

Prayer

Almighty God we humbly beseech Thee to vouchsafe Thy blessings upon this House, to direct and prosper our deliberations to the advancement of Thy glory and the true welfare of the people of Norfolk Island, Amen

Condolences

MR SPEAKER Thank you Honourable Members. I firstly ask if there are any Condolences this morning? Mrs Anderson

MRS ANDERSON Thank you Mr Speaker. It is with great regret that this House records the death of Mitchell Terence John Grube who passed away at his home last Thursday, 22nd June. Mitchell was born on Norfolk Island on 17th January ten years ago. He was the beloved son of Lyn and Terence, and brother to Tania and Natalie. At the age of two and a half Mitchell was diagnosed as having leukaemia and this battle lasted eight years. During this time Mitch defied adversity and he both gathered and gave an inner strength to those around him. Mitch had the ability to love unconditionally - a truly rare quality. He saw good in everyone and accepted them for who and what they were. His love, courage, strength and bravery are an inspiration to all who were fortunate enough to have known him. Professor Vowels and his team at the Prince of Wales hospital in Sydney who looked after Mitchell over the years were constantly amazed and bewildered by his strength. He had five relapses and a bone marrow transplant and still defeated the odds until now. He lived in a place where the community supported him and his families throughout his long fight, and the special Assembly that was held at the Norfolk Island Central School will be forever remembered by those who participated, as it so clearly showed the love and esteem in which he was held. Mitch loved animals. The night after his new mate "Freckles" took up residence there was great concern when Mitch went missing. He was nowhere to be found and his favourite doona was gone as well.

Poppy Grube had made a lovely new kennel for "Freckles" and to everyone's amusement and delight Mitch and Freckles were discovered in the new kennel - both wrapped up warmly in his doona. Mitch had a maturity, awareness and clarity of mind that were far beyond his years and he unashamedly and regularly told those close to him that he loved them. Mitch's loved ones believe that his time with them was a very special gift and they are comforted by the thought that he is now at peace and free from suffering in the company of his beloved Nanny Prim who predeceased him earlier this year. To his Mother Lyn and to Daniel, to his sisters Tania and Natalie, to his Father Terence and Belinda, to his grandparents Ian, Vonnie and Bruno, to his many Aunts, Uncles and Cousins, and to his many many friends this House records its sincerest sympathy. Thank you Mr Speaker

MR SPEAKER Thank you Mrs Anderson. Honourable Members, as a mark of respect to the memory of Mitchell Grube, I would ask that all Members stand in their places for a period of silence. Thank you Honourable Members

Welcome

MR SPEAKER Honourable Members I make mention that in the public gallery this morning is the Honourable John Toohey and Mrs Toohey, Justice of the High Court of Australia, visiting Norfolk Island, and on your behalf I say welcome, this morning

Presentation of Petitions

MR SPEAKER Petitions. Are there any Petitions?

Notices

MR SPEAKER Notices? Are there any Notices?

Questions without Notice

MR SPEAKER Questions without notice. Are there any Questions without Notice?

MR BATES Thank you Mr Speaker. My first question is to Mr Christian, responsible for primary industry and the question, what does the Minister intend to do regarding the letter received from the Norfolk Growers Co-op Limited seeking assistance to establish suitable channels and criteria etc for exporting fruit, vegetables and flowers to Australia and New Zealand

MR CHRISTIAN Thank you Mr Speaker. The Norfolk Growers Co-op have had some difficulty over the past few months in getting laboratory samples into New Zealand in particular. It is necessary to get the fruit, that is, the Cherry Red Guava, into New Zealand so that products can be developed from it, however, on two occasions the Growers Co-op has complied with what understood to be the requirements of MAF in New Zealand in regard to how the fruit was to be prepared, the documentation that was to accompany it into New Zealand and on both occasions the fruit had been impounded and destroyed. It appears that the Quarantine Certificates that were issued in Norfolk by the Norfolk Island Administration carry no weight with the New Zealand authorities and this is rather regretful, however, as a result of a meeting I had with the Quarantine Officer yesterday he is taking the battle, if you like, to MAF in New Zealand to try and sort out some sort of protocol or understanding whereby the fruit can get through and hopefully we will be able to determine something in the next seven to fourteen days, thank you Mr Speaker

MR BATES A further question to Mr Christian. Some time ago the Minister at my request said he would investigate a new alternative to tanalith treatment for timber which was being developed in southern Queensland. Could the Minister inform the House of his findings?

MR CHRISTIAN Mr Speaker I can't deliver any up to date information at the moment. I'm still awaiting information from a number of timber companies in regard to alternative treatment

MR BATES A question for Mrs Lozzi Cuthbertson the Minister for Health and Education. When does the Minister intend to introduce a public education programme on Legal Aid

MRS LOZZI CUTHBERTSON Thank you Mr Speaker. I am developing the programme now and I want to outline it with MLA's first, but it will be within the next week to fourteen days

MR SPEAKER Further questions without notice

MRS ANDERSON Thank you Mr Speaker. My question is for Mr Bennett who has the responsibility for the mail. Could the Minister please advise what the situation is at the current time with the mail backlog from Australia and New Zealand

MR BENNETT Thank you Mr Speaker. There is no backlog from either Australia or New Zealand. The information is faxed to me each Monday and as at last Monday, two days ago, nil balance again

MRS SAMPSON Thank you Mr Speaker. My question is directed to Mr Christian. Would the Minister please enlighten this House about the planting on the hill above the common adjacent to the eucalyptus plantation and why was it planted in vertical lines instead of horizontal or diagonal ones such as terracing which would have been a far more practical way of planting a rather well sloped hillside

MR CHRISTIAN Mr Speaker in regard to the first part of the question, the tree planting programme is part of a programme approved by the KAVHA Management Board and it's going according to plan. As to the second part of the question about vertical ripping down the hill, well Mr Speaker the Lord only knows. I don't know why it was done like that

MR ADAMS Thank you Mr Speaker. This is a question for Mr Christian in his capacity of Minister for the Environment. Could the Minister indicate to the House on the progress made thus far on bringing before this House a proposal to amend the Tree Preservation Act 1985 to allow for the planting of native trees for timber purposes

MR CHRISTIAN Mr Speaker the House will be aware that I foreshadowed several meetings ago that I would bring forward certain amendments to the Tree Preservation Act 1985 to revise the regime of protection of timber in certain designated plantation stands. Up to date I have received advise from the relevant branch in the Administration and part of that advise is that a new enactment is probably desirable to encompass plantation stands on both crown land and freehold land. As the House may know, the Tree Preservation Act does not apply to crown land nor to crown leases or commons and public reserves. My advise is that it would be preferable to amend the law to apply across a spectrum of landholdings. This would necessarily involve the current Land Review and I plan to ask that Review to consider a change to the situation. It would of course be possible and quicker to amend the law relating to privately owned land but I suspect that across the board change would be more affective. Mr Speaker if Mr Adams would prefer me to come forward with legislation at this stage just dealing with freehold land holders well that could be done rather rapidly but it still leaves a number of lease land holders who wouldn't be covered

MR ADAMS Thank you Mr Speaker. Another question for Mr Christian in his capacity of Minister for the Environment. Could the Minister indicate to the House the progress he has made on the overall implementation of the motion agreed to by this House on December 14th 1994 in regard to the Forestry Section and Philip Island, keeping in mind the Minister's own amendment to this motion, that of changing paragraph D of the motion to read and I quote "progress the matters outlined in this motion urgently"

MR CHRISTIAN Mr Speaker, off the top of my head I can't give an in depth response. If Mr Adams had put the question on notice I could have given him a detailed answer but Members would be aware that the Revenue Fund Budget that I hope will pass today, there is an amount of I think about \$38,000 from memory that is in the Forestry budget and this will allow for the hiring and training of specialised staff in respect of Philip Island so the Norfolk Island Government's contribution is finally afoot and a detailed plan will shortly be worked out

MR ADAMS Thank you Mr Speaker. A question for Mr King in his capacity as the Minister for Tourism and Works. Two months ago in this House I asked if you could provide a summary of the brief that Norfolk's Government Tourist Bureau Representative in New Zealand Mr Henderson, and in Australia Mr Doyle works to. At that time you indicated that you had insufficient notice of the question. Can you

now provide to the House and the community the brief that these two agents work to

