to be able to deliver on what was required of them. It appears as though, those practices had been in place for many many years and it was only following the identification of the problem by the previous general manager of the Norfolk Island Government Tourist Bureau that those issues came to light. He cast his eye across the arrangements that were in place, saw that they were inadequate and when looked closer at the figures looked closer at the figures which triggered the very close look, a forensic audit, the police investigation and subsequent investigation of it which I requested as part of the external audit process with our external auditors to have a look because like everybody else I too am seeking to find a clear and concise answer to it. At this stage that is just not available. The external auditors did report, that if we wanted to spend another \$150,000 on it we could probably easily do that but in their view it was not going to change any of the outcomes that have been reported to date

**MR SHERIDAN** Thank you Mr Speaker a supplementary question for the Minister. Minister isn't it correct that the Tourist Bureau has a trust account with funds deposited in there and they have a certain amount of funds that they have no details of the plan that's required for it. In other words there's an excess of funds in this trust account

**MR GARDNER** Thank you Mr Speaker, as I understand it, that is correct and it relates back to those missing documents that just have been unable to be unearthed in all the searches that have taken place. So there are no hard copies so to speak to assist in trying to identify the source of those funds

**MR BRENDON CHRISTIAN** Thank you Mr Speaker, a question on tourism. Minister even though the General Manager has resigned from the Tourist Bureau, some four I believe in five years. Minister what is the problem and is there a plan for a better way forward to give tourism Norfolk a secure and stable leader into the future

**MR GARDNER** Thank you Mr Speaker, I think it's fair to say that I don't envy anybody who has taken on the role of General Manager of the Norfolk Island Government Tourist Bureau. I think it is fair to say that without exception it is the most challenging position in Norfolk Island at any given point in time. We have a community that is, as we all know, heavily dependent on tourism for their bread and butter. If things are not travelling their way as far as providing the bread and butter the Tourist Bureau, the General Manager, the Board, the staff, the Minister, the Legislative Assembly are all targets and all are accused of failing. It's very difficult but we all do recognise that Norfolk Island has gone through many cycles, many ups and downs to do with industry on Norfolk Island. Not just tourism and I can assure you that the current decline that we are encountering now, this won't be the last time that happens in Norfolk Island's history. I can assure you of that. Simply because history has demonstrated that our fortunes in tourism are unfortunately impacted on heavily by a lot of external influences. Those as we've discussed time and time again range from such issues as airfares across the Tasman and I think discussions I've had with you Speaker in your time as General Manager of the Government Tourist Bureau was that the people crossing the Tasman, it used to be about the same price as getting an airfare to Auckland to Norfolk Island or Sydney to Norfolk Island and now it is possible to get those airfares at about a tenth of the price! A completely different operating environment to what it was about 20 years ago in that many other destinations with whom we now compete were not our competitors in years gone by. They now spend enormous amounts of money to etch out a portion of the industry and we have to face the issue of the airfares. The cost of getting to Norfolk Island is a major

issue but it's not just a simple process for us to slash our airfares. We have an airline that needs to keep its head above water and slashing the airfares to below the cost, and we all know that we're pretty much running at break even, even though we've had some disappointing months but where we have couched our airfares have been pretty much at break even and we cannot afford to drop our airfares below that. If there are other carriers in this region which think they can do that, they certainly haven't come forward and it's not from lack of trying from the Norfolk Island Government. What we have to try and do is to maintain an edge over our competitions and that is why the Norfolk Island Strategic Plan was developed and endorsed unanimously by this House and unanimously by all who cared to attend the workshops. If there's any further information that Mr Christian would like me to provide I'm happy to accept them

**MRS JACK** Thank you Mr Speaker a supplementary question to the Minister. So in going through three or four previous managers is there fragmentation of the marketplace. Where is the trouble? Is it lack of funding or appropriate remuneration for the General Manager? Can this Government or the next Government fix it so we can ensure that the next person to occupy General Manager of the Norfolk Island Government Tourist Bureau has the appropriate backing in all areas

**MR GARDNER** Yes I do apologise Mrs Jack for maybe digressing from the question at hand in the last question, but political or not, I do get somewhat passionate about these things and take my role very seriously. I've had I think the honour would be the right word, of working with some very capable and very very professional people in the Tourist Bureau. In the main I am speaking about the General Manager's that I've worked with, which includes Steve McGinnis, right through to Nicole Moore now. They are professional and each have had a differing skill set and Terry Watson was somebody that was targeted, recruited primarily for his implementation skills for the Norfolk Island Strategic Plan. Nicole brings a different skill set but I think all of these professionals are looking to ensure that they achieve an outcome at the end of their term. That they are able to proudly say that we've done the very best that we possibly can and these are the achievements that have been made. That is a very difficult exercise and I alluded to that in the previous answer to the question asked by Mr Christian. A very difficult exercise if you haven't got a good group of people around you primarily and unless you are able to have the community on side and supportive of what you are trying to do. What has happened over the last few years is that for the first time in a very very long time we have had a group of people including people around this table who have unanimously supported the Strategic Plan. The three persons who have been involved with the development and implementation of the Strategic Plan at the General Manager level who have gone out of their way to ensure that they have been able to provide the skills and experience to take the plan forward, who have sought advise and direction from the Norfolk Island Government Tourist Bureau which is the Board which has been serviced again, and this network, this web of people who are passionate about tourism in Norfolk Island that have fed that process. It's not about one person. It's never been about one person and if it becomes about one person turn the light switch off because it just aint going to work. It is a collective responsibility and it is the only way that tourism is going to go forward and until this community can put aside all their grudges and their vindictiveness and come on board and stand up and say we are proud to live on Norfolk Island, we want to make this work, and get on board as a team, unless that happens, things are pretty dismal for the future. I think it can be achieved but this community has to make it very clear that, that is what they want to do

**MR SHERIDAN** Thank you Mr Speaker a question to the Chief Minister. Chief Minister can you advise the House whether you authorised the use of official stationery and Administration staff in the production and delivery of election material in the guise of a letter to the Public Service and others from one of your Ministers

**MR NOBBS** Thank you Mr Speaker I can provide some of that answer in that as far as I am aware it was not an electioneering letter. It did not go out on

letterhead. It did not involve Government posted envelopes and the like. In actual fact it was as far as I'm aware an email out of a thank you for areas which participated if that is the issue you are talking about, areas in the Public Service were given some recognition for work they had carried out at the term of the Legislative Assembly

MR SHERIDAN No, I think you have your facts wrong there Chief Minister. It wasn't an email, it was actually delivered through the Administration mail system and yes you were quite correct it went through all the areas of the Administration where the Minister has had responsibility over these years and areas where he hasn't had charge and I believe he insinuated that if re-elected he would continue to further improve certain services. Now Chief Minister you can't say that is not electioneering. It's not just a general thank you for term in office and I was just wondering whether you would turn that to other candidates for election, are they able to use public monies and resources in their personal drive for election

MR NOBBS Thank you Mr Speaker. I sought advise on whether the letter contained sufficient subject matter to be construed as electioneering. The advise I was given was that it did not and that is the advise that I have relied on

SPEAKER Thank you. Just before we go on, Chief Minister, Mr Sheridan it is under Standing Orders 62 that all imputations of improper motives and all personal reflections on Members shall be considered highly inappropriate and disorderly and I take that on board and would ask please Mr Sheridan if you are implying improper conduct there are other areas in which that should be dealt with. Any further questions without notice

MR N CHRISTIAN Thank you Mr Speaker I figure that as Mr Sheridan has directed a question at the Chief Minister in respect of the conduct of a Minister I think I am the Minister that Mr Sheridan is directing his question about and I need to say Mr Speaker that I did send a letter to every Member of the Public Service thanking them for their patience and support, over the last three years it was not an electioneering letter in my role as Minister for Finance I've touched every section of the Administration and the external statutory authorities. I merely thanked them for the support that they've given me as Minister for Finance and the Norfolk Island Government over the past three years. I see that as being absolutely no different to an MLA thanking every Member of the Public Service and every Member of the community in adjournment time in the sitting of this House

MR SHERIDAN Thank you Mr Speaker a question for the Minister for Finance, Minister I refer to your press release at the weekend in which you claimed that a saving of some \$1.3m in the construction of the Fire Station Emergency Services Centre and ask how in a project that initially cost something like \$600,000 and which actually over ran the original estimate by some \$2m and ended in a project that was estimated to cost \$3.8m came out at a positive \$2.5m

MR N CHRISTIAN Thank you Mr Speaker fairly simple. No one ever said that the fire station was going to cost \$600,000. As the press release stated, successive Legislative Assembly's have put money aside over a number of years towards that new facility. I think from memory maybe \$400,000 was put aside in the first year back in 2004-2005, \$600,000 or thereabouts in the second year. What has happened is if you add up all the budgets that have been approved by the various Minister's for Finance over the years an amount of \$3.8m have been provided for that facility. \$2.5m of that \$3.8m that was budgeted has been used. Really simple Mr Speaker

MR SHERIDAN Thank you Mr Speaker a supplementary question for the Minister. Minister could you table source documents which support your claim there including particular references to the audited accounts that you refer to in successive years which point to the whereabouts of the \$3.8m.

MR N CHRISTIAN Thank you Mr Speaker Mr Speaker I'm more than happy to provide that information to Mr Sheridan. It's provided to me by the Public Service and they are extracts taken out of the GBE budgets for those particular financial years. Not a problem whatsoever

MR BRENDON CHRISTIAN Thank you Mr Speaker, a question to the Minister for Education Minister has there been recent instances of a student caught smoking at the school and if so, what is the policy of smoking in school grounds and has this policy been adhered to consistently across the board

MRS JACK Thank you Mr Speaker and I thank Mr Christian for just giving me some advance notice that he would be asking this question so that I could get the forms and have a brief by the Headmaster. Mr Speaker there is a suspension and expulsion of school students procedures policy and I'll just read from it, and it says principles must suspend immediately if students are physically violent, if they are found to be in possession of a firearm, prohibited weapon by defined by schedule 1 of the Weapons Prohibition Act or knife without reasonable course or uses or is in possession of a suspected illegal substance and then in brackets following (not including alcohol or tobacco or supplies a restricted substance). Mr Speaker there are short suspensions and these are given for continued disobedience and this is also for minor criminal behaviour related to the school or use of alcohol or persistent use of tobacco and the other reason for a short suspension is aggressive behaviour. I was told by the Headmaster yesterday that a student had been caught smoking tobacco. The first time they were told it was against school rules and consequences could result and this happened outside the school fence. Parents were informed and the student undertook to go on an online anti smoking programme under supervision by Judith Davidson at lunchtime so he was caught smoking again outside the school fence. Parents were contacted again, discussion re the student's addiction, school rules etc and he was also informed, student and parents, that if he was caught again he would be suspended for continued disobedience. He was caught smoking again and was suspended yesterday for four days for continued disobedience and as far as I can say for a level playing field across the board the school had made so many attempts to rectify the situation before taking the final rather severe matter of a suspension

MR SHERIDAN Thank you Mr Speaker I do have a question for the Minister for Finance in this area. Minister could you give an update on the SPIN project, whether it's on track, and when is the first SPIN payment due and how much is

MR N CHRISTIAN Thank you Mr Speaker as far as I'm aware the SPIN project is still on track and from memory we will come on line in the third quarter of 2011. that's when we'll be operational. Probably about three or four weeks before that period the cable ship will lay the spur line from Norfolk Island to the main backbone going from New Zealand to Noumea and it is at either the junction box or the Norfolk Island end because they can lay in both directions, and as soon as they start laying the cable the first installment is due and that is about \$2m in round figures

MR BRENDON CHRISTIAN Thank you Mr Speaker, a question for the Minister with responsibility for broadcasting, I believe the Minister for Finance. Minister there is currently an application for a broadcasting licence before this House. Firstly, why has this not been dealt with and is the applicant still broadcasting

MR N CHRISTIAN Thank you Mr Speaker, firstly why has this not been dealt with. It hasn't been dealt with because I referred the matter to the local Police for investigation after receiving a number of complaints that the station was broadcasting unlawfully. Is the applicant still broadcasting, I'm not aware that it is but nobody has brought it to my attention but it is a matter that is still under Police investigation

MR BRENDON CHRISTIAN Thank you Mr Speaker, another question for the Minister for Finance, Minister for the information of the community could you inform why the construction of a pontoon to be utilised for the cruise ships, why couldn't the construction of that pontoon have been carried out on Norfolk Island by local trades people

MR N CHRISTIAN Thank you Mr Speaker timing was one issue, availability of material but more importantly, the work needed to be certified to satisfy the cruise ship companies that it was safe to use and the manufacture had to take place in a quality controlled and accredited environment

MR BRENDON CHRISTIAN Thank you Mr Speaker, for the Minister for Gaming. Minister it's been advertised in the community that we can expect the gaming industry to grow to some \$12m. Are we still on target for that goal

MR GARDNER Thank you Mr Speaker, the figure of \$12m has been bandied about as something that we might expect in the next financial year from gaming operations in Norfolk Island. In relation to that, I hark back to the last financial year and the preparation of the budget then, where a current operator in their forward projections suggestion that if all things being equal and going well we could expect revenues of somewhere between about \$3-5m to flow from that single operation. At that time I recall writing to all MLA's cautioning against budgeting for that level of revenue primarily because with my involvement with gaming in Norfolk Island as the relevant Minister for a number of years, we have had the promise of hundreds of millions of dollars of revenue from people that we've licenced or prospective licensees. I think in one instance as high as \$150m in one year and if we were to forget the licencing procedure they would guarantee that. As you know Mr Speaker and I think as MLA's are aware, we pride ourselves on establishing the world's best practice gaming environment in Norfolk Island and so that case that I allude to was something that was discarded very rapidly from the system because we were keen to ensure that the environment that we created had a reputation that could not be dismantled. As far as the \$12m being bandied around that is an application by another prospective licensee. The licence application hasn't been lodged. There has been some projections related to that and it is said that it has the potential to provide significant sources of revenue to Norfolk Island but like everything, until its tried and proven we just won't know so it's foolhardy to suggest that it is a given that we are going to get \$12m from gaming next year. It has provided us with a steady source of income over the last ten years and it is at a peak now and will probably produce more for Norfolk Island as far as revenue is concerned, this financial year. Probably in the area of \$1m or so but we've lost one licensee during the last 12 months. The earlier licensee that I referred to that had forward projections of some millions of dollars will be reassessing their ongoing viability in Norfolk Island in the near future and as is normal business practice, it will be something that they will have to consider as to whether it will continue in Norfolk Island or not. I certainly hope that they do but at the end of the day they are answerable to their shareholders on the viability of the business in Norfolk Island. I think it is also important to point out that Norfolk Island's competitive advantage in this field is something that's been seriously eroded over the last ten years. When we entered the gaming arena our tax rates were the very best available of any Australian jurisdiction but well under most other international jurisdictions, particularly in the area of internet gaming. We had I think about 12 licensees, none of them ever commenced operation in part because of the Commonwealth intervention in internet gaming which was the subject of a Productivity Commission Enquiry which delayed implementation or the start up of those activities in Norfolk Island for more than twelve months and what that did is that we lost a significant advantage over other jurisdictions because they were quickly meeting and exceeding the benefits of our taxation arrangements that we were able to offer and we also had the lingering issue of questionable international telecommunications which has, with the very best efforts of Norfolk Telecom in the main been overcome, and with the prospect of SPIN somewhere down the line, obviously that concern by international operators would be almost negated I would expect. But people wanting to come to Norfolk Island are looking

to find some advantage over establishing anywhere else. The only advantage that we have at this present point in time relates to the bookmaking activities. Our licensees currently in Norfolk Island have bookmakers licences, not internet gaming licences and the advantage for them relocating here or establishing here is that the other States and Territories have restrictions on the number of licences that they are prepared to issue and so as far as a reputable Australian jurisdiction is concerned, we don't have a cap and so they are obviously interested in any new players in the field in establishing in Norfolk Island. Our tax rates are on par and in some instances more of a burden to operators in Norfolk Island than they would be in other states and territories and in many other jurisdictions around the world where tax rates have now been reduced to absolute zero, nothing. Simply because some of those jurisdictions see the value in having the businesses established on shore, whether it is the dependent islands of the UK or the Caribbean or elsewhere, where the value of the business is not measured by the tax they bring in but is measured by the personnel on ground and the infrastructure required to run those operations. So it has been a completely changed environment. The other issue that we have to consider is our position as far as the constitution is concerned. The Australian constitution in its application to Norfolk Island goes without saying that the Betfair ruling by the High Court a few years ago certainly raised the issue of I think section 122 of the Australian constitution which provided for protection of trade between the States and Territories would be free and unfettered because there were attempts by some of the Australian states to prevent Tasmania I think it was from being able to offer wagering services in Western Australia, Victoria or other jurisdictions and hence the raising of the constitutional argument and that ruling determined that there was nothing the States could do to prevent another State from entering into its territory as far as wagering were concerned. The doubt that that cast was that Norfolk Island wasn't Norfolk Island as such and had the status of a self governing territory at the time of the constitution and despite advice from the Official Secretary who thought that the protections in the constitution would extend to Norfolk Island there have been serious questions of doubt raised in relation to that and I raise that because it is something that we need to be aware of and the next Legislative Assembly will need to be aware of in couching their budgets that there is the potential for that challenge which overnight could spell the end of the gaming industry in Norfolk Island. I hope that doesn't happen but we need to be on guard, we need to recognise that we haven't got that significant competitive advantage that we had ten or twelve years ago when we first entered into the gaming arena and that at best, to rely on the current level of revenue generated by gaming, is something that needs a cautious approach and as I wrote to Members in the preparation of last year's budget a significant cautionary approach to suggesting that we could rely on a \$12m windfall from gaming in the next financial year or any year thereafter

MR BRENDON CHRISTIAN Thank you Mr Speaker, I have a question for the Minister responsible for the Liquor Bond or indeed the Chief Minister or any other Minister who may be able to answer the question. Is the Minister intending to publish a yes case in support of the upcoming reference referring to the sale of the Liquor Bond

MR MAGRI Thank you Mr Speaker and thank you Mr Christian for the question. It's something that I have put a bit of thought into but have decided that I wouldn't be putting forward a yes case because I don't support a yes case and I can explain that Mr Speaker. This Government as part of a wider review of all of its entities explored some options with the future of the Liquor Bond. Those options included the possible issuance of two licences to allow two other private entities to import alcohol. Somewhere during that discussion and I'll accept responsibility for that, the public understanding of what the Legislative Assembly was doing, was confused and a group of citizens decided to use their rights under the Norfolk Island Referendum Act to garner the support of the appropriate amount of people in the community required to initiate a citizen initiated referendum and they were able to garner that support and the question asked was something along the lines of Do you support selling a profitable and publicly owned public enterprise? The inference behind that were that somehow the Norfolk Island Government was happy to sell the Liquor Bond and forego its \$900,000 or in total about \$1.8m of

revenue each year. I can say categorically that nobody in this Legislative Assembly has ever supported losing those revenues. We were simply looking at the organisation to see whether there was a better more competitive way that it could be run, but at no time were we prepared for the Administration not to receive those revenues. The referendum I don't know what use that may serve, and I don't intend to give a yes or no in my response to that referendum. I hope that goes somewhat to explain the question but I'm just a little disappointed that I wasn't able to explain to the community the original intentions of our proposal but they in no way reflect the question being asked by referendum

