The Assembly met at 2.00pm.
The President (Honourable D.E. Buffett) took the Chair and read the Prayer.
Executive Member for Administration, Education & Health
(The Honourable David Ernest Buffett)

Surface Transport
Roads, Footpaths & Bridges
Street Lighting
Water Supply
Electricity Supply
Drainage & Sewerage
Garbage & Trade Wastes
Primary Production
Slaughtering
Domestic Animals
Pounds
Pests & Noxious Weeds
Recreation Areas
Cemeteries
Forestry & Timber
Fire Prevention & Control
Quarrying
Prevention of Nuisances
Noxious Trades
Gases & Fuels

Executive Member for Planning, Tourism & Commerce
(William Winton Sanders)

Building Control
Advertising Hoardings
Tourism (including tourist accommodation)
Fishing
Immigration
Land Use Planning & Subdivision
Air & Sea Transport (other than Lighterage)
Legislation Planning
Future Planning
Commerce

Executive Member for Finance
(Edward Davenport Howard)

Revenue Raising
Public Monies
Postal Services
Customs
Liaison with the Public Service Board
Retail Price Index
Bond Store and Future Commercial Undertakings of
the Administration

Firearms
Explosives
Places of Public Entertainment
Museums, Memorials & Libraries
Boarding Houses & Hotels (food & beverages)
Foodstuffs & Beverages
Trading Hours
Markets & Street Stalls
Hawkers
Radio & Television
Telephone Services
Coastlines, Foreshores, Wharves
Lighterage
Registries & Rolls
Social Services
Education
Health
The Environment
Culture & Traditions
# Members of the Legislative Assembly

**President**  
- The Hon. David Ernest Buffett

**Deputy President**  
- Mr. William Winton Sanders

**Acting Deputy President**  
- Mr. Bernard Edwin Christian-Bailey

Brown, John Terence  
Buffett, Alice Inez  
Buffett, Hon. David Ernest  
Christian-Bailey, Bernard Edwin  
Gray, Chloe Barbara  
Howard, Edward Davenport  
Jackson, Gilbert Wallace  
Quintal, Gregory Gilbert Francis  
Sanders, William Winton
COMMITTEES

STANDING

Business Committee

Mr. President
Mr. W.W. Sanders
Mr. E.D. Howard

Standing Orders Committee

Mr. President
Mr. J.T. Brown
Mr. B.E. Christian-Bailey
Mr. G.W. Jackson

House Committee

Mr. President
Miss A.I. Buffett
Mrs. C.B. Gray

Commonwealth Legislation Standing Committee

Mr. W.W. Sanders
Mr. J.T. Brown
Mrs. C.B. Gray

SELECT

Headstone Jetty Select Committee

Mr. W.W. Sanders
Mrs. C.B. Gray
Mr. G.W. Jackson

Kentia Palm & Norfolk Island Pine Industry Select Committee

Mr. President
Miss A.I. Buffett
Mr. G.G.F. Quintal
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CONDOLENCES

MR. BUFFETT: Honourable Members, I firstly call upon condolences. Mr. Sanders.

MR. SANDERS: President, it is with regret that this House records the death of Mrs. Rita Christian, who passed away on 16 April. One of Norfolk's most respected and lovable residents, Rita had been suffering from ill-health for the last couple of years. Born in Sydney in 1899, she married Steven Christian there in 1915. Then came to Norfolk to live with Steven at the age of 17 years, and been a resident of Norfolk ever since. Steven predeceased his wife by 10 years, and the family home was at Bucks Point. There were three sons to the marriage - Steve, Holder and Lober - all of whom are residents on Norfolk Island. Softly spoken, Rita was a gentle person who came through the hard times of those early years on Norfolk, with a wonder philosophy and tolerance, and will be sadly missed by all who had the pleasure to know her. To her relatives and many friends, this House extends it's sincere sympathies.

It is with regret that this House records the death of Kathleen Phyllis Laing who passed away at the Norfolk Island Hospital on Saturday afternoon, 30 April 1983. Born in Ipswich Suffolk, England, Kath came out to Australia, celebrating her 17 birthday on the way. Of the voyage she could recall many good tales. Kath first married William Ward Buffett in Australia and then came to Norfolk Island with him. After his death she married Jules in the early 1960's. Jules passed away in January last year. All who knew her will remember her for her tremendous sense of humour. This House extends it's sincere sympathies to her daughters, Jean and Dolores and to their families and many friends.

MR. BUFFETT: Thank you Mr. Sanders. Honourable Members, will you show your accord with the motion of condolences by rising in your places in silence.

PETITIONS

MR. BUFFETT: Are there any petitions?

NOTICES

MR. BUFFETT: Are there any notices? Mr. Sanders, you mentioned to me earlier that you would wish to make a personal explanation.
MR. SANDERS: Thank you Mr. President. It is to do with a letter which was in the paper. I wish to correct the statement made by Miss Buffett in the 'Norfolk Islander' dated 23 April 1983. I find Miss Buffett's attempt to involve the disgraceful behaviour of represented of the Australian Government with the death of a local identity disgusting. I would have thought that Miss Buffett, after 2 years on the Legislative Assembly, would be aware that condolences are the first things that is called for at the commencement of an Assembly meeting. The date of this particular Assembly meeting was 13 April 1983, that same meeting was resumed on 20 April, and because business was still not completed on that day, the 13 April meeting was resumed again on 27 April. To have read a condolence for any person dying after the 13 April, and before the next formal sitting of this House, would in effect mean that this House acknowledged the death before it occurred. I wonder if doing such a thing as recording a death before it occurred is the respect and dignity Miss Buffett refers to. Her letter to the paper was disgusting.

MR. BUFFETT: Mr. Sanders, I would just explain that I have granted leave for you to make a personal explanation, that should not go to the extent of casting any difficult times on another Member of the House.

MR. SANDERS: My apologies Mr. President.

MR. BUFFETT: Please continue Mr. Sanders.

MR. SANDERS: To finish up, I was going to say I make no mention of the other unsigned letters in the 'Norfolk Islander', I can only assume that they are written by the Editor.

QUESTIONS WITHOUT NOTICE

MR. BUFFETT: Questions without notice. Mr. Brown.

MR. BROWN: It is a question to yourself Mr. President.

MR. BUFFETT: Maybe we could see if there are others addressed to the other Members before we come to that Mr. Brown.

Any other questions? no. Mr. Sanders, I wonder if you could be kind enough to take the Chair whilst I respond to those questions.

MR. SANDERS: Mr. Brown.
MR. BROWN: There are a number of questions directed to the Executive Member for Administration, Education and Health.

Firstly, will the Executive Member be delivering a report to this House on his enquiries into the desirability of or otherwise of selling the Tanalith Plant?

MR. BUFFETT: There has not been the timeframe to complete any in-depth examination of the Tanalith Plant, that has been subject to discussion in this House. Obviously if that is something that needs to be continued with, the successive Legislative Assembly that will be done.

MR. SANDERS: Thank you Mr. Buffett. Any further questions without notice? Mr. Brown.

MR. BROWN: Again addressed to Mr. Buffett.

Will the Executive Member be delivering to this House a report into the enquiry he has chaired into a pine and palm seedling industry for Norfolk Island?

MR. BUFFETT: I had indicated on an earlier occasion that that particular study is a long and lengthy one, and it is too has not been completed to be presented to this Legislative Assembly.

MR. BROWN: Again addressed to Mr. Buffett.

Did the Executive Committee, at a recent meeting, consider a submission requesting approximately $850,000 for a new telephone exchange, and if so, what was the result of that consideration.

MR. BUFFETT: There was a submission made to the Executive Committee in respect of the telephone exchange to cover two areas. One was the upgrading of the exchange itself, and secondly, the upgrading of the external plant, in other words, the reticulation of lines and the like. There were two reasons for making such a submission. One that the existing service would be more efficient and would be able to cope with the existing demand for people to be connected on an internal basis to the telephone system. There is still quite a waiting list for people to be so connected, and in some areas of the Island, the existing lines are full and it is not possible to make connections at present in those areas. So that situation needed to be remedied. Additionally, Members of this House will know that the Anzac project will provide a service whereby there can be an international telephone link between Norfolk Island and most places on an overseas telephone link between Norfolk Island and most places on an international scale. This is seen as a possibility for Norfolk Island to be so connected. One for the convenience and secondly it is seen as an area that the community will show interest in, and if that is the case, it could earn revenues for the island.
The proposal was to pursue a project that would allow those things to happen. The project was not approved by the Executive Committee.

MR. BROWN: Supplementary question. Did the Executive Committee in fact request Mr. Buffett to bring back to it a report as to possible cheaper means of implementing the desired changes at the telephone exchange?

MR. BUFFETT: It is certainly not my recollection that that was the thrust, that there needed to be cheaper means. There were to be some examinations of some areas which might give some further detail as to some costs, and also some further detail as to funding.

