

PRAYER

Almighty God we humbly beseech Thee to vouchsafe Thy blessing 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

LEAVE - HON G GARDNER

SPEAKER Honourable Members leave is sought for Mr Gardner. Is leave granted? Thank you.

MESSAGE FROM THE OFFICE OF THE ADMINISTRATOR

SPEAKER I have received the following message from the Office of the Administrator. On 29 June 1999 pursuant to Section 21 of the Norfolk Island Act 1979 I declared my assent to the Appropriation Act 1999, Act No. 9 of 1999, dated 29 June 1999, signed Owen Walsh, Deputy Administrator.

SUSPENSION OF STANDING ORDERS

MR NOBBS Mr Speaker I move that so much of Standing Orders be suspended as would prevent the House from dealing only with matters set out in the program.

SPEAKER Debate Honourable Members. Mr Nobbs

MR NOBBS Mr Speaker I think it's been agreed by all Members that we take this course of action to discuss the issues related to the Budget and just for the people who may listen and may not know what's on the program. The program really is , one is the Supplementary Appropriation Act No.2, that's Bill No. 2. The second is the Statutes Amendment Bill and the third is the Customs Amendment No. 2 Bill and also the fixing of the next Sitting and the Adjournment and I would suggest that as Members have agreed that they may wish to support this.

SPEAKER Thanks Mr Nobbs. Is there any further debate on that? Well there being no further debate, I put the question. Those of that opinion say Aye.

QUESTION PUT

QUESTION AGREED

The motion is agreed.

MESSAGE FROM THE OFFICE OF THE ADMINISTRATOR - NO 146

We move to Message No. 146. I have received the following message from the Office of the Administrator. In accordance with the requirements of Section 25 of the Norfolk Island Act of 1979, I recommend to the Legislative Assembly the enactment of a proposed law entitled , an Act to authorise expenditure from the Public Account for the year ending on 30 June 2000, dated 29 June 1999, signed Owen Walsh, Deputy Administrator.

NOTICES

SUPPLEMENTARY APPROPRIATION (NO. 2) BILL 1999

Mr Deputy Speaker can you take the chair so I can deal with the Appropriation Bill please.

MR SMITH Thank you Mr Deputy Speaker. I present the Supplementary Appropriation (No.3) Bill and move that the Bill be agreed to in principal

DEPUTY SPEAKER The question is that the Bill be agreed to in principal. Chief Minister.

MR SMITH Thank you Mr Deputy Speaker. Over the last month we have been dealing with Supplementary Appropriation Bill for the next financial year. It has been round in circles a little but I think in the end we have a Bill here that suits most Members around the table for this coming financial year, for the time being anyway. This Supplementary Appropriation Bill provides another 7.8 million nine hundred thousand dollars which brings us up to a total for this financial year including the interim budget that we supplied last week, to a total which is \$10,395,900. Mr Deputy Speaker on the current revenue trends from this financial year that would not have been enough revenue, there would not have been enough revenue to provide that money if there wasn't some action needed to be taken by the Assembly who had many discussions, a lot of debate about how we should raise that extra revenue and today I'll be presenting some Bills that will go part of the way towards that. I will also be tabling in fact I might even do that at this point Mr Deputy Speaker, table some regulations that will be due to go to the Executive Council in the next few days. I'll table the Companies Amendment Regulations 1999, the Road Traffic Fees Amendment Regulations 1999 and the Business Names Amendment Regulations 1999. Mr Deputy Speaker there has been a debate about the fees and charges, which some of those fees and charges have not been increased for many years, have not been indexed. The proposal that has been put to me by one of the Members, Mr Bates, over the last twelve months that we should be dealing with these things. Somebody needed to take a hold of it and do something with it and Mr Bates will be pleased to know that we are well on the way with that and we have a Bill which is coming up in the next Sitting which will go further than what we already have in today's Sitting in raising some of these fees and charges that haven't been touched for many many years and what I would like to do at this point too Mr Deputy Speaker is table what'll be called the Statutes Amendment Fees No. 2 Bill 1999, it's not being introduced today but I am tabling it today as an exposure draft along with attachment which is the Schedule of current fees charged by fee unit. I am tabling that so Members can be aware of what is in it for when I introduce it as a Bill in the next Sitting, so that will take care of some of the concerns that some of the Members have with some of these things that have not been dealt with by many previous Ministers for Finance for many years and I think that will fix that particular thing. Mr Deputy Speaker there has been a lot of debate around the Budget in this particular financial year which started probably in the budget review process which happened in January. One of the concerns of many of the Members around the table was that we weren't looking at extra revenues. I have taken account of that and we've had recommendations put to us, not only by Members but by others, of how to deal with getting extra revenue and the Bills which we have in front of us today which will be dealt with after the Appropriation Bill will take account of some of that, but as I've said there's been debate. I think it is time to get on with the Bill, get the thing into place so the Administration knows where it is going for the next twelve months and I'll leave the debate now to other Members.