**MR BRENDON CHRISTIAN** Thank you Mr Speaker, I have a question for the Minister with responsibility for Waste Management Centre. Minister I have received a press release in recent days announcing that the charge to dump vehicles has been abolished or is intended to be abolished. First I commend the Minister on that move but the question is, has any Members of the public been charged to dump their vehicles and if so, in the introduction of this new policy, will they be reimbursed of those costs

**MRS JACK** Thank you Mr Speaker I'm not sure. I would have to check with the relevant officer within Administration but perhaps two people may have actually paid and as for reimbursing them, I have no issue with that

**MR BRENDON CHRISTIAN** Thank you Mr Speaker, one last question that started three years ago so I think it appropriate that it be the last question I do ask the Minister for the Environment. Minister what is the hold up with legislation that would allow for the importation of apples, legislation that was passed some many months ago

**MRS JACK** Thank you Mr Speaker it's nice to end on a smile I suppose. I have no idea what the hold up is. It's with the Commonwealth. I informed officers of the AG's Department when they were here two weeks ago regarding the reform bill, and some of the aspects of the reform bill especially in now wanting to take schedule 2 into the schedule 3 arena for all bills to go off for assent, my biggest problem with that is the number pieces of legislation awaiting the assent process. Subsequently I've had success on two of those bills with regard to social welfare however, the fruit importation with respect to apples is still in abeyance. There has been some communication between the Administrator's office and my own with regard to the garlic and ginger aspects of that bill however as for finalisation there is nothing further. I have received a constant stream since the passing of that bill by various Members of the community asking when is it going to happen and my response has been consistent. Call the Administrator and call Mr O'Connor's office in the Federal Government

**SPEAKER** Thank you Minister. Any further Questions? We move on to answers to questions on notice

## **PRESENTATION OF PAPERS**

Are there any Papers for Presentation this morning Honourable Members

**MR NOBBS** Thank you Mr Speaker I present the Declarations of Residency granted during the 12 months period up to and including 31 December 2009. Paragraph 34(2) of the Immigration Act 1980 requires that the executive member report to the Legislative Assembly not later than 31<sup>st</sup> March the number of declarations of residency granted under section 33 during the year ended on the previous 31<sup>st</sup> December. I accordingly report that there were 40 declarations of residency granted during the 12 months period up to and including 31 December 2009

**MR GARDNER** Thank you Mr Speaker, I table the Norfolk Island Government Tourist Bureau's Directions for Accounting Guidelines and the Administration of Norfolk Island dated 20<sup>th</sup> July 2009 for the public record. I referred to those earlier as

you will recall in answer to the questions without notice about the Public Moneys Act in its application in Norfolk Island

MR N CHRISTIAN Thank you Mr Speaker. I present the revenue fund financial indicators and Norfolk Air results for January 2010 continues the trend of our improving financial situation that was evident in the December 2009 Indicators. Revenue from all sources stands at 107% of the revised budget. Mr Speaker expenditure has been limited to 95% of the approved budget. On a month-by-month basis January 2010 was expected to be in deficit by \$3000, the actual result is a healthy surplus of \$225,000. Mr Speaker on a seven month pro rata basis the budget was expected to be in deficit by \$20,000 and the actual result is a surplus of \$1,052,000. Revenue Fund Capital works and purchases for the 09/10 financial year was budgeted at \$45,200 and to date \$1,500 has been spent. The Revenue Fund's estimated position at the end of January 2010 continues the good news. Current Assets total \$5,038,300 which are offset by liabilities totalling \$4,652,200 which results in a surplus of \$386,100 which assumes that the Department of Education accrued bill totalling \$3.1m has been paid. The financial indicators demonstrate that the education bill could be paid in full but the Government considers it prudent to continue with our cash conservation measures and the payment plan continues to be adhered to. \$240,000 instalments have been made in January and February and a further \$240,000 instalment will be made on the 4<sup>th</sup> March 2010. That is, \$720,000 will have been paid to the NSW Education Department by tomorrow. Mr Speaker the Administration global cash at bank figure continues to improve. Mr Speaker total cash at bank in trust and non-trust accounts have improved from a low of \$5.1m in October 2009 to \$5.7m in November 2009; \$6.5m in December 2009 and \$6.8m in January 2010. Mr Speaker in the non trust account the strong performers are prepaid ticket sales \$2.8m; electricity \$1.4m; Gaming \$360,000, Norfolk Energy \$309,000, The Revenue Fund \$3.4m, Norfolk Telecom \$607,000 and Water Assurance \$254,000. Mr Speaker after taking everything into consideration I consider the result to be most encouraging. Mr Speaker Norfolk Air generated total income of \$1,656,350 for January 2010 and operational costs come in at \$2,116,000 which results in a operating loss of \$459,650 for the month. Mr Speaker advertising and promotional costs relative to the marketing partnership and Branding programmes have also been bought to account in January 2010 and that is a further \$233,700. After recent changes to schedules and ticket pricing I expect that this will be the last of the large monthly losses and budgets prepared by Norfolk Air management forecast a loss of \$124,000 in February 2010 and a surplus of \$12,748 in March and losses of \$48,000 and \$78,000 and \$44,000 in April May and June respectively. I believe that Norfolk Air will be back to a break even situation by January 2011. Thank you

MR GARDNER

Thank you Mr Speaker, and move that the paper be

noted

SPEAKER

Honourable Members the question is that the paper

be noted

MR GARDNER

Thank you Mr Speaker, in the Minister's presentation he referred to the Norfolk Island Government GBE's and the funds that they have retained in their various accounts. One in particular was Norfolk Telecom, as I understand it, some \$670,000. I wonder if the Minister is able to inform us whether that is taking into account the liability of our telecommunications carrier from New Zealand and whether as yet, that's been settled or is still awaiting a final invoice from them or an accurate invoice from them for the provision of that service which as I understand it, may have been in excess of ¾ of a million dollars at one stage but again as I understand it, we sought some clarification from then on that

MR N CHRISTIAN

Thank you Mr Gardner for that query. Yes the cash balance at Norfolk Telecom is what I referred to there. It is largely there to provide for the settlement of the New Zealand Telecom account when we finally get it in its revised form.

Later in this meeting we'll talk about the audited financial results for the last financial year and where we expect to be at the end of this financial year and we have made provision in this financial year to pay the New Zealand Telecom bill in its totality and I would expect at the end of the current financial year, Norfolk Telecom's cash balance would be around \$100,000. Thank you very much

MR SHERIDAN Thank you Mr Speaker just a couple of comments on the paper there from the Minister and he might be able to shed some light. I note in your cash at bank page when you referred to better performing areas of the Administration and one you mentioned was the pre ticket sales but I note that there's something like \$2.8m that you stated in those sales but if you reflect back to September 09 there's something like \$3.248m in there so there's actually a drop off of something like \$450,000 so I wouldn't call that a better performing area of the accounts. Maybe you could give some light as to how the forward ticket sales in the next few months are looking and as you indicated, the accounts for Norfolk Air are programmed to get better and with that you said that you believed the break even point for Norfolk Air would be January 2011 but when you say break even Minister do you mean on a monthly basis or do you mean the recouping of the \$5.1m that has been lost in this operation to date. And one further query, I notice that the Healthcare fund is in the red of something like \$44,000. Could you make comment to that as to why that has come about

MR N CHRISTIAN Thank you Mr Speaker and I thank Mr Sheridan for those questions and he might have to job my memory of the fair few topics he made comment on. The forward ticket sales has varied from a high of \$3.2m down to a low of \$2.7m which it is now but if you go back to November last year, end of January we more or less were the same and it just reflects the sort of booking profile in respect of people wanting to visit Norfolk Island at the moment. We do not have month's worth of forward ticket sales sitting there in advance. Obviously we continue to monitor it and I would hope that that number would increase slightly over the next few months and I'm confident that it will because the number of tickets issued on a week by week basis at the moment appear to be about a constant 12% better than they were in the corresponding period last year. The Healthcare one is \$44,400 in the red. The principle reason for that I'm informed is that we have one patient who has been in long term intensive care on the mainland and has in fact hit the fund particularly hard. I think it was in the life of the last Legislative Assembly and the then Minister decided to drop the reinsurance programme on the basis that the premium was becoming so expensive that they were in fact unaffordable, so the scheme self insures at the moment. An amount, and I think it is \$100,000 is actually covered in the Appropriation Amendment Bill that we'll be talking about later and that is to top the Healthcare Fund up so that it can continue to meet its obligations for the remainder of this financial year. The break even, now when I say break even, I say it in the context that I think by January next year, Norfolk Air should be back to trading on a monthly break even basis. We would all love to see it make a profit but will we recoup the losses from the last couple of years. I would think it highly unlikely in the short term.

MRS JACK Thank you Mr Speaker I just noted the Minister talking of the Water Assurance Scheme being \$250,000 and so I was asked a question I think in the December sitting regarding the lack of work, starting at the Pitcairn Place and it was explained at the time that it was unfortunate that during my absence it was decided to put a halt on that operation beginning, and that continuing Budget Review Committee meetings the 3/2 Membership held that no work start on Pitcairn Place owing to finances and that the Budget Review Committee would review that in December which happened, and which has gone ahead and so its great to be able to say that it was agreed to be reviewed in December, a proposal put forward from the Public Service in January, and signed off in February so once again that project will be starting before the end of this financial year

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 Honourable Members that paper is so noted

MR N CHRISTIAN Thank you Mr Speaker in response to a question without notice asked at an earlier sitting by Mr Sheridan in respect of budgeting for the Emergency Service Centre Budget I now table a memo addressed to me from Bruce Taylor, Acting Executive Director of Corporate and Community, Services through the CEO Mr George Plant and I just wish to read here that in the 2004/5 financial year budgeted provisions towards the station was made for \$424,000. Actual expenditure in that year to get the project up and running was \$22,399. In the 2005/6 year a further \$400,000 was provided and \$31,466 of that was used. In 2006/7 a further \$500,000 was provided and no expenditure took place in that year. In the 07/08 financial year \$600,000 was provided and \$391,129 was spent on the project. That was the first year of construction with the project being spread over three financial years. 2008/09 \$1,500,000 was provided in the budget and \$1,531,885 was spent in that year and in the 09/10 financial year a further \$400,000 and on the 23<sup>rd</sup> December 2009 when this memo was written, \$327,977 of that amount had been spent and I table that document and Mr Sheridan can have a copy of it.

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

SPEAKER Honourable Members the question is that the paper be noted

MR GARDNER Thank you Mr Speaker, I think it important to point out because the document does create some confusion. I think in the early years where there was reference to a couple of \$400,000 amounts and certainly having had a deal of experience dealing with GBE budgets and revenue fund budgets, normally what happens unless it is proposed that those funds are to be carried forward, they are then reappropriated for want of better words, under the provisions of the GBE's so in the first year if there was \$400,000 nominated for it and it wasn't spent, the next time the Government came to the budget process they would have sent the pool of money available to them which included the \$400,000 that would have been budgeted under the GBE and then re-appropriated it again for want of a better word for the next financial year so it's not like \$400,000 was put away and then another \$400,000 on top of that and something else that built up this big pool of money. It's just the way the budget process is done and funds have been utilised so I think its important to clarify that because certainly when you are dealing with figures like that it can become a little confusing. I won't say misleading, but a little confusing.

MR SHERIDAN Thank you Mr Speaker the Minister just said that he wouldn't say it is misleading. I think it is very misleading to come out and make a statement that \$3.8m was allowed for a fire station when the figures that the Minister has just given us is totally incorrect. As Minister Gardner said, yes, in 04/05 \$425,000 was allocated but it wasn't spent, so the next year \$400,000 was allocated but it wasn't spent so it's not a total of \$3.8m. You just can't add that up and say we made a commitment of \$3.8m. It's only in the first four years of these figures that we spent something like \$450,000 but they allocated \$2m so are you going to say the project is \$1.5m in front? Mr Speaker this is just a load of rubbish

MR N CHRISTIAN Thank you Mr Speaker it's dreadful that Mr Sheridan can't understand the information that's been provided to him. Nobody ever said that the

fire station was going to be funded in one year. Successive Assembly's has put aside money which has accumulated in the GBE's reserve for the purpose for which it has been identified and in most years that amount has been carried forward. Mr Speaker the figures here are not mine. They are provided to me from the Public Service and they clearly indicate that an amount of \$3.8 something million dollars have been put aside over the years for that project and as I said yesterday in my opening remarks, I thanked Graeme Donaldson and Ron Nobbs, the previous Ministers for Finance for starting the ball rolling. I continued that ball rolling in 07/08, 08/09 and 09/10. For Mr Sheridan to sit there and tell me that I didn't know what I was doing when I was putting funds away towards the eventual completion of the station is once again, absolute nonsense to use his words

MR GARDNER Thank you Mr Speaker, as I said, I didn't want to say the figures were misleading. What I tried to do was to provide some clarification as to how the system works. I certainly don't recall any funds being carried over from any one year to the other particularly in relation to those two earlier years. All I can recall is that the discussions had been had about the monies, they had been appropriated for a particular purpose within the GBE budget, appropriation isn't the right word but they had been identified as used within the GBE budget for a particular purpose. At the end of that financial year it hadn't happened so in the next financial year you identified again a sum of money to try and complete that project. For the same purpose. That is no different to us saying at the beginning of this Legislative Assembly that we set aside \$400,000 for the construction of a new hospital. And that was subject to the funds being available at the end of the year. On reflection, that is a rare thing. Few and far between do we have funds available at the end of the financial year but if I was going to run this similar argument, I would say that we did budget \$400,000 which we did for the construction of a new hospital. That means we've done nothing and we are \$400,000 behind because we haven't done anything on the hospital. In future years, that \$400,000 isn't there but I appreciate what the Minister is saying about rolling it over. I simply don't recall those funds ever being rolled over in those initial couple of years with \$400,000 for the construction of the fire station. Simply what happened is at the end of the financial year you look at your budget again, you identify funds to get the projects done

MRS JACK Thank you Mr Speaker wouldn't it have just been the case thought that in the GBE there would have been \$3.8m sitting there if that were the case

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 Honourable Members that paper is so noted

MR GARDNER Thank you Mr Speaker, in accordance with the provisions of the Interpretation Act 1979 I table the Sentencing (Parole) Regulations 2010. Just as a brief explanation about what these Regulations are all about, as you are aware we have a number of people incarcerated in the New South Wales prison system for crimes committed in Norfolk Island. At the completion of those sentences within the New South Wales system there's an opportunity for parole to be provided to those persons. These regulations establish an arrangement between the New South Wales Parole Authority and Norfolk Island for those parole orders to be served and to be administered in Norfolk Island. Thank you

MR N CHRISTIAN Thank you Mr Speaker, late yesterday afternoon I received from the Administration the audited financial statements for the financial year ended 30<sup>th</sup> June 2009. These statements are in the new format under the International

Financial Reporting Standards (IFRS) and require close examination before tabling. To enable that examination and for my colleagues to be copied with the documents and for them to have full understanding of the new standards and presentation of the financial statements, at the conclusion of Orders of the Day No 3, I will be seeking your agreement to suspend the sitting until 1pm on Friday the 5<sup>th</sup> March 2010 to enable me to have discussions with the Auditors and to allow for informed consideration by Members and at the resumption of the sitting on the 5<sup>th</sup> March 2010 the audited statements will be tabled. Thank you

MR SHERIDAN

Thank you Mr Speaker I move that the paper be noted

SPEAKER

Honourable Members the question is that the paper be noted

MR SHERIDAN

Thank you Mr Speaker and thank you Minister for providing that short notice with regard to the financial statements that should have been tabled last December and we know the reasons why that didn't happen. I note that you mention that you intend to have discussions with the auditors with regard to certain aspects of the report. Minister could you give us an indication of what area of the report you will be having discussions on or are you not able to fully understand some of their reasoning or is it some of their statements that you don't agree with or do you with something changed

MR N CHRISTIAN

Thank you Mr Speaker I don't necessarily wish to have anything changed, but the format is vastly different to what we were used to in the past. It is in effect a consolidation. The previous document that I tabled would be some 25 millimeters thick. This document that I will table on Friday is some 5 or 6 millimeters thick. I need to have the new format explained to me by the auditors. This document was delivered to me just before 3 o'clock yesterday afternoon, so I clearly haven't had an opportunity to even look at it yet and when I received it, the auditors in New Zealand had already knocked off so I couldn't have a chat with them then, but the things I would like to know is what opening and closing cash balances they have used, whether they have considered all policy decisions that the Legislative Assembly are able to use and whether they have revalued assets where we've spent money on depreciation and things like that. They're the sorts of things I need to have a firm understanding of and I expect that MLA's may like to sit down and peruse the document prior to it being tabled because this is the first time it's been done under IFRS. The current financial year will most likely be done under IFRS and the financial year after that will most likely see a move to the Commonwealth standard so it's likely to be quite confusing when in the period of 3 years we have 3 different reporting standards

SPEAKER

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

QUESTION PUT  
AGREED

Thank you Honourable Members that statement is so noted

MR NOBBS

Thank you Mr Speaker I table as an exposure draft the Employment (Amendment) Bill 2010 dated the 22 February 2010 and the Explanatory Memorandum to the Bill dated the same date. Mr Speaker I will read the Explanatory Memorandum into hansard and I move that the paper be noted

SPEAKER

Honourable Members the question is that the paper be noted

MR NOBBS Thank you Mr Speaker I will now read the Explanatory Memorandum into Hansard and I will point out that this follows up on the statement that I made at the last sitting of the House whereby I spoke of the actuarial study into the Workers Compensation Scheme and how we sought to have some clear data on that in terms of how we move forward. With regard to the explanatory memorandum. The purpose of this Bill is to address issues concerning the application of the legislation and the administration of claims. The Bill adopts the approach of other jurisdictions in the Commonwealth in seeking to avoid claims of work-related stress arising from normal employment processes. In providing for this the Bill includes several new definitions including that of what constitutes an "injury". This definition excludes from the definition of injury that which results from *reasonable administrative action* taken in a reasonable manner in respect of the employee's employment. This *reasonable administrative action* is in turn defined to relate to reasonable action taken in the workplace by or on behalf of an employer. The intention is to avoid the possibility of action to undermine normal discipline by claiming that it has resulted in a stress injury. The Bill also seeks to make the administrative process clear by vesting responsibility in the Employment Liaison Officer (ELO) who is to have the day to day management and control of the investigation and determination of claims. While the ELO is subject to direction by the Chief Executive Officer and the executive member, the ELO cannot be directed by either in matters that affect employees of the Administration, public sector agencies or territory instrumentalities. The Bill is also intended to have application to injuries that occur after the Bill is tabled in the Legislative Assembly, the date of which is stated in the Bill. The Bill is divided into 4 clauses. Clauses 1-3 are the usual introductory clauses referring to the Bill and the principal Act being amended and provides for the date of coming into effect as well as providing in clause 2(2) that it applies to all work related accidents that occur after February 16 2010. In saying that Mr Speaker I'll just cover that by saying that I intend to seek that we refer this to the incoming Legislative Assembly. Mr Speaker this Bill is currently on the Notice Paper but at this late stage in the life of the 12<sup>th</sup> Legislative Assembly it was thought more appropriate to refer this Bill to the incoming Legislative Assembly for its consideration and I endorse that view. However the issues addressed in the Bill are important ones, requiring early attention because of the possible adverse financial implications with the Workers Compensation Fund if the issues in the Bill are not addressed. These issues have only recently come to light. I commend the Bill to the 13<sup>th</sup> Legislative Assembly for its consideration

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 that paper is so noted. Any further papers Honourable Members.