MR. SANDERS: Thank you Mr. Buffett.

MR. BROWN: Mr. Deputy President. Has the Executive Member at this stage made those enquiries, and if so, when does he intend to take the result of them back to the Executive Committee.

MR. BUFFETT: The enquiries to which have been referred are continuing. Given the time frame of this Assembly, another week, it seems unlikely that they will be presented to the existing Executive Committee.

MR. BROWN: Again addressed to Mr. Buffett.

Has the Executive Member before him a proposal to bring before this House a new Public Health Bill?

MR. BUFFETT: I have no proposals to bring before this Assembly and Bills apart from those that are listed in my name on the Notice Paper.

MR. BROWN: Has the Executive Member in fact had a draft Public Health Bill since the 8 November 1982, comprising some 75 pages and if so, what action has he taken in relation to it?

MR. SANDERS: Mr. Buffett.

MR. BUFFETT: It is certainly not my recollection that I have a Public Health Bill of that magnitude. What I can say is, that I have had a number of examinations of various aspects of the important subject of public health in Norfolk Island, for periods, maybe extending that. It is a demanding question and needs to be carefully examined and monitored as time goes on. I am not able to confirm that there has been a Bill, which is at the legislative stage, examined.
MR. BROWN: Further question to Mr. Buffett.

Did the Executive Committee on 30 March this year, discuss, obtaining at auction a second-hand generator for the power house.

MR. BUFFETT: The answer is yes. That was a suggestion that was brought forward by Mr. Sanders, because it was known that the Mary Kathleen Mine that there was a possibility that there was a second hand generator maybe available.

MR. BROWN: Did the Executive Committee, in principle, approve expenditure of up to $200,000 to purchase such a generator?

MR. BUFFETT: Yes it was agreed that that should be examined Mr. Deputy President.

MR. SANDERS: Any further questions, Mr. Brown.

MR. BROWN: Did the 'White Paper' tabled in this House during the budget session last year, indicate that the likely costs for a new generator at the power house was $1 million?

MR. BUFFETT: I am afraid I am not able to recall that figure, it could have been. I don't recall there been a $1 million presented in the budgetary arrangements for a generator, nothing that was approved of that nature at all.

MR. BROWN: Could the Executive Member advise whether the Norfolk Island Government was successful in bidding for the generator at a price up to $200,000.

MR. BUFFETT: No because in fact we did not bid, Mr. Deputy President. It was found on technical advice that it was not totally suitable to Norfolk Island's needs.

MR. BROWN: Would the Executive Member provide to this House details of that technical advice.

MR. BUFFETT: Yes, if you would like to place that on notice I can obtain that advice.

MR. BROWN: With respect Mr. Deputy President, today is the last meeting of this House. The only opportunity to put that before the House would be now.

MR. BUFFETT: Yes, well this is advice that I could gain and maybe I could convey that to Mr. Brown on a letter basis advice.
MR. SANDERS: Would that be satisfactory Mr. Brown?

MR. BROWN: Thank you Mr. Deputy President.

MR. SANDERS: Any further questions?

MR. BROWN: No thank you.

ANSWER TO QUESTIONS ON NOTICE

MR. SANDERS: Any answers to questions on notice?

PAPERS

MR. SANDERS: Mr. Howard.

MR. HOWARD: Thanks Mr. Chairman. I would like to table a copy for the Assembly's records and for public access of the Economic Feasibility Study dated March of this year carried out by the Institute of Industrial Economics at the University of Newcastle.

This Study was done at the expense of the Australian Government at our request. Following the break-down in the production of the Gates Report when the Assembly was first getting going. It is a long Report, it has a lot of detail in it, it was first brought to our notice by the President of the Assembly on the day that Mr. Uren was here with us, but it has not yet formally been tabled in the Assembly, and I thought for Assembly record purposes, it should be in our official files so I table that Study.

MR. BUFFETT: Mr. Sanders

MR. SANDERS: Thank you Mr. President. I have here the tourist arrival figures from the Government Tourist Bureau. It is very pleasing to see that the figures for April 1983 are considerably up. East West and Norfolk Island Airlines and the Tourist Bureau have been actively promoting a very very aggressive advertising campaign and it is obviously shows the results. There was 1204 persons arrived from that area during the month of April. New Zealand figures were also up but I think if it was not for the Rotarians charter, those figures may indeed be done.

Mr. President, may I table this please.
MR. BUFFETT: Thank you Mr. Sanders. Anything further

MR. SANDERS: No Mr. President.

MR. BUFFETT: Mr. Howard, anything further from you?

MR. HOWARD: Papers, no.

MR. BUFFETT: I do have one report Honourable Members which has been addressed to me as President, and I will present it at this time and have it circulated to Members.

It is a report which comes from the office of the Auditor-General present, to be presented to the Legislative Assembly. There is a report attached to an explanatory letter. I will table the report and read the letter so that you will see the context of it, and there are copies for all members, so that they may examine that in due course.

It says this. To the President of the Assembly, heading Norfolk Island Audit Inspection February 1983.

"Pursuant to section 63 of the Norfolk Island Act 1979, an inspection and audit of the Territory's accounts for the year ended 30 June 1982 has been completed.

You will be aware that this Office has been concerned about detailed arrangements flowing from the audit provisions contained in the Norfolk Island Act. Following discussions with the Department of Home Affairs and Environment, legal advice was obtained to the effect that although legislative amendments would be desirable, arrangements concerning the audit could be agreed between the Auditor-General and the Norfolk Island Government.

The Deputy Auditor-General, accompanied by a First Assistant Auditor-General, visited the Island in August 1982 with a view to reaching an agreement on a number of aspects related to the Auditor-General's statutory responsibilities. In the event the discussions, which for the Norfolk Island Government were led by the Executive Member for Finance, did not lead to agreement on these matters.

Notwithstanding that I have considered it appropriate to formally report the results of the audit to the Norfolk Island Assembly. My formal report is therefore attached.

The more important unsatisfactory matters arising from the audit and inspection may be summarised as:

- a payment to the Norfolk Island Tourist Board of $6850 in excess of the amount lawfully available under the Public Account Expenditure Act.
- failure to comply with the Public Moneys Ordinance in that the financial transactions of the Curator of Deceased Persons' Estates the Registrar of the Supreme Court and the Provident Fund were not included in the Public Account.
continued failure to compile a register of Island assets of a capital nature.

- inadequate follow-up action on renewal of registration of motor vehicles with potential arrears in revenue collection to the order of $15000.

- weaknesses in financial control over the Liquor Bond store.

- delays in lodging of import entries with consequential effects on revenue collections.

- continuing weaknesses in general accounting including accounting practices adopted for financial statements of undertakings.

- continuing weaknesses in controls in the philatelic area.

More detailed comments in respect of the above matters are included in my formal report.

I understand that as a result of a consultants' report, changes to the Administration's accounting, reporting and (internal) auditing procedures are under consideration. Although requested by the Senior Auditor, a copy of the consultants' report was refused. Consequently I am not in a position to express an opinion whether adoption of the proposals might help to overcome the shortcomings described in my report.

I add that it is normal practice for reports on accounting matters, of whatever origin and purpose, to be made available to external auditors in order that they might properly assess the accounting changes implemented or proposed to be implemented as a result of the report. As access to the report was refused I am bound to advise the Assembly of the situation.

The results of the audit and inspection were discussed in general terms with the Executive Member for Finance, Mr. E. Howard, at the conclusion of the audit. At his request, no detailed exist interview was held with the Acting Chief Administrative Officer. I should, however, record my appreciation for the co-operation and assistance extended to my officers whilst on the Island.

Yours faithfully, D.J. Hill, Acting Auditor-General."

Honourable Members, and I table that document in terms of its presentation.

MR. HOWARD: I move that it be noted.

MR. BUFFETT: Mr. Howard.

MR. HOWARD: The motion is, that the paper be noted.

29 April, when did you get it?

MR. BUFFETT: I received that yesterday.
MR. HOWARD: I am sorry that you were not able to give me more notice of it so that I might say something a little more constructive than I can say having to just talk off the top of my head, I have not seen this until now. I think it calls for some preliminary comment. First of all I will say that before my Executive term ends I will right my own commentary on this, and make it available for use by the following Assembly.