MR KING Yes, I'm not sure that I undertook to bring it back to this House Mr Speaker. I have supplied Mr Adams with some information during the course of that past month, I'm not quite sure, well obviously it doesn't fill his desire for some knowledge in that area. I'm quite happy to supply a brief. There's no secrecy involved in these matters and I'm quite happy to over the next few days supply something which would be freely available through one source or another to the community or Mr Adams

MR ADAMS Thank you Mr Speaker. Another question for Mr King, the Minister for Tourism. Could the Minister indicate what performance evaluation criteria he has in place to ensure satisfaction of principle and agent requirements in regard to these two representatives

MR KING If I understand the question correctly, Mr Adams is asking me how the performance of our representatives in both Australia and New Zealand are evaluated, is that correct? The performance tests are obviously in the results clearly is the number one factor we look at. Secondly I have to say that there is frequent contact made with the wholesalers in both those marketplaces, New Zealand and Australia and the principle players in the airlines to ensure that our representatives are dealing satisfactorily with those players in the marketplace. It is essential that our players maintain high level contact with both the wholesalers and the airlines and from time to time contact is made both from here and certainly by myself to those wholesalers to ensure that that contact is maintained. But I think it is largely up to the Bureau as a statutory authority to evaluate the performance of those people since the Bureau is a statutory entity in its own right and I'm sure that those evaluation processes take place on each occasion as the contracts of those individuals fall due for renewal

MR ADAMS Thank you Mr Speaker. Supplementary to that, could the Minister give an evaluation of their performance in the last year then

MR KING For my part, as Minister for Tourism Mr Speaker, reminding Members once again that I don't employ these individuals, although I support their employment by the Bureau, but my own personal observations are that I am satisfied on both counts. The performance of both those individuals have been satisfactory and I can say no more than that. Indeed I can, I can say in some respects their performance has been more than satisfactory. These people, as I mentioned before, maintain high level contact with the key players in the industry and those contacts enable us to put in place, for example, we have now bedded down a special fare out of the South Island of New Zealand after a trial period and that was as a result of Mr Henderson's involvement with the industry in New Zealand. On the other side of things we've bedded down a number of flow on fares and add on fares out of some of the further markets of Adelaide and Western Australia. We've bedded down add on fares for some of the international routes out of Asia through Air New Zealand. Now all those things are done with the co-operation and assistance of those representatives that we have in the marketplace. I mean all those I hope are fairly clear indicators to Mr Adams that those people are performing satisfactorily

MRS SAMPSON Thank you Mr Speaker. I direct a question to Mr King, what response has the Minister had to his "Have your say" questionnaire on tourism, the cut off date being this Friday. In other words, how many copies were sent out and how many have been received up to now

MR KING Thank you Mr Speaker, I haven't involved myself in that process at all at this point in time. They were to be returned to the Secretary to

Government and I took a position that I wouldn't involve myself until the closing date so I won't know until early next week how many responses there have been. I understand there have been quite a number and I'm hopeful that they will be a good representative sample of community opinion but I won't know until early next week

MR SPEAKER Further questions without notice

MR ADAMS Thank you Mr Speaker. Another question to Mr King as Minister for Tourism. Some time ago I also asked the Minister if he could provide detail to the House of the actual promotional activities of Mr Henderson in New Zealand. As you answer then threw little light on the subject can you now provide to this House a sketch of Mr Henderson's promotional activities

MR KING No I won't attempt to do so Mr Speaker until I have some documentation with me. Again, I stress that there is a facility for putting Questions on Notice which allow us to gather up precise and clear information and I only wish that facility was used more often by Members so that we are in a position to answer fully and clearly but I won't attempt to answer that now. I will do it over the next couple of days and give Mr Adams something. I wasn't sure that I undertook to return to the House with it, I may be wrong there

MR ADAMS Thank you Mr Speaker. A question for Mr Bennett in his capacity for, among other things, rural assistance. Around twelve months ago I asked what form does the rural assistance segment of your portfolio takes, and at the time you undertook to find out. Can you now give an explanation of the term "rural assistance" as it relates to your portfolio

MR BENNETT Mr Speaker, I must apologise to Mr Adams. I recall him asking the question I think at one of the first meetings and I certainly haven't got the answer that he requires but I will make sure that he gets the answer within the next day or so

MR SPEAKER Further Questions Without Notice? No further Questions Without Notice.

Presentation of Papers

MR SPEAKER Any Papers for presentation this morning? No. Do I have an expectation of some Regulations to be tabled this morning? No. Okay then

Statements

Are there any Statements? No Statements?

Messages from the Office of the Administrator

MR SPEAKER Messages from the Office of the Administrator Honourable Members. I report that I have received the following message from the Office of the Administrator, it is Message No 82. "On the 20th June 1995 pursuant to section 21 of the Norfolk Island Act 1979 (a) I declared my assent to the Tourist Accommodation Amendment Act 1995, which is Act No 9 of 1995, and the Legal Aid Act 1995 which is Act No 10 of 1995, and (b) I reserved for the pleasure of the Governor-General the Statute Law (Miscellaneous Provisions) Bill 1995. Dated the 20th day of June 1995, Alan Kerr, Administrator"

Reports from Standing and Select Committees

Any there any Select or Standing Committee Reports this morning? No

NOTICES

We are now at Notices Honourable Members

NO 1 - CUSTOMS ORDINANCE 1913 - EXEMPTION FROM DUTY

MR BENNETT Mr Speaker I move that for the purposes of Section 2B of the Customs Ordinance 1913, this House recommends to the Administrator that the goods specified in the Schedule, imported by the importer there specified, be exempted from duty - Schedule: Importer: Michael John Thearle on behalf of the Australian Society of the History of Medicine. Goods Imported: Satchels and conference material valued for duty at \$2,085

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

MR BENNETT Mr Speaker in moving this motion I reiterate to Members the comments I made at our informal meeting last Monday. The importer Dr John Thearle is the Chairman of the Planning Committee for the Mutiny and Medicine conference of the Australia Society of the History of Medicine. The conference is a non profit scientific gathering which is expected to bring several hundred delegates and their associates to Norfolk Island. The goods are registration documents for the conference and have no extrinsic commercial value other than to the conference members. The amount of duty that would ordinarily be payable is \$208.50 which is just over the executive member's discretionary limit thus the necessity for this motion today. I commend the motion to the House

MR SPEAKER Thankyou Mr Bennett. Any contributions from Members?

MR KING Only Mr Speaker that perhaps we ought to be looking at the discretionary limit of the executive member so that the House doesn't have to be troubled with \$200 exemptions. I have no difficulty with the motion

MR SPEAKER Thankyou. Further contributions?

MR BENNETT Mr Speaker Mr King has mentioned that the discretionary limit is rather low in today's terms and this matter has been taken on board. It will form part of the new Customs Act which I can assure Members is almost here. I've been saying that for three years but I'm told and hope that it will be tabled in an exposure draft form hopefully in July. That amended Act will update a number of the policies and a number of the things that have got a little bit behind in terms of time, thank you

MR SPEAKER Thank you. Is there any further debate? No further debate I put the question that that motion be agreed to

QUESTION PUT

AGREED

Thank you Honourable Members. That motion is agreed

ORDERS OF THE DAY

NO 1 - APPROPRIATION BILL 1995

Moving to Orders of the Day. Order of the Day No 1 which is the Appropriation Bill

1995 and of course Members will understand that this is the principle purpose but not only purpose of today's sitting, in other words our completion of the budgetary process. We are resuming debate on the question that the Bill be agreed to in principle and Mr Bennett you have the call to resume