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

We move on. Any statements this morning Honourable Members. Chief Minister

MR NOBBS Thank you Mr Speaker I would like to make a statement as regards the exposure draft of the Territories Law Reform Bill 2010. Mr Speaker I want to thank all Members who contributed to the discussion on the drafting of our joint submission in response to the Commonwealth exposure draft Territories Law Reform Bill 2010. Since Members have been supplied with a copy of the final submission and it's also been published in the Norfolk Islander I do not propose to go through it in detail today. Members of the public may also access submissions on the Government website. Some of the Commonwealth proposed changes are not particularly controversial

and are broadly welcomed by the Norfolk Island Government. As Members are aware we have worked with successive Commonwealth Minister's over a number of years to develop and improve processes to make the Government and administration more transparent and accountable. In a number of areas we have taken that process as far as we could, for example, in the creation and successful operation of an Administrative Complaints System and need the Commonwealth to amend its legislation to allow us to move to the next stage such as allowing the Commonwealth Ombudsman to take on the role of Norfolk Island Ombudsman. We largely welcome the proposed changes in Administrative Review areas although there is still a need for joint discussions to fine tune some of the details. On the other hand Commonwealth proposals for governance and electoral changes could have far reaching implications for the future structure and operation of self government in Norfolk Island. A major concern of Members and many in the community is that there has been very little consultation on the details of these changes despite an undertaking in May last year by the responsible Commonwealth Minister that there would be a full year of discussion and consultation on these important matters. On the 25<sup>th</sup> February I wrote to the Minister for Home Affairs the Hon Brendan O'Connor MP setting out my concern that a period of nine days to make a submission on the governance and electoral changes in the exposure draft was inadequate and breached the commitment given for detailed consultation on the proposed changes. I suggested to Minister O'Connor that the period for receipt of submissions should be extended by three months. I'm aware that well over 100 Norfolk Islanders also wrote individually to Minister O'Connor asking for a longer period to make submissions on the bill and seeking that consultation should be genuine and meaningful. To date I have received no response from Minister O'Connor to the request for more consultation and a longer period for public submissions. I will keep Members and the community informed on the progress of this matter. Thank you Mr Speaker

MR GARDNER

Thank you Mr Speaker, I move that the statement be noted

SPEAKER  
statement be noted

Honourable Members the question is that the

MR GARDNER

Thank you Mr Speaker, just a question for the Chief Minister in relation to his knowledge of what time frame the Bill is proposed to be introduced into the Federal Parliament

MR NOBBS

Thank you Mr Speaker Thank you Mr Speaker I think my recollection from the public meeting held in Rawson Hall as well as the discussions that we had around the table was that it would be placed on the table around the 9<sup>th</sup> March

SPEAKER

Thank you Chief Minister. Any further debate Honourable Members. The question is that the statement be noted and I put that question

QUESTION PUT  
AGREED

Thank you Honourable Members that statement is so noted

MR GARDNER

Thank you Mr Speaker just a brief statement in relation to a couple of matters pertaining to the Norfolk Island Hospital. The first of those, and I'll combine the two, is in relation to swine flu vaccinations. As you would be aware the Hospital was successful on acquiring some doses of vaccine for distribution in the community primarily aimed at our front line troops so to speak, those in border control, customs and the like, our nurses and flight staff, airline staff, emergency services personnel and the like. Those initial I understood to be 200 doses were slow in the uptake however they were exhausted sometime last week. Additional supplies have been secured

and as I understand it, are on island, totalling another 300 doses, and in line with the availability of swine flu vaccinations, which was an undertaking given by the Commonwealth to ensure that Norfolk Island had access to a further 2500 doses, the Director of the Norfolk Island Hospital has been able to confirm that there are still a further 2500 available to Norfolk Island in the event that Norfolk Island needed them. In addition to that the director of the Norfolk Island Hospital has advised that for those people that availed themselves of the annual flu vaccination for the annual flu, that the swine flu vaccination has also been included within that vaccination as well so those that pay to have the annual flu vacs will get the added benefit of having the swine flu vaccination included but we continue to provide the swine flu free of charge at the Norfolk Island Hospital.

The second issue, and it relates to debate in the House at the last sitting over the medical evacuation levy and my discussion at that time about the need to further assess the value of Norfolk Air having it's own stretchers for medical evacuation purposes. I was advised yesterday by the Director and he in turn advised by Norfolk Air personnel that they have acquired a stretcher on the aircraft for the purpose of medical evacuations which in his view has the potential to significantly reduced the burden on the medical evacuation levy for medical evacuation purposes from Norfolk Island despite the fact that as I understand it, the stretcher will require nine seats I think to be vacated in the aircraft to allow for the stretcher but in any event, significant savings will be evidenced over the cost of a fully fledged medical evacuation by Care Flight. Thank you

MR BRENDON CHRISTIAN Thank you Mr Speaker, I move that the Statement be noted

SPEAKER Honourable Members the question is that the Statement be noted

MR BRENDON CHRISTIAN Thank you Mr Speaker, just a quick question to the Minister. Would he be aware of the policy or not in relation to the swine flu vaccines, but is the Minister aware or is it the current policy that all recipients of the swine flu vaccinations are made aware of all side effects or possible complications as a result of receiving these vaccinations

MR GARDNER Thank you Mr Speaker, I believe that any medication that's prescribed or administered by the Norfolk Island Hospital, if there are any concerns that patients may have in relation to any potential side effects that is something that they are free to discuss with the administering personnel or with their doctor and they should be encouraged to do that

MR MAGRI Mr Speaker can I just add from personal experience having recently received a dose of the panvacs is that you are required to read a disclaimer that explains all of the possible side effects and that sort of stuff and to make sure that you are very aware of what you are about to go through

SPEAKER Thank you Mr Magri. Any further debate Honourable Members. There being no further debate, the question is that the Statement be noted and I put that question

QUESTION PUT  
AGREED

Thank you Honourable Members that Statement is so noted. Any further Statements. No. We move on

**REPORT OF STANDING AND SELECT COMMITTEES**

**SPEAKER** Honourable Members there are no messages from the Administrator. Are there any reports from Standing Committees

**MESSAGE FROM THE OFFICE OF THE ADMINISTRATOR - APPROPRIATION (AMENDMENT) BILL 2009-2010**

The Speaker to report Message No. 37 from the Administrator dated 1 March 2010 advising that in accordance with the requirements of section 25 of the Norfolk Island Act 1979, I recommend to the Legislative Assembly the enactment of a proposed law entitled "An Act to amend the Appropriation Act 2009-2010" dated 1<sup>st</sup> March 2010 and signed Owen Walsh, Administrator

**NOTICES****APPROPRIATION (AMENDMENT) BILL 2010**

**MR N CHRISTIAN** Thank you Mr Speaker. I present the Appropriation Act 2009-2010 and move that the Bill be agreed to in principle. Mr Speaker the Appropriation Bill 2009/2010 seeks to amend the original Appropriation Act by increasing appropriation by approximately \$84,000 to \$15,952,600 and changing the schedules to more accurately reflect where funds are actually committed. The proposed amendment make provision to refund customs duty that has been paid in respect of photovoltaic installations and provides \$110,000 for that purpose. The Bill also provides for the funding necessary for the Norfolk Island Government Tourist Bureau to meet its commitments and ongoing operations for the remainder of this financial year and of the \$386,000 that's been sought by the Norfolk Island Government Tourist Bureau \$190,000 is for external income earned by the Norfolk Island Government Tourist Bureau which is now channelled through the Administration's accounts since the NIGTB was brought under the umbrella of the Public Monies Act earlier in this financial year. The remaining \$196,000 is to cover an overspend of \$46,000 and the \$150,000 to cover operational costs for the remainder of this financial year. The additional funding required by the Norfolk Island Government Tourist Bureau will be funded largely from savings that have been identified in the current budget, for instance, savings of \$273,000 in the salaries and wages area of the Administration and Mr Speaker the healthcare fund which is currently overdrawn by about \$44,000 will be topped up by a \$100,000 contribution from the revenue fund if Members pass this today. That's all I have to say at this time

**MRS JACK** Thank you Mr Speaker I just ask the Minister, social welfare contributed how much to this redistribution of wealth and just note that while I understand the reason for the subsidy to the various sections the Minister has noted I do get concerned when we find money going back out of the social welfare vote. The Minister for tourism and Health and I have been endeavouring to start a homecare system up and I was hoping to find any excess from the budget or unspent money going to initiate that programme before the end of this financial year rather than hoping it can proceed with some motivation for whoever has this role in the next Legislative Assembly so I am disappointed over that. While I understand the reason that I believe some \$305,000 has been taken from the special benefits GST rebate vote I would have preferred to see it stay within the social welfare domain

**MR N CHRISTIAN** Thank you Mr Speaker the document that is before the House today flows from the mid year budget review process and at that point we look at all expenditure outgoings and we look at areas of the Administration where we have under spent and whether we can move that money elsewhere. In respect of Mrs Jack's welfare initiative I wasn't aware of that until she just mentioned it now, and certainly no initiative was fed into the mid year budget review and as Members will be aware, I think an amount

originally of about \$320,000 was put into the welfare area to fund the GST rebates on food and non alcoholic beverages for the low to middle income earners. We are seven months through the financial year and the Commonwealth Government has only just assented to that piece of legislation and therefore it's highly unlikely that those funds will be called upon in the remainder of this financial year. I think we've left a small amount there to cover that in the event that people do apply but it was obvious that the amount of money that had been sitting there wasn't going to be used in this financial year so it was redirected back into the pool of money that was needed to fund whatever the Budget Review Committee and the Legislative Assembly decided to do and that's the basis of the Appropriation Amendment Bill so once again I'm not aware of any other request for funding from the welfare side having been fed into the review process. Thank you

MR GARDNER

Thank you Mr Speaker, I didn't just touch specifically on the homecare proposal that the Minister for Social Services made reference to earlier. The primary reason is that there hadn't been anything fed into the system at the mid year budget review was that I was very conscious as I have primary carriage for the matter that the availability of funds was incredibly scarce and I think as the CEO of the Administration pointed out to us we probably have less than \$100,000 in total for any variation between now and the 30<sup>th</sup> June this year based on their forward projections so it was going to be incredibly tight. However in saying that, I've been working very closely with the director of the Norfolk Island Hospital and with Mrs Jack's officer in Social Services, Mrs Kim Edward, to try and quantify the cost of the introduction of a home care service in Norfolk Island and a lot of work has been undertaken in relation to that, driven by our understanding and unfortunately used as a bit of a political football by some of the candidates standing for election to suggest that it was in the Government's interest to retain as many people on the verandah at the hospital as we possibly could because it was good for the bottom line of the Norfolk Island Hospital. Mr Speaker yes it is. But it is not our desire to go and put people on the verandah at the hospital. Everyone around this table has agreed at one time or other that it's far better to try and retain the elderly in their own homes and the home care proposal is looking at doing just that. I think in one of the issues that I've discussed with the Chairman of the Norfolk Island Hospital and with the Director is my assessment of a couple of cases recently where both of those were more than entitled because of the state of health or their inability to be able to care for themselves to walk into the hospital and sit themselves on the verandah. What that costs us, so it's not the bottom line at the hospital, but what that costs this community to do is in excess of \$50,000 per patient per year to have somebody on the verandah at the Norfolk Island Hospital. It is in our interest as a community to spend a few thousand dollars to maintain them in their own home as long as we possibly can. Just the amount of money that we would use to keep one person on the verandah is almost enough for the project of having a healthcare coordinator and providing all of the necessary equipment and support services to keep a whole range of people in their own homes. It makes perfect sense to us. In that regard I've asked the Director to finalise those dollars and cents to present them for the promulgation of this next financial year's budget which starts now, so I'm expecting that documentation any time. The incoming Legislative Assembly then will be asked to make a priority decision as to whether homecare services ranks above something else and that is a decision that, that Legislative Assembly is going to have to make. It's taken some time to get to this position but it is absolutely vital that it does occur and the work has been going on in the background. I apologise to the Minister for Finance for maybe not keeping him in the loop on that. If I'd wanted the money now, I would have insisted on the money now at budget review for the reasons I've outlined I haven't asked for the money, but it will be something that will have to be considered amongst all of the other priority issues that the next Legislative Assembly identifies and I think it is more than overdue that it be given the consideration that is due

MR BRENDON CHRISTIAN

Thank you Mr Speaker, just pretty much on the same lines there, I'm just trying to take a quick lesson on how the actual appropriation works in shifting money from here to there, but on the same lines as the Minister has outlined, on the special benefit GST rebate where that money has seemed to be removed from that vote and in July when there was an increase of the GST to the current rate we have now, and I

say there was a trade off to ease the burden of the increase to that amount there would be an amount taken out of the GST revenue and placed into this special benefit GST rebate account to help offset the burden on low to middle income earners. I understand that this has just been assented to, the process that we put in place to give rebates to those low to middle income earners. Yes there have only been two people to my knowledge to date that has actually taken up this offer but just in my view if this offer hasn't worked then we don't simply need to take it out of that account, we can find other ways that we are able to spend that money to ease what the initial intention of that amount was, to ease the burden on the low to middle income earners due to a direct increase in the GST levy. I would just like to see and maybe I'm going down the wrong track here, but I would like to see that if it is not spent and used directly to alleviate those pressures, well then we find another system to be able to put it back into the actual segment of the community that it was originally intended for. Thank you

MR MAGRI Mr Speaker I just wanted to try and dispel some of the fears that the that Norfolk Island Government is cutting welfare programmes to pay other parts of the Administration is not, all it's doing with this budget process is assessing where it's likely to spend money and where the money shall be allocated. If 100 people have applied today for this special benefit the Norfolk Island Government will stand up to the plate as its been obliged to do. If anyone else has any other proposals of how we should spend or assist people in the community then put it on the table and we'll assess them. But to date, this Appropriation Bill deals with the situation as it is today.

MR N CHRISTIAN Thank you Mr Speaker just to reinforce what Mr Magri has said, the fact that we are shifting some money out of welfare, does not mean that people cannot avail themselves of the mechanisms under the GST rebate scheme. When we do the budget review process, we look at where we've underspent and whether we can shift that money sideways. Now that doesn't just occur in the welfare system. In my earlier remarks I indicated that we had identified savings of a couple of hundred plus thousand dollars in the Administration salaries and wages. We might look at the police workers compensation for instance just to name a few. We've identified a \$5000 saving there because the original budget was in excess of what was actually going to be spent this year. I'm not picking on the police, I just happen to be looking at their section of the schedule. Transportation costs, we've identified savings of \$3000 there so we haven't just picked on one section of the Administration to reduce their spending. Another one, if we shift to Forestry, fuel oil and transportation costs. The original budgeted amount was \$40,000. We've identified that for the remainder of this financial year they are not likely to spend it, they'll spend about \$30,000 based on current trends so we've identified a saving of \$10,000 there and we've redirected that. So that's what the budget review process does. If it turns out that that Administration officers have underestimated what the eventual uptake will be for GST refunds, now that the process has been assented to and people can actually claim their hardship provisions if they want to, we will as Mr Gardner says, the next Legislative Assembly will have to reassess if we find that that fund is depleted and that can either be done by doing what I have done here today and passing an amendment to the Appropriation Bill between now and the end of the financial year or virementing some money sideways. I could have funded the Norfolk Island Government Tourist Bureau for the rest of this year by virementing money sideways but it just makes it really difficult for somebody to track where the Administration's spends its money, you've got to look at the schedule that's been approved and you've also got to look at a whole raft of virements to see where the money trail has gone. This is a much tidier way of doing it and I hope that all Members will support me in getting this through today. I regret not having been informed by Mr Gardner and Mrs Jack about their other welfare programmes before they are worthy to consider and I have no doubt would have been included had we known about it, so as Mr Gardner has rightfully said, they need to feed that information into the budget preparation for the next financial year which has commenced as we speak and the next Legislative Assembly I'm sure will take it on board

MRS JACK Thank you Mr Speaker just one issue on Mr Brendon Christian's comments regarding the slow uptake of this rebate. It's knowing that the bill needed to go offshore for assent, and that could take any amount of time and on past experience it was going to take at least six months which has been the case that we didn't take an active role in going out there and educating the community to what is available. We notified them on Press Release etc but now that assent can be given at the next executive council meeting it is certainly one aspect where we will be going out and advertising and letting the community know just what is available and the process to undergo. Those people who have applied, it will be retrospective to the date of their application. One person I understand did apply very soon after it was passed in this House and the other person I believe may be late November early December of last year so they will be back dated to those dates if they are successful. We'll be notifying the public and advertising them of their rights

MR NOBBS Thank you Mr Speaker Mrs Jack is quite right about the system for the place inequity for the low and middle income earners and with regard to some of the earlier statements and particularly with regard to social welfare benefits and the references made already to candidates statements leading up to the election, there's also been a little bit of misleading of the community in one area where a particular candidate has said that we reduced pensions and I just want to point out that we haven't reduced pensions at all in this period but what we have done in one area is to put some better qualification processes to have that same access to those social welfare benefits and the only other thing I would like to bring up is Mr Christian talked about the fact that we could have done this by virement. This is a much tidier mechanism that is going to be a lot simpler for the incoming Legislative Assembly to work with. It also levels out some of those entities such as the Healthcare Fund and takes account of the photovoltaic rebate so that everything starts on a well documented platform which should provide a reasonable way forward. Thank you