DEPUTY SPEAKER Debate Honourable Members. The question is that the Bill be agreed to in principal. Debate.

MR BATES

Thank you Mr Deputy Speaker. The Chief Minister has mentioned that following this Appropriation Bill there will be a number of things taking place in order to increase the revenue stream and I've got to say that a lot of those things disappoint me quite a bit because really the majority of those are only patch up solutions. They are certainly not long term solutions and I think that we have got to face the fact that if we don't do something but continually Assemblies in the future are going to be looking at the same short term solutions to get through a financial year and we really must have some longer term planning as to where our revenue stream is coming from. There's a lot of feeling in the community about the extra staffing costs of the Administration. I share some of those concerns but a lot of those come from other sources. We have had the John Howard Report which has recommended a lot of those changes, but there are a lot of things happening within the community too which are also keep placing further strain on our revenue stream and I am not saying these are either good or bad. I am not debating that but the public has expectations for some of these things and the community has just got to realise that if you keep trying to do more with the same basket of money well the crunch comes eventually. On the other hand we are beginning to face areas of neglect in the infrastructure to the community. I think a lot more money could be spent on the roads. We've got to look at the future when we need to upgrade our hospital or replace that. I think you could go on forever about the things that we are not doing so as I say this is only a patch up solution. I think also my name was mentioned on the fees and charges. I have been forward about trying to get something done about that. Mostly the fees and charges which reflect in a cost of the service provided, cost of that service provided should be realistic and cover the cost, but I think we should also be up front when we speak about fees and charges, as to which of our fees and charges fall into that category, of covering the cost of the service and which we regard straight out as a revenue grab. Until we are up front about that and say to the public clearly these fees and charges reflect the cost of the service and these other ones are a straight revenue grab, I think we are being less than honest with ourselves. I probably won't, although I am disappointed in some of the revenue raising things that are coming forward, I probably won't violently oppose them because I realise that to do something is better than doing nothing and that's been a theme that I have had for some time, but certainly we shouldn't pat ourselves on the back and say we have got away with it for a further twelve months by introducing these fees and charges. We really have to look to the future and we have to try to avoid this sort of late minute shooting in certain directions to raise sufficient revenue to balance the budget but that's all I have to say at this particular point in time Mr Deputy Speaker.

MR SMITH

Thank you Mr Deputy Speaker. I wasn't going to get back into the debate just now but I did omit to mention that one of the things that has been proposed around the table in our informal meetings is the investigation of GST and I think it might be wise to say at this point that I've taken note of the motion that was moved by Mr Bates two or three meetings ago that I take action and look into the GST and we have actually got some funding in here to do the initial bits and we are pursuing that as quickly as we can. In fact there is one or two people coming up out of New Zealand to talk to us about GST and how we may be able to apply it, although it hasn't been something that has been put all to Members of whether that is the way that we go or not I think there is support for us certainly to investigate it and I just need to say at this point that we are certainly right on track with that. We are following it up according to the motion that was moved by Mr Bates.

MR NOBBS

Thank you Mr Deputy Speaker. I think Members are aware that I have grave difficulties with sections of this budget and first I wish to just comment on its development. There's been a number of drafts, I think there is seven in all, as George said we seem to have been going around in circles and I will briefly outline each estimate rounded to the nearest hundred thousand. Draft one was interesting it showed an income estimate of 9.7 million and an expenditure estimate at a mere 12.5 million, the resultant deficit was 2.8 million dollars. Draft 2 was then attacked,