MR BENNETT Thank you Mr Speaker. Just to reiterate briefly, this Bill is the Bill to authorise expenditure from the Public Account for the financial year from 1 July next to 30 June 1996. It was debated at some length in the Sitting of this House a fortnight ago. In the introduction of the Bill it was explained that the Appropriation Bill proposed to spend \$8.521 million which is expected to be funded by Revenue estimated to reach \$8.523 million. Mr Speaker during the debate I mentioned among other things that it hadn't been an easy budget to put together, there was no pleasure for my part in the budgeting process this time around. I went on to mention that whilst the economic pulse rate of the Island for the first six months of this current financial year had been relatively good that it had sunk somewhat and was in my terms sluggish, this had an impact on the framing of the budget. I mentioned that the budget had been put together without any increase in taxes, levies and charges as it was deemed that economic conditions had not shown sufficient cause for making an adjustment there. I spoke at some length about the underpinning objective of budgeting for Norfolk Island and of course this is the concept of living within ones means. There was expected to be some quite divided views about this approach and I guess we'll hear more about that today. In making comment about revenue at the last sitting I made mention of a modest increase in revenue. A modest increase only. Again, revenue forecasts were set taking into account the current economic conditions. Mr Speaker I also made comment about some of the highlights, if they could be considered highlights in terms of the expenditure I the budget and that included additional money for tourism, additional money for roads, \$70,000 provision for waste management and hopefully that will begin the process of acquiring a new burning incinerator. There have been \$50,000 allocation to the Burnt Pine Upgrading Programme, and there's been some activity in that area and it is expected that that amount may well be insufficient but at least it will get us a start. There was other funding as I mentioned, provided to support such things as the Cultural Arts, Sports Promotion, the Amateur Sports Association and the Youth Sports Fund Trust. What I neglected to mention and I felt strongly about it but overlooked it last time was that in forming budgets Members often take a serious approach to innovative or new ideas and I think with a great deal of seriousness a year ago almost to the day this House passed a budget which included money for two apprenticeships and it also included a considerable amount of money for computerisation upgrade. Now I'm sad to say that a year down the track I've not seen any evidence of the apprenticeship's being offered to local people. A year has passed and two young local people have been denied an opportunity. In terms of the computerisation upgrade I personally believe that this was a crucial step towards taking the quantum leap from the old burroughs system we've got to equipment closer to the state of the art stuff that's around today. One of the early focuses in that programme was to attempt to computerise the Records Section and of course there were other demands from Registry and the like and the process got bogged down a little bit but I'm telling you today that we are three days out from the end of the financial year and little has been spent in those regards. So those are the sorts of things that I think Members are entitled to be a little bit upset about and that money may well have been able to be allocated to other projects which were cut at the time. Mr Speaker in the debate a fortnight ago this balanced budget was variously described by Members as conservative, politically palatable, unsatisfactory or even an obsolescent style of budget. Whilst these remarks were predictable in a sense, it did surprise me to note that no speaker drew attention to the fact, that less than two years ago in this House, the budget at that time proposed expenditure of \$7.469 million. Almost a million dollars less. Now Mr Bates in his debate did note that there had been a

5% increase in expenditure proposed for this financial year as opposed to the other, and I think it is significant that a one million dollar increase in expenditure over a period of two years when compared to the total budget. I'm not sure whether I'm getting the feeling that Members like to see the expenditure increase by huge amounts every year but the consequence of that is having to raise considerably more revenue. In the remarks made about the balanced budget one could be forgiven for drawing a conclusion that most Members would describe any balanced budget as conservative, old fashioned or outmoded. The shortcoming of this view as I see it, Mr Speaker is that Norfolk Island being Norfolk Island there will always be, always be, a greater demand for expenditure than there will be funds to meet it. There will always be bids for projects, plant and equipment etc which in total will be impossible to fund. For 139 years the Island has lived within its means, and the foundation stones laid by the civic fathers of yesterday shoring up this sensible philosophy of not spending more than can be earned, should be re-cemented each year and should not be allowed to have the mortar chipped away. One of the Members referred to this practice of balancing the budget as being "quaint". Well, perhaps it is quaint when you measure it against the time-span, but it is an important legacy that we have inherited and that we have been entrusted with. There was an assertion that this budget appeared to be politically palatable and brought with it the suggestion that political motives dominated the framing of the budget. Well, certainly not from this quarter, however, I do stand accused of attempting to both be managerially responsible, over zealous perhaps, but also to keep the Island from slipping into the pathway to debt. National debt benefits no-one Mr Speaker, least of all those who live here. Some Members, but especially Mr King, considered that the major focus of a budget should be the economic impact rather than the preservation of the Revenue Fund or the reserve fund and savings. Now I don't disagree Mr Speaker, however, when the principal industry driving the economy is flat and sluggish, with no expressed plan or forecast of expected growth, one must be forgiven for pitching revenue estimates of the conservative side, and curtailing expenditure to meet. Let's hear and see plans to rev up the industry first. A revved up industry will provide the revenue flow from vibrancy and thus give the Members the confidence to become more responsive or expansive in the task of amenity and infrastructure development and servicing. If I'm not mistaken, the tourist figures for the first five months of this year have declined when compared with the visitor numbers for the first five months of the previous year and Mr Speaker there is no more crucial time that budget time to have confident predictions about tourism growth. There is no more crucial time to have plans for innovative marketing approaches and schedules of aggressive advertising campaigns. We have heard some of this but have not had it expressed in terms of perhaps what the airlines targets are for the year and whether our marketing strategies and everything we do is targeted to that. I think that without this information coming to us it is inevitable that some caution and conservatism in revenue forecasting will result. Mr Speaker there's a lot of money spent of professional consultants of one sort or another and in the tourism area access to the airlines own projections would see to be a possibility, but it seems not impossible that some more accurate targeting might be able to occur. It is inconceivable to me that an airline would not have a plan in itself of knowing how many seats it was expecting to sell in different markets and whether that shows a growth or whether we dovetail in there to help cause that growth or not. I'm uncertain, but if that is the case then we should be letting the community and at least this House know often and loudly. Tourism is and has always been the key to economic stability. It is and has been the key to economic survival and in the absence of new industries the reliance on a buoyant and vibrant visitor intake remains crucial. In the circumstances as I've just described, with the economy still sluggish the revenue forecasts were kept very much to the levels of this current fiscal year and in the process I believe that Members did well and fairly to allocate the expenditure that they did across the board. I would expect to hear

this morning Mr Speaker some more criticism about the notion of balancing expenditure with revenue. I think it's a little bit more than a philosophical difference, I think it really is an idea that has been with this Island since it was settled. I have nothing further to add to the Appropriation Bill debate Mr Speaker and I'll leave it at that

MR CHRISTIAN Thank you Mr Speaker. I intend to support the passage of the Appropriation Bill through the House today, however I do so with some reservation.

Some reservation Mr Speaker because in the words of Mr Robert Adams it is little more than a bill paying budget. It does very little to stimulate our depressed economy. Mr Speaker, I forewarned of the downturn of the economy one year ago in this very House. Regrettably, others did not share my concerns and in fact spoke about a rosy future with generous budget surpluses. Mr Speaker I will be urging the executives of the Assembly to come forward with a package of initiatives to stimulate our economy and return the entire community of Norfolk Island to prosperity. Mr Speaker I've just heard Mr Bennett say that the budget that we are dealing with today exceeds one of two years ago by about a million dollars and in itself there's nothing wrong with that Mr Speaker however, if in his statement Mr Bennett is implying that this one million dollars has come about as a result of growth in our economy then he's not totally correct because Members and the community will be aware that in the dying days of the Sixth Legislative Assembly, tax increases were tossed upon the community of Norfolk Island which I think from memory raised somewhere between \$400,000-500,000 in additional revenue so Mr Speaker the million dollars hasn't come about from growth, half of it at least has come about from increasing taxes on a community that could ill afford it at the time and Mr Speaker the result of that is that people that were already doing it tough have done it tougher. There is no luxury out there in the Norfolk community anymore and I would certainly hope that Mr King, Mr Bennett myself and Nadia and any other Assembly Member that wants to take an active role can get our heads together with senior officers of the public service and come forward with some rock solid initiatives that can be measured, that can be measured Mr Speaker against targets and I don't intend to say any more at this time