MR BRENDON CHRISTIAN Thank you Mr Speaker, just to make that point and with all due respect I think it's pretty relevant what other candidates at the upcoming election really think about this and what their policies should or shouldn't be. My point being is this, if the current Legislative Assembly made an appropriation from the GST levy which were increased to offset the burden to low to middle income earners. That was an amount of money put into account. There is an election on 17<sup>th</sup> March and there will be an incoming Legislative Assembly. My concern and it may not be a valid concern to you who understand it, but they will look at this welfare and see this GST rebate and are going to get an amount of \$5000 in there. Now I just find it hard that there's still three months left in the financial year and they'll be looking at that and say they've got \$5000 worth of GST rebate to alleviate the burden of the extra increase in the GST levy to help those low to middle income earners. That's my only point. That it's out there. That there is money and there has been money appropriated from the GST to take the burden off and as Minister Jack pointed out, yes we haven't been able to push it because it has not been assented to,. Now that it has been assented to and there is a change over of Government I don't want to give the impression that there isn't any funds to be able to do what the original intention of that cost centre was in welfare, but that's my only point

MR N CHRISTIAN Thank you Mr Speaker Mr Christian has a fundamental misunderstanding of the process

MR BRENDON CHRISTIAN No doubt

MR N CHRISTIAN Nobody has taken away anyone's right to apply for assistance under the welfare programme in respect of GST rebates on food and on non alcoholic beverages. Everybody is still welcome to apply for that if they comply and if they wish to do so. We have provided an amount of money in the budget for the remainder of this financial year which we think on a pro rata basis will see the programme through. If there is a rush in the next month or two for assistance under this programme, well and

good. I encourage people to apply if they're entitled to it, and if the funds are depleted, the new Legislative Assembly will just have to shift a bit of money sideways to cover it. Not a problem. We are not taking away anybody's rights whatsoever

MR SHERIDAN

Thank you Mr Speaker I won't hold the floor long. I realise that this is just part of normal Government work you might say, sometime through the financial year they have to review things and this is the best way of doing it, to put out a new Appropriation Bill instead of just shoveling money sideways, and then you don't know where you're going. This is more up front and in that respect just a couple of queries there for the Minister. I think most areas of concern have been raised by other people, but just a couple there, I see that there's an extra \$115,000 going to the postal service and just wonder if you could make comment on whether the postal service is performing and as to the why the reason or the extra \$115,000 and also I can't get my head around the sale of the rock entity. I see there the sale is something like \$17,000 in the red at the moment and cash at bank statement and we've allocated another \$65,000 for that subsidy sale of rock entity. Can you explain how that works and why it is necessary to put funds into the sale of rock entity. I thought that when we sold the rock a part of it went to the Commonwealth and the rest went to the Administration's funds

MR N CHRISTIAN

Thank you Mr Speaker the best thing I can do there is let the respective Ministers explain so Chris can explain the Post office subsidy. I understand it does actually need topping up because it is in the red and Mrs Jack can explain the rock subsidy

MRS JACK

Thank you Mr Speaker regarding the sale of rock, in the court studies that were undertaken by the Minister for Finance at the end of the previous Legislative Assembly and the beginning of this, because it was viewed that rock from the quarry would no doubt in some form or fashion be required, that in funding the report for the port study, that the sale of rock there apportioned of the cost that was done, I think one bill was \$45000 and another \$20000. I would have to go back and see exactly and had the sale of rock and the use of rock in the community kept on at its usual pace there would have been funds to cover that. Unfortunately the sale of rock within the community or the requirement for rock within the building industry etc did die down and the flow of cash into the sale of rock coffers did not meet expectation and so it did need appropriation put across. I can say however that in recent days literally the roads fund has bought 500 tonne of rock and a bill for I think a fair few hundred tonne of rock was found located on a shelf which has also been put through into the sale of rock and so the actual sale of rock is definitely looking better and Mr Speaker I'll be hoping that in the next year or so that \$56000 could be repaid to the revenue fund

MR MAGRI

Mr Speaker probably I'll just have to go back a couple of years to start the explanation on this one so that people fully understand where the post office has been and where it's going. I think in relation to the bottom line for the post office it's been degrading over a number of years to the point where this financial year they forecast a net loss of about \$170,000. I can assure you that, that was unacceptable and there's been some major reforms take place at the Post Office and we were able to change the strategic direction of the Post Office and we were able to reduce the expected loss for this year although not accept the loss, but bring it down to about \$73,000 which included a subsidy from the revenue fund of around \$50,000. The direction that we chose and the work that's going on at the Post Office at the moment is suggesting that we will improve again on that situation and we are forecasting that it may even be achievable at the Post Office could break even this year which would be a terrific effort given that we were going to be looking at a \$170,000 loss at the beginning of the financial year. The \$115,000 or the increase of \$65,000 in the allocation to the Post Office is to enable the losses that have been accumulated over the years or borrowings from the revenue fund to fund the Post Office to be cleared up so that the Post Office in future years can start with a clean slate but it does not reflect the performance of the Post Office this year and I highly

commend the management and staff of the Post Office for the way that they've been able to work as a team and turn this operation around

MR GARDNER

Thank you Mr Speaker, just a comment on a couple of areas. One the Healthcare Fund. I go back to the last sitting of the House with the introduction of the motion and the passage of the motion to increase the medical evacuation levy and at that time I spoke of the need to also consider the current level of the Healthcare Levy that's sought from the community on a quarterly basis. The figures in the Appropriation Bill, or if I go back and start with the figures at the last financial year, the healthcare fund at the end of the financial year had a balance I think of \$235,000 maybe \$285,000, somewhere in that region. And that had been the result of a steady decline in the reserves of the healthcare fund over a period of time. The healthcare Act requires the matter to be given consideration on an annual basis which as Members will recall we did last year and that was brought about primarily because there was a long overdue need for the actuarial study to be undertaken in the operation of the healthcare fund, the workers compensation fund and what was then proposed to be the nominal defendants scheme that the Minister for Roads was looking at introducing into Norfolk Island and so it made sense that we kill as many birds with one stone as we could. After some fairly lengthy discussion about that it was agreed that the Public Service would undertake an internal review of the operation of each of the schemes and in regard to that, that led to the motion that I mentioned before the Medical evacuation levy increase. The internal review that the Public Service undertook provided a number of options for me as the Minister and us as the Legislative Assembly to consider in relation to the relative health financially of the healthcare fund and that included a recommendation to look once again at reinsuring and the Minister for Finance touched on that earlier and the cost associated with doing that particularly when we are faced with single incidents which have a significant impact on the scheme itself. The other options to increase the levy and I think the quantum of that was to increase the levy by \$160 per year so about \$40 per quarter so the net effect would be an increase of about \$200 or thereabouts per year. The other recommendation was the need to either modify the threshold of \$2500, but that is moved on the advise of the actuary who has a look at the scheme and then provides advise to Government and also a look at adjusting the quantum of benefits that paid under the healthcare fund. That raises some alarm bells immediately when you talk about the benefits that are payable, when you are looking at how you are going to recover the financial health of the scheme and that usually means that you are going to cut the benefits available and maybe you have to do that, but we do understand that there are increasing demands from the community for a more broad based encompassing healthcare fund. Some are suggesting the adoption of Medicate and the like and that debate will have to be had, but let's not forget that the primary purposes of the establishment of the healthcare fund as we know it today was as a catastrophic cover. It was never intended to be an all-encompassing healthcare cover for the people of Norfolk Island. It was designed to stop you losing your house, to assist people in very clear need for assistances on a catastrophic basis. The actuarial study as I understand it is something that is about to be commissioned in both the workers compensation scheme and the healthcare scheme and at the time of the motion to increase the medical evacuation levy last month we had agreed that the need to await the outcome of that before we looked at adjusting the healthcare fund levy itself, the amount people would have to pay and at the same time look at all of those other factors that possibly need to be considered in taking the healthcare scheme forward. One of the other options that continues to present itself regardless of what the actuary comes back and says, is exactly what the Minister for Finance has proposed to overcome this initial difficulty which is to top up the healthcare fund with enough funds to enable it to continue to operate to the end of this financial year which this is expected to do on top of the March 1<sup>st</sup> levy period so there will be a flow of funds from the levy to top up the scheme and also from the 1 June levy period which will also top up the scheme. There has been an eroding of the reserves of the scheme. It has required topping up. The Minister has stepped in and provided this subsidy and it is something that can be considered in the big picture going forward for support for the healthcare scheme. I hope that helps to explain the whys and wherefores of the situation and that it hasn't been an issue that's been ignored. The

internal reviews have been done. We have made a decision to go to an actuary to get the study done before we make any further moves on adjusting the levy's and the like and we have found an appropriate way of funding any shortfall that the healthcare fund touch wood may encounter between now and the end of the financial year so that three month window of opportunity for the actuarial study to take place and for us to ensure that we get the right balance going forward with the healthcare fund as far as the levy the reinsurance, any further increase or modifying the threshold and the benefits available under the scheme. The only other comment to make at this time is clarification because in the interim period between being asked a series of questions at the outset of the sitting in relation to the Tourist Bureau's activities and the requirements upon it now to adhere to the principals of the Public Monies Act, I've been through some further paperwork and clarified some of the reasons and I think I would like to try and distance this as far as we possibly can from any allegation that anybody has not deliberately been adhering to the principals in the Public Monies Act in relation to the Tourist Bureau's funds. As I indicated earlier in response to the questions without notice I had indicated that there were only very recent attention being brought to the primary manager of funds within the Administration responsible for the administration of the Public Monies Act and that is the Finance Manager and only just recently been brought to the attention of the Manager of the Tourist Bureau despite the fact that there had been a lot of discussion back in July between the relevant bodies, that is the Administration at senior level, the Finance Manager and the Tourist Bureau about how this would be managed going forward. I've explained the difficulties in the transition but I think I need to clarify the fact that it's not misuse of funds that have brought about the situation for ongoing funding requirements for the Tourist Bureau it is a series of events that have made it virtually impossible for the Tourist Bureau to fund itself for the remainder of the financial year. The main one of those has been the decreased revenue assumptions, associated with the original wholesaler commitment to the branding activity in Norfolk Island. In the initial budget that was some \$330,000 that was expected as revenue into the Tourist Bureau for them to be able to then distribute as part of the branding exercise and the marketing partnerships programme. That's been reduced to \$114,000. That's over \$200,000 reduction. Now that's not just a case of a wholesaler saying no, we're not interested. There is genuine support there, from the wholesalers, but like us, they too in all of their activities have been battered by recent economic activity or lack of, in both Australia and New Zealand and they have had to look very closely at their bottom lines as far as what programmes they become part of and unfortunately the activities associated with their Norfolk Island initiatives was one of those targets, as I said, to the tune of in excess of \$200,000 and I've also spoken about the brand campaign itself and it was clearly indicated early on in the preparation of this year's budget, that there would be an additional requirement for funds to support the roll out of the branding campaign and like activities. When you start to do your maths, with what's lost through the wholesalers lack of activity and what is required in addition with the branding process exceeds the \$386,000 that's been requested. What I mean by that is that you technically cut that in half as it's been clearly explained, because we have to now in the Public Monies Act appropriate any commercial activity funds raised by the Tourist Bureau which in the past had not been required to happen. In effect we only have \$190,000 or thereabouts of additional appropriation to the Tourist Bureau to cover a \$200,000 odd shortfall in wholesaler commitments and to cover the monies that wasn't provided for the roll out of the brand campaign. So this will assist the Tourist Bureau to meet its ongoing commitments. The quantum of monies they need to deliver on absolutely everything is far greater than what we are providing because they've had to look closely at their niche marketing activities, the brand launch in New Zealand, the social media plan roll out, the PR activity going forward, the cancellation of the Norfolk Island tourism exchange in Norfolk Island this year and the need as part of that to reduce any requirement for the marketing manager until much later in this financial year even though the recruitment process has started for that. There are still plenty of activities that the Tourist Bureau are involved in and they will be able to fund it but as far as any new marketing development or communications activity that will have to wait until the next financial year or until the next Legislative Assembly decides once it has developed its forward strategies, for the Tourist Bureau whether they will require supplementary

appropriation to achieve those goals in the remainder of this financial year. The point I was trying to make there, was that there have been a number of factors that have impacted on it. The directions provided to adhere to the guidelines as established by the provisions of the Public Monies Act are now in the forefront of everybody's thinking. There is now a better co ordination of how that is supposed to work, and when it's supposed to work, nobody can commit funds to a project with out the requisition being raised and then the funds properly acquitted as happens under the Public Monies Act now, so we've had a rocky path with the transitional arrangements. I believe now everybody is fully aware of their responsibilities. The two accounting systems, the one run by the Norfolk Island Government Tourist Bureau and the Administration Smartstream systems have had hiccups in trying to get those two systems to match. The requirements and the revenue and the expenditure items I think that, that is now under much better control than it has been in its transition period so I do not envisage that there will be any problems going forward from here on in. Thank you

MR MAGRI

Mr Speaker I was actually going to ask the Minister whether he thought the Tourist Bureau was going to be able to carry on with marketing the island between now and the new financial year and whether he was confident about the need of the new Legislative Assembly having to ask for supplementary appropriation but I think he answered that in his closing statement. I wanted to make some general observations about the Appropriation Bill and luckily as I'm not seeking election and I don't have an axe to grind I can freely say that the Public Service is deserved on the community's admiration in the way that they have managed the Norfolk Island Public Moneys over the last three years. It's been a privilege for me to work with these guys and had we not spent a lot of time in the public arena prior to joining the Legislative Assembly I can say that a lot of the rumour and innuendo in relation to the efforts of the Public Service are unfounded. As we were going through this Appropriation Bill there was only one way that we could have managed the finances through these really difficult periods and that was with everyone pulling together as a team, and I have in particular the people I have direct responsibility for which is the public works, the post office and the Liquor Bond, I have the utmost admiration for Mr Speaker

MR NOBBS

Thank you Mr Speaker one of the things that Minister Magri touched on with regard to the promotional or advertising campaign going ahead to the financial year and I bring this up because I have a feeling that perhaps Minister Gardner wasn't able to attend the particular budget review meeting that I'm recalling, however we did request that the Tourist Bureau provide us with a priority list of what they saw as being their way forward for advertising and promotion of Norfolk Island through to the end of the financial year as they came back to a subsequent meeting with a combined proposal between themselves and Norfolk Air that ensured that we had a suitable programme to carry us through to the end of the financial year. One of the things also worth mentioning in that is that, and imagine that it's going to be reviewed, is that in amongst the expenditures out of the Norfolk Air entity is an annual amount of some \$600,000 that the airline as a facility is one thing, where we quite often are criticised for the ongoing cost of operating the airline, however, it's a facility that provides the seating arrangement and the travel arrangements and the actual filling of that facility has to be through the marketing and the promotion and through the Tourist Bureau and things like that so we have to recognise those aspects as well

MR BRENDON CHRISTIAN

Thank you Mr Speaker, just one last thing. Minister Jack alluded to the fact that one of her departments in sale of rock contributed some \$65,000 to the court report. I was just wondering if the Minister could tell me to date, what she received for that \$65,000. Have you a copy of the court report or maybe the Minister for Finance might be able to answer the question. What is the current status of the court report and when can we expect a copy of that

MR N CHRISTIAN Thank you Mr Speaker the report has been completed and Alma Davidson, Research Assistant is the officer that's in contact and its just as matter of printing and posting it as I understand it

SPEAKER Any further debate Honourable Members. No further debate I call on the Minister for Finance

MR N CHRISTIAN Thank you Mr Speaker I move that so much of Standing Orders be suspended as would prevent the Bill being considered through all stages

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

QUESTION PUT  
AGREED

The motion is agreed

I now put the question that the Bill be agreed to in principle

QUESTION PUT  
AGREED

Thank you. The Bill is agreed to in principle

MR N CHRISTIAN Thank you Mr Speaker I move that so much of standing orders be suspended as would prevent the Bill being considered through all stages

SPEAKER Thank you Mr Christian. Further debate Honourable Members. There being no further debate, the question is that in accordance with standing order 244 that so much of standing orders be suspended as would prevent the Bill being considered through all stages and I put that question

QUESTION PUT  
AGREED

Thank you. That is so agreed

We move now to the detail stage. Is it the wish of the House to dispense with the detail stage. We so dispense. Mr Christian I seek a final call

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

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

QUESTION PUT  
AGREED

Thank you. The Bill is agreed to

**SUSPENSION OF SITTING**

SPEAKER Honourable Members, due to the nature of the matters still remaining on the Notice Paper and the time, I suspend the sitting until 2pm. Thank you Honourable Members

**RESUMPTION OF SITTING**

Honourable Members we are resuming from our lunch break

**MOTION BY LEAVE - IMMIGRATION ACT 1980 – SETTING OF QUOTA**

MR NOBBS Thank you Mr Speaker. Mr Speaker I seek leave to move the motion standing in my name on today's programme in relation to setting the Immigration Quota, namely to move that the purposes of subsection 21(1) of the Immigration Act 1980, this Legislative Assembly resolves that it be determined by instrument in writing that 100 General Entry Permits be granted during the period 17 February 2010 to 16 February 2011

SPEAKER Is leave granted Honourable Members. Chief Minister leave is granted. Please continue

MR NOBBS Thank you Mr Speaker as we are resuming from the February sitting we are once again at that time of year when the Immigration quota is set. I go straight to my intention to once again support the Immigration Officer's recommendation to set the quota at 100. This figure is a slightly reduced number on the Population Policy and Review recommendation of 110. No doubt debate will ensue as has been the case with the introduction of the requirement for setting the Immigration quota within the Immigration Act 1980. In reading past Hansards for various Assembly's I see pages and pages of debate on this matter. There have also been times when the quota has been set at a low threshold requiring extra process to lift the quota and satisfy additional general entry permits. Each Legislative Assembly has spoken about the economy and the employment being the driver for migration into Norfolk Island and not the quota number, and they may have been quite right. Although I will point out that the heightened interest for many sectors such as real estate agents and interested off shore business operators was specifically because we have not only made a statement by setting the quota at 100 but also because we have committed to review areas of the Immigration process on Norfolk Island. I've had email enquiries, telephone enquires, and visitors to the island specifically arrange to discuss their options regarding Immigration as a result of what they saw as an attitude change given the setting of the quota at 100. Mr Speaker I'm quite content to take the potential onslaught of debate on this quota figure, for the simple reason that I want the next Legislative Assembly to have the opportunity to commit to phase 2 of the Immigration Review. Toward the end of our first year in office I undertook to review Immigration process and assess a better approach to Immigration that clarified categories for the potential immigrant and also enabling targeted Immigration in areas that provided a stable economic

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.

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

MR N CHRISTIAN Thank you Mr Speaker, I seek leave to move the motion standing in my name on today's programme in relation to exemptions from payment of customs duty

SPEAKER Is leave granted Honourable Members? Leave is granted Mr Christian

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 . Mr Speaker column one refers to uniforms and the amount of duty applicable would be \$584.80 and they were imported by the Norfolk Island Masters Rugby League and there are no conditions. The second one is Material for Netball Courts and the amount of duty applicable would be \$798.72 and they were imported by the Norfolk Island Netball Association and the conditions placed upon it is that it be used to resurface the Netball Courts. Thank you Mr Speaker

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.