income still remained at 9.7 million but expenditure dropped to 12.1 million, deficit also dropped to 2.5 million. Mr Deputy Speaker budgets drafts 1 and 2 were wish lists. This happens but it was embarrassing that it was not sorted out in the Public Service. Draft 3 income was revised to 9.9 million and expenditure also revised to 9.9 million, we had a balance budget at this stage. Draft 3 I believe was realistic, took account of estimated income and was balanced but from then on Mr Deputy Speaker we proceeded down hill. Draft 3.5, income was retained at 9.9 million, expenditure went up to 10.3 million, the deficit was of about .4 million. Some in the Public Service felt that 10.3 million expenditure was required but I believe there was a clear indication that we could and should operate on 9.8 million. We then proceeded to Draft 4, income was increased to 10.4 million, expenditure retained at 10.3 and we had a surplus of \$62,000. This draft precluded proposed increases to some charges and taxes to get us to the 10.4 million mark. I have seen no paperwork which analyses the proposed increases and it has been requested. The next one was last week and was Draft 4.5, I classify it, I see it's Draft No. 5 today. One item was deleted from increased charges etc. income thus went down to 10.3 million. Two further new positions added at Admin., expenditure was at 10.4, we have a deficit of \$103,100. Mr Deputy Speaker the final blow as far as this budgets concerned came in the last few days when a rather ill thought out proposal to raise income was deleted, leaving us with a potential deficit, but even more staggering to me was a proposal to create two further positions in Admin., a proposal not from the Service but from the Assembly. It was even more staggering to see who led the push. Two of who I classify as the most vocal critics of the Public Service amongst us, Messieurs Brown and Robinson. I was Mr Deputy Speaker, flabbergasted, so we have a deficit budget....

MR BROWN Point of Order Mr Deputy Speaker. If Mr Nobbs was intending to speak in derogative terms about myself and Mr Robinson that is a breach of the standing orders and I ask that comment be withdrawn.

DEPUTY SPEAKER Mr Brown I didn't interpret that they were meant to be derogatory, maybe descriptive but not derogatory.

MR BROWN Thank you.

MR NOBBS Descriptive is. Mr Brown wishes me to be more polite, certainly Mr Brown, I've never been other than so. This brings me to the salaries vote and I must point out to listeners that we are dealing with Revenue Fund at this stage and it doesn't include the Government Business Enterprises. The salaries in this budget is 4.9 million and if you add the total Government wage bill it is 6.5 million all up, that includes the GBE's. That's about 250,000 per fortnight. Looking closely at the Revenue Budget Fund you'll find salaries and wages include a sum of some 200,000 for new appointment above the existing structure. We have 147,000 in Admin., additions at the School, all up a might under \$210,000. The question is can we afford it, the answer is obvious. Norfolk Island is exactly the same as any other business or family for that matter. Unfortunately we can't spend what we do not have. To get into deficit budget is fraught with danger. I ask you Mr Deputy Speaker to look at Australia, selling off her assets. Look at the sale of Telstra, to provide funds to repay Australia's debts. If this is what this budget is really about, starting to send the place broke and then sell our assets, I think some would love that. There have been discussions with the Public Service on their pay claim, no mention of this in the budget. I ask you sir, what are we up for? About 318,000 which doesn't take account of these new positions. As to the recurrent side of things I believe looking at the Norfolk Island Government commitments to the "At Random" proposal it's \$127,000 in the first year. In most budgets there is nil training provisions, the expenditure on roading is minimal, nothing of consequence on agriculture and there are more consultancies. This is a driving by the seat of your pants budget, it's a deficit budget again eating into our reserves and I ask you gentlemen to look at our reserves. We

have in our time as an Assembly virtually halved our reserves. I say again that we seem to be the last of the big spenders. As I've told you before I do not support this budget increasing taxes and charges to fund unnecessary expenditure and whose budget is this. You can not blame or hide behind George. This is the Assemblies budget, you all have had the opportunity to contribute and hence my need to record my concerns. Thank you Mr Deputy Speaker .