My eye immediately strikes on a couple of points in Mr. Hill's letter that deserve immediate comment. The two representatives of the Auditor-General's Department when they were said, before they left that they thought it had been a mistake for us to take the Provident Fund out of the Trust Fund and expected to say in their report that they thought it belonged in the Trust Fund. I said to them at the time that I would make immediate enquiries and if it turned out that I had made a mistake and direction, that I would have the Provident Fund put back into the Trust Fund. I commenced those enquiries within the hour of talking with the two men from the Auditor-General's Department, and I very careful study of the law and a detailed opinion from the Legal Adviser make it clear that the Provident Fund does not belong in the Trust Fund - that it was correct to remove it from the Trust Fund and keep it entirely separate. The point is that the Trust Fund is public moneys, the Provident Fund is not. The Provident Fund is set up to hold contributions made for the retirement benefits of members of the Public Service. The Administration makes payments into that Fund and once those payments are made the money paid in the money is no longer public money, it then belongs to the members of the Public Service. The Provident Fund is administered under a separate enactment covering only the Provident Fund. The Administrator has sole authority for managing the Provident Fund. It had for years been accounted for as though it was part of our public moneys. I was distressed and angered to find that that had been done, it is not part of our Public Moneys, it belongs to the members of the Public Service. I won't be here to resist whatever pressure there may be from the Auditor-General's Department to put those Provident Funds back into the the public account, but I hope somebody will resist it because it is not public money, it belongs to the members of the Public Service. It should be kept entirely separately and reported on separately, under the responsibility of the Administrator.

This House and the Administration and the Executive Member for Finance have no business having anything whatsoever to do with it, it is the Administrator's responsibility and in trust for the members of the Public Service.

Mr. Hill makes the point that a copy of the Hungerford, Hancock and Offner was refused to the Auditor-General's examiners. Yes it was. We paid from memory, something like, $35,000 or $39,000 for that report - I think it is a report of immense value to Norfolk Island, I think it could be of value in many parts of the Commonwealth Government. We have been in negotiations with the Auditor-General to see if we could sensibly make an agreement with them for them to be auditors at a reasonable price. Those negotiations have not concluded yet. I intentionally kept that report of Hungerford, Hancock and Offner as part of my ministerial working papers, I have made it available for the information of the Accountant, of the other people in the Administration who need to be aware of it. There has been nothing secret about it, but copies have not been made available to the Commonwealth Government.
I would be happy to have made it available to the Commonwealth Government under either of two circumstances. Firstly of all if we had concluded an agreement that they should be our auditors at a reasonable price, or secondly on the other hand, if they had been willing to share with us the cost of having that report prepared. I have said that to the Auditor General, there is no secret about that.

Mr. Hill, at the end of the letter that Mr. Buffett has just read, says that at my request no detailed exist interview was held with the Acting Chief Administrative Officer. I think that needs clarification, perhaps even correction. I said to the men from the Auditor-General’s Department that we had, we the Assembly, we the Norfolk Island Government, Norfolk Island Administration, have this point no official formal relationship with the Auditor-General’s Office at all, and I said unfortunately until a relationship was established, by mutual agreement between us, that our conversations had to be either informal or else through a very tangled chain of communication. I invited them, and encouraged them to have whatever informal discussions they wanted with me, with the Accountant, the Internal Auditor, the Acting Chief Administrative Officer, with anyone they wanted to talk with. Any overtones that may be read in Mr. Hill’s letter that I blocked such discussions ought to be wiped out of peoples minds because that was not the case.

I will not make any other further comments; I am looking at this for the very first time, I will see that either the system a more detailed written reply by me before my office ends.

MR. BUFFETT: Thank you Mr. Howard. Miss Buffett.

MISS BUFFETT: Could I ask why, a question relevant to Mr. Howard’s statement?

MR. BUFFETT: Enter into the debate that the question be noted, Miss Buffett.

MISS BUFFETT: Thank you. Could I through you Mr. Chairman, ask Mr. Howard a question, if Mr. Howard cares to answer.

If Mr. Howard says that we have no official relationship with the Australian Auditor-General’s Office, how then do we interpret the requirement that the books of the Territory, the accounts of the Territory will be audited by the Auditor-General?

MR. HOWARD: There is no such requirement. I think the requirement that you thinking of is that it is perfectly clear in the Norfolk Island Act, and elsewhere, that the accounts of our Administration are open to be audited, or subject to be audited, by the Auditor-General, they are not to be hidden from him or kept secret from him. They are to be accessible to him, but nothing in the law says that the Auditor-General Office shall audit our books.
The Auditor-General's Office itself was concerned enough about this a year and a half ago, so that members of the Auditor-General's Department began lobbering other departments in Canberra to try to get an amendment to the Norfolk Island, making it necessary that they be our auditors. I did not take kindly to that at all. To my mind if any Australian Government Department thinks that there should be an amendment to the Norfolk Island, there should at least have the courtesy to come and discuss it with the Norfolk Island Government rather than running around in closets in Canberra trying to get changes in our basic law that would reduce our authority. I did not take kindly to that at all. The Auditor-General wanted that change so that they would officially be our auditors. That change has not been made. The Department of Home Affairs, as it was then, was not very interested in making that change, and it has not been made, and I hope it won't be made. Mr. Hill makes the point in his letter, he refers to our internal auditing procedures, and he and I have had a head-to-head argument from the first day he arrived on the Island about what the Norfolk Island Government's authority is respect to auditors. I maintain without the slightest shadow of question, that we as a government have been given the authority to manage our own public moneys, and that part of that management must include the right to appoint our own auditor. Mr. Hill says no, all we have is authority to appoint an internal auditor, I disagree with him, I think he is wrong. I think he is pushing the Auditor-General's Department on us. They may well be the most sensible and useful auditors we can have, if they charge us a fair price and if they are willing to do the audit in ways that will be most constructive to us, but simply to push their way in and order us to accept them as our auditors, and then send us a bill for whatever it happens to cost, and demand that we pay it without our agreement, is not on. I don't know whether that answers your question or not.

MISS BUFFETT: Thank you. I put it to Mr. Howard, that his views with the regarding the Auditor-General and the audit of the books of the Territory, do not comply with the views of the majority of the people of Norfolk Island, and I do not put interpret it that the Auditor-General's Department are pushing their views upon the Island, after all they have been governing the place for awhile, and they are establishing the form of government which we are now trying to contend with. Thank you.

MR. BUFFETT: Mr. Quintal earlier sought the call.

MR. QUINTAL: Yes Mr. Chairman, I think it is quite strange and unusual that you have had the letter since yesterday and a copy was not sent to Mr. Howard, to give him time to have a look at the letter and examine it, at least, and that courtesy should have been given to Mr. Howard, in my opinion, and I am very disappointed that that was not done, because Norfolk is a very small place and you could have that letter to him even up to this morning.

MR. BUFFETT: Thank you Mr. Quintal. Mr. Brown.
MR. BROWN: Mr. President, the Hungerford accounts reveal that under the Hungerford form of accounting in the year to June 1982, there was a deficit of a little over $500,000. This year we appear to be heading again for a deficit of around the $500,000 mark. Heaven only knows how much the deficit will be next year if we do not have a strong responsible Assembly that is prepared to ensure that such a thing does not recur, but any public servant who gave the matter thought would in my view, be most concerned if he thought that the moneys of the Provident Fund were being left within the ordinary funds of the Assembly and had some sought of a potential to go funding successive deficits so that in the end the Provident Fund had gone completely. There is no doubt in my mind, Mr. President, just as there is no doubt in the mind of the Legal Adviser when he advised Mr. Howard, that the Provident Fund should be quite separate from all of these other funds, and I am sure that any clear thinking member will agree with that.

MR. JACKSON: Mr. President, it concerns me that $20,000 of public money was budgeted in this House, in the last budget sitting to engage these auditors, or to engage auditors to audit the books of the Administration. Mr. Howard engaged Hungerford and Company and my real concern after just seeing this report and reading what stands out in my mind, is that for the reason of the refusal by the auditors, Hungerford and Co, and refusing a document, the audit to the Auditor-General, now that is strange. What the reason is, I don't know, but what I do know is that if we are to create goodwill and good working conditions, with this government, with the Administration, with the Auditor-General of the Commonwealth, I don't think that document should have been refused. When the senior auditor asked for a copy of the consultants' report, and the explanation has not been clearly and specifically given for that reason, and I trust that what Mr. Howard said, that he will be writing up his report after today's sitting, that he gives some clear indication of what was the real reason behind that refusal.

MR. HOWARD: Mr. Jackson has got wax in his ears again, I am afraid. I gave the reasons a minute ago and if you want to listen to the tape recording of the broadcast tomorrow night, I think you will hear them perfectly clearly and I think that is all the answer that anybody could ask for. I am very puzzled by Miss Buffett's comments that she thinks the wish of the great majority of the people of Norfolk Island, that something or other, I got confused as to what she was saying, something to do with an audit, and I was not quite clear what it was.

MISS BUFFETT: Could I answer on that then. Perhaps Mr. Howard is having the same problem with his ears as he accuses Mr. Jackson, and has the same broadcast to listen to tomorrow evening. Thank you.