**CHILD WELFARE (AMENDMENT) BILL 2010**

SPEAKER Honourable Members we resume on the question that the Bill be agreed to in principle and Mrs Jack has the call to resume. Mrs Jack

MRS JACK Thank you Mr Speaker

SPEAKER Thank you Mrs Jack. Further debate Honourable Members. There being no further debate, the question is that the Bill be agreed to in principle and I put that question

QUESTION PUT  
AGREED

Thank you. The Bill is agreed to in principle

We move now to the detail stage. Is it the wish of the House to dispense with the detail stage. We so dispense. Mrs Jack I seek a final call

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

SPEAKER Thank you Mrs Jack. Further debate Honourable Members. There being no further debate, the question is that the Bill be agreed to and I put that question

QUESTION PUT  
AGREED

Thank you. The Bill is agreed to

### **ROAD TRAFFIC (AMENDMENT) BILL 2010**

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

MR N CHRISTIAN Thank you Mr Speaker

SPEAKER Any further debate. I put the question that the Bill be agreed to in principle

QUESTION PUT  
AGREED

The Bill is agreed to in principle

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

MR N CHRISTIAN Mr Speaker I move that the Bill be agreed to

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

QUESTION PUT  
AGREED

Thank you. The Bill is so agreed to

### **PLANNING ACT 2002**

SPEAKER Honourable Members we resume on the question that the motion be agreed to and Mrs Jack has the call to resume. Mrs Jack

MRS JACK Mr Speaker I table amendments dated 22 February 2010 proposed to the draft plan laid before the House on 15 December 2009 and move the following amendment to the motion moved on that day. That all words after "that" first occurring be deleted and the following substituted – "in accordance with subsection 12(4) of the Planning Act 2002, this House resolves that the draft plan laid before this House on 15 December 2009, as amended by the document tabled in this House on 3 March 2010 by the Minister for Environment, Education & Social Welfare, being a revised version of the Norfolk Island Plan originally approved on 25 February 2004 as most recently amended on 18 November 2009, and deemed to be the Plan under section 8 of the Planning Act 2002, be approved and that for the purposes of subsection 13(1) of the Planning Act 2002 that the date of commencement of the approved plan be 12 March 2010". Thank you Mr Speaker I will just go over the document that is before Members and has been I believe placed on the website and once again just explain to the community who is listening today that during the almost two and a half years of the Norfolk Island Plan Review that at the end of it or very near the end we as a group had some difficulty in final definitions and that over the past two to three months the finalising of those last few definitions has been at the forefront of my efforts and my colleagues efforts in order to reach this stage. We have dealt with a new definition regarding access for clause 88(1)(a) which now states that all new lots shall be provided with satisfactory pedestrian and vehicular access by each lots frontage to a publicly accessible and publicly owned road. We now have draft clause 114, a definition of building height to be reworded as follows, building height means the vertical distance between the ground level prior to construction and finished roof height directly above as

measured from any single point in the building. We go on to building heights and set backs where there has been greater clarity given to draft clause 12(1)(d), 17(1)(c), 47(1)(a), 52(1)(a), 57(1)(a) and 62(1)(b). As well as 67(1)(a) We have insured that a granny flat that had inadvertently slipped into a final draft copy and which had been determined to be no longer relevant to the plan that granny flat was deleted and the appropriate clauses be renumbered accordingly. We also came to one of the greatest issues which was subdivisions and the wanting of this forum to allow the planning officer to have a little bit more flexibility or freedom in determinations whilst at the same time ensuring not a carte blanche was given to the Planning Officer that there was still responsibility given to the Planning and Environment Board and indeed the responsible executive member of the day. So we have reworded subdivision major and subdivision minor. Subdivision minor will now allow the Planning Officer to approve a boundary adjustment, providing that the boundary adjustment keeps say for example, it is made between two portions both owned by the same person or indeed if there is an agreement between adjacent neighbours, that the Planning Officer will be able to sign off on it, providing it meets all the current zone requirements and size boundaries as stated in the plan. If as a result of a boundary adjustment, one of those portions were to fall below the required zone minimal portion size, that subdivision would then be determined to be a major and will be put for consideration before the Planning and Environment Board and then on to the relevant Minister. Mr Speaker this as I said has been a long process and I wish to thank the Planning Officer, Mr Alan McNeil, who has never faltered through the task and is to be congratulated in this place. I now let my colleagues talk to any of those amendments or any actions within that plan. I do have something further to say before I do give over and that was a concern shown regarding the conservation zone, regarding a lack of height definition presented there and concern that no building height limitations in the conservation zone and I just note that the conservation zone covers the National Park, Botanic Gardens, Anson Bay Reserve, Selwyn Reserve, Hundred Acres Reserve, Point Ross Reserve, Kingston Common Reserve, Two Chimney Reserve, parts of Ball Bay Reserve and Cascade Reserve, plus a small number of portions in the vicinity of Kingston Jetty, the Pier Store, the REO Café and the portion directly below Queen Elizabeth Lookout, Portion No 67r and that the greater protection to cover some of those concerns, each of those areas is owned by the Commonwealth and is subject to Plan of Management or a Conservation Management Plan. In order to carry out development of the type given in the concern that was emailed to both the Planning Officer and myself and it could be a couple of Members around this table, at least three approvals will be required. Development Application under the Planning Act 2002, approval under the Environment Protection and Biodiversity Conservation Act 1999 which is a Federal Act and approval to either amend the Plan of Management for Public Reserves or the National Park and Botanic Garden Management Plan or the KAVHA Conservation Management Plan or a combination of two of these plans. With specific regard to Hundred Acres Reserve, Point Ross Reserve and Two Chimney Reserve the submission states that forestry was a purpose when first gazetted according to the Plan of Management and therefore there may be an argument that, that use may be continued or expanded, that is, with a large shed. The Plan of Management for these reserves do not expressly allow for the construction of a large forestry shed which does not automatically mean such construction would be in accordance with the Plan of Management. The Plan of Management would have to be amended to allow for such a construction. This follows previous discussions and agreement between the Planning Officer and the Administrator over the procedure for applying for permission to carry out such developments, e.g. the proposed toilet block at Hundred Acres Reserve, which would require an amendment to the Plans of Management, and would also require the Administrator's signature representing the landowner on the planning application. The current NI Plan lists "food premises" and "park" as "permissible with consent" in the Conservation zone. This means that someone could potentially apply for planning permission to construct a large restaurant or café, large bitumen car parks, toilet blocks, shelters, etc, in the Conservation zone. None of these proposals has been made in recent years, although the ability is there for application to be made. As per the above point, even if development approval was granted, following public consultation in accordance with the Planning Act 2002 and an appeals mechanism, there are at least 2 other application / approval requirements before any construction could go

ahead. The EPBC Act does not prevent someone from applying for permission to build a large forestry shed on Commonwealth land and why should the NI Plan be any more restrictive in this sense? The merits of such a proposal would be considered as part of the planning assessment process, just as they are currently part of the assessment process of "controlled actions" under the EPBC Act. Finally, by leaving "Forestry" out of Column 3 of the Conservation zone, it effectively prevents us from doing any further work to upgrade / replace buildings at the Forestry depot within the National Park. This is an existing use / development, but new building proposals would be subject to planning approval just as extensions, etc, to other types of developments are subject to planning approval. Although there are no plans to do so at present, it would be unreasonable to effectively prevent the ability to even *apply* for permission to replace old buildings at the existing forestry depot. I hope that puts to rest the people's concerns, especially the person who contacted myself and the Planning Officer. Thank you Mr Speaker

MR NOBBS Thank you Mr Speaker this has been a comprehensive body of work and I just ask for one area of clarify. It is specified within the document that I have here but to clarify it for the listening public, with regard to the granny flat and although it's reference is deleted its actually reconfigures to a dual occupancy and the other aspect where Mrs Jack talks about the freedoms for the Planning Officer to make decisions within the context of subdivision minor there are some checks and balances in that to ensure that those areas that are questionable, even though they may satisfy many of the criteria, can be referred through to the Minister so I think it has the checks and balances that we would seek and I think is well prepared. Thank you

MR MAGRI Mr Speaker I just have to offer my congratulations on this that you've been able to start a mammoth work like this with the help of Alan and other people who have advised you and you have been able to complete it in the time frame. I think it's a tremendous credit to you. Well done. I'll be supporting the Bill

SPEAKER Thank you Mr Magri. Is there any further debate Honourable Members? I now put the question that the motion be agreed to

QUESTION PUT  
AGREED

Thank you. The ayes have it. The amendment is so agreed to

I now put that question that the motion as amended be agreed to

QUESTION PUT  
AGREED

Thank you. The motion as amended is agreed to

### **SUSPENSION OF SITTING TO FRIDAY 5<sup>TH</sup> MARCH 2010**

SPEAKER Honourable Members, it was foreshadowed earlier this morning by the Minister for Finance that he would seek the meeting be suspended until 1 o'clock on Friday 5<sup>th</sup> March 2010. I now Honourable Members suspend the meeting until 1pm on Friday 5<sup>th</sup> March 2010

### **RESUMPTION OF SITTING ON FRIDAY 5<sup>TH</sup> MARCH 2010**

SPEAKER Honourable Members we are resuming the sitting of the House this afternoon from 3 March 2010 and I call on the Minister for Finance who sought the suspension to enable him to table the audited financial statements today. Minister for Finance

**PRESENTATION OF PAPERS**

MR N CHRISTIAN Thank you Mr Speaker, I table the audited Financial Statements for the Administration for the financial year ended 30 June 2009 and these are the audited statements under the new IFRS reporting system and Mr Speaker so that interested Members of the public can make a comparison I also table the financial statements for that period in the old format which effectively now becomes a working document within the Administration and Mr Speaker I also table the summary of budgets and funds flow for the Administration of Norfolk Island and this is information that allows the auditors to make assumptions in respect of the twelve months or more beyond the period that has been audited. These statements have been delayed by the move to new and more rigorous reporting standards, which make the statements easier to read and compare from year to year, and bring Norfolk Island into line with internationally agreed benchmarks. The financial statements are general purpose statements that have been prepared pursuant to the *Public Moneys Act 1979* as amended in 2004 and for the first time are in accordance with the International Financial Reporting Standards. IFRS in short. Previous statements including the 2008 financial statements were completed utilising what was called generally accepted accounting practices or GAAP. It should be noted that the GAAP differs to IFRS in some aspects however there were no accounting changes on adoption of IFRS. There were however reclassifications of balances to conform with the presentation requirements of the international accounting standards. The statements have been prepared using full accrual basis of accounting which reports income when earned and expenses when incurred, as opposed to cash accounting, which reports income when received and expenses when paid. Under the accrual method, there is some discretion as to when income and expenses are recognised, but there are rules governing the recognition. This accounting method requires prudent estimates to be made against revenues that are recorded but not yet received. Essentially this method is more appropriate for Government as it provides a realistic overview of the financial situation. Mr Speaker, when we look closely at the Financial Statement I have tabled today one may fear the worst. I refer to the net surplus/ deficit on page 2 of the report which indicates that Norfolk Island at the end of the audited period will have a deficit of \$5,024,178. In real terms however the \$5,024,178 includes \$3,152,358 of depreciation and amortisation not previously included as cash items in the Island's Financial Statements under the GAAP accounting practices. In addition the report identifies an amount of \$1,871,882 as a deficit. Most of this figure can be solely attributed to the Ozjet collapse. Mr Speaker, I would also like to point out that despite current indications that tourist numbers are lower for 2009 /2010 than in 2008/2009 the news is in fact better than anticipated. As determined by the summary of Budget and Funds flow sheets provided to the auditors by the Administration Finance Minister, which opens with a balance of \$6,420,800 and is estimated to close with a balance of \$4,343,900 and Mr Speaker what we're talking about here is the estimated position for the current financial year, which will be the next one to be audited and it's very important that people understand that the new audit requirements do require the Auditors to make some assessment of what things are likely to be in the next twelve months or so. Mr Speaker so as I said, the opening balance was \$6,420,000 with a closing balance of \$4,343,000. What this demonstrates is that less than \$2.1m has been consumed in the 2009/2010 financial year. Mr Speaker I will just speak to that for a minute because in providing the auditors with this information, the Offices of the Administration have taken in almost every instance, a worst case scenario. They have been conservative in estimating revenue, and they have been cautious in going the other way in respect of the estimating losses. Just one example of that, is if Members were to look at the Norfolk Air column, the budget for Norfolk Air, that is the accepted budget for the current financial year would indicate a loss of \$2.5m but to be ultra conservative, to arrive at a position where we think we will be at the end of June 2010, we've put a figure of \$3m in there as a loss for the airline so I just wanted to demonstrate that even after being conservative in that sense, we will still close the 09/10 year with a balance of \$4,343,900 and that is made up of cash, stock in hand and debtors. Mr Speaker, I consider that the leadership provided by this Government in guiding Norfolk Island through the worst financial crisis in recent history without burdening future generations with massive debt is indeed exemplary. Mr Speaker,

the Administration's balance sheet remains strong, total assets amount to \$52,620,451 and total liabilities amount to \$25,139,160 which is slightly less than the liabilities at the same time in the previous financial year. Mr Speaker the Administration net worth is a healthy \$27,481,291 and Mr Speaker, that's after coming through a fairly difficult period. Mr Speaker this excess that I was talking about previously, which is the underlying surplus, demonstrates that whilst the recovery is expected to be long and relatively slow over the next 1-3 years Norfolk Island is in a sound financial position. These statements do not gild the lily. They show that this Government has been affected by the global recession to a certain degree and that the down turn in tourism has cut into government revenues. It identifies that there are significant challenges to be faced well into the future to fund all of the services and programmes which the community has come to expect, and put aside sufficient funds to deal with depreciation. However the statements also show how we have managed our way through what commentators have described as the most serious worldwide recession since the 1920s. And Mr Speaker we've done that, using our own resources, with minimal external assistance. Mr Speaker, going forward we will have to find ways to deal with the costs of major infrastructure replacements and maintenance hopefully with some support from the Commonwealth in future years, however it is obvious from this report we can continue to be sustainable. Thank you, Mr Speaker.

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

Thank you Mr Speaker I would just like to refer the Minister back to some comments he made, regarding, I didn't quite catch the amount, but I think it was along the lines of \$1.87m deficit after the depreciation had been dealt with and he said that we can owe that to the Ozjet collapse and I was just wondering if the Minister can take us back because the Ozjet collapse was a few years ago, and even though the Government of the day, I think it was the last Legislative Assembly agreed to meet all the Ozjet stuff....

MR N CHRISTIAN

Thank you Mr Speaker Ozjet was actually 2009. the year that is being audited is the 2009/2010 financial year

MRS JACK

Thank you for that Mr Speaker and Minister. And you refer to only \$2m of reserves spent so how much was in reserve

MR N CHRISTIAN

Thank you Mr Speaker we started the year under audit or finished the previous year, because they happen all on the 30<sup>th</sup> June with an amount of \$6,420,800 so what we're expecting to be is that, that will be the opening amount of the 1<sup>st</sup> July of 2009 so that is the end of the current financial year, not the year that's under audit, so at the beginning of this financial year when the auditors look at the numbers, they will open the books with a figure of \$6.42m and it's anticipated if everything goes according to the forecast that we have projected that we will close the year with \$4,343m and what that demonstrates is that after making a provision of \$3m for the losses of Norfolk Air we will actually only in fact have reduced our reserves by less than \$2.1m and that's what the figures portray so what I'm saying is that after taking account of all of that, the end of this financial year or the start of the next financial year the figure that will be used will be in the order of \$4.343m

MRS JACK

Just one other factor for the Minister Mr Speaker, page 4 when we look at the report it refers at the bottom of the page to cash and short term deposits at end of year and I see in 2008 we held \$13.8m and now at 2009 it's \$4.3m. A substantial reduction in our cash. How fragile are we?

MR N CHRISTIAN Thank you Mr Speaker at the end of 2008 there was \$13,840,000 in cash at bank and at the end of 2009 we had \$4,803,000 cash in the bank. What this largely reflects is the transfer of cash into assets, as we have for instance purchased the fire engines, performed RESA and built some of the fire station in that financial year I think from memory the figures I indicated the other day were about \$1.5m spent on the fire station in the last financial year. \$1.1m may have been spent on RESA and \$2.5m would have been spent on fire tenders so that's what's happened there. We have converted cash into assets and then when you analyse the balance sheet for the year that's being audited and the next financial year which is the one that we're in now, you will see that reflected in a revaluation of assets

MR SHERIDAN Thank you Mr Speaker. It's very hard to get ones head around this Mr Speaker considering that the financial year finished some eight months ago. I just wonder if the Minister can, I'm just looking at the balance sheet, I've been told before that I can't read the financial statements and that I should refer to the balance sheet so I'm looking at the balance sheet Mr Speaker and if the Minister could explain to me that just there in the public funds and liabilities it says the revenue fund has on page 5, \$7.1m in it and the funds held by the Government Business Enterprises is some \$20m which totals \$27.5m. If you go to page 24 there's a note to the financial statements that details the funds held by the GBE's in each area. Minister the way I read that, those funds appear to be cash funds. Is that correct. The \$20m of the GBE's would they be cash funds or is it just the way it's written

MR N CHRISTIAN Thank you Mr Speaker as I understand it, the balance sheet is prepared with numbers made up from current assets and current assets would be cash, short term deposits, debtors and stock at hand and the non current assets would be the physical properties and things like that, so it's made up of everything I think Mr Sheridan

MR SHERIDAN So it's assets as well

MR MAGRI Mr Speaker I just wanted to provide a couple of comments on what Mrs Jack was asking the Minister for Finance in relation to the expected erosion of revenues of \$2m and just point out the fact that even though we are forecast to lose or through our reserves to fall by \$2m besides the losses of the airline across all other entities this year, there's an underlying surplus of \$1m. I think the decision by the Norfolk Island Government to subsidise air travel during this last twelve months has been largely vindicated by that result

MRS JACK Thank you Mr Speaker. Minister when I was talking before about those cash and short term deposits at end of year and you spoke of RESA the fire station and Emergency Services Coordination Centre and the two fire stations you end up with a total of just shy of \$6m. the difference where between those is \$9m. so that missing \$3m, that erosion of \$3m is due to...