MR BROWN

Mr Deputy Speaker this is indeed a pathetic budget. But be it pathetic or otherwise we need to pass it because if we do not provide supply the Public Service simply can not continue. I intend to support it but there are some things that I greatly disagree with Mr Deputy Speaker. There is provision for remuneration of at least one Public Servant to more than double in this budget. There is provision for other very significant pay increases by way of reclassification. There is no attempt to assess the value which is being provided by the different parts of the Public Service. It gives no pride to a member of our Public Service to be filling a job which is not worth filling. I am sure that every Public Servant in that position would greatly prefer to be doing something worthwhile but we are doing nothing to ensure that that happens. The Chief Administrative Officer's time is in the main consumed by holding the hand of the Chief Minister. How can the Chief Administrative Officer get on with his job in those circumstances? Mr Nobbs has spoken against two new positions for which funding is intended to be provided. One is that of the Cultural Officer and the other is an Executive Manager position. This Assembly has gone to considerable lengths to try to show that Norfolk Island culturally and in other ways is not just a part of mainland Australia, and one of the most significant things that we can do to reinforce what we are saying is actually appoint a Cultural Officer so that these things no longer rely on voluntary organisations but are seen to have the support of the Government. I intend to support that. I know that some Members have consistently tried to handle that a different way by saying let's wait until we have plenty of money and then think about it. But if we wait until we have plenty of money it's going to be too late Mr Deputy Speaker. We will have shown that we are not greatly interested in culture of Norfolk Island and we will have put at risk all of the funds that we have invested and all of the time that we have invested during the time of this Assembly and during the life of previous Assemblies in ensuring that Norfolk Island's cultural and other aspects of its uniqueness are preserved. The Executive position in the Public Service which is intended to be funded is in my view extremely important. Our Chief Minister was elected on a platform of strategic planning. It became obvious that that was a little bit hard to be done internally and we engaged a consultant to assist us. We spent a lot of money on that consultant. We obtained the report, we talked about it. Some Members would have liked to simply leave the Public Service as it is, put the report on the shelf, congratulate ourselves for having obtained it and just forget about it. Others such as Mr Nobbs felt that the Public Service even within its present size could be more efficient and didn't see justification for appointing an additional person, but I say to you all that if we are going to leave the whole of the top of the Public Service exactly as it is, how are we going to bring about change. The management of change is a very difficult thing. Resistance to change is normal and understandable and unless we show by spending the money on putting appropriate personnel in appropriate places, unless by doing that we show that we are serious then we can rest assured that when this Assembly goes out of office , whenever that might be, so to will the current prospect of reform in the Public Service. The members of the Service , Mr Deputy Speaker, are crying out for reform. They are fed up with what has gone on for years. They are fed up with uncertainty because they can see that if things continue down the present path, there's no future for them. There won't be the money to pay their wages, they won't have been given training, they won't have prospects of getting jobs anywhere else, and all of that would occur because we were not prepared to face up to the facts. Well I'm prepared to face up to them and I'm prepared to vote for this budget notwithstanding that there are bits that I am not happy about and notwithstanding that I regard it as a pathetic effort on behalf of the Chief Minister. I do hope that the Chief Minister will now take a view that having in his mind resolved all of the budget

difficulties for the next year, it would be appropriate for an election to be held reasonably soon and certainly before the end of the year so that a new Assembly has the time to at least settle in over the Christmas period, carry out its own budget review in January and February and develop its own budget next year. I think we would all acknowledge that an election at the end of April is somewhat inappropriate in budgetary terms because it does take time for a new Assembly to get to grips with the issues and if it inherits a situation where it can do nothing about the current year and really doesn't have time to do anything about the next year, then that is unfair both to that new Assembly and to the community. I'm sorry Ron I think it's about the best we can do at the moment but it is not very satisfactory. Thank you.

MR ROBINSON Thank you Mr Deputy Speaker On the matter of the executive position in the Public Service you'll see on the Notice Paper that Mr Nobbs has a motion to get the Public Service side of the John Howard Strategic Plan moving. On the one hand Mr Nobbs wants to get the Public Service running properly, on the other hand he doesn't want to give the funds to enable this to happen. I wonder could it be that Mr Nobbs only wants an improved Public Service as long as we do it his way. Most of you will know that Mr Nobbs is on the Planning Board and page 3 of the Norfolk Island Plan which I would have hoped Mr Nobbs would be au fait with, under Item number 4 Cultural Heritage, protection of the cultural heritage values of Norfolk Island will be given high priority in decisions taken under this plan. It mentions cultural heritage a lot in this Norfolk Island Plan and I just wonder if Mr Nobbs is not willing to put

DEPUTY SPEAKER Order, Mr Robinson. The matter that is before us is a Supplementary Appropriation Bill, it seems in the debate that you are conducting to date that maybe Mr Nobbs is more the emphasis. Can I just remind you of the matter that is before us.