MR. BUFFETT: Debate Honourable Members. May I just mention Honourable Members, it has been mentioned that it might have been advantageous for Mr. Howard to have copies of that report prior to this Assembly. I acknowledge those comments, what I would like to respectfully advise members is that the letter has been sent to me,
as President, to be presented to all members of this Assembly, as an Assembly, and that is what I have done today, to present equally to all members of the Assembly. I put the question Honourable Members, which is, that the paper be noted. Those of that opinion say Aye. Aye

The Ayes have it, thank you.

EXECUTIVE MEMBERS' STATEMENTS

MR. BUFFETT:

MR. HOWARD:

I have a brief statement, Mr. President. The timing of the election that is to be held next Wednesday, is quite awkward from a particular standpoint which is the planning and bringing forward of a supply bill for the new financial year that begins on 1 July 1983. The new Assembly will probably first sit as an Assembly at the end of this month, leaving one month before all of a sudden there is not any money supplied for the operations of the Administration. In discussions with a number of members of the Assembly and with the Executive Committee, I thought first that it would be useful to the new Assembly, if this Assembly today enacted what could be called a temporary carry-on supply bill, providing money in July and August, at the same rate that money is being provided now, so that the new Assembly would not feel pressed and cramped in having to throw together one of the most important documents of each year, which is the budget for the full year. In the course of discussion amongst various members and the Executive Committee, it became clear that we could do as much good for the new Assembly, simply by preparing such a bill. The work involved in preparing that bill has been extensive, a great deal of it has been done by the members of the Estimates Committee. Mr. Sanders, Chloe Gray, John Brown and a bill has been drawn up and it is ready to be tabled if the new Assembly wants it to be there. It is not in any way a political supply bill, it simply keeps the tap turned on to the extent that the tape is turned on right now. I wanted the other members to know, I wanted the community to know that as this Assembly ends, we will not have left behind an untidy mess for the new Assembly to quickly straighten out. There exists, and is ready for them to pick up, if they want to, a supply bill that will keep things running for the months of July/August while they address themselves to the large questions involved in a full years new budget.

MR. BUFFETT: Thank you. Mr. Sanders.

MR. SANDERS: Thank you Mr. President. At the last Assembly meeting I introduced a bill - the Means of Operation Bill 1983. This bill was introduced to prevent what could possibly have occurred in the middle of the night schedule flights of jet aircraft. I have received a letter from the Department of Aviation with respect to my proposed bill. Do you mind if I read it Mr. President?

MR. BUFFETT: Yes please.
MR. SANDERS: "Mr. Clive Backhouse, the Officer in charge of the airdrome at Norfolk Island has sent me your letter of 21 April 1983, which sought the comments of the Department of Aviation on the Aircraft Means Of Operation Bill, of the Legislative Assembly of Norfolk Island. Mr. Backhouse has also sent me a copy of the Bill. The Minister for Aviation has the power to restrict the aircraft operations at Commonwealth Government's airdromes, for example, the movements of large jet aircraft at Sydney Kingsford Smith Airport are limited to the hours of 0600 to 2300 hours daily. Movements of aircraft between 2300 and 0600 hours may take place only with the prior approval of the Minister. The airdrome at Norfolk Island is the property of the Commonwealth Government, and given the powers of the Minister in respect of hours of operation, I am not sure of the position of the Legislative Assembly in respect of the control of aircraft movements on it should the bill become an Act. Perhaps you might consider making a submission to your Minister with the suggestion that he approach the Minister for Aviation on the subject of limitation to operations at the airdrome. I hope these comments will be of some value to you. Dick Thompson. R.H. Thompson."

11/5/83

Mr. President, it is my intention to write to the Minister as suggested and request that the Department of Aviation limit night use of our airport in the manner as was suggested in the Bill. I ask Mr. President, that this Assembly acknowledge approval of this proposed action, I also at this same time Mr. President withdraw the bill.

MR. BUFFETT: Honourable Members?
Aye

MR. HOWARD:

MR. BUFFETT: Debate? Mr. Howard.

Is leave granted to withdraw the Bill,

Leave is granted. Mr. Howard

I move that that statement be noted.

The question is that the statement be noted.

MR. HOWARD: Couple of comments. I am a little reluctant although Mr. Sanders has just withdrawn the Bill, the bill because it does not pass today would die with this Assembly anyway. I am a little reluctant to think that we would simply back down and drop that bill because the Department of Aviation writes to us and says that they are not sure of what our authority is. They are not saying we don't have the authority, they saying they are not sure what our authority is. I think we should make enquiries and find out what our authority is. It certainly must cross anyone's mind, listening to that letter from the Department of Aviation, that while the Commonwealth owns and controls the Norfolk Island airport, those airplanes fly over something other than the airport. They fly over the houses of a lot of people on Norfolk Island who own that land freehold, who are not subject to the Department of Aviation and not owned by the Commonwealth Government, and I suspect we have some rights about the control of nuisances, allowing people to have a descent nights sleep. I would hope that that one would not just be dropped, I would hope that the Minister would be able to solve the problem for us, but if there are complications there, or if he does not want to do it, I don't think we have been told today, that we don't have any power.
MRS. GRAY: I agree with what Mr. Howard has said, and by all means let enquiries continue, but in the meantime can we support what Mr. Sanders is suggesting, in that we make an approach or make our views known to the Minister for Aviation.

MR. SANDERS: Speaking with members of the Department of Aviation, they have offered to give us fullest co-operation in these matters. I don't believe there is any difficulty, and if the problem can be rectified by writing a letter and requesting the Minister, and it be handled from the other side, I feel we have achieved the same purpose.

MRS. GRAY: Does Mr. Sanders intend to move a motion to that effect?

MR. BUFFETT: The question before the House is, that the paper be noted, that the report be noted. Mr. Howard.

MR. HOWARD: In this debate perhaps it is appropriate for individual members to express their support for what Mr. Sanders is proposing, and I support what he is proposing.

MR. BUFFETT: I have gathered from Mr. Sanders that he would like to have an expression of opinion from each member, if they feel they are able to do so.

MR. SANDERS: Would it be better if I move it as a motion?

MR. BUFFETT: We already have a motion before the House, Mr. Sanders, could we continue with that. Any further discussion.

MR. CHRISTIAN-BAILEY I support Mr. Sanders' statement.

MR. BUFFETT: Thank you. Miss Buffett.

MISS BUFFETT: I am happy that Mr. Sanders go ahead in the manner he intended, thank you.

MR. BUFFETT: Mr. Brown.

MR. QUINTAL: I am happy also.

MR. BUFFETT: Mr. Quintal, thank you.
MR. BROWN: Mr. President, I would prefer to see the letter that Mr. Sanders proposes to write before I express my support for it, but if the letter is simply to indicate that we would not be happy to have an aircraft arriving at all hours of the night, then I feel I would support it.

MR. BUFFETT: Thank you. Further discussion Honourable Members. Mr. Jackson.

MR. JACKSON: It really concerns me, the full reason of this withdrawal, but I vote to support the withdrawal of the bill because, as Mr. Howard has correctly pointed out, that we should give protection to the people of Norfolk Island, and I certainly would like to have a look at the letter that Mr. Sanders intends to write, because I am a bit fearful without being facetious in any way, that there is a fair bit of lobbying in taking place regarding various carriers who operate on the island, and I do believe a more clear indication from this House stating that we will not tolerate any night landing or night take-off that will disturb the people of Norfolk Island, and if the letter was phased along those lines, well I would be quite happy to support it.

MR. BUFFETT: Mr. Sanders.

MR. SANDERS: Thank you Mr. President. I did state that the letter would be written in the manner which was suggested in the bill, which I thought would cover those points.

MR. BUFFETT: Mrs. Gray.

MRS. GRAY: Thank you Mr. President, I am happy to support the concept, I would like to see discretion rest in local hands, either in the hands of the Administrator, if it gets into being a Commonwealth issue - in the Executive Member if it is thought to be asked.

MR. BROWN: Mrs. Gray has touched on the problem that I wish to refer to Mr. President. The bill contains some form of discretion to allow the Executive Member to give a dispensation to allow an aircraft to land within whatever the prescribed hours, whatever they may be. I see some difficulty in how Mr. Sanders is going to include that discretion in the letter he is proposing to write, and I am sure that Mr. Howard would not be happy to have that discretion merely given to a Minister or some other person in Canberra, similarly I would not be happy and I have heard that Mrs. Gray say she would not be happy with that. I really do feel Mr. President that this is something that requires far more attention, far more detailed attention than can be given in the House at this stage, but perhaps a solution would be for Mr. Sanders to draft out the letter which he proposes to send and then circulate it amongst the Members within the next few days so that he can send it off before the end of this week.
MISS BUFFETT: I wish to acknowledge that Mr. Brown's statement has just enlightened to something that I had not realised, and I agree with him.