MRS SAMPSON Thank you Mr Speaker. I support the Appropriation Bill as while this Government shows little change in expenditure and no changes in revenue raising, there is no alternative. Balancing the Budget is a thankless task for us all, especially the Minister for Finance and, short of selling off the local branch of the Commonwealth Bank, we cannot afford a respectable surplus. Other governments may use magic tricks and sleight of hand but we are too small and intimate to be able to do this. However, I am pleased that Waste Management, Guaranteed Land Titles, and cultural and sporting activities have had substantial sums allocated to them but I now wish to draw attention to some aspects of this Budget that cause me some disquiet and these are Education, Public Service and Tourism. Firstly to education. In 1984/85, expenditure on education was \$627,000, there were 305 pupils, 16 full time and 2 part time teachers - in 1992/93 the expenditure was \$1,290,000 322 pupils and 19 full time and 2 part time teachers. The monetary figures are all inclusive but it is presumed that the recurring expenditure and capital works would be roughly proportionate for each year. So, although the number of students has risen by only 7%, the number of teachers has risen by about 20% and expenditure by 100% within this eight year period. This year's allocation now stands at \$1,383,000, an increase of a further 8% on the 92/93 figures. I acknowledge that years 11 and 12 were introduced in 1992 but this addition was done on the basis that it was to be cost effective, unfortunately, we all know what happened to that. I still question the benefit of these last two years being spent here and it is interesting to note that some parents are making the financial and emotional sacrifices to send their children away for those very important final years - I commend them for their dedication and commitment to

maximising the education benefits available overseas. It is to be hoped that future governments may see the wisdom of a broader outlook on education than is currently employed here and commit funds for that purpose. Notwithstanding these remarks, the Minister for Education, Mrs Cuthbertson appears to be making good progress with her discussions regarding the staffing structures at the school, she has my support and it is to be hoped that education costs, if not reduced, can be redistributed. Secondly, to that old, circulate argument that is dusted off every time the number of public servants increase - namely, the money spent on wages for these extra people goes back into the community. Now if you say this often enough and fast enough, it starts to be believed, forgetting that the money used to pay them comes from taxes and charges raised from the public in the first place and much of these wages are spent overseas on commodities, such as holidays, education, consumer goods. If the Government injected more into encouraging private enterprise, these businesses would employ more workers and their wages would then come out of private enterprise profits. I acknowledge the road to internal self government is long, hard and expensive but when one considers the number of additional items that have been added to this self government process within the last twelve months - either by our own initiative or upon the demand of the federal Government, one must accept that the public service grows accordingly. Having said this, it doesn't mean that I agree with what often seems to be an unwarranted growth in the Public Sector. A more vibrant, co-operative and innovative public sector should be encouraged, not left to bemoan the fact that the public sector is expanding whilst they are diminishing both in profits and confidence. Finally Mr Speaker, to tourism. The figures in the 1984/85 Annual Report state that the Norfolk Island Government allocated \$178,000 to tourism and the number of visitors was approximately 24,000 making about \$7.50 spent on each person for promotional purposes. This year's budget has \$631,000 put aside and we will be fortunate to reach the 30,000 mark as Mr Bennett has remarked on. This works out at about \$20 per person and we are assured that it is a very low figure compared to other destinations. It seems to me to be a vast amount of money spent for very little improvement over a 10 year period. A few years ago Mr Speaker you and probably Mr Bennett will remember a former member of this House had a very successful election victory on the theme of "Come on Norfolk, wake up and get going" and if I may ask her indulgence to use that expression, that theme is even more relative today. Whilst we are standing still we are going backwards and whilst I do not advocate massive increases in tourist numbers, I do urge a more visionary plan for the future of the tourist industry - one that relinquishes the tired worn out approaches that do not seem to work, however much money we throw at them. As Ansett hold us to ransom by their comments as to what they would like in terms of airport capacity and type of accommodation as well as rapacious wholesalers who are only interested in their percentage, there are alternative ways that Norfolk can market its own product. Will this House be sitting around this table in five or ten years time, still arguing about the current policies and strategies and still going backwards. I hope not. I hope that Assembly can pull together and develop ideas and take hard decisions, like relocating the Tourist Bureau on the mainland, being our own wholesaler so the profits stay on the Island and projecting our own image in the way that is best for the residents and will encourage visitors to find us as a unique place in the world. So I repeat, "Come on Norfolk, wake up and get going", and let's spend the money allocated to tourism wisely and with maximum effect for the benefit of all. We are getting mixed signals from our two main markets. One of the weekend newspapers carried an article on the Australian economy that was headed get set for a here we go again recession and a news item on the TV represents the rapid recovery in New Zealand. We cannot afford to sit on our hands waiting for the outcome of these predictions. The time to act is now

MR SPEAKER

Thank you Mrs Sampson. Further contributions Honourable Members

MR BATES Thank you Mr Speaker. One could be forgiven I think for thinking some of the debate here is really just political election campaigning, but getting back to the budget itself there is a move to employ a Commercial Manager. I see no impact on what he is supposed to do within the budget. I see no increased revenue as a result of what is expected of this person. Mr Bennett mentioned that there was a modest increase in revenue. The increase in revenue is not even 2% and that's not even keeping pace with inflation. I suppose I sound a little bit like a cracked record when I say that more recognition of the impact of government spending on the Island economy needs to be made by this government. The budget's are formed with practically nothing in them to stimulate the economy. Balancing the budget is fine but when nothing is done in those areas I think they are lacking in something. Often the Administration is termed as a business and should be run as one. Well the Administration is not a business it's a service, it has other responsibilities in the areas of welfare, education. You won't find businesses running a welfare scheme or an education scheme. It has to look after courts and police and a whole host of community services and we need to realise that. In this budget revenue is neglected because it's unpopular but if we continue to neglect revenue in the long term it means the crunch comes sometimes and overlarge increases has to be made simply because things have been neglected for quite some time. When the crunch comes in it is really quite a large one. Mrs Sampson keeps talking about private enterprise. Now private enterprise I think is fine, but we have monopolies in a small community it is far from desirable. We see what happens where we have monopolies in our small community, we have little control on the costs and you look around at most of them and they seem to be doing very well, thank you very much. I see nothing in this budget to encourage any local industries, especially any primary industries and until we can come to grips with the fact that it is not just a matter of producing a bill paying budget as Mr Adams terms it, and come to grips with the fact that the government should be using its budgets to benefit the community and the economy then I think we are running around with our heads in the sand, thank you Mr Speaker

MR KING Thank you Mr Speaker. No-one during the course of this debate thus far has made any mention of any comments that their constituents have made about the Bill. It has sat on the table now for only a period of two weeks, but it is not uncommon of course that during that period of time that people come forward to their elected representatives and make some comment, meaningful or otherwise about the budget. For my part Mr Speaker, no-one said anything to me, not a single word but perhaps I haven't been out as much as I ought to have been or haven't been to the right places but I can assure Members that even at the Sports and Workers Club there is stimulating conversation sometimes, Jack Fitz or Gerald Goudie have always a word or two to liven up the discussion about topical matters but Mr Speaker, not a word, not a word at all. Could it be perhaps that the budget is seen as a dull and unexciting piece of work representing perhaps nothing new and not worthy of any comment. Perhaps seen as the product of a bunch of dullards who lack any initiative or innovation or any ability to stimulate the economy. Maybe those impressions Mr Speaker are a little bit harsh and perhaps undeserved but the community could be forgiven for gaining those impressions. Let's look a couple of minutes at how we presented this Bill. Mr Bennett began by saying, and he has taken the opportunity to repeat himself this week that the budget is as a result of a sluggish economy that we can expect no general improvement in revenue and he said that the economic conditions had not shown sufficient improvement to justify an increase in taxes. He says that the underlying philosophy was to live within our means and that our surplus for the year after expenditure of \$8.5 million would only be a paltry \$1800. He said we can't rely on increased drawings from the Government Business Enterprises because to do so would result in economic oblivion. I said in my debate Mr Speaker that the budget didn't have as its focus economic impact and I've said that for a number of years. Brian said, and he repeated

himself in part today, that he didn't see the budget as being progressive or economically stimulating and as we have heard a number of times, Rob Adams said that it pays the bills and does darn all else. Now what all of this has said to the community Mr Speaker is that it has delivered the message of "bad luck, no growth, mark time, we'll see what we can do next year". It has sent no messages of confidence at all out into the community. I say Mr Speaker that it is one thing to be cautious and conservative but an entirely different thing to be irresponsible. We are in our approach to this budget no better than those in the community who continually cry down the economy. We know who they are, you hear them all the time, crying down the economy. They cry it down to each other, they cry it down to the tourists, the visitors who come to the Island. Any confidence which might have been restored to the business sector by recent increases in tourism has clearly Mr Speaker, been shattered by the message of gloom that was delivered in this budget by this Assembly. It was said to the business sector, don't plan for continued regrowth in tourism, don't vie for a share of that regrowth by increasing your stock or by otherwise enhancing your operation, just mark time and stumble along, and maybe things will improve in the future. That's what we've said. We've said no more no less. The fact is Mr Speaker that the statistics speak for themselves.