MR ROBINSON I do apologise, Mr Deputy Speaker. It is more about the position and the funding for the Cultural Officer. I won't say much more except that the position is important and if we continue to have our colonial overlords like they said in their 1979 , 75 Senate report, describing Norfolk Island's population as ethnically and culturally akin to that of the mainland, if we're not prepared to put up the funds to defend that then we may as well just give it away.

MR MCCOY Thank you Mr Deputy Speaker. I'd just like to make a few comments, brief comments. Being a new member on to the Assembly of course it is a little difficult for me to sit down here and criticise what has happened before I came along but I can only go on what has happened in the time that I have been in here and I do support what Mr Brown has said earlier on. I also support Brian Bates concerns and do support a lot of Mr Nobbs concerns. As far as the Cultural Officer goes, I had difficulty in seeing the need for a Cultural Officer in the PSA. Having had discussions with Mr Robinson and having done a little bit of research myself into the Cultural Officer side of the employment or wages, I came to the conclusion that what Mr Robinson had just said is all quite true. I therefore looked at the option as to whether we should put the Cultural Officer in, in place of someone who is already employed in the PSA and I believe that there are areas in the PSA where employment could be looked at and consideration must be taken as to whether that employment continues or whether we look at removing that employment in place of a Cultural Officer and I do have to say that from everything that I have read and from what Mr Robinson has just said, the Cultural Officer is something that we cannot afford not to put in there, so I feel that it is important that we have the Cultural Officer. As far as the other employment in the Administration, new areas of employment, well I have difficulty in seeing their justification. The other problem I have with the budget is that the fact that I don't have a clue what the GBE's cost will be or if GBE Managers have had any great involvement in the budgetary discussions. I am aware that discussions have been held with some of the

GBE Managers as far as them putting in their budget proposals and unfortunately Mr Richards their officer has been off work sick, so budgetary meetings for the Economic Services have not taken place, but I do question that whether Mr Richards being sick is a good enough excuse for these budgetary meetings or discussions with the Economic Services to have not taken place. I do realise that the Public Service has to continue, the Island has to continue running so I am in two minds still as to whether I support the other nine months. I am being swayed strongly to support this Supplementary Appropriation No. 2 Bill, and that's all I have to say.

MR ROBERTSON

Thank you Mr Deputy Speaker. I intend to support this Bill. We've had meetings in both May and June at which discussions took place regarding the Appropriation No. 1 Bill, and at that time I said that I felt it was ridiculous that a three month supply was to be put into this House and that we should be willing to put in a twelve month supply. Currently before us we've got a deficit budget of \$103,000. I think anybody in business that's got a \$10 million in front of them, if they could forecast within twelve months to come up with a budget deficit of \$103,000 or Ronny would be happy or Mr Nobbs would be happy if it was a balanced budget, if you could so accurately portray figures that would enable you to end up with a balanced result and I don't have any, I have great difficulty in understanding that would be the end result. \$103,000 as a deficit whether it's minus or plus is pretty small but the one thing that all Members are aware of and we have discussed this at great length and that is we know where the shortfalls are, we know where the problems are, we've discussed it often enough. It is just a case of getting the where-with-all to make it happen, to ensure that the shortfalls are suitably taken care of. So we've got fees and charges, Brian's little main push that they needed to reflect on the service provided, and I agree with that. I certainly agree with him when he is saying that we don't need to fire at something as a money grab and put a fee up. I don't quite agree with the fact that it is a last, late minute approach, because we have discussed this over the last probable two years and if this is the result of a last minute approach, I find that a little bit difficult to understand. The GST somebody is coming up here in the next two weeks, I understand, from the IRD in New Zealand to give us some insight because the proposal that was put forward originally didn't in itself cover all of the questions that people within the community were asking. Now whether or not these two have these answers I don't know but I would certainly hope that after they have finished an initial appraisal that they can give us some idea as to whether it's just a waste of time or whether we should really get involved and get into it, and if we do then that means more resources, so we're looking at more expenditure. Now I can't see it happening within five minutes either. So I have spoken loud and long in previous meetings and I don't intend to speak anymore on this, I support the Bill.