MR N CHRISTIAN Thank you Mr Speaker a lot of that would be due to the collapse of Ozjet and the cash that's been required to subsidise Norfolk Air in the last financial year. That sort of thing

MR SHERIDAN Thank you Mr Speaker just flipping through the paper there and I note on the last page there the emphasis of matter from the independent auditors report. I just wonder if the Minister could just in the last sentence, it talks about the loss of \$5m for the year and forecasted net loss of \$3.5m for the ensuing year ending 30<sup>th</sup> June and he goes on to note the matter set forth in note 25 indicate the existence of material uncertainty that may cast significant doubt upon the Norfolk Island Administration's ability to continue as a going concern and therefore the Administration of Norfolk Island may be unable to discharge its liability in the normal course of business. I'm just wondering if the Minister could give the community some assurance or some words

with regards to that comment as to the Administration may be unable to discharge its liability in the normal course of business in the near future it would make it

MR N CHRISTIAN

Thank you Mr Speaker yes I'm happy to provide some comment there. As I've said previously in the meeting under the IFRS system not only does the Auditor have to audit the financial year that is being completed, it has to make some assessment of where you will be in twelve or more months time. Now Mr Speaker the IFRS standards of reporting are not designed for Governments. They are designed for private corporations so that investors intending to invest in that company can have some idea of where the company will be in twelve months time, however, it's also good for Norfolk Island to report in this manner, because if there are any areas of concern on the horizon you at least flag them, and what I can say is that note 25 which appears in the statement is a letter from me, to the Auditors informing them that in the Norfolk Island Government's opinion, we are a going concern but it also draws their attention to problems that we could have and the biggest single problem is that we've been fairly frank about Norfolk Air. And what I might do, is read into Hansard for the benefit of the listening public, what I actually said in the letter of going concern that was written to the Auditors. And if you'll just bear with me for a minute I'll find the page. Nearly there. Mr Speaker on page 23 is the note 25 to which Mr Sheridan refers and it is a going concern, which is something that is required by the Auditors from the organisation that is being audited. What I've had to say is that the Government of Norfolk Island recognises that the Administration has incurred substantial operational losses for the year ended 30<sup>th</sup> June 2009 principally due to the fall in tourism numbers resulting from the economic situation in Australia and New Zealand. The Administration also forecasts further operating losses for the year ended 30<sup>th</sup> June 2010 based on the expected level of tourism arrivals on the island. Consequently the Administration has employed cash management strategies, including delaying certain creditor payments, in particular its outstanding obligations to New South Wales Department of Education and Training for teacher's salaries. The Minister for Finance has written to the Department offering a monthly payment schedule commencing 31 December 2009 and this has been included in the cash flow statement provided. The Commonwealth Government has agreed to defer repayments on the airport loan for twelve months in 2009/2010. In addition it has removed the requirement to make payments to the runway trust fund saving \$515,000 in 2008/2009 and \$493,000 in 2009/2010. After careful consideration the Norfolk Island Government and the Administration Management both believe that the assumption of going concern used in the preparation of these financial statements is still appropriate, however, it is acknowledged that if tourism numbers do not improve substantially, further significant policy changes such as substantial cuts in expenditure, or new revenue measures will be required to ensure the Administration can continue as a going concern. The Administration's prepared a forecast cash flow statement covering the period up to the 30<sup>th</sup> June 2010. The Administration believes that it's hard to extend the forecast beyond this period given the uncertainty with tourism on the island resulting from the economic situation in Australia and New Zealand. There has been certain critical assumptions on which the cash flows for the year ending 30<sup>th</sup> June 2010 has been based on. 1. Airline losses. The Government has included in its forecast losses by Norfolk Air of \$3m during the 2009/2010 financial year. This is based on the year to date performance of January 2010 and the airline operating at the following levels between February and June of 2010. An average seat load factor of 60%; flying hours being tailored around forecast demand with overall results in a 14% decrease in average monthly flying; levels of fuel uplift from Norfolk Island verses Australian ports remain reasonably consistent with uplift patterns for the last seven months of the 2009/2010 financial year; fuel prices for uplift from Norfolk Island and Australian ports remain consistent with the uplift price for the last seven months of the 09/10 financial year; secondly the Commonwealth loan repayments as described above and thirdly the New South Wales Department of Education payment schedule as described above. And the letter concludes Mr Speaker with the sentence, the Norfolk Island Government and the Administration believe that the above assumptions are reasonable for cash flow purposes. That is note 25 in its entirety. For the benefit of the listening public, I will read into Hansard the independent auditors report. Now this is the report that is attached to the Audited

financial statements. Now Mr Speaker the Auditor is C ST Nexia, Chartered Accountants and they're in Manakau New Zealand. The independent auditors report starts off. To the reader of this Administration of Norfolk Island's financial statements. We have been appointed by the Administrator and the Norfolk Island Legislative Assembly to carry out the audit of the financial statements of the Administration of Norfolk Island for the year ended 30<sup>th</sup> June 2009. The report on the financial statements. We have audited the financial statements of the Administration of Norfolk Island from pages 2 to 25 which comprises the balance sheet as at the 30<sup>th</sup> June 2009 and the income statement cash flow statement, and statement of changing public funds for the year then ended and the summary of significant accounting policies and other explanatory information. The Administration of Norfolk Island's responsibility for the financial statements. The Administration of Norfolk Island is responsible for the preparation of financial statements in accordance with generally accepted accounting practices and that give a true and fair view of the matters to which they relate and for such internal control as the Administration of Norfolk Island determines is necessary to determine the preparation of financial statements that are free from material mis-statement, whether due to fraud or error. The Auditors responsibility. Now our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the international standards on auditing. Those standards required that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurances about whether the financial statements are free from material mis-statement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements, the procedures selected depend on the auditors judgement including the assessment of the risk of material mis-statement of the financial statements whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entities preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies, used and the reasonableness of accounting estimates as well as evaluating the presentation of the financial statements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Our firm has assisted the Administration of Norfolk Island in its conversion to the International Financial Reporting Standards . Other than the audit and this assignment we have no relationship with, or interest in, the Administration of Norfolk Island. Their opinion. In our opinion the financial statements on pages 2 to 25 comply with International Financial Reporting Standards and other generally accepted accounting practices in Australia and New Zealand as appropriate for public benefit entities. Secondly they give a true and fair view of the financial position of the Administration of Norfolk Island as at the 30<sup>th</sup> June 2009 and its financial performance and cash flows for the year ended on that date. Mr Speaker the emphasis of matter section goes on. Without qualifying our opinion we draw attention to note 25 in the financial statements which indicates that the Administration of Norfolk Island incurred a net loss of \$5,024,178 during the year ended 30<sup>th</sup> June 2009 and forecast a net loss of \$3.5m for the ensuring year ended 30<sup>th</sup> June 2010. These conditions along with other matters as set forth in note 25 indicate the existence of a material uncertainty that may cast significant doubt about the Administration of Norfolk Island's ability to continue as a going concern and therefore the Administration of Norfolk Island may be unable to discharge its liabilities in the normal course of business. Mr Speaker the report goes on. Report on other legal and regulatory requirements. We have obtained all the information and explanations that we have required. In our opinion, proper accounting records have been kept by the Administration of Norfolk Island as far as it appears from the examination of the records. And that is signed off by CST Nexia, Chartered Accountants, Manakau City, New Zealand. Now Mr Speaker coming back to the situation there, where they say that we are forecasting a net loss of \$3.5m in the 09/10 financial year, if you look at that loss in the body of the report, almost all of that is a provision for depreciation. It is not material loss as such and Mr Speaker we are all aware that one of the main reasons that previous Norfolk Island Government's engaged Econtech to model the Norfolk Island economy was to assist the Norfolk Island

Government to determine how it was going to fund unfounded depreciation which had been unfounded basically since self government began, and that's one of the points of criticism that the Commonwealth levelled at us, because clearly, unless you started funding depreciation at some point in the future, you would be unable to replace your infrastructure. We were well on the road to meeting the targets contained in the Econtech model for the Norfolk Island economy until the global financial crisis intervened, and Mr Speaker, in the information that I circulated and spoke to earlier in this meeting and the last meeting of the House I made it fairly clear that it would take a year or two away in my view, before we get back on track with what Econtech have recommended for us and it's no surprise to anyone. Tourism is our main economy. To meet our objectives, including covering depreciation, we need to move as rapidly as we can towards the 40,000 visitor numbers. It can be a lower number if we have higher yielding visitors, but once again, I can't foretell what the market will be, but if we use the average visitor spend to the island at the moment, we need to get fairly rapidly back to 35,000 so it's likely that for the next couple of years, we will have losses appear in our financial statements, but they will all be depreciation related. It's a problem that we recognise, it's a problem that we have addressed, we just need to rebuild our tourism industry in order to fund it. Now Mr Speaker there are some interesting developments on the horizon, particularly in gaming, which could assist us in meeting our obligations going forward. As Mr Gardner said earlier in this meeting, when the House last met, you don't really count them as income earned, or potential income until there's some certainty about it, so if it comes, well and good, and if it doesn't, you're not going to be caught short. Mr Speaker what I need to go on and say is that we've gotten through this, largely on our own. We did bring to the Australian Government's attention quite early when it was obvious that the downturn was going to be prolonged, that our revenues would be effected by at least \$3.5m and it's heartening to see that the forecasts that were provided to the Norfolk Island Government by the Public Service of Norfolk Island were actually almost 100% spot on, and it's the expertise principally of the Finance Department of the Administration by giving us timely information that has allowed us to ride this downturn in the way that we've been able to do. Thank you

MR NOBBS

Thank you Mr Speaker there are a whole range of areas that I would like to talk about with regard to the audit report, but in just covering some of the areas that have already been discussed, it was quite rightly pointed out by the Minister for Commerce and Industry, the GBE performance over that period was quite strong but the main area that we took a negative hitting was the airline. The bulk of the \$3.5m that is mentioned in there is related to the depreciation figure and in moving forward to the recognition of I suppose a worst-case scenario for the airline. The other thing worth point out is the IFRS statement has been a long time coming and it is an entirely different report format in many ways and at the tabling of this report it will be available for public perusal as is usually the case for the audit report and I just point out that there are a host of definitions to help the reader get a grasp of not only some of the commentary in the report but also some of the areas such as the Minister for the Environment pointed out before which was the cash and short term deposits. It's also worth pointing out a few areas that the report looks at in a longer-term vein and that is things such as the duty draw back scheme and its expiry within the period 2012. the report perhaps looks at some areas that we haven't reported on before in terms of legal proceedings and disputes and how they may effect the Administration in the future but overall Mr Speaker I'm looking at a couple of notes here, and they are that the conversion of the Norfolk Island external audit report to the International Financial Reporting Standards or IFRS has been prolonged and challenging process, as pointed out during the previous sitting, the report was only available for initial perusal on Tuesday afternoon prior to the sitting of this Assembly. The IFRS audit would appear to be a more condensed report than our previous external audit reports, and some areas of IFRS audit contained different terminologies as I said earlier, as defined in certain parts of that report. The economic predictions provided by this Government some eighteen months ago, using professional economic analysts has assisted us to map this Island's path through incredibly difficult world wide economic times and Mr Speaker, this Government has been prepared to make the hard decisions to provide ongoing sustainability for Norfolk Island. The Government has been committed to

the commissioning of professional annual updates as to the financial situation for the Island since 2006. This consistent analysis of our short and long term tourism numbers, expenditure controls and revenue measures, has allowed us to implement a number of Government policies, which has enabled our economy to best weather an economic storm which has devastated many other parts of the world. Mr Speaker, it is important to note for the listening public that such measures as commissioning the updated KPMG Econtech report of our economy, the Accounts and Budget review committee and the Airline Board and CEO have significantly contributed to our solid financial position despite the realisation of the predicted 15% down turn in tourism. Mr Speaker, this Government is realistic about the financial situation of Norfolk Island and acknowledges that on-going careful financial management will be required. Thank you Mr Speaker.

MR BRENDON CHRISTIAN Thank you Mr Speaker, my contribution to this is more about not the content of the document but more of the process and I think my colleague Mr Sheridan pointed out that it was eight months after the event, is what the document is dealing with. I find it difficult to be able to go through this content in great detail considering I received a copy of this at 11.30 this morning. I'm just curious about and I understand it's a new system, but what process is ongoing to be put in place to ensure that this isn't going to be an ongoing event every year. That it will be able to be received on time and by process that Members of the Legislative Assembly will be able to have a good time line to be able to go over these documents and be able to ask meaningful questions about the document

MR N CHRISTIAN Thank you Mr Speaker as I stated earlier in the House I think when this financial year comes to an end the process will be a heck of a lot smoother than the first one has been. But I also point out that the current financial year is probably the last one that will be audited under IFRS because we are then moving to the Commonwealth standard and the ridiculous thing about this, and it's probably not ridiculous but more ironic, is that the Australian National Audit Office is effectively our new auditor from July 1<sup>st</sup> 2010 and it's likely they will subcontract the work out and its likely that CST Nexia will win the tender, and will report in a different format so there you go. I apologise for the short notice....

SPEAKER Minister if you could just hold a minute. It's been reported that the Sitting is not on air. Could we please suspend the sitting for ten minutes

MR N CHRISTIAN Thank you Mr Speaker. Not a problem. Would you like me to remember what I've said, and repeat it

MRS JACK Starting again from scratch

SPEAKER Thank you Honourable Members. The slight problem has been rectified and the proceedings are now broadcast so Minister for Finance if you could continue

MR N CHRISTIAN Thank you Mr Speaker. It's possible going forward that at this time of the year will become the normal time when the audited reports are tabled under the IFRS system because putting together the numbers for the financial year that finished on the 30<sup>th</sup> June previously is not typical but when the Administration needs to provide to the Auditors where they think they will be at the end of the next financial year, we weren't in a position to give them that information until the mid year budget review was completed, and that was not completed until late in February and the information was provided to the Auditors on the 26<sup>th</sup> February this year, and of course, what happens at the mid year review is that we take the original budget and we amend that based on how the first six months have gone, and also add other ministerial initiatives and we also take account, of variations. For instance some areas of the Administration may have higher costs, some may have lower costs and we take all of that into account at the mid year review and then make an estimated guess as to where we expect to be at the end of that

financial year. Now all of that information has to be provided to the auditor. Now as I say, that information was provided to them by the 26<sup>th</sup> February. I received the audited financial statements at about 3pm on Tuesday of this week and of course that coincided with the opening of the new Norfolk Island Emergency Services Centre and normally when audited reports are given to the Finance Minister the Auditors sit down and go through it with you. That obviously didn't occur on this occasion, and so late yesterday afternoon I was able to have a telephone conference with CS Nexia in New Zealand where they went through the report with me and explained the different procedures and that and after the explanation and having meetings with the senior members of the Public Service so that they could explain to me where all of the numbers had come from that went into the summary document, which is the principal document for we estimate where we are going to be at this financial year that process was only completed at 8.30 this morning, so once all of the documentation was put together, it was distributed to membership of the Legislative Assembly at 11.30 and here we are at 1pm and I'm tabling it, so I do accept that under normally circumstances it would have been better to be able to give it to Members three or four weeks prior to a sitting but in this instance I wasn't able to, it was the last sitting of this house so I elected to get this information to the public arena during the life of this Legislative Assembly rather than letting it lapse until the next Legislative Assembly. Thank you

**SPEAKER** Mr Christian that response from the Minister was in regard to a question that you raised which may not have been heard, do you wish to repeat your question

**MR BRENDON CHRISTIAN** Thank you Mr Speaker, I think it is quite relevant that the public may have got the idea of what the question was. It was more about the processes of the document and the timing and if this new IFRS system is going to be in place for the next year or two as the Minister has pointed out, if this is going to be an ongoing situation where eight months after the end of the financial year or the relevant year within this document, whether it will be tabled sooner or whether it was just the reason that it's a new system that it's taken so long to do this and as the Minister pointed out, in my question I said it's very hard to debate any sort of information in this document considering I received it at 11.30 am this morning. That was pretty much the question and it's been answered thank you

**MR ANDERSON** Mr Speaker my only comment is that I'm very pleased to see that this document has not tried to paint a rosier picture than actually the facts and I applaud that

**MR GARDNER** Thank you Mr Speaker, I do have some comments to make and clearly some concerns that have arisen out of the issues that have been discussed today and basically tied in with the time lines of the receipt of this report but before moving into that, just some clarification. I understand that the paper has been noted, but to add to the motion that the paper be printed and the reason for that and I so move is that despite the fact that it's normal practise that it be made publicly available it's probably important that the combination of the papers as tabled which not only include the CST Nexia Audit Report but also the cash flow and financial statements of the Administration which was the previous format for the audit report be publicly available and hence the motion to move that they all be printed. There's a couple of questions that has arisen based on some of the assumptions that's been made and let's not beat around the bush, I think Mr Anderson's recognition that the report doesn't gloss over anything and make it appear any more rosy than it is, it probably is as far as any audit report ever tabled in this House is probably the bleakest overview of the Administration that's ever occurred and we've had an explanation of how that's come about. Why it's come about and certainly you won't get any argument from me on many of the issues that have been raised in relation to that. But some of the assumptions in the cash flow documents it talks about \$2.something m or thereabouts that is the expected loss for this current financial year and the cash flow projections provided by the Administration and I understand that

and I note that. I refer back to CST Nexia's audit report and their independent audit report which suggests that within that emphasis of matter that they forecast a loss of \$3.5m. the Minister has explained to us that the Auditors were only provided with those forecasts on the 26<sup>th</sup> February a little over a week ago so I wonder if there is some explanation as to why either the auditors have it \$1.5m wrong or the Administration has got it wrong if in the last week they've been talking about exactly the same detail and matters and I think that's worthy of some further consideration and explanation. I think Mrs Jack's question about how fragile are we has been clearly answered in the emphasis of matter and that emphasis of matter is brought about by CST Nexia's own admission and own certification that everything that they have said and done in relation to this audit is a true and fair view of the matters that have been provided to them and in saying to that, the emphasis of matter issue is important as they say we are significantly challenged going forward. Regardless of anything else that anybody says based on their true and fair appraisal of the situation in all of the information provided to them, not just the financial statements for the year just gone, so the end of the 08/09 financial year, but also in relation to those projections that I referred to. Mr Speaker it is important that people understand that. These are the independent auditors that have given a view that things are very serious. Now nobody hear today I believe has said that things are not serious but the community need to understand that things are serious. A couple of other comments about some of the reserves being converted from cash into assets and I listened with interest to some of the discussion about that and I'm not quite sure that the explanations given quite stack up in that the examples that we were given were funds from airport used for RESA and the fire station and the like. Yes that's correct, funds from the airport were used but whether they were reserves at that time that were converted into assets, or actually ongoing revenue that was converted into assets I would argue that it was some of both. Clearly you can see that from the statements about the flow of revenue from the Airport Undertaking and it is something that we are clearly aware of in our projections going forward because if it had all been reserves that had been converted into assets, our cash at bank figures for the airport for example would be significantly ahead of what they are. They relate to the assumptions that have been provided in the forecast and also the statements as they occurred at the 30<sup>th</sup> June 2009 and so an explanation on that would be helpful. If it is rubbish I stand to be corrected but all I want is a little honesty to make sure that people clearly understand that it is not simply a matter of converting reserves into assets and the reason for the decline in assets, because if it were so, everything that we had accumulated in revenue since then would show on a positive balance sheet. There was a question regarding support from the Commonwealth in future years. I think the Minister for Finance used exactly those words. Now I don't know what is meant by support from the Commonwealth in future years but clearly that is an issue that is at the forefront of thinking of candidates for election to the 13<sup>th</sup> Legislative Assembly and I think it is appropriate that we take some time to consider that and what that might mean for our projections going forward and what that might mean for the future audited statements and for us to reflect on our attempts during the life of this Legislative Assembly to provide or to seek some assistance from the Commonwealth for our ongoing sustainability in Norfolk Island. It is very clear on the public record that over many years, not just the last three, but six, eight, ten or even more before that, that Legislative Assembly have engaged in meaningful discussion with the Commonwealth, it's not about a better relationship or needing to develop a better relationship, we have a healthy professional working relationship with the Commonwealth at all sorts of levels, officers through Government and the community. That has always been the case but at times we agree to disagree and at other times we just disagree for the sake of that and so do the Commonwealth. There are many personalities involved in those discussions. To say that there is not a good relationship or the relationship needs improving, I'm not sure just how that can be improved because as I've said there is a professional working relationship that exists at many different levels. The issue that arises from that, is I think some fanciful suggestion that if we run of with a bag of lamingtons and a teapot down to Canberra and we talk nicely to people that they might give us some money. That's not going to happen and it's been made clearly and patently obvious to us by the Commonwealth from a number of different Minister and I have a couple of documents here that relate to that and all of the initiatives that we have