We hear today continuing messages of gloom and dire straits regarding tourism. Well I mean the statistics are there for people to look at and interpret and analyse themselves, and maybe I don't do a good job at it maybe in expressing myself in these matters but for heavens sake, don't deny the statistics and don't deny that 5-6% more tourists here on the ground have got to spend money, they've got to go into Foodies and buy a loaf of bread, they've got to go on a half day tour, of course they spend money in the economy. Someone's benefiting from these things. Mr Bennett says that over the first five months of this calendar year, I presumed he was talking about, that the tourist numbers have shown a decline over last year. Well of course they have because the first five or six months of last year was showing 30-40% increases. Now who the heavens is going to suggest that we are going to sustain 30-40% increase right throughout a year. Indeed they've been down. I mean, May last month was about 9.5% down on May last year. Now that in itself says something terrible, that sounds wow, no good, that's a downward trend, but let me say that May of 1994 was a record month, a record May, and all time record May. May of 95 this year was the second highest May on record. June this month is looking to be on par or slightly ahead of June last year which in itself was a record June showing a 24-25% increase over the previous year so I mean, we've got to compare apples with apples. It's an old Brownie saying that used to be shoved down our throats incessantly but we've got to compare apples with apples. Certainly Mr Speaker the rate of growth that's envisaged in tourism for this year and I would suggest that come the end of the year we'll see probably a 5-5.5% increase in tourism over the last financial year of 93-94. Now I know that people would have preferred to have seen us sustain 20-30-40% increases in tourism, but believe you me, at the end of the day that can only prove to be disastrous for Norfolk Island. It would have been nice, sure it would have been nice to have that quick economic injection for vast numbers improving a quick turn around but you can't sustain it forever. If you look more objectively at a 5,6,7,8% increase per annum over 3,4, or 5 years the end result will be far more beneficial and advantageous to us in the medium and long term. But nevertheless Mr Speaker an increase of 5% is not a rate of regrowth that can be ignored. You can't just flick it and say it didn't happen, of course it happened. On the one hand we agree unanimously I might add to increase funding for tourism by 9.3% this year, we all go, yes, we'll do that, but on the other hand you say you are willing to bet it doesn't make a darn difference. Why are you giving a 9.3% increase in promotional funds if you can't be just a touch confident about that resulting in increased numbers and why can't you share that confidence in the community instead of sending out a message of gloom. Mr Speaker I wanted also to make another point about the philosophies running through this budget. Mr Bennett says hands off the surplus

funds in the Government Business Enterprises. Now the weight of opinion among Members suggests that Mr Bennett's philosophies is wrong and needs to be talked about, and he is vastly outnumbered. And I wanted to make one more point in this argument. Geoff says in his debate that there will be no new or increased taxes or charges this year and proclaiming in effect that there will be no adjustments for inflation on taxes which are essentially regressive in nature, and that is as Brian points out, that they don't maintain constant value in the face of surrounding inflation and it says also that there will be no adjustment of fees or charges which have long been recognised as bearing absolutely no relation to the cost of providing the service, do we still provide some licences for a dollar or something, do we still do that? I'm sure we do. I'll bet pounds to peanuts that we do. Now I'm not suggesting Mr Speaker that we should increase taxes or fees this year but I am suggesting that whilst it's good for scoring a few points that's irrational and illogical to continue year after year to expect that these taxes and charges will continue to contribute a constant proportion towards expenditure and as Mr Bates quite rightly points out, the longer we ignore the more difficult it's going to be for the next Minister for Finance or Assembly or Government to pick up and adjust for inflation and bring them back up to the original proportion which they provided towards expenditure, but before Members jump down my throat and say that I'm supporting increased taxes and what not, I'm not but let me just illustrate or use an example. One with which I'm familiar to illustrate the point. Last year at the end of a two year flow I managed to have the Accommodation Levy increased to restore the original formula. The original formula set in the early 80's was to attract to the coffers 3% of industry gross. 3% of industry gross. It was set in dollar terms and never ever adjusted. It was never ever reviewed. It was never ever commented on. Those are the kinds of things that Mr Bates is talking about and I'm talking about. When we did get around to addressing it what we were attracting from that levy was not 3% of industry gross, the value of the industry had risen from 2.5 million to 7.5 million and the contribution to the coffers was less than 1%. But that's because it was set in a regressive manner in dollar terms and it was never reviewed, but the important point here is that when it was commenced in the early 80's it represented a contribution of about 2.2% of expenditure. Objectively set to attract 3% of industry gross and to provide 2.2% of expenditure. By the time we got round to reviewing it, it was representing less than 1% of expenditure. Now, that is only of a whole bagful of regressive taxes that we have here in Norfolk Island which we don't have the - I was going to say guts Mr President but I shouldn't say that - intestinal fortitude to address. Some are much older, some go back decades and we never looked at them again. Now in my view Mr Speaker, this has been a major factor contributing to the increased call on dividends and funds from the GBE's and it's only because the GBE's, the enterprises had been operated on a commercial basis that they've been able to make the contributions to the revenue fund which has not functioned on a commercial basis or even a responsible basis. Now I can't make that point strongly enough. We can't continue, or any Assembly can't expect or leave it to someone else to pick up the pieces later on a couple of years down the track when I'm long gone and I'm nothing more than a note in the history books. So like Mr Christian Mr Speaker, I believe that we ought to be looking very closely at the process in which we budget for expenditure in Norfolk Island and we oughtn't to be waiting until May next year to do it because there's no time to do that. All that does is provide us with time and a venue for sitting around a table like this and putting our points of view in and decrying everyone else's efforts around the place and bagging each other. So I hope that my comments are seen by Mr Bennett as being constructive because that's the light in which they are intended to be delivered and that's my contribution at this point in time, thank you

MRS LOZZI CUTHBERTSON Thank you Mr Speaker. I've listened to the debate in some bemusement. Mainly to me it illustrates the short resources under which most of

the executive members work with and the complexity of the task which we have to face as individuals and the frustration that we experience from time to time when faced with the results. We have to face one of the most basic aspects of the situation, that the knowledge of economics and the understanding of economics that we have amongst us is terribly limited and though Mr Bennett, with the resources of the people that work to him, does his level best and I admire what he does achieve we still are not able to deal with fairly fundamental problems that beset all governments these days, not just Norfolk Island. The economics of the world has changed, the rules of the games in so many aspects have changed and we really do not have so much of the fundamental knowledge that would enable us to change our economy radically in order to meet the new challenges. The fact that we recognise it, that around this table there is concern, is really important, that various people already have indicated that we should be tackling it and starting to tackle it from now for next year I think is essential and a wonderful sign, and the fact that by and large Mr Bennett is certainly not closed to new ideas, he wants to listen and he wants input, but the reality is that we haven't been making that kind of input, we should assume some of the responsibility as well mainly we get caught up with the demands of our own portfolios, but if we all as Mr Christian has indicated, start tackling it soon perhaps we will have a better outcome next year.

Personally I do not share a lot of the negative feelings about this budget. I am in favour of balanced budgets as much as possible. I do think that some of the reserves of the Government Business Enterprises should be available to be called upon if we do have good initiatives that would stimulate the economy, but only under those conditions. If we have plans that make sense and we are prepared to back, the funds are there and we should be able to do our best in that respect in the future but until we have such fairly well thought out and researched plans, then taking money out of the Government Business Enterprises or any other reserve would certainly not be the kind of thing I would favour. I particularly look forward to starting in the job of this Commercial Manager, the man that has been chosen has excellent qualifications and experience and his input in how we conduct the businesses attached to government certainly should make some difference but to forecast how much that difference will be in dollar terms to include it in the revenue, forecasting the budget is exceedingly difficult. Hopefully, there will be a significant difference at the end of 95-96 because of the employment but just what that difference will be we shall see. It will be useful at the budget review time in January for us to look back at this time and see just what differences have come about and perhaps we could look at some stimulation of the economy at that time, and we should not close our mind to it, in fact we should start thinking about it now because to come up with a plan that works and that will have an effect on the economy is not going to be something that will happen overnight. I generally support the budget, I do not consider it as negatively as other people consider it, and what I hope will happen in the next few months is that we will come up with plans that will stimulate the economy even more, because there has been a stimulus to the economy and we should recognise that, and that we'll also be able to bring some of that into the budget review in six months time, thank you Mr Speaker