MR SMITH

Thank you Mr Deputy Speaker. Thanks to those that have indicated they are going to support the Appropriation Bill. I was just doing a bit of a calc around the table. If I actually voted against this we'd have to have an election straight away because we wouldn't pass the Appropriation Bill and that needs to be considered by Members when your dealing with a , the funding for the whole of the administrative side of the Administration. There is the GBE's which Mr McCoy raised and I just might clarify that for John that the GBE budgets are separate to the Revenue Fund. What we deal with in the Appropriation Bill are just the Revenue Fund , the documents that you have in front of you. The GBE budgets are different. Where they do affect the Revenue Fund is what dividends are paid from the Government Business Enterprises and I really , there is only two that really do these days and that is the Telecom and the Liquor Bond and we are all aware that we haven't discussed those with the appropriate manager and the managers of the GBE's at this point in time but that is not a problem with the Revenue Fund budget, so I just need to clarify that. There's other things been said around the table, Mr Deputy Speaker, which have been said before and probably be said

again no matter who the Minister for Finance is. I think it would be best for me to say little more and let's put the thing to the vote and get the thing passed.

MR BROWN Mr Deputy Speaker I have two queries in relation to our voting. One is a statement and one is a query. The statement is that in so far as the budget deals with matters in respect with matters which I may have a pecuniary interest, therefore in matters of tourism and in relation to anything that Island Industries may be concerned in which would be the purchase of building materials and the purchase of road materials and road contracting type work, I will abstain from voting. In relation to the remainder of the vote I will support it and I'd just be grateful if you'd note my abstention in relation to those aspects. The second question is, two of our Members are members of the Service, will those Members be voting in respect of the parts of the budget which provide for wages?

MR SMITH Not sure Mr Deputy Speaker if Mr Brown is asking me what the other Members are going to do. If you are well that's up to the Members but I can't speak for them, what they personally think but I believe every Member around the table here is part of the Assembly and we're dealing with the budget as it is always done, I can't see any hesitation in doing that. Did I hear you say that you will abstain from voting on the budget in total?

MR BROWN No. Mr Deputy Speaker I would like you to note my abstention in relation to the aspects in respect of which I may have a pecuniary interest. As to the remainder of the budget, I intend to support it and I don't see a need to deal with that separately if my abstention in my relation to those areas can simply be noted. That's fine.

MR ROBERTSON Mr Deputy Speaker in relation to the second part of Mr Brown's question and that's regarding salaries which would be received by the two Members of the Assembly which are members of the Administration. I understand that in the budget it also includes salaries and wages for the rest of us sitting around this table. Does that mean that all of us would not be able to vote? I am asking a question of you Mr Speaker?

DEPUTY SPEAKER It is not a matter on which I of course can adjudicate. These are matters for the House.

MR BATES I can perhaps Mr Robertson with it. There are a couple of issues which are included in the budget because we have come out with whether we end up with a balanced budget or deficit budget or whatever. I understand that there are a couple of items in the budget that don't need supply and I understand that the salaries and allowances of Members doesn't need supply and I am rather certain that the welfare payments for pensioners doesn't need supply. They are included in the budget for balancing purposes but it is unnecessary for both of those two. There may be a third one but it escapes me at the moment but their own pieces of statute really leave them in the situation where they don't need supply. That is my understanding of the situation in those two instances so of course Members may wish to check that out for themselves, to satisfy themselves but if they have a close look at that they may come up with a different understanding. As for my support of the Appropriation Act I think it would be pretty irresponsible not to support wages for the Public Service. I'm not putting my hand up to give myself any further revenue as a part-time Public Service than that which is rightly the case for the Remuneration Tribunal. I'm not arguing whether I should get more or less or whatever. I am quite comfortable in accepting that my salary is decided by the Remuneration Tribunal. I don't really see the need, in fact it would be irresponsible not to vote wages for a Public Service simply because I might get about \$21,000 of the total deal in a twelve month