MR. BUFFETT: Further debate Honourable Members. The question is that the report be noted. I put that question, those of that opinion say aye.

Aye To the contrary no
Are there any abstentions.
The Ayes have it.

Are there any further reports. Sorry I was on statements earlier. If we can now move to reports.

REPORTS

MR. SANDERS: Mr. President I have a report from the Estimates Committee. At a meeting of the House on 2 March 1983, the following motion was agreed:-

1) There is by this motion established a committee consisting of the Executive Members, Member for Commerce, John Brown and Chloe Gray to known as the Estimates Committee.

2) All estimates of Revenue and Expenditure by the Administration for the financial year ending 30 June 1984 and the Touche Ross Report dated January 1983, be considered by such a committee.

3) Such committee report to this House not later than 30 April 1983, or such later date as this House may by resolution approve, upon its consideration of such estimates and make recommendations to this House with regard to such estimates.

4) Such committee to have power to summon before it, and to examine such persons, papers and records as it may require in the exercise of its functions.

The committee met and elected myself as its Chairman, and subsequently met with the Acting Chief Administrative Officer, the Accountant, Branch Heads within the Administration organisation, Secretary of the Norfolk Island Hospital, Chairman of the Norfolk Island Government Tourist Bureau, Headmaster of the Norfolk Island Central School, Manager of Norfolk Island Government Tourist Bureau, and Public Service Board and members of the community. At the sittings of the House on 27 April 1983, the following motion was put and agreed -

That the time for the Estimates Committee to report be extended to the next sittings of the House.

The committee has formed the following general economic philosophy: That austerity measures should continue to be pursued, with minimal additional imposts and controlled levels of expenditure.
The Committee recommends -
1) A review of all government functions and staffing.
2) All Touche Ross recommendations should be considered.
3) Present levels of staffing, salaries and wages not be increased.
4) The neglect of maintenance in favour of maintaining salaries should end.

The Economic Outlook

Newspaper and journal reports from Australia and New Zealand, reports from the U.S.A., the United Kingdom and Europe indicate that no immediate improvement should be expected in the economic climate.

There are no immediate signs of recovery for the Norfolk Island economy. The graph showing tourist arrivals has begun to bottom out and may consolidate on a plateau over the next few months.

Philatelic sales are presently fifty percent below the original Administration estimates for 1982/83. It would be dangerous to count on any substantial improvement in the next year.

Therefore the production of an austerity budget should be considered desirable.

Revenue Raising

The Committee recommends consideration of the revenue raising measures suggested in the Economic Feasibility Study. (Which Mr. Howard tabled a little earlier). (Mrs. Gray, Mr. President would also like to speak on this matter).

Conclusion:

The 1982/83 budget prepared by the Administration contained a number of dangerous over-estimates of revenue. Consequently, it is likely that a deficit of over $500,000 will be suffered this financial year, despite the cost cutting exercises of recent months. The previous year resulted in a deficit of $503,056.

The Committee notes that despite the philatelic difficulties of the current year, the philatelic estimate of revenue is for $1.3 million - a figure considerably above the likely income this year. The Committee believes that a number of other revenue projections are also too optimistic.

The draft budget presented to the Committee by the Norfolk Island Administration for 1983/84 would result in a deficit of over $1,150,000 if passed, even if revenue projections were met. The Committee believes that amount will fall short by over $500,000 and that the Administration's draft budget would therefore result in a deficit of over $1.5 million.

That figure does not include any of the proposed major capital works - a new telephone exchange and a new electricity generator alone, have been estimated over $1.5 million. This situation is totally unacceptable to Members of the Committee and we believe, to the community.
Mr. President, there are some annexures:—

a) An Economic Feasibility Study of Norfolk Island prepared for the Department of Home Affairs and Environment by the Institute of Industrial Economics, University of Newcastle, Australia, dated March 1983.

That is the Study, Mr. President; that Mr. Howard has previously tabled in this meeting.

b) Comparisons of major revenue figures for the quarter ended 30 September 1982.

c) Financial indications for the nine months ending 31 March 1983.

d) Draft budget for 1983/84 year provided by the Norfolk Island Administration.

Mr. President, may I table this report.

MR. BUFFETT: Thank you Mr. Sanders. Mrs. Gray.

MRS. GRAY: I move that that be noted, Mr. President.

MR. BUFFETT: The question is, that the report be noted.

MRS. GRAY: Thank you. The life of the Assembly and the likely acceptance of recommendations by the Committee was considered, and therefore I too may make no recommendations other than those that have been put in the report, but a statement of possibilities and what I am about to say is based on the Economic Feasibility Study. Some forward planning of capital expenditure priorities is absolutely essential. At present there seems to be no systematic evaluation of proposed capital expenditures and no attempt made to rank the various proposals in order of priority. These rankings should reflect the wishes of the people of Norfolk Island and be related to the planned means of financing expenditure. Ideally a system of planning in respect of priorities related to capital expenditure, recurrent expenditure, recurrent revenue and borrowing should be initiated. The Economic Feasibility Study prepared for the then Department of Home Affairs and Environment by the Institute of Industrial Economics of the University of Newcastle, recommends that the government of Norfolk Island begin as soon as possible, the collection of annual statistics relating to the income of the Island, that regular senses of business sector be held, and that tourist surveys be conducted regularly. Should members of this committee be given the opportunity, in due course, we would seek to initiate such a series of actions. The opinion is also expressed in the report that the Island should seek regular advice on economic developments affecting its future and the future of those areas which it has or may have close relationships with — Australia, New Zealand and the rest of the Pacific basin. Interesting enough Sir Graham Benthem spoke of that in his recent address to the Rotary International Convention here on the Island.

Specific alternative suggestions are made in the Economic Feasibility Study, one is that no new sources of revenue be exploited, but that if necessary, existing sources be used more intensively. It should be noted that even since the early days of accumulation of data for that report, the economic climate on Norfolk
Island has changed. Some of the recommendations made in the report for consideration years hence, should be considered now. We are only too well aware how severely revenue is falling away and quickly. The Committee has called for additional information from the Acting Chief Administrative Officer and his organisation so that appropriate recommendations may be made in due course. Existing sources to be used more intensively could be the Public Works Levy; Road traffic fees; Immigration fees; Absentee landowners levy; Probate and Administration costs; Lighthouse, lighterage charges; Boarding house licences; and fees for other services performed by the Administration. Bearing in mind the fact that an all-purpose rate is not levied upon those who live on Norfolk Island, it is reasonable that residents should pay for services rendered. The Public Works Levy is said to be an administrative nightmare in its present form, a tax having higher administrative costs than are warranted by the amount of revenue collected. The total amount collected in Public Works Levy in the 3 years prior to 1979, represented 3.5% of total revenue raised. This has fallen to a little over 1%. An indication of the degree of the proportion of public revenue obtained from residents, in recent years.

Other rates and fees have simply failed to keep pace with rates of inflation. The residents of Norfolk Island have become accustomed to a level of government services in excess of the level to which they have been subscribing. It cannot be emphasised strongly enough how valuable tourism is to Norfolk Island, to all who live here. A survey of tourist expenditure in 1978 produced an estimate of $46.00 per visitor during an average stay between 9 and 10 days. In Professor Tredgold's estimate, local outlays on goods and services by visitors contributed approximately $8.7 million to the gross invisible earnings of the Island. That is nearly $500,000 per head of resident of population. However, it is pointed out that should the tourist industry continue to decline it would be possible through changes in locally based fees and licences to increase the revenue obtained. The report suggests that with most revenue sources the degree of change necessary in order to obtain a target revenue goal, would be a matter of trial and error until sufficient information was obtained.

The report recommends that consideration be given to financing some of the more urgently needed capital expenditure from accumulated surpluses and that future capital outlays on the trading undertakings be financed whenever possible, by borrowing; and that most, if not all, of this borrowing be from within Norfolk Island. The Economic Feasibility Study suggests that Norfolk Island should seek a firm statement from the Australian Government setting out the general principles which will guide the Australian Government in relation to the later's future expenditure on and for Norfolk Island.

On page 134 of the report, reference is made to the Australian Government and its responsibility in the area of water and sewerage. Residents of Norfolk Island have grown used to a high level of services, which in the main, being paid for directly and indirectly by tourism. It must be recognised that as the level of tourism falls, more of the cost of provision of services will fall to the residents. The report states - the level at which the Island community can support itself, depends crucially on the division of economic activity on the Island between the public and private sectors. The report addresses services which are best provided by the public sector and some which may be provided by either the public or private sector. In the later category it sights the
electricity undertaking, lighterage undertaking, liquor bond, telephone services, postal and philatelic service, tannith plant, garbage services and water supply and sewerage. Consideration of these undertakings are saleable items has been mentioned by members of the present Assembly. Regrettably the report confirms that agricultural, pastoral and fishing resources of the Island are unlikely to produce much more than a subsistence level of income. Should it be considered desirable the following additional sources of revenue should be investigated. A wealth tax, such tax to be levied upon transfer of wealth and could include such assets as land, motor vehicles etc. Accommodation tax - often discussed by this Assembly. The report makes two suggestions - either an annual licence fee based on the number of units or a bed tax collected monthly and based on the number of units or beds actually occupied. A financial institutions tax - such levy to be raised on receipts of financial institutions, such as, banks etc. Issue of coins, this possibility too has been widely discussed, a pet theory of our Executive Member for Finance. The report recommends that Norfolk Island be permitted to issue its own coins, notes and commemorative medals. The issue of such a coin or medal is thought an ideal commemoration of the Anniversary of the mutiny on the Bounty.