MR ADAMS Thank you Mr Speaker. Mr Speaker as I see it and as I said at the last sitting on this matter, I think it's basically a bill payer. There are however some new directions particularly in the environmental area and I think that's to be applauded. Mr Speaker I've listened with interest to Member's comments. I think there is certainly a fair deal of accord in the perspectives expressed around this table. I find it difficult to agree with Helen's assertion that years 11 and 12 being implemented in Norfolk Island, was in essence, a bad move. Mr Speaker I think one of the most important assets of this community, and probably any community, is its people, in other words, its human resource. It is probably also one of the most neglected areas in our community, the development of

our human resources. The introduction of Years 11 and 12 I believe was the beginning of the reversal of this trend. This year I believe Mr Speaker that the on Island retention rate is roughly double the previous years so coupled with a number of Island students who are undertaking Years 11 and 12 off shore we can expect to see more Norfolk teenagers who hold a Year 12 certificate with a further expectation that the number of tertiary qualified Norfolk residents will rise. Mr speaker this should over time see Norfolk's dependence and indeed our apparent fascination with itinerant labour reversed. Norfolk's future will progress further and better if Norfolk's future is in the hand of Norfolk residents, both in the public and the private sector. I think it's fair to say Mr Speaker that one recent bright spot is the appointment of a young Norfolk Islander to the important position of Tourist Accommodation Officer. This must be seen as an increasing realisation or of our awareness of the potential that is available to us locally and I think that was a commendable initiative. So Mr Speaker I find it difficult to find accord with Helen's sentiments that the introduction of years 11 and 12 was not a good move, particularly given the fact that education, or the lack of it is probably the greatest single contributor to unemployment. Mr Speaker whilst on the matter of education generally one thing that does bother me, is the proportion of the wage and salary bill in relation to the overall education budget. Mr Speaker, presented in the education budget papers is the figure of total wages and salaries and I think this falls somewhere in the order of a million and eighty thousand dollars which if correct, is a pretty fair slice of the total budget of the education budget allocation of \$1.3. I think somewhere in excess of 80%. Mr Speaker I think it would be fair to say, this slice paid on wages doesn't leave a great deal of surplus if you like for capital works or for the purchase of training aids or for significant increases in information technology expenditure. Mr Speaker, in view of this percentage spent on wages in a learning environment, I think it is fair to say that consideration perhaps should be given to the question of the effects, one way or the other that this percentage has on the quality and the amount of education that's delivered to our children on Norfolk Island, after all, I think it is fair to say the children's educational needs are the main reason why we have an education budget at all. Mr Speaker, Mr Bennett has made mention that because of the tightness of Norfolk's economic situation no tax increases are warranted at this stage, perhaps at this point in time. It is worrying to hear that for presumably it indicates that had the economic climate improved the community would be rewarded with tax increases. Mr Speaker, the quickest way I would suggest of slowing economic movement are tax increases, and that surely is not something we are on about here. Mr Speaker, suffice to say that I have difficulty with the concept that if the economy is up, so are taxes, particularly given the fact that economies fluctuate but taxes don't. Mr Speaker, there is a view around the table that deficit budgeting may have merit as a reasonable management tool in terms of economics. I think economic experience elsewhere might not agree with this view or at least recommend caution at the very least. I think it would be fair to say that deficit budgeting can generally only occur by two means, one borrowing and the other one, dipping into the reserves. In our case, the revenue fund. I think either of these two options are difficult and both come complete with a range of risks. There may be consideration to the merits of deficit budgeting to invest in some area which will plainly show a return, short term, medium term and ongoing but to balance books I don't believe it's an advisable option. Mr Speaker Brian's made mention of the fact that the public service is not a business. I think his indications there is that the emphasis should be on processing or administration as opposed to outcomes. I think it is fair to say Mr Speaker that there is a wide body of thought and opinion now where public service's are increasingly seen as a corporate entity and should be regarded as such with emphasis changing from inputs which in general is budgeted in, it is an input budget with emphases on resources rather than outcomes and I think generally public services are viewed as something that is a corporate entity and

the emphasis or the focus should change to outcome. What it actually achieved, how efficiently it achieved it. So Mr Speaker I think generally this budget is a status quo budget, position neutral, some areas of brightness but generally business as usual. Not enough about the future I would say in total and as I've said or indicated the process itself I believe in many areas, puts the cart before the horse and by this I mean that amounts allocated to an area, be it whatever area, with only a vague notion of what happens next. What happens next after the allocation is then determination is made in a more prioritised manner on how to expend this money. I think basically Mr Speaker, this process is flawed and a more correct method would be to focus on the outcome to give a true cost to these priorities rather than just spending it because it's been allocated. This also gives the community a better idea of how its money is expended and to be able to reach a better conclusion on the effectiveness with which its tax money is spent. That's all I have to say at this time, Mr Speaker

MRS ANDERSON Thank you Mr Speaker. Mr King has suggested that this is a very dull budget. Admittedly it's not scintillating and he suggests that its reflecting the feeling of doom and gloom still being put about within the population. Mr King also suggests that the tourist numbers on the Island are increasing, perhaps not to the extent that they did last year but I would put to him that even if the sheer numbers of people arriving on the Island are increasing our economy is not increasing to the extent to which that should be reflected. I think you can speak to anybody within the retail sector, the accommodation sector, trades people, anybody who relies on income from tourism and they will tell you that maybe there are one or two more people on the street then there were a couple of years ago but the tourism industry is not buoyant. We are not getting enough income from the tourism industry that we require and the people who are in the retail sector, the accommodation sector, they are large scale employers of Norfolk Island residents. A lot of people rely on the private sector for their employment. We require a vibrant tourist industry on Norfolk Island and I don't think that we've got one at the present time. I shall be very interested to receive the results of Mr King's tourism survey but I don't think that we can necessarily wait until that's available before we start looking at giving a bit more of a boost to our economy. I think we need to take a bit more of an innovative approach to revenue raising on Norfolk overall. The review that Mr Christian foreshadowed, I think is an excellent idea. Until we have a more innovative approach, until we have more results, we cannot budget to spend more money then we expect to get in and at the present time I think our budget revenue estimates are accurate, based on past results. Many countries would be envious of our financial position of not being in debt. We don't have the massive debts that some other small countries have and I think we should be very proud of that fact, and I think that we want to continue to be in that position to be able to balance our budget and until such time as we have increased revenue I don't think we should have increased expenditure and I fully support Mr Bennett's bill, thank you Mr Speaker

MRS SAMPSON Thank you Mr Speaker. I just wish to make a point to Mr King that he was talking about \$1.00 licence fees. Now, some meetings ago in the Committee Room I suggested that \$30.00 a head for pasturage was totally unreasonable. I can't remember whether you all jumped down my throat or I got a blank look, but whatever it was it was a very negative reaction and if you'll forgive the pun I think I might have poked a stick at the sacred cow. How many of these licence fees like hairdressers, registration of bulls, gun licences have been a very low amount for many years and although various suggestions have cropped up of increasing them, I don't think anything has ever been done about them

MR CHRISTIAN Thank you Mr Speaker. Just to take on from where Mrs Anderson left off, she has made mention of the fact that increased tourist numbers have not

directly transferred into increased, I'm not quite sure how I can say this, well, the economic impact has not been proportionate to the increase in tourism and in recent days Mr Speaker I had conversation with one of the major tourism operators in Norfolk Island, and he indicated to me that in order to be able to attract a reasonable occupancy level into his establishment his tariffs are now set at the level they were nine years ago. Now that's quite disturbing Mr Speaker, if in fact it is correct, because costs have certainly risen substantially in the last nine years but if in fact he does have to reduce his rates to the level they were nine years ago to attract a reasonable occupancy rate, that then clearly identifies why tourist numbers in record terms hasn't transferred itself into a buoyant economy so hopefully Mr King will take this on board before he assesses the outcome of his review and we can do something about it

MR BENNETT Thank you Mr Speaker. I was going to close off the debate but if Mr Bates would like to speak

MR BATES Thank you Mr Speaker. Just a small comment. I was prompted by what Mr Christian just said. We keep talking about trying to attract a higher profile tourist, or a tourist that has more disposal money to spend when they get here, and I think we have a good example coming up and I don't want it to be taken that we don't have some good accommodation on the Island, we do have some good accommodation on the Island but we also have some mediocre to poor accommodation on the Island. We have coming up this next month, several hundred doctors coming here for a medical conference and I guess you could say that most of these were in the higher bracket where we would expect they would have more disposable income than a lot of other people, but the facts are we just don't have the infrastructure to keep the majority of these people happy. We expect a small percentage of them to fall in love with the place and come back, we expect that quite a number of them will have good accommodation but we also expect that probably the majority of them won't come back, simply because the accommodation and the infrastructure that goes with what they are used to, just won't be here. They maybe would be looking at more international style accommodation, maybe looking for the big names like Travelodge and Hyatt and all the rest of it, and if those names are not there well then of course they don't really want to know about it but I think we have to get our act into gear and we have to look at all these things. If we do want to attract a higher profile of person then we've got to have the infrastructure which will make them satisfied when they come here, thank you Mr Speaker