now, in other words the Supply Bill that is in front of us because it will give emphasis to looking into the revenue arrangements more clearly. We can look at whether GST will work well for us or if it won't work well, can it be worked with significant adjustment or even small adjustments. I think that needs to be our thrust and I therefore would term what we have in front of us now, as in fact a holding pattern. It provides for the needs that we must provide for. It doesn't go overboard with new initiatives and it does take the initiative to look carefully at wider revenue raising arrangements and so on that basis I am comfortable to support the measures that are in front of us. On the matter of interest, which was the last matter raised by Mr Brown, I'm one of the two. So I make these comments in respect of it. We have not needed to adopt what Mr Brown is saying in any other presentation of the budgetary arrangements with a membership that may have had components of public servants. I'm not too sure of the necessity to suddenly do it now in this the Eighth Assembly. The matter of remuneration is also for all Members as Mr Robertson has accurately pointed out, is also in this budget so if you want to take that line you've got to deal it all out. That's not practical. The Public Service wage component is not a component peculiar to the two people who sit in this Assembly. It is very wide-ranging and it relates to at least two hundred plus people who are in the community so it is not something that is peculiar to the two people who sit in the Assembly. Mr Brown has mentioned that he would want to abstain on matters that may relate to some of his interests, for example, and I think you've mentioned roads or something like that Mr Brown. Now I can understand that you may well do that because that particular interest is peculiar to his situation and it is not peculiar to a whole host of other people in the community so he may have a view that he may want to do that but in the context that I am endeavouring to describe I don't see that there is a need for those who may be in the service to not participate in the process of approving or not approving the budgetary process that is in front of us here this morning. Thank you Mr Acting Deputy Speaker

MR BROWN Mr Acting Deputy Speaker I think that without my vote there is sufficient support for the budget to pass and to simplify my abstention unless there is a difficulty in the whole budget passing I will simply abstain from voting on the Bill itself. That doesn't mean that I don't support it

ACTING DEPUTY SPEAKER Thank you Mr Brown Is there further debate. If there is no further debate, Mr Smith do you wish to move an adjournment or...

MR SMITH Yes, thank you Mr Acting Deputy Speaker. I was going to see if Members would allow me to seek leave but some Members expressed opposition to that so it wouldn't succeed so I will move that the adjourned and that resumption of debate be made an order of the day for a subsequent day of sitting

ACTING DEPUTY SPEAKER Thank you. I put that question to the House Honourable Members

QUESTION PUT
AGREED

The debate is so adjourned as an Order of the Day

STATUTES AMENDMENT (FEES) BILL 1999

Honourable Members I wish to report that the Business Committee has met and declared that the Statutes Amendment (Fees) Bill 1999 to be an urgent Bill under Standing Order 158

We move to Notice No 3, the Statutes Amendment (Fees) Bill 1999 and Mr Smith you have the call

charge on motor vehicles that are being imported and I expect the same thing will happen there where people have already ordered cars and in fact some may even have arrived in the last couple of days and they've said well we didn't know about this, well that's the way tax bills are normally done from what I understand. You can't go advertising three or four months beforehand. I really can't see any problem with us doing it but I really will need some advise about that. Maybe it means that we do adjourn it and then adjourn the next one and have a decision on it. I think we thought that because the next Sitting is in the middle of July or late July that alot of things could happen in those particular few weeks, revenue wise so that may answer what Gary's question was and we'll see what the other Members say Mr Acting Deputy Speaker

MR BROWN Mr Acting Deputy Speaker there is one problem with adjournment and that is a practical problem of what fee gets charged when someone comes in to register a document in the Lands Office or to pay some customs duty and it would certainly create difficulties if we adjourned the question for a month. It may be that we would need to take a view that the retrospectivity would come back only to the date on which the amendment is actually passed so that the Service can get on with things in the meanwhile or alternatively, we should perhaps see if the Legislative Counsel can make appropriate drafting amendments between now and tomorrow or Friday and meet again briefly in order to finalise the matter then. It would certainly create practical difficulties if we adjourn it for more than a few days.