Proceeds from a sale of assets already mentioned - the liquor bond, telephone service, electricity undertaking and so on, in this regard it is thought that consultation with independent external valuers is essential. Since all of the undertakings are virtual monopolies, it would probably be wise for the government to retain some regular powers over the subsequent operations of the undertakings. The conversion of Crown land to freehold is also mooted. As our increased charges for electricity and telephones, increased departure fees, gamblerling casinos and so on. These are options for consideration not recommendations. Consideration might be given to a levy designed to raise revenue upon the unimproved value of Norfolk Island properties in receipt of income. The proposed system could be similar in principle to the method of raising revenue for local government in Australia and elsewhere, but would differ in the important particular that properties used as exclusively as homes and as such, earning no income would be exempt from assessment. One of the more controversial aspects of the reports is suggestion that education has not been subjected to much critical evaluation on the Island. The report states that the growth in expenditure of 66% is above average. Personnel related costs include travel, subsistence and superannuation have risen by 61%. School cleaning, fuel, light and power by 117%. Administrative costs, New South Wales Department of Education by 220%. Incidental expenditure by 130%. It should be noted that the continued payment of New South Wales salaries means that the Norfolk Island Government has little control of up to 12% of its current expenditure.

The minimum capital expenditure needed on the Island is, say, $1 million per annum. This will require the Island's government income from all source to rise by one-third, unless the revenue target for 1982/83 is considerably exceeded. The combined effects of inflation and an unwillingness to set a higher revenue target will mean the government has fewer resources at its disposal, unless it borrows or draws further upon reserves. Prefectic words imbed, for that is the situation we began to face quite early in this financial year.
Either the inhabitants in Norfolk Island accept a higher level of expenditure, say an increase of 25% to 50% above current levels, or they will have a reduced level of services. The report suggests the need for capital expenditure programme in order to sustain an adequate level of socially provided goods and services. Reduced emphasise on tourism as a source of revenue could increase the stability of revenue flows, making it easier to sustain an ongoing capital expenditure programme. Let me translate that. It means that if we don't look after visitors to Norfolk Island, we will each, and everyone of us to dig deeper into our pockets. It is claimed that that will make it much easier to plan our economic future, perhaps it might. The ability of Norfolk Island to remain self-supporting in a manner as described in the terms of reference, is a very contingent upon the way in which it is able to organise and stabilise its financial affairs, and the terms of reference stated, having regard to the necessity for Norfolk Island to be as far as practicable economically and financially self-supporting with appropriate standards of government services, including social services, to examine and report on the economic capacity of the Island, including a) the estimated financial commitments of the Administration over each of the next three years, for capital expenditure and ongoing programme costs, including the costs of maintaining public services, and the likely costs of social service benefits. b) appropriate means of financing expenditure for the 3 years concerned with regard to income available and likely to be available from existing sources of revenue and taxation which might be required. c) any other matters which, in the opinion of the consultant are relevant.

The term Economic Feasibility means, the ability to sustain a level of government services, including social services from revenue collected by the Government of Norfolk Island. It has been pointed out that that is one interpretation. Ultimately, it is the people of Norfolk Island who shall decide the quality and quantity of government services which they desire. The report argues that the economy of Norfolk Island has the capacity to sustain the level of services, this feasibility is contingent on the survival of the tourist industry as the major income generating industry for the economy as a whole, as well as for the government. The report points out that the level of services would be more easily sustained by extending the tax base in such a way as to place more emphasis on obtaining revenue from residents of Norfolk Island. This could be achieved by changing the rates applying to some current sources as well as using new methods of collecting revenue. At present the principle sources of revenue, philately and customs duty are only partly under the control of the people of Norfolk Island. These revenue flows could demonstrate a considerable degree of fluctuations due to factors beyond the control of the Norfolk Island Government, and in fact of course they have and I suspect they will continue to do so.

Analysis of government revenue and expenditure patterns and trends reveals little evidence of forward planning. Actual revenue flows have always been greater than expected, and even if the level of expenditure exceed projections, this was more than matched by increased revenue. I must stress, that that was an observation of the past. This was not the type of environment likely to generate perception of the need for a major change in approach. The report stresses the need for forward planning and the difficulties associated with lack of adequate information. One of the more useful effects of the controversy surrounding the 1982/83 budget is that it focused attention on a number of aspects of government revenue and
expenditure which had come to be taken for granted. The report expresses the hope that an attempt will be made to fill at least some of the information gaps which have been revealed. Mr. President, I already expressed, on behalf of the members of the Estimates Committee a willingness to begin some of those processes for the future, should we be given the opportunity. Mr. President, I hold a number of personal views on the recommendations made in this Economic Feasibility Study as do other members of the Estimates Committee, and no doubt given the opportunity they will express them in due course. Thank you.

MR. BUFFETT: Thank you. Mr. Brown.

MR. BROWN: Mr. President, may I comment briefly on some of the matters which have been raised in the report. Firstly, the economic outlook for the next financial year, 1983/84. I did considerable research in relation to this question, as did both of the other members of the committee. It was clear to me Mr. President, that whatever impetus the Norfolk Island economy may have received from the airport upgrading and Anzac cable works, will be near to an end by July 1983. There are no other major construction projects planned to commence during the next year. This year's palm seed crop has been comparatively low, and its price has not yet recovered to the level of earlier years. No early breakthrough is seen for the export of pine or palm seedling or other agricultural or horticultural produce. Present indications are that tourist numbers, might for the period to December 1983, increase over 1982 numbers, but this will be as a result of substantial promotion in Australia by East West Airlines and Norfolk Island Airlines. Despite the introduction of jet services from Sydney and Brisbane, the improvement in tourist numbers will possibly end if the present very highly promotional levels are reduced back to the industry average, eg. Norfolk Island Airlines promotion budget for the current year will be over $150,000, but Air New Zealand is reported to have indicated to the Manager of the Tourist Bureau, that they will spend $1.00 per passenger if their desire to operate 737's is met. There are about 12,000 tourist came to the Island from New Zealand in 1980, so in that bumper year Air New Zealand would have spent, on this formula, $2,000 - they would spend much less this year. A continuing decline is in fact expected from New Zealand, the April figures from New Zealand create a false confidence because of the number generated by the Rotary convention. In the absence of substantial improvement in the Australian and New Zealand economies, no significant improvement is seen likely in tourist number for 1984, compared to 1983. The Australian and New Zealand consumers have not benefited significantly from the reduction in the Opex oil price, but without doubt they will suffer the full effect of any full Opex increase. The full effect of the worst drought in Australia's history is not yet been felt, and it is likely to be more than 12 months before the benefits of recent rains flow through to the Australian economy. It may well be that a trend towards closer holiday destinations has emerged in the Australian and New Zealand markets, but there are many destinations already aggressively competing with for this market. For example, Fiji, Vanuatu and New Caledonia. Consequently, unless the price of Norfolk Island package holidays, can be competitive with those other destinations, and unless the perceived quality of the holidays simply improves, no dramatic increase in tourist numbers should be expected as a result of any trend towards closure destinations.
It is generally expected that tourism will improve again, once the Australian and New Zealand economies are well into recovery from their present recessions. It is also expected that the average spending power of tourists will improve at that time. It is recognised that tourism is the basis of the Norfolk Island economy, so improvement in the Australian and New Zealand is important. No such improvement is yet evident, Mr. President, with the Australian economy having the additional handicap of a socialist government. The Whitlam Government over saw a massive collapse in the Australian economy, and any repeat of this under Mr. Hawke would be very damaging to Norfolk Island, even the possibility of the socialists taking control in New Zealand would similarly be damaging. Most commentators believe that a stronger recovery in the U.S. economy will be required before improvement will be seen of any magnitude in Australia and New Zealand. Such an improvement in the U.S. economy could still be some years away. It certainly cannot be shown yet to be in progress, and gloomy articles such as that in the National Times of 1 April 1983, do much to destroy any feeling of confidence in early recovery. In once a U.S. recovery is underway, it will take at least 6 months to flow through to Australia and New Zealand, and a further six months or more can be expected to pass before effect is felt in Norfolk Island. Might I refer to an article at page 15 of yesterday's 'Australian' regarding a razor gang which has been formed in the United States. In part the article says, 'trends and charts of spending programme has indicate that the pattern of the past 3 years of Mr. Reagan's administration continue, by 1990 24.4% of all corporate and personal income taxes plus excise and estate duties, will be totally absorbed by more than one million million dollars of annual social programmes plus interest on debt, and this leaves out social security payments'. It goes on, Mr. Grace who is one of the members of that committee figures, Mr. Grace's figures indicate a one million million dollar deficit by 1990, and a two million million dollar deficit by the year 2000. Even if the U.S. Congress taxed one hundred percent of all taxable income above $40,000 - this would amount to only one hundred and thirty one thousand and four hundred million, or only thirteen percent of the potential one million million dollar 1990 deficit. In the U.S. in 1980 there were three million veterans over 65, but by 1995 this number will have almost tripled to 8.2 million, and the twenty-five thousand million dollars now spent by Veterans Administration will have arisen on an annual basis to more than one hundred thousand million, just from demographic causes. Mr. President, and not counting any inflation trends. Mr. Grace also notes in his memorandum that the U.S. Civil Service Retirement System has set aside no reserves for index retirement payment for the civil service work force. Now on an annual pay role of more than 860 thousand million dollars, and if this were funded now it would 63% of the pay role versus 14% for the private sector. He points out increasing revenue is not a viable option because there are no significant dollars of taxable income in the U.S. above $35,000. This leads Mr. Grace to conclude that the sole possible means for rescuing the U.S. economy is cutting outlays below revenues.