MR KING I'll be brief on this Mr Speaker. I would just like to caution Members on accepting out of hand comments that are made regarding the performance of certain businesses around the Island. Now I don't want to appear to be dismissive or uncaring but let me say that we don't have any facility or requirement within our Administration for people who lodge returns. In other words, there is no way of closely monitoring what's happening out there in the economy. I know that there are businesses out there that we very seldom hear from. They are good business operators. Good managers, they present well, their products are fashionable and not outdated and there are some not so good operators out there, but what happened in that twenty year period up to the mid 80's was an 18-20% per annum rate of growth in tourism. Now that was very attractive to some entrepreneurs and when it levelled out from the mid eighties and they found that they weren't getting that continual increase, it has given rise to some of the pressures and some of the complaints that you hear today. Now I acknowledge that the economy hasn't been performing too well but what authority has allowed to happen here in the Island is to allow the number of operators in a flat economy to continue to increase and to carve up the pie into increasingly small pieces. That's what gives rise to your pressures and with the greatest deal of respect and I'm not suggesting that Mr Christian is telling any untruth but I challenge the

person who said to him that he has adjusted his tariffs down to the levels of nine years ago, to prove to me that that is the case. Now I would suggest that in trough periods, many of the operators introduce off season fares and they are low fares and they correspond to similar reductions that are made with the airline component of the package and they do that every year but I would suggest that if that person has over the relatively high seasons, that he has to reduce his tariffs to the levels of nine years ago then he should have been out of business nine years ago and I would suggest that it is not happening and you ought not to rely on that.

Now that was probably a bold statement Mr Speaker but I stand by that. I'm fully aware that there has to be some improvements in the economy, I'm aware that there is a lot of pressure on tourism and therefore on me to introduce some changes or some improvements, I've sought to assure Members that the Tourist Bureau has placed greater emphasis on matters of yield and market places and where we might get our greatest economic impact from but those things are not going to manifest themselves overnight, restore the critical mass first before we go looking at the yield. Mrs Sampson I think may have mentioned during her debate the pressure from the airlines to increase capacity from the airline. It is well known right throughout New Zealand and Australia that the upper limit is somewhere round about 34-35,000. You are not going to get any more than that because of the configuration of the accommodation on the Island so you have to come to terms with that fact, now it's not me saying that, or the airlines, it is all the key players in the industry. Talk to them, let's not just blame the airlines for saying that, thank you

MR ADAMS Thank you Mr Speaker. To further add to something Neville mentioned, that one of the accommodation proprietors needs to charge a tariff that was in place or to the value that was in place nine years ago, the question really is, in that nine years, has that tourism accommodation establishment improved its infrastructure. Is it substantially better than it was nine years ago, if it wasn't then one would suggest that this person is not necessarily keeping tabs with the times and I mean it is difficult to compete if you're not going to put your money back into your business. I mean, there is a situation in recent times where one of the visiting CPA Members referred to his accommodation as a fibro shack. Now I realise that there's a lot of very good establishments on Norfolk Island, but when you hear that sort of comment it is a very negative one and it takes back a bad picture, so I would suggest that there are areas in the accommodation industry where work needs to be done. Mike has made mention that the number of operators in various areas have increased due to over the years and large increase in the percentage of tourism. In effect he has said that we've allowed it. Now really, under the system we are under, we don't have the facility to be tramping around in the marketplace with our government boots saying, okay, that's the required amount, no more numbers allowed, because we've seen in some areas what an undesirable thing it becomes if you have an over-regulated industry. I mean, sure, there will be some pain in the private sector due to the fact that numbers are dropping off, but as I said Mr Speaker, under the system we are under it's unfortunate but there's not a lot that can be done about it. We are not operating under a socialist society so the fact remains, if the income reduces from tourism, there will be pain and as long as we remain tuned to tourism as a sole industry the fluctuation of the tourist dollar is going to continue to affect

MRS CUTHBERTSON Thank you Mr Speaker. I would like to pick up on a couple of the things that have been said. I also, like Mr King, have noticed over the years how many establishments have opened onto the market place and offering exactly the same kind of services and goods that already existing establishments were providing so that they have increased their competition for whatever pie is available, as we've described it. What has happened in Norfolk Island, hand in hand with the recession that has effected practically all of the globe, has been much milder than what has happened in other parts of the world. The number of businesses that have

gone to the wall here has been relatively much smaller than the number of businesses that have gone to the wall in Australia and New Zealand and the other parts of the world. We have been incredibly lucky in some ways, yes people are doing it tough, people have had to leave the Island and seek employment elsewhere but by and large we have not really been effected as much as other places and in that respect we have been lucky. Maybe we have had better resources. Maybe the people that were operating the businesses were able to hang on longer, make more economies in the way they run their businesses and so on, but by and large really we have been protected. It's been a smaller market but a protected market. I don't believe the government should interfere with the market any more than it already does with respect to the number of beds that are licensed, I think that is as much of an interference as there should be. I do feel also that the immigration laws have restricted the turnover in the people who conduct businesses and perhaps have restricted the amount of finance that would have flowed into the market if more people had been allowed to come in any buy existing businesses and for people who are retired and consider themselves not able to cope any more to go away, that should be allowed much more freely in my opinion. I think that would certainly bring a stimulus to the economy that very few other places enjoy. But to look at some of the comments that Mr Adams has made with regard to the education budget and to the proportion of that budget which is allocated to teachers salaries, we all know that has been a problem faced by Norfolk Island ever since self government. It is a very unusual situation that we are forced by Memorandum of Understanding with the Commonwealth to pay wages that are out of line with those that are paid to other people with qualifications that are not available on the Island are recruited to perform on the Island. They come on salary packages which account for the tax free state of the Island, our teachers do not. We seem to be progressing well on the business of getting that altered and I soon will be holding consultation to the community and particularly parents with regard to the proposals for changing this situation because parents will certainly have important things to say as to whether they agree with the proposals or not and hopefully perhaps next year we might have a new system in place and new salaries and a greater proportion of the budget will be spent on resources and improving the situation at the school, buying in more courses and a wider range of courses for our children and our young people so that in fact the really important resource of this Island, the young people, the future of this Island, will have a better chance in the future, thank you Mr Speaker

MR SPEAKER Thank you. Further contributions Honourable Members

MR BENNETT Thank you Mr Speaker. I've been heartened by the debate this morning. It is pleasing to see the budget process being taken very seriously this year and I think that in no small part is a reflection of the fact that the economy isn't quite as good as it might have been. I think we were hoping this time last year to have had two or three years of buoyancy. Members have obviously, whilst on the one hand calling the budget, dull and boring and ill paying and conservative and all those sorts of things, have responsibly looked at and debated ways and means of dealing with it. There's quite a variety of suggestions made. I would hope that this forum is not the only forum that we will have a debate as spirited as the budget debate and it can be picked up and carried on in another place when we deal with alot of matters informally while the momentum is still there. Mr Speaker, Mr King was concerned that some gloom had emerged at the time the budget was presented, and I guess he was suggesting that I a fortnight ago began to be the voice of gloom, or voice of doom as I think Mr Bates used to call it years ago. Well Mr Speaker I don't think that that is so at all, I think it is being honest and I don't think there's anybody in the community who would be concerned about being honest. I mean, look at the alternative approach to it, the hyped up percentages in growth that can't be sustained, the Boy Crying Wolf syndrome that Mr King adopted. I think people could be forgiven for not having the expectation that