attempted in this Government and in previous Legislative Assembly 's in trying to secure some underpinning of the economy by the Commonwealth or some assistance, aside from the programmes that we are able to engaged in under the various programmes that extend to Norfolk Island, and so that's a direct request for contributions have been met with resistance and it has slowly been building to a head and you might recall the discussion over the MBF extension of private medical insurance to Norfolk Island and the loss of MBF for people on Norfolk Island to cover benefits in Norfolk Island. The extension of the guardisil programme to Norfolk Island and the request for that. A request for the vaccination programme for children to be extended. My example of that was the response from the Federal Minister for Health, and AG Nicola Roxon who suggested that the provision and funding of Norfolk Island's public hospital and health services including immunization, this was the same response relating to MBF, remains a matter for the Norfolk Island Government under the Territories Governance arrangements established under the Norfolk Island Act 1979. Mr Speaker that went on to talk about the vaccination programmes in NSW under the Department of Education being extended to 12 and 13 year olds across New South Wales but the Department's national immunization programme didn't extend to Norfolk Island and that's been further explained in subsequent correspondence that it's because we're outside of the Health Act and because we're outside of the various other acts to which these things pertain including the private Health Insurance Act and its been made clear in the latest communication from the Federal Minister – and that's just one example in the health area that I can put my finger on – and certainly is something that has been echoed in responses that we've received from Minister Tanner and others in relation to assistance that we have sought. Consideration would be given to those things but in the main the consistency of responses from the Commonwealth have been that whilst you are outside of the Australian Taxation environment there are no benefits of that nature that can be extended to you and the Federal Minister responsible for Territories the Hon Brendan O'Connor in his latest communication in addressing that issue notes and I quote from his letter, "I note that your letter (this was a letter to the Chief Minister) also mentions the conditions under which the Commonwealth and Norfolk Island would discuss a more stable long term fiscal relationship. It goes on to say that Norfolk Island was granted self Government on the condition that the funds needed to sustain the degree of self Government requested by the island community would be raised by the Norfolk Island Government itself. Any discussions related to the long term fiscal relationship between the Commonwealth and Norfolk Island necessarily requires a re-examination of the principals that underlie self Government. Never has it before been made so clear by the Commonwealth as to how they regard our request for funding and what it means to them, what they foreshadow it means to them as far as an ongoing relationship is concerned. That said, it has never been clearer that it is not a case of going down and kissing babies, shaking hands and eating the lamingtons. There has to be ongoing detailed discussion about just how that relationship will pan out in the end and I think we've started that. I commend the Chief Minister on his efforts to engage with the Commonwealth on the governance issues. That is step one in this new relationship and obviously there are things that will flow out of that which will determine in future the ongoing fiscal arrangements. I think it important that I make that point when we consider as was raised earlier today, a hint that maybe there might be support from the Commonwealth in future years. Those were the words used. I wrote them down. It's important to recognise that. That there isn't a magic bullet that's just sitting there waiting to assist us unless it is a direct request by the community of Norfolk Island as a whole and then the negotiations obviously need to be entered into. It's been correctly point out that to reverse the position that we find ourselves in now is a matter of turning our attention to the goal of achieving increased visitor numbers and as Minister for Finance pointed out, and/or increased yield from the current visitation to the island that will be the answer to reversing the trends but let's not make any mistake about it. We are in a serious, precarious position and it will require a mix of those very good initiatives that have been put in place in this Legislative Assembly about financial management and control but it will also need the other side of the equation to receive just as much attention. I'm not saying that it hasn't received that attention, but just as much and ongoing attention to

ensure that our primary industry base is able to deliver the necessary funds to the ongoing sustainability of Norfolk Island. Thank you

MR N CHRISTIAN Thank you Mr Speaker I find it extremely offensive Mr Speaker that Mr Gardner has had to convert his inability to understand the financial statements into a personal attack upon my character by acc using me of putting before this House and material and contribution to the debate which is dishonest. That is absolutely unconscionable Mr Speaker and I find it disgraceful in that context and I'll explain what Mr Gardner couldn't understand Mr Speaker. Firstly in the emphasis of matter. The auditors have said that in the current financial year we'll have a loss of about \$5m. now I've explained the components of that. \$3.5m is depreciation and amortisation. The balance is largely made up of the write off of the debts owed to the Administration by Ozjet. The \$3.5m going forward for this current financial year is all deprecation. Now if you look at the summary of flows that I've given to you, and this is not a cash at bank summary, that is made up of stock, current assets and debtors and cash. Included in that is a provision for a \$3m loss by Norfolk Air in the 2009/2010 financial year and yet the auditors are telling us that in the wash up of all of that, the loss for this financial year that we are currently in will likely be recorded on the books as \$3.5m and all of that is depreciation so Mr Speaker what that tells me is that we can carry the losses of Norfolk Air for the remainder of this financial year and in effect, break even. So if Mr Gardner can't understand that Mr Speaker I think he needs to get another job

MR GARDNER Thank you Mr Speaker, look I'm grateful for the praise that the Minister for Finance has heaped upon me. It's refreshing after all this time and it's unfortunate that when one asks for an explanation of the difference between the two that he's taken so much offence at my comments. That's all that's been asked for. No different to the explanations that the community asks for on a regular basis

MR ANDERSON Mr Speaker I think part of what I was going to say has been dealt with there. I always have trouble with the financial statements and I've been studying them for a long long time but I thought that the Minister for Finance had answered those questions that has been brought up by Mr Gardner. Mr Gardner, thank you for the history lesson we just had. I think it's a situation that we are all very aware of and we know what is going to happen. We know that the Commonwealth Government is not going to give us an out in the new arrangements and there's nothing new in that. How we go will depend on the next Legislative Assembly that comes in as to how we go about trying to come to some sort of agreement with the Commonwealth Government. I think that we've all in our own way put that into our policy speeches to say how we would handle it, but what I would like to talk about later in the meeting is the Budget Review Committee. Firstly there is a misconception in the community that money's have been spent without going through proper process. I don't believe this is the case. The Budget Review Committee has done a good job. But I've a bit of a problem here because after 60 years of running my own business I know there are accountants and there are accountants and accountants are very necessary but what's really valuable to any business is a management accountant. I was lucky in my previous life in Brisbane that I had a good management accountant because accountants can come up and give you figures but they're historical. Now whilst on the subject of Budget Review I believe there needs to be a shift away from the present way we look at budget reviews. In my mind the Budget Review Committee should be named the Expenditure Review committee and the process of reviewing expenditure must be ongoing continually. Every section of the Government should be monitored regularly. This is part of historical accounting. On the other hand there are variances in revenue. We've had this discussion previously in things that I have objected to and this is a management function and should be treated as such. If revenue falls, the manager or the Board concerned should advise the appropriate Minister as soon as possible and he should then take the matter to the executives at the first possible opportunity. Now this means that if revenue is falling, whether it's the airline, whether it's the Tourist Board, the Post Office, the Bond Store....

MR N CHRISTIAN Point of Order Mr Speaker. We are debating the financial statements of the Administration here. Not the workings of the Budget Review Committee. Mr Anderson's debate is irrelevant

SPEAKER Mr Anderson would you please be more careful with your relevance to the subject matter.

MR ANDERSON Mr Speaker I will just leave it to the later debate

MR MAGRI Mr Speaker I would like to provide comment on some of the discussion that's taken place so far in particular relationship to the part of the report entitled emphasis of matter. I have no doubt with an election looming that different people in the community are going to attempt to use the words in there inappropriately, and what I mean by inappropriately, is that they are going to use them to their political advantage when maybe they shouldn't, be cause when I first read them, they provided me with some concern as to what they meant so I took the time to inform myself as to what they meant. It's important that if anyone is reading any review about this financial statements audited reports, that they remember what the truth is. The words "material uncertainty" relates specifically to the Minister for Finance's report in note 25 where he himself, talks about "material uncertainty", in particular bringing up the uncertainty related with running an airline and points out different reasons there. Nothing more. Nothing sinister in it. It's a recognition that running an airline is not without risk. The other one is where they talk about significant doubt about the Administration of Norfolk Island's ability to continue as a going concern. That is in particular relation to the fact that we have gone through a period under these audited reports of recording a financial loss and we are going to report and record another estimated financial loss this year. The Auditor has no other mechanism at their means to point out that unless you do something to arrest those losses, at some time in the future, you are going to run into trouble. But Mr Speaker having a look at the financial results of the Norfolk Island Government we're already turning the corner now. Our cash reserves are building and Mr Speaker if for some strange reason this downturn is more prolonged than we thought, we may have to go back and make some more taxation policy decisions, or revenue policy decisions to ensure that, that doesn't happen but they've simply recorded a statement of fact in their emphasis of matter and it's not a statement to be used I don't believe, without understanding the facts behind it. Mr Speaker having taken some time to consider the management of the public finances of Norfolk Island and the impending arrival of this report, I've just penned some words, just about maybe providing for those people who don't understand depreciation, amortisation and all of these big fancy words mean, I'm just trying to put it into more simple language, so I'll just read what I've written Mr Speaker. In recent months, much has been said in this Assembly and the community more generally about management of public finances in Norfolk Island. Many of the issues raised have been phrased in technical or complex language. Today, I wish to summarise the situation in relation to public finances in straightforward language that everyone can understand. Mr Speaker, in my view much of the recent debate about the government's financial management has been based on a misguided view that the government should be a banker and put aside lots of funds for a rainy day. To the contrary, I share the view of this Assembly and many who have gone before us that it is irresponsible for the government to collect more in taxes and fees from the community than it reasonably requires to fund the essential community services and programmes which we are elected to provide. It is often said that we cannot tax ourselves into prosperity. I agree with this statement and believe that the best way for the government to stimulate the private sector, and guarantee high levels of investment and employment, is to keep government taxes and charges as low as possible. Mr Speaker, I believe that we have achieved this in difficult financial times, when the global financial crisis has forced many governments around the world to substantially raise taxes and utility costs to make ends meet. Mr Speaker, it is never an easy decision for governments to increase fees, charges or prices for the goods and services which they provide But it would also be irresponsible of us not to ensure that our income meets our expenditure. We have certainly reviewed our fees and charges and some have risen, but in many cases

there had been no review or increase for up to 10 years, despite continuing inflationary rises in costs of providing those services. Mr Speaker, in addition to keeping fees and charges as low as possible the Assembly have continued with and completed some important capital works projects strengthening infrastructure in the knowledge that this public expenditure would flow families and employees in Norfolk Island at a time when many were doing it tough. Another initiative of this Assembly has been to constantly review and adjust our spending priorities, and to keep a very tight rein on discretionary expenditure. For that reason, we established the Budget Review Committee comprising the five Ministers and the Chief Executive Officer to decide on every proposal placed before the Administration to spend \$500 or more in discretionary areas, even where there was an existing budget appropriation. Mr Speaker, over the past 30 years we have heard over and over again that the government was going broke and that Norfolk would not make it through the months or years ahead. This year has been no different, and again the pessimists are as wrong. I acknowledge that we do not run a financial system that is awash with money nevertheless, as is evident from the assumptions of the external auditors commissioned to assess Norfolk's financial statements the Island expected to have an excess of \$4,343,900 at June 30, 2010. With approximately \$5,495,000 in available cash currently sitting in the bank, this result is an exceptional outcome considering the effect the Global Financial Crisis has had on other economies around the world. Mr Speaker, in conclusion I note that for at least the last 25-35 years there has been continual debate about whether we would be better off to give up self-government and embrace the Australian taxation system. As a Minister in the Norfolk Island Government I very strongly oppose that position. We as a government have continually requested the Commonwealth to work with us to review or short-term and long-term revenue measures by re-establishing the joint task force which worked so well in the past and which was fundamental to the last major changes when a number of taxes and charges were eliminated and a broad-based consumption tax introduced. Mr Speaker, I apologise to the house and to the community that we have been unable to date to persuade the Commonwealth to work with us through a joint task force on these matters. I remain confident that once the Commonwealth's response to the Henry Review of taxation becomes public, there will be an increased opportunity for the task force to be reinstated to help guide us on our revenue and financial planning strategies. Thank you, Mr Speaker.

MR NOBBS

Thank you Mr Speaker a few things there. We've talked about the infrastructure replacement at the airport and things like that, many of which were relevant to restrictions and requirements and category 6 associated requirements for level of service in there as well as levels of capacity. We've talked about the Task Force that was universally supported by this Legislative Assembly I think well over a year ago and that the purpose of that Task Force was to evaluate an ongoing fiscal relationship with Australia. That was to be a better outcome or whether there were other revenue measures that we need to look at within our own jurisdiction. Now the purpose for that Task Force just to elaborate on it a little bit is that it is consisting of Norfolk Island officers and Commonwealth officers so that there will be a lengthy consultation and information availability in that process for any outcome that was to be decided on in the future for Norfolk Island in that regard. The other thing is that what has become a little bit noticeable is perhaps the areas that are within Commonwealth ownership where we are investing money that perhaps should be better maintained by the Commonwealth and by that I refer to the Cascade pier I suppose. Just moving on, I'll take a bit of latitude here just for a minute to give a minor response to what Mr Anderson was talking about. There are two committee there and the Budget Review Committee is the committee that formulates the budget and formulates much of the ongoing proposals that come forward as policy. The business committee is the ongoing committee that evaluates expenditure on a regular basis...

MR ANDERSON

Mr Speaker a point of Order

SPEAKER

Mr Anderson you have a point of order

MR ANDERSON Yes. If what I was saying raised a point of order then surely what the Chief Minister is saying....

MEMBERS Hear, hear

MR ANDERSON Mr Speaker I only had two more lines to read before but...

MR NOBBS Thank you Mr Speaker I'll get off that subject. However, I wanted to point out that I think it was the past Legislative Assembly when I was in the Public Service at that time, a \$2m deficit was being discussed and at that stage many provisions outside of the ones that this Government has dealt with over this difficult period were looked at including the Public Service being gathered to discuss employment cost saving options of reduced time per fortnight and those sort of things. I think we've weathered the storm in a much more productive and responsible way by trying to retain full employment and the best options we could, moving forward on that as well as infrastructure

SPEAKER Thank you Chief Minister. Mr Anderson you've raised a very important Point of Order and one in which maybe the ruling was a little harsh in your respect, so if you wish to continue on your previous statement then by all means do so now

MR ANDERSON Mr Speaker I'll leave it to the adjournment debate. I'm nearly finished thank you

SPEAKER Any further debate on this matter Honourable Members. No. Then I put that question that the House take note of the paper of the audited financial statements for the Administration for the financial year ended 30<sup>th</sup> June 2009 and that the paper be printed

MR GARDNER Thank you Mr Speaker, I believe the motion was that the papers as tabled be printed and that wasn't just the audited financial statements, it included the cash flow and the financial statements of the Administration as a package

SPEAKER I put that question

QUESTION PUT  
AGREED

Thank you. That motion is agreed to

### **SOCIAL SERVICES (AMENDMENT) BILL 2009**

SPEAKER Honourable Members we resume debate on the question that the detail stage amendments dated 21<sup>st</sup> January 2010 be taken as read and agreed as a whole and Mrs Jack you have the call to resume

MRS JACK Thank you Mr Speaker. Mr Speaker I seek leave to withdraw the amendments dated 21 January 2010 and to replace them with detail stage amendments dated the 10<sup>th</sup> February 2010. Mr Speaker there has only been minimal change to the previous amendments when I referred to the documents of the 21<sup>st</sup> January but it is felt that rather than deleting here and amending there, on two if not three places, it is just a lot easier and neater to withdraw the entire document and replace it with an appropriate version. The version, because I won't go through all the items again, refers to an incorrect cut and paste that came about on the explanatory memorandum detail stage amendments where the words concerning the income and asset test for eligibility the word asset test had remained in as had been pointed out by the Minister for Health and so the

explanatory memorandum item 11 has been corrected and then again in item 11 in the body of the document has also been amended to the amount of income over a period of 12 months, ended 30<sup>th</sup> June expressed in terms of weekly or fortnightly income that will entitle or disentitle a person to receive a benefit, so the intent of the document remains. They are both housekeeping matters to some extent but as I just mentioned, the original intent and content remains the same. So I'll just leave it for Members but there is just one more issue and it's been a further cause of debate amongst Members and...

SPEAKER Excuse me Mrs Jack if I could just interrupt there, if you are commenting on the 21<sup>st</sup> January 2010...