Mr. President, it is possible that philatelic income might increase slightly in the next 12 months as a result of the intended definitive issue. However any continuation of the recessions in Australia and New Zealand and U.S. could have effect on collectors habits, and any depression in the philatelic industry which to the members of the committee seems to be already somewhat evident, could so reduce collectors and dealers confidence as to cause a substantial reduction in philatelic income. No false sense of security should be allowed to develop from any increase in the on-consignment holdings sent to our agents. We can only count on sales
the amount of goods held on consignment does not help us at all. It is clearly apparent that the present austerity policy must continue that there will be little scope to increase income without increasing the present charges, that existing income might well reduce and that further austerity measures will be required if it is desired to avoid a substantial deficit in 1983/84. Perhaps the major area of expenditure is one of wages and salaries. The Touche Ross report has revealed a large discrepancy between private sector wages and benefits and those enjoyed by Administration employees. Some have suggested that wages should be equal to those enjoyed by persons under Commonwealth or State Awards, this is not valid. Wages in Norfolk Island should be determined by local conditions without reference to the benefits received by expatriots or those few locals persons who are employed by mainland employers, such as, the Department of Aviation, O.T.C. and the Banks. The freeze on Administration salaries should continue, and there should be a freeze on further permanent employment. The present 10% cut should continue and efforts should be made to reduce the work force for example by early retirement and by the encouragement of transfers within the Administration rather than outside engagement. A time and motion study should be undertaken to determine the optimum staffing level, and all of these measures should continue until wages and benefits within the Administration are equal to those in the private sector, and until staffing is at a optimum level. Some Administration benefits should be withdrawn upon reasonable notice, for example, the air fare benefits. A workers education programme should be introduced in the Administration, so as to ensure that the maximum possible benefit is derived from all employees. The tie to Commonwealth awards has been broken, and should not be resumed, annual comparative wages surveys and by-annual time and motion study should be introduced together with a zero based establishment survey. Consideration should be given to whether all services presently provided are really required, and to whether some can better be provided by private enterprise.

Early appointment of a Chief Administrative Officer should be considered by the new Assembly, and pressure should be asserted, exerted to obtain assent to the Legislative Assembly Bill for the appointment of an additional two members to the Public Service Board. On the question of budget, no doubt all members have taken note of the comments in the conclusion of the report. The draft budget presented to the Committee by the Norfolk Island Administration for 1983/84 year would result in a deficit of over $1.15 million, if passed, even if revenue projections were met. The committee believes that amount will fall short by over $500,000 and that the Administration's draft budget would therefore result in a deficit of over $1.6 million. This figure does not include any of the proposed major capital works and a new telephone exchange, and a new electricity generator alone have been estimated at over $2.5 million. If just those two capital works were progressed during the forthcoming year, we would have a deficit of over $3 million.

For too many years maintenance of buildings has suffered in order to maintain salaries. Such neglect of maintenance must end. A mini budget should be considered by the new Assembly, to consider the existing fortnightly, to continue the existing fortnightly allocation for wages and salaries and expenses. This would avoid the new Assembly having to urgently bringing forth a budget by 30 June 1983, without having adequate time to properly consider it. Expenditure of a capital nature should be restricted to absolute needs, rather than mere wants. Personally I am against financing capital expenditure by borrowing, except in the case of expenditure which can be recovered by increased efficiency and
acceptable increase user charges, for example, a telephone exchange
to take benefit of the Anzacan cable. Even then every endeavour should
be made to complete the works with minimum expenditure, for example,
by investigating availability of suitable second hand equipment, up-
grading existing equipment and asserting the maximum possible
assistance from O.T.C. to the Australian Government and others who
would benefit from the expenditure. Under only the most extraordinary
circumstances should the Assembly consider other borrowing for
capital works. As the historically fragile Norfolk Island economy
might be unable to service loan repayments in the event of collapse
of the tourist industry or the philatelic hobby. Mr. President it
would be a condemnation to leave such a legacy for future generations.

MR. BUFFETT: Mr. Sanders.

MR. SANDERS: I just wanted to touch very briefly on the
Touche Ross Report. It appears to me to have revealed a major
scandal, the salary comparisons and benefit comparisons indicate when
joined together that the Norfolk Island Public Service receive
approximately 25% more than private sector persons. It is suggested
in the report that security of tenor for Norfolk Island public
servants is in itself a bonus, as this situation does not occur in
the private sector. It is indeed a pity that the previous Public
Service Board have acted in such an irresponsible manner. The last
increase in Public Service salaries was after the election of this
Assembly but before its inauguration and back-dated to October 1981,
and then the annexes with the Australian Public Service salary was
broken. The increase in the additional spending of public money was
not authorised by the First Assembly, nor this Assembly. I believe
this act to be irresponsible and illegal. The public of Norfolk
Island are still paying for it, and it has been a major problem of
this Assembly and will indeed be a major problem for the next one.
The Touche Ross Report is of the greatest importance to the new
Assembly and must be studied very very carefully by it. Thank you
Mr. President.

MR. BUFFETT: Further debate Honourable Members. Mr. Brown.

MR. BROWN: Mr. President, might I indicate one thing.
I referred to the possibility of a $3 million deficit in the event
that the Administration's draft budget were accepted and the two
items of capital works and the telephone exchange and electricity
generator were progress, Mr. President there is no way I would support
a deficit of $3 million, as a matter of fact, there is no way I would
support a deficit of even $1 for the next financial year.

MISS. BUFFETT: The three members who have spoken have under-
taken to present to the Assembly a report as an Estimates Committee
which they have done, they can quite adequately debate the situation,
they have had all the figures at their disposal, and when I enquired
about any co-operation with the Estimates Committee for some inside
knowledge on the matter, myself ready for today, was informed by the
member of the Estimates Committee, that it is to remain confidential
until today, so thereby very much input onto this subject really is
not possible with the proposals have been read by Executive Member
of that committee fairly quickly when he introduced it. I do wish
to comment however on a couple of points, one that the gloom of the
tourist industry I do wish to draw members attention who have commended
on this, that the last two months, tourist figures have increase,
which is most encouraging. Also there is nothing really drastic about
the agricultural pastural, and fishing industry only producing
subsistance level income when after all Norfolk Island is not a
trading market, some do enjoy that advantage, but in all, for people
who live here, industries create enough employment and enough money
for those people engaged in it, or in them to keep themselves as free
from want to the standard they would wish, which is the purpose for
anybody working or producing. I am not very impressed with the
presentation of the budget, the presentation of the budget is alright,
I don't criticise it, there has been a lot of work gone into it, I
just regret that all members have not had the benefit of it before
this meeting to be able to discuss it, and I will conclude with the
financial implications that I have heard around the table I think for
the sake of Norfolk Island, it is just as well that we are going to
the polls on Wednesday, thank you.

MR. BUFFETT: Mr. Quintal

MR. QUINTAL: I just wish to congratulate the members on
the report and I agree with every word that has been said around the
table by the three committee members, and I would like to say a lot
more but I had better not, as it is my last day, but I would like to
suggest a way and means of saving money on the Island, and it would
might not agree with many people, number one is to do away with the
Assembly, go back to the Advisory Council, another one is to close the
Works Depot done and sell all the machinery and put everything up for
tender and have a look around other parts of the Administration where
we could save money and improve the standard of living on Norfolk.