that was where we were going to headed all the way, growth, growth, growth, but he felt, and quite correctly that the Island wouldn't be able to sustain growth of 30% plus in a year, but I'm not sure whether it was the smart thing to talk that down because we had a buffer anyway, we had a safety net, we had the Tourist Accommodation Act which allowed a certain number of beds and if there was no change in the numbers of beds then when every bed was full we were full and there was no growth beyond being full. Fixed statistics are interesting but of themselves can mislead and Mr King uses statistics alot. He talks of growth this year of 5-6% but that's compared I guess to last year. What shouldn't be overlooked is that in 87, 88, 89, in that era, we were bringing in a total of 28-29,000 visitors which is about the number we will get this year so is it growth or have we fallen behind in those terms. Is it always proper to compare it just with last year or should it not reflect a bit further. Qualify it by saying it's not as good as it used to be but we will work on it. Mr Speaker, Mr Christian made some remarks about the one million dollar extra revenue that has flowed into the coffers in the last two years and correctly pointed out that some \$400-500,000 of that was in new taxes which I will suggest was necessary even though it was a regrettable step, I think if you look at the performance you will see that it was a necessary step. He talks about there being no growth and that really the increase in revenue flowed from the increase in taxes. Well there was \$5-600,000 extra in there and there were areas in that which were brand new areas of revenue that didn't come from within the Island, it came from without and also some of the increase arose out of the growth in tourism that Mr King has talked about so they go hand in hand. Mr Adams worry is that as Finance Minister I look at the economy carefully and if it is going to go up, up go the taxes. Well I've not taken that approach but I find it very novel, I'll give it some thought. The fact is that if the economy is buoyant and vibrant the revenue inflow generally goes along with it. It doesn't mean you have to raise more taxes to get your increased revenue from the buoyancy and vibrancy of the industry. Now it doesn't always follow but if you have a look at the range of taxes, levies and charges and earnings that we've got, a very large part of those are directly related to tourism, and it would follow that the more numbers staying for longer will produce in itself more revenue without having to touch the meter and wind it up a little. There was in the debate some criticism about the fact that many of our levies and charges have not increased over a long period of time and I take fully responsibility for that. There was an attempt and in fact the findings were completed some months ago, to adjust to 1995 terms fees and levies, many of which had not been altered for twenty years or more. Now, because of the enormity of the task of taking the findings and turning it into packages of legislation to reflect the alteration, that's been in itself the holdup and I take responsibility for that. In itself it would not be seen as revenue raising although some might call it that, it's simply making the adjustments to 1995 terms and the total in any case was a very small amount, it wasn't alot of money. If you hiked up the cost of registering an apiary for example, and there's only one on the Island, and if it was \$10, if you made it \$10,000 still in the scheme of things it isn't going to make alot of difference. Mr Speaker one of the advantages of this tiny parliament is that it can come together and meet quite quickly without alot of hue and cry and whilst we have a formal budget review planned at the end of six months in the year to have a look at where we've gone and to take account of any growth that we have had or any decline in the industry, this review process doesn't have to wait for six months, it can happen at any time. We have that flexibility of being to move much more quickly than many other parliaments to deal with a sudden rush of wealth coming in by a very much stimulated industry so we should keep that in mind, it's not a matter of just salting it all away and having one crack at the review in six months, if the indicators are there we can deal with a review at any time. Mr Speaker, just in closing I want to make some mention of the Government Business Enterprises. This time last year I had tabled the Business Enterprise Budgets. I haven't had them completed in time to do that today, but as

I've mentioned to some Members, I'll hopefully have that for you by the end of the week. It will be tabled in the July meeting, it can be debated as vigorously as the revenue fund budget today at that time so that is what I intend to do, but just as a quick highlight for those people who are listening who may be of the opinion that the Island's total budget is the revenue fund and \$8.5 million, the total income expected from the Government Business Enterprises for this next financial year is \$8.768 million. The expenditure for that period for all the Government Business Enterprises, and there are eight of them, is \$6.321 million. Mr Speaker, that excess of expenditure over income, a greater volume has been transferred to the revenue fund by way of dividends, \$2.151 million intends to be transferred from the Government Business Enterprises to the revenue fund and management fees of \$330,000 so the sum of that \$2.49 million will flow from the Government Business Enterprises into the revenue fund. We will talk more about those in greater detail at the next sitting. Mr Speaker, I have nothing more to add, I commend the Members for their debate this morning and I would move that the question be put

MR SPEAKER Mr Bennett are you happy to put that on hold for a moment if there is a direct contribution? Yes

MR KING Not directly relative to the budget debate but just to comment on a point made by Mrs Cuthbertson so that anyone who is listening is not given the wrong impression but that comment that Mrs Cuthbertson has made when she indicated that immigration policy was a factor inhibiting the economic growth by preventing people from coming into the Island and buying businesses. I have to say that that is not so in my opinion and remind Members that a year and a half ago the Assembly embarked on an objective policy of 2% per annum growth and against that policy setting an annual quota for general entry permits. Now there is great difficulty in filling that quota, in other words, there is considerable scope, far more scope than there was in previous years to accommodate people who want to enter the Island to buy a business which is a viable business and which will support those who want to come into the Island so I don't see that as an inhibiting factor at all and hasn't been so for at least the past eighteen months

MRS LOZZI CUTHBERTSON Just by way of reply, in general terms what Mr King says is correct and I support it. However, I certainly am aware of at least one case, and a couple more but not in as much detail, where people with considerable resources could have come to the Island and allowed a person who has considerable holdings on the Island to leave who has very good reasons and high intentions of leaving, but those people were prevented from coming in by the rules and regulations of the present immigration laws which in my opinion, and in the opinion of many others is certainly in this case, if they had been waived there would be no particular disadvantage to the Island. That's all I want to say about it thank you

MR SPEAKER: Is there any final debate on the question that the Bill be agreed to in principle? No final debate, I put that question Honourable Members

QUESTION PUT
AGREED

The ayes have it. The Bill is agreed to in principle. Do you want to go through the Detail Stage or do you want to dispense with the Detail Stage Honourable Members? Is it agreed that we dispense with the Detail Stage? It is agreed thank you. I then seek a final motion which is that the Bill be agreed to

MR BENNETT I so move Mr Speaker

MR SPEAKER Thank you. Is there final debate in respect of this Bill? I

put the final question which is that this Bill be agreed to

QUESTION PUT
AGREED

The ayes have it thank you. The Bill is agreed to. We move to Order of the Day Number 2

NO 2 - EMPLOYMENT AMENDMENT BILL 1995

We are resuming debate on the question that the Bill be agreed to in principle and Mrs Cuthbertson you have the call

MRS CUTHBERTSON Thank you Mr Speaker. As I advised at the last meeting of the House when the Bill was introduced the purpose of the Employment Amendment Bill is to affect a very minor amendment to the Employment Act 1988 relating to the power to make regulations concerning the minimum wage. The Bill repeals the current section 107 of the principle act which contains a cumbersome method of setting the minimum wage and which provides that a minimum wage ceases to have effect if within twelve months of its making it is not remade. The Bill provides a section 108 of the Employment Act will be expanded to specifically empower the Administrator to make regulations setting a minimum wage. As is the practice with all such regulations made by the Executive Council, the regulations must be tabled and are subject to disallowance by this House in the usual manner. The Bill therefore will make setting of the minimum wage simpler but will still allow parliamentary oversight of that process. I commend the Bill to the Honourable Members

MR SPEAKER: Thank you Mrs Cuthbertson. Any debate? Well the question is that the Bill be agreed to in principle

QUESTION PUT
AGREED

The ayes have it thank you. Do you want to dispense with the Detail Stage? Yes, we so dispense with the Detail Stage and we look to the final question, Mrs Cuthbertson

MRS LOZZI CUTHBERTSON Mr Speaker, I move that the Bill be agreed to

MR SPEAKER: The question is that that Bill be agreed to. Is there any participation in final debate? Then I put that question

QUESTION PUT
AGREED

The ayes have it thank you. We fix the next sitting day Honourable Members

FIXING OF THE NEXT DAY OF SITTING

MRS LOZZI CUTHBERTSON Thank you Mr Speaker, I move that this House at its rising adjourn until Wednesday 19th July 1995 at 10.00am

MR SPEAKER Thank you Mrs Cuthbertson. Honourable Members that takes us back to our normal time. Any debate on this matter? Then I put the question?

QUESTION PUT
AGREED

The ayes have it, thank you, that is our next Sitting day. Adjournment Mr Bates

ADJOURNMENT

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

MR SPEAKER The question is that the House do now adjourn. Is there any participation in the adjournment debate this morning? Then I put the question that this House do now adjourn Honourable Members

QUESTION PUT
AGREED

The ayes have it Honourable Members, therefore we stand adjourned until Wednesday the 19th July 1995 at 10 o'clock in the morning.

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