MRS JACK Thank you Mr Speaker I'm commenting on the 10<sup>th</sup> February

SPEAKER I must seek leave of the House. Is leave granted Honourable Members? Leave is granted Mrs Jack. Please continue

MRS JACK Thank you Mr Speaker the continuing cause for discussion amongst Members is item 4, aged benefits which is amending section 16 of the current Social Services Act and in particular it is clause c which states that a person must be a resident of Norfolk Island under the Immigration Act 1980 and has at the time of claim been ordinarily resident in Norfolk Island for not less than five continuous years immediately before that date. Members have trouble in agreeing to that particular clause and so at a suitable time, I will be proposing an amendment to that amendment in which I will read in a new amendment that Members have agreed to so I will leave that now for discussion

MR BRENDON CHRISTIAN Thank you Mr Speaker, just in relation to the amendment that's going to be made to the last amendment to the original amendment being the clause that refers to the eligibility of the period of time being as Mrs Jack mentions, a period of five years. Now there has been quite a lot of debate about that current situation and I would just like to ask Mrs Jack that if we do end up agreeing on your proposed special amendment being that you be ordinarily residing not less than five years immediately before making a claim, both have to be a resident of the Immigration Act 1980 and ordinarily a resident of Norfolk Island which means that I presume you have to be here five years prior to the claim; is there anywhere that spells out clearly in the Act or indeed anyway, meaning that if people with special circumstances as such, lack of special treatment who is ordinarily a resident, and in that time leading up to their application, is that adequately covered in this amendment

MRS JACK Thank you Mr Speaker could I just say that there is a section within the current Act and I believe it's titled Review of Benefit and it allows the Minister of the day, if that person is already receiving a benefit, that providing they have discussions with the relevant executive member that some latitude is given for absences from the island. I myself have done that for one person recently and the previous Minister did. If they are not receiving a benefit, then the Act does not apply and so they need to then do a notification and discussion with who would be the current Minister for Immigration to see what methods they would have to employ to maintain their ordinarily resident status, for example, keep on paying their healthcare levy, keep their post office box, I'm only assuming here Mr Speaker because these are decisions for the relevant Minister, and they would also need to talk to the relevant for the day, the Minister who would be the Social Services Minister to get a common view over what they would have to do, but it all goes back to Immigration requirements on being ordinarily resident, not on social welfare for that particular case

MR BRENDON CHRISTIAN Thank you Mr Speaker, what I'm referring to there, I believe is that needs to be spelt out very clearly to Members of the public. As Minister Jack points out, if you are already the recipient of a benefit and then you leave Norfolk Island

under special circumstances being medical or for whatever reason, the way I read this and the way I see it, is that needs to be put out there to people because if you are leading up to an age or a period of time to be able to say receive a retirement pension, if you are unfortunate enough to be at that age three years previous and then you have to go away for prolonged period for medical, it is wise that you take those precautions to be able to then qualify when you come back at the qualifying age and I don't think that is actually advertised very well and as Minister Jack pointed out, it's not anywhere in the Act. It's up to the person to actually make that move and ensure that they are still qualified as ordinarily resident on Norfolk Island

MRS JACK Thank you Mr Speaker it's always the applicant's responsibility in any jurisdiction to prove their case. It is not, and should not be the requirement of any government or any section to prove the case for them. The need to change this particular clause, at the moment a person has to be whether they are resident, they have to be ordinarily resident, which means they are domiciled here, for the ten years immediately before, making an application to receive an aged benefit. Now what this is doing, is not opening it up completely but we are taking the brakes off for some extent and bringing it back to five years. As I said in my discussions in this forum in January, or February, the ability for me to completely take the brakes off, I had no idea, and no one could give me an idea of the budgetary implications for doing that and I'm loath to put the Administration into a possible blow out of applicants who are possibly returning home. I would rather do it in a more measured environment and I believe that this amendment allows that

MR NOBBS Thank you Mr Speaker I would like to respond to what Mr Brendon Christian was asking with regard to whether in some case this is reflected in the Act. Within the Immigration Act for ordinarily resident, if someone is going through their permit process, there is a clear indication there that if you leaving the island for a certain period that you are best advised to seek the permission of the executive member who has the capacity to enable that for a number of reasons, and some of that may be medical, and in terms of a permanent resident availing themselves of that information that perhaps is a social welfare handbook type issue I would think

MR BRENDON CHRISTIAN Is there a handbook

MR NOBBS Is there a Social Services Policy Handbook? Yes

MRS JACK Thank you Mr Speaker there is. It is in the Act as I said before, that is under the review but that is only for a person who is already in receipt of benefits. People need to be aware that if they are going off for medical reasons for example, that it needs to be documented medical reasons of a type notified and registered and recorded at the Hospital, not on their own medical because there have been instances where people have said they've gone off and you ask them for the required documentation and it's not available because they may have been dissatisfied by responses given by staff at the hospital but have failed to say that they would still like a referral off, and by not having that referral off and it not being documented it is negating a leaving of the island for medical reasons

MR BRENDON CHRISTIAN Thank you Mr Speaker, that's exactly the point that I was trying to make. Whilst I commend and support this bill I was just trying to make the people in the community aware that the onus is on them and whilst the rules are that if you already are a recipient of the benefit you have no issue, but it's to get the message out there as much as we can that people need to be vigilant coming up to those years where we are going to be qualifying for it but you don't want to miss out simply because or have issues simply because you haven't followed the correct procedure. Thank you

MRS JACK Thank you Mr Speaker I have no problem and I hear what Mr Brendon Christian is saying, in putting a note attachment into the relevant file so

that even now if this bill is passed today, that if it is agreed to by the Commonwealth, because it's a schedule 3 and has to go off, that when it comes back that proper education processes are set in place to start making the community and those in the appropriate age brackets aware of their responsibility. I have no problem with that at all.

SPEAKER Mrs Jack I now call upon you regarding your foreshadowed amendments

MRS JACK Thank you Mr Speaker as earlier foreshadowed I now move an amendment to the 10<sup>th</sup> February amendments namely that the proposed item 4c be deleted and the following substituted and it will go "c has, for not less than five years immediately before making a claim, being continuously both (1) a resident as defined in the Immigration Act 1980; and (2) ordinarily resident in Norfolk Island

SPEAKER Thank you Mrs Jack. Any further debate Honourable Members

MR NOBBS Thank you Mr Speaker just as I think I termed this morning, a minor, minor, minor, anomaly within the amendment is that in the way it can be interpreted is that the resident returning may only need to satisfy a further five years and that is in the case of someone who is born on the island, declared a resident on the island through a normal process there and then departs the island and returns at 60 may actually only have to be on Norfolk Island for the five years rather than the ten years. As I say it's a very minor anomaly and I think there's plenty of time to address this if there is any other change

MRS JACK Thank you Mr Speaker I don't see any problem with it. In Australia the qualification or the residential requirements, one of them, for aged benefit is that a person needs to be a resident of Australia for ten years and during that time, five years needs to have been spent consecutively. What will happen to say a person who immigrates to Norfolk Island. That they will arrive at 54 and a half years of age, say, and they will spend five and a half years with their GEP and then they will become a resident. Then they will have to spend a further five years as a resident and also spend five years as ordinarily resident which just means this is your normal place of domicile, so really in the case of getting their GEP they've already done their five years of ordinarily being resident, so in fact they will have ten and a half years. How the section 16C stood before was that a person would have been able to come over at 59 1/2, do the 5 1/2 years and get their residency and at the same time be able to claim for a benefit and Members were concerned that people needed to show a little bit more input into being a Norfolk Islander and so I've taken note of those concerns and hence the amendment to the previous amendment

SPEAKER Thank you Mrs Jack. Any further debate Honourable Members. I put the question that the amendment to the amendment be agreed to

QUESTION PUT  
AGREED

That is agreed to.

I now put the question that the amendments as amended be agreed to

QUESTION PUT  
AGREED

That is agreed to.

I now put the third question that the clauses as amended be agreed to

QUESTION PUT  
AGREED

That is agreed to.

And now the fourth question that the remainder of the Bill be agreed to

QUESTION PUT  
AGREED

That is agreed to. Mrs Jack I seek a final question

MRS JACK I move that the Bill as amended be agreed to

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

QUESTION PUT  
AGREED

The ayes have it. The Bill as amended is agreed to

#### **AJOURNMENT OF THE HOUSE**

MR GARDNER Mr Speaker, I move that the House do now adjourn

MR ANDERSON Mr Speaker I should like to take this opportunity which to express my thanks to certain people and to make observations gleaned in my three years on the backbench. I thank my fellow MLA's for some lively debate. Thank you also to Robin, Gaye, Pat and Chelsea for keeping us politically correct and for Peter and Alma for their untiring advise to the executives and for coping with what I am sure was a tremendous work load. I should also like to thank the Members of the two boards on which I served as the Legislative Assembly's representative, the Social Services Board and the Tourism Board. I have been very impressed with the professionalism shown by the Members of both those relevant Boards and their officers. It has been a pleasure to work in those areas. Some observations from my time in the Legislative Assembly one I've already spoken about and I think I've said enough there. In retrospect I think it was a wrong move to appoint five Ministers although I must say that I was party to that decision. Personally I would rather see in the future and maybe people will consider it in the next Legislative Assembly that there are three Ministers and each of those three Minister have a full time research assistant. I believe this would lead to more effective Government. I consider the Ministers must be able to look at the big picture and not be tied down to the detail and I am sure as I've noted during my time here that there is a heck of a lot of detail for these Ministers to attend to. I think it would be a much smoother and effective Government and I just throw that in for what its worth. In conclusion I wish all candidates in this next election the best of luck. May the best person wish and the future of Norfolk Island really does depend on it

MR NOBBS Thank you Mr Speaker first and foremost I think if the Broadcast Manager has the time on Monday morning and feels there is a reason to, we are quite happy to have a Minister's forum but I'll discuss that with the other Ministers and the Broadcast Manager following this meeting. I've also been provided a note asking that I recognise Peter Maywald for finishing his term as Secretary to Government and although I have mentioned it at an earlier sitting I do endorse what is within this note and I'll just read out a small extract from it. Today I would like to acknowledge the contribution of Mr Peter Maywald who has finished his term as Secretary to Government to the Norfolk Island

Government, a post he has held for in excess of six years. Peter was appointed to the position of Secretary to Government in 2003 due to his wealth of experience in the machinery of government and parliamentary process. Peter assimilated quickly into the Norfolk Island community due to his personal qualities and his experience of living in other remote communities. Peter quickly demonstrated an understanding of Norfolk Island's community, its unique culture and heritage. Immediately prior to his appointment as Secretary to Government, Peter worked in the Commonwealth Ombudsman's Office. The role he held in that office has assisted both the Norfolk Island Government and the Administration of Norfolk Island in progressing the implementation of an Administrative law package for Norfolk Island. Peter is readily able to isolate issues and deal with problems to achieve satisfactory outcomes. Peter has proven high level competency in assisting in the formulation of Norfolk Island government policy and implementation of government decisions. He has developed a sound knowledge of Norfolk Island legislation and subordinate legislation. Peter has proven ability in establishing priorities and providing policy advice in a consistent and timely manner. He has written a number of submissions on behalf of the Norfolk Island Government to Commonwealth Inquiries which all have had timeframes imposed. Mr Speaker I won't read the whole document but it's obviously an appreciation that we all share in regard to the Secretary to Government and in saying that, I certainly thank him on all our behalf as well as the community's behalf for his involvement in all those many layers and just prior to finishing my adjournment debate, I would like to thank yourself and all within this room and those who aren't here at the moment who have been instrumental in really holding the nerve throughout some very difficult times and who have made level headed decisions that have been I think well discussed with options and detailed look on a fairly wide spectrum for our way forward. I look forward to some controlled progress for Norfolk Island from the way forward from the election as well as some further communication with the Commonwealth that moves us forward in those areas as well. There's no doubt that I won't be able to recall all the people I should thank so I'll just thank everyone and wish everyone well, including those who are no longer standing for the Legislative Assembly and that'll do for me. Thank you

MRS JACK

Thank you Mr Speaker one is always concerned that when you start to give some detail out that you'll lose some of the detail but I will hazard it and be a bit specific and start mentioning first a warm thank you to all those people who have been volunteers on many of the Boards that I've been in charge of throughout the 12<sup>th</sup> Legislative Assembly. We have the Members and Chairs and secretarial support to the Planning and Environment Board, to the Social Service Board, Members of the KAVHA Board, the Museum Trust and NIMPAC. I would like to thank the services of Peter Maywald and Alma Davidson for their tremendous support and honest opinion even though at times it was the last thing I wanted. To Gaye and Robin also for their tremendous support in making the wheels of government turn and to all Members, my fellow Members sitting at this table. I also would like to thank the principal at the school both Frank the previous principal and Neil the current one and to the staff and teachers at the school for doing some brilliant work with the future wealth of Norfolk Island, our children. To George and the broadcasting crew for putting up at times with some interesting debate and at other times some very long winded debate but we also have around this table two Members who won't be standing in the next election, Chris Magri a current Minister and Geoff Gardner and I would like to thank them both for their time and their work in this current Legislative Assembly and I would like to thank Geoff for his support of me in the 11<sup>th</sup> Legislative Assembly and my term when I first became Minister. It was great times. But we've had some interesting times and some interesting after session times when we've been very social so I would like to say good luck to those standing for the next election, to those here around the table and those out there in the listening public. Good luck to you all and I look forward to either being part of the team or contributing in some other way. Thank you very much

MR BRENDON CHRISTIAN

Thank you Mr Speaker, I would first of all just in this last debate to thank my wife and children who have supported me in great amount in the last three years and have given their vote that they will continue to do so if all is successful

in the next election. That is my first and foremost thanks but also to reiterate what everyone else has said in thanking the committees and staff here. The staff do a wonderful job and to Minister Magri who is leaving us after one term. A job well done and Geoff Gardner who I believe has given fifteen years of great service. It's not a glamorous job and I believe you've done a really good job at it, and just to answer the Minister for Finance I believe he has got another job which I believe he will be going to and he won't be coming back to the Legislative Assembly at the next election but I'm sure he won't be able to keep away from it for too long Mr Speaker. It has been an interesting three years. I think it's been a trying three years. I believe this Legislative Assembly has made some very tough decisions in tough times. There have been a lot of new Members on this Legislative Assembly. I know for myself Mr Speaker that three years ago I pretty much knew not too much about how the Legislative Assembly works but by the guidance and sometimes forceful nature of my colleagues around this table it's been a very good learning curve. Good luck to all the other candidates and lastly, I would like to put a different turn on Mr Rudd's statement last week. If anyone 's got any issues with this Legislative Assembly just blame the Chief. I think that's his new campaign policy. He's going to go the complete opposite and just blame me, so I intend to do that. Thank you very much Mr Speaker

MR N CHRISTIAN Thank you Mr Speaker I would like to take this opportunity as the term of the 12<sup>th</sup> Legislative Assembly comes to a close to extend my thanks and appreciation to a number of people. Firstly to all my colleagues around this table. Despite our differences and despite the economic global downturn which had a negative affect on Norfolk Island, we have had some significant achievements and I wish you all well in the upcoming election along with the other candidates and to Geoff and Chris, who are retiring from politics, I wish you both well in whatever you wish to do. To Peter Maywald, Secretary to Government for the past six years, I extend my sincerest appreciation for his significant contribution to the successful running of this Government and to the community as a whole. Peter played a significant role in the establishment of Norfolk Air and the Community Information Centre known as CIRCA. I wish Peter god speed when he departs over the forthcoming weekend. To the members of the Public Service including the Hospital, Norfolk Air and School, I reiterate my thanks outlined in my letter addressed to you all individually. I know that there has been a concerted effort on everyone's part to continue to provide a service to this community despite the need to curtail expenditure and in some areas work with reduced resources and for this I thank you all. To all the Members of Statutory Boards and Committees who give of their time and efforts willingly and voluntarily, I acknowledge your contribution and assistance over the past three years. Finally, Mr Speaker, I would like to extend my sincere appreciation to the Clerk and Deputy Clerk who ensure that this Parliament follows processes and procedures and guides us all as necessary. And lastly I put myself forward as a candidate for the 13<sup>th</sup> Legislative Assembly as I believe that the listening members of this community understands what I have personally achieved as Minister for Finance and I look forward to continuing to make a significant contribution. Thank you Mr Speaker

MR MAGRI Mr Speaker thank you. All I'm really going to be doing is repeating a lot of what's already been said but it needs to be said again. Obviously it's been a great privilege for me to have the opportunity to serve the people of Norfolk Island on this Legislative Assembly and having the privilege to work with the team that has been prepared to put in the time, effort and energy in making some hard but necessary decisions. The team I'm referring to includes the entire Public Service, my colleagues on the Legislative Assembly and all the staff at the Legislative Assembly. In particular I would like to make a special mention in reference to Alma Davidson and Peter Maywald who have routinely worked above and beyond their call of duty and to wish Peter the best of luck in his new adventures. Peter has been a great asset to the Government and the island and will be sorely missed. Mr Speaker just a brief affirmation of my belief that the decisions made by this Legislative Assembly have meant that Norfolk Island has been able to prevail through the current economic bump and is now being propelled towards and exciting future. Just one final thing, because I firmly believe that those on this Legislative Assembly, I've seen them work and how hard they've worked, and I certainly

think they are all deserving of the community's thorough consideration at the next Legislative Assembly but to Geoff for the 15 years of service to this community I wish you the best of luck. I think you have an exciting future ahead of you in your sporting arena and I really wish you the best of luck where ever you decide to go with it. Thank you Mr Speaker

**SPEAKER** Honourable Members I also have quite a lengthy statement to make but I would be repetitious but I would certainly like to lend my views to those that have already been said around the table this afternoon and in particular to Mr Gardner. He has contributed a great deal to the governance of Norfolk Island in his 15 years. He has seen some incredible changes and with his knowledge and dedication has steered Norfolk Island to what it is today with the assistance of others of course, but Geoff I certainly reiterate what has been said. I know you have a bright future and I hope your next employment will be as rewarding as this one has been. It's a great shame of course that up until this Legislative Assembly the financial rewards haven't been so good but you know, these things do happen and to you Chris I certainly enjoyed the three years of your time on this Legislative Assembly and I would also like to thank the Members for their courtesy to the role of Speaker of this House. As you probably well realise I came in here very very inexperienced, even though I thought I knew everything, it certainly proved to me that I didn't in being Speaker of this House but I certainly appreciate the respect and courtesies that have been shown to me by all Members of the House and I would like to reiterate the thanks that have been given to Peter, Alma, Gaye and Robin and in particular to Robin who has been very strong in her support for the Speaker's role and I certainly wish her the best in this upcoming election and to all those who have served in any way within the House such as the committee and certainly mention should be made of the efforts of the Public Accounts and Estimates Committee and what has transpired from that. But Honourable Members it's been a great experience to work with you all and I certainly wish you the best in this election for those who are coming up to now. Thank you

**MR GARDNER** Thank you Mr Speaker, I'll be brief. Thank you very much for the kind words around the table. I have thoroughly enjoyed my years down here. It hasn't been fifteen. It's been five terms. And in those five terms as a Member of the Legislative Assembly I've played a brief role as a non Executive Member. I've been the Speaker. I've been a Minister in all five of those Legislative Assembly's. Held virtually every portfolio that has been except Finance and obviously for the reasons that the Minister for Finance clearly outlined to us earlier today, there were very good reasons why I wasn't made Minister for Finance despite the fact that I think I probably would have excelled at it. But certainly after all these years, there are just far too many people to thank and I guess the easiest way of addressing my grateful thanks for the island's support is to thank the island in its entirety for the support and the constructive criticism and the criticism that has been levelled at me and my colleagues over all of those years. Certainly not an easy task and as I said in debate the other day, it's not about an individual. There are so many things that I could reflect on that are achievements,. None that I claim as personal achievements because it does require the whole Legislative Assembly or certainly the majority of the Legislative Assembly to support anything that you do and it proves to me that the collective can achieve great things. Far greater than any individual. I've been honoured to serve the Norfolk Island community and I look forward to continuing my life in Norfolk Island and at some future time returning to serve the community of Norfolk Island in whatever shape or form that may be. Thank you

**SPEAKER** Thank you Mr Gardner. The question is that the House at its rising stand adjourned. Is there any further participation in adjournment debate Honourable Members? There being no debate I put the question that the House do now adjourn

**QUESTION PUT  
AGREED**

The motion is agreed to. Therefore Honourable Members this House stands adjourned .