MR. HOWARD: I would like to express my congratulations to
to the committee, clearly they have done a lot of work. I share some
of Miss Buffett's feelings that it would have been nice to have
advanced knowledge and be able to talk more intelligently about it
today, but maybe it is just as well with the election on us. I think
the committee clearly has drawn together a great deal of information
which the new Assembly will have there waiting on the Table for them
to consider and work with and to agree with or disagree with, as they
see fit. I think the committee has done a fine job and I express my
thanks.

MR. BUFFETT: Mr. Jackson.

MR. JACKSON: Mr. President, it is very unfortunate that we
never had a statement had been prepared by the Estimate Committee, so
that we can take part in a more fully debate on a very important issue
that will ensure the next 12 months of this island, as far as the
budget is concerned. I sought yesterday to request to see, or read the
estimates report but I also was told that it will be tabled in the
House today and it is confidential. However in listening to Mrs.
Gray, and I believe she did present the base and recommendation of the
report, Mr. Brown gave his summary and I believe that was Mr. Sanders'
summary he gave awhile ago, but taking into account what I have heard
from Mrs. Gray, whether some of these points were her own personal
views or that of the committee, and I would like to think it was of
the committee, some points she raised really disturbs me. It disturbs me that when you hear a word of reduced services. We have had a letter to the community just recently talking of reduced services within the education department. Surely that is not to be considered again when complete rejection to that letter which was sent out and the parents and citizens got hold of that letter they showed their utter disgust to a government that would consider down-grading the education department of Norfolk Island, and the education for our children. I heard Mrs. Gray say that we may have to consider land tax, as a means of raising revenue, let me say this and say it quite clearly, as long as I am around I would strongly oppose the any introduction of land tax on our peoples land on this Island. I heard it said that we may have to consider and examine the social services of our senior citizens, I also make that quite clear that in no way would I tolerate or condone any suggestion of reducing any service or benefits to our senior citizens. Much play was made by Mr. Brown of a country well away from us, I am not certain whether the American economy has any bearing on our economy or our future or our ability to get on with the job on Norfolk Island, and I do believe instead of referring to a country far away - their bad luck or situation they are in, we should concentrate more within our own area.

I do believe a paper that publishes weekly has done this Island a great service. It published part of the Touche Ross report. I spoke to a journalist which was on the Island recently and had long discussions with him. This journalist prepares a back-page for a weekend paper in Sydney. He was utterly disgusted when he read in this paper certain conditions within the private sector and his views were that if these conditions got out on the mainland, either in New Zealand or Australia this island would be swarming with journalists on the first plane they can get to come here. When you examine this report, and I am not certain what the report is saying, or what Mr. Sanders' contribution just said, the Public Service is being paid too much or is the private sector not being paid enough. When you look at the Touche Report and you find that in the private sector long service leave payment - nil. Is that the sound of conditions they want for our other people of Norfolk Island, conditions of the work force of Norfolk Island. We find that within the private sector superannuation payment, absolutely nothing. Workers are denied those rights. We find that sick leave - 50% of those who work within the private sector receive nothing, we find that workers compensation within the private sector, 75% are not insured, all this is out of the Touche report. For certain I don't want to hang my hat on that and be proud of those conditions. Penalty rates within the private sector, they get time off or 10% or gets nothing. May I had there is no hours of work on this Island, there is no award wages on this Island, so therefore you can be worked as long as you like, and pay you what they like. This is what this journalist referred to when he stated his utter disgust of conditions on this Island, and when you hear people that they should bring other section of the community into line with the conditions that I just read out, well it shocks me and shocks many of the people on this Island to consider that this is what the children of the future is faced with. This is what we have to consider, the future children of this Island, are we setting a course for this and condoning these actions that was published in the Touche Ross report. Evidently we are condoning it, but I certainly am not. I do believe that instead of setting out and condoning these conditions I have just described there should be an
assessment on this Island – same as any other country, New Zealand and the Commonwealth, on ability to pay. Now I am certain there is establishments on this Island that has the ability to pay more and it is unfortunate that this estimate was not made available so that we can make a closer examination, and these points that I have just raised and the points that I said that I will not support if it ever comes before me, such as land tax, down grading of the education system and reduced payments of social services benefits, they should never be entered into or described in this House, when I can only describe this Island as one of the most fluent more wealthiest Island within the South Pacific region, and here we are condoning conditions of this nature. You read portion of the Gates Report, the Treadgold report, and may I add that these two commissioners unfortunately their report was never completed, and I have always queried the reasons why they were never completed, they have access into the banks, access to certain incomes and my word, the report that was put out by Gates and Treadgold makes interesting reading, and it is unfortunate that all the reports that have been commissioned in the past did not have the same terms of references that the Gates and Treadgold reports and commissioners did. Thank you Mr. President.

MR. BUFFETT: Mrs. Gray.

MRS. GRAY: I suppose one choices whether or not to rise to Mr. Jackson's taunts. Perhaps a little too much is being made of the information that the report of the Estimates Committee was confidential until tabled in this House. That is not a matter of choice but convention. I endeavoured in speaking to make clear the fact that I was putting forward options to be considered by the next Assembly. Mr. Jackson disagrees with some of the statements, so do I Mr. President, but they are statements made by experts on behalf of the Department of Home Affairs and Environment. I think Mr. Jackson should remember that.

MR. BROWN: Mr. Jackson has made reference to a desire to cut social services to senior citizens, with all drew respect Mr. President, the committee made no such recommendation, I don't recall Mrs. Gray or Mr. Sanders having made such recommendation. I certainly made no such recommendation, it is quite mischievous on Mr. Jackson's part to be raising such untruth red herrings. Mr. Jackson said that he was not prepared to pay land tax, I put it to you Mr. President, that Mr. Jackson would not be prepared to pay anything if there is a likelihood that he might have to pay but he is all too happy to look out into the community and say, him and him and him, they can pay but I will escape it, I will levy the tax in some way that I am not liable to it. Mr. Jackson made reference to conditions in the private sector he claimed that the Island would be swarming with journalists, if the basic facts of the commercial sector in Norfolk Island were known. Mr. President, those journalist are not swarming through Indonesia or Korea or other Asian countries, they are not swarming through any of the other countries of the world where wages or conditions might just be different to what they are in Australia, and yet Mr. President those Asian and other countries are just as relevant, or irrelevant as the case may be, whichever you choice, as Australia and New Zealand are when you are working out what should be paid and what conditions should be on Norfolk Island. Those things can hear, as I have already said, only be worked out on the basis of local conditions. Mr. Jackson with his trade union and water front back-
ground is well familiar with the old give me give me, but with respect he has very little economic or business understanding. However he did acknowledge one thing, he did acknowledge the importance of the ability to pay, and with a deficit of over $500,000 last year, a deficit of $500,000 or, more likely this year, and possibly $2 million if the Administration's draft budget for the next year were accepted, a deficit in total of $3 million of a period over three years, even Mr. Jackson would agree we must question whether the Administration really does have the ability to pay on the present basis.

MR. BUFFETT: Mr. Jackson.

MR. JACKSON: Mr. President, I certainly don't class it as mischievous as Mr. Brown has just indicated. Mrs. Gray did mention the words social and service benefits and perhaps reduce services. Now I don't consider that mischievous at all, I consider it is a duty, and it is my duty at least, then to draw to the attention of the community that in no way even though the statutory services, Social and Welfare Act of 1980 is a Bill and an Act and is a retained function, but there will always be an attack on benefits within our community. Mr. Brown has the tendency to shift around again, he has gone to Indonesia, he has dumped America, he has given America away he never got much satisfaction out of them, but Soeharto might be better on his side, I don't know but what concerns me is the conditions and living standard of Norfolk Island, and if that is being mischievous by defending and protecting the living standard on Norfolk Island, well I will be mischievous.

MR. BUFFETT: Mr. Sanders.

MR. SANDERS: Mr. Jackson also suggested that the paper that I circulated on perhaps reducing salaries for school teachers was thrown out. Mr. Jackson is indeed being mischievous, it was never even put in, Mr. Jackson, I assume because of the circulated paper promptly gave it to a newspaper who in turn published it and everybody passed an opinion on that matter and all it was was a paper circulated to the members to find that if there could be any advantage out of it. As far as reducing services or the quality of education, Mr. Jackson again was mischievous because it was never even suggested I do go along with what Mr. Brown has said, Mr. Jackson has never contributed in his life and he obviously has no damn intention of it now.

MR. BUFFETT: Any further debate Honourable Members. There being no further debate the report be noted. I put that question, those of that opinion say Aye

Aye

Contrary No.
Any abstentions.
The Ayes have it.

Thank you. Are there any other reports to present, Mrs. Gray.