ACTING DEPUTY SPEAKER We have a motion before us and it's up to the House whether somebody wants to move an adjournment. Is there further debate

MR SMITH Mr Acting Deputy Speaker I'm just wondering what other Members feel about that. I think Mr Brown's concern is correct about whether we should be doing that or not, and I don't know whether we can actually suspend the Sitting when I've done the other Bill with this one sitting like this. I don't know if that's possible and maybe we meet tomorrow again just to sort those out and if there's amendments to be put in. I need some guidance on that

ACTING DEPUTY SPEAKER We need some guidance on that all round. Are you seeking the call Mr Brown

MR BUFFETT Thank you Mr Acting Deputy Speaker. I wonder if I could consult with Mr Brown through you of course. I understand the concern that you raise and I wonder Mr Acting Deputy Speaker whether some brief amending legislation at our next Sitting which would be the July Sitting would adjust what we're doing now to give credit to those people in that situation, would help. That means that we could pass this piece of legislation now if Members have a mind to do that of course, and we haven't come to that stage, which would put in place taxing measures in respect of all of the things, and unless we do that now we leave ourselves open and there are a whole host of administrative difficulties. We either do it or we don't do it in the real sense, but it might be that at the next Sitting we give credit to the situation Mr Brown has mentioned and therefore remedy it then

MR BROWN Mr Acting Deputy Speaker that's a sound suggestion. It does overcome the administrative difficulties because everyone knows where they stand and it does provide us with a mechanism to provide a refund to any person who we feel has been hard dealt with by the legislation. I would be happy to support the legislation on that basis

ACTING DEPUTY SPEAKER Is there any further debate on the question that the Bill be agreed to in principal?

QUESTION PUT
AGREED

The Bill is agreed to in principal
Is it the wish of the House to dispense with the detail stage

AGREED

I seek a motion that the Bill be agreed to

MR SMITH Thank you Mr Acting Deputy Speaker. I move that the Bill be agreed to

ACTING DEPUTY SPEAKER I put the question that the Bill be agreed to
QUESTION PUT
AGREED

That the Bill be agreed to

CUSTOMS AMENDMENT (NO 2) BILL 1999

Honourable Members I wish to report that the Business Committee has met and declared that the Customs Amendment (No 2) Bill 1999 to be an urgent Bill under Standing Order 158

We move to Notice No 3, the Customs Amendment (No 2) Bill 1999 and Mr Smith you have the call

MR SMITH Mr Acting Deputy Speaker I present the Customs Amendment (No 2) Bill 1999 and move that the Bill be agreed to in principle. In line with what I had said previously about us having increased revenue streams this Customs Amendment (No 2) Bill 1999 increases the rate of duty on cigarettes and tobacco from the current 180% to 250% and also provides that there should be minimum duty payable on the import of a motor vehicle and that minimum amount was set by making it \$1000 as the minimum or 15% whichever is the higher. This Bill has the same implications that Mr Brown referred to in the last one Mr Acting Deputy Speaker. I've been approached by a few people who have already ordered and possibly paid for cars that are in transit that will be here very shortly and they are saying well, this is unfair. There is one particular case where a young fellow actually had to borrow money to purchase a car and it would mean that he would have to go back and try and borrow some more money to pay whatever the duty is, but I need to point out that even though it's a thousand dollars I doubt if there would be anybody who would have to pay \$1000 as a minimum. If anybody purchases a car somewhere else, they've got to actually pay for it and they have to pay duty on that anyway, currently and what I can understand is that many of the cars already have a duty - we are really referring to cars that come out of the second hand Japanese market although there are instances of cars coming out of Australia or New Zealand that have been purchased at a very low price but the cost of a car in Japan is something like \$500-600 and duty is paid on that whereas previously customs used to get the full 15% from new cars that would mainly out of Japan and this is trying to pick up that revenue that's been lost with the advent of the Japanese imports. There are various views about this around the table here and there have been concerns expressed on the amount of cars that have been imported into Norfolk Island, what are we going to do about it and how do we deal with it. I suppose in some sense this does actually have an affect on not encouraging too many cars to be imported but that also is not fair. I think I've got the oldest car on the island at the moment and if I wanted to bring in a new one it doesn't encourage me to do that either. However, this is one of those things that has been suggested to raise extra revenue and that's where it is

MR BROWN Mr Acting Deputy Speaker on the basis that we propose to look at how to resolve the situation for people who have already committed themselves to purchase a vehicle, I don't have difficulty in supporting the Bill today

MR SMITH Thank you Mr Acting Deputy Speaker. I think Mr Brown is right, if we do the same as we did with the Statutes Amendment Fees Bill, and deal with it in the same way it's probably the tidiest way to do it

MR ROBERTSON Thank you Mr Acting Deputy Speaker. I just need some clarification on that. Are we also referring to the cigarettes

MR SMITH I wouldn't think that that would be intended, although I must say that I have a pecuniary interest in the price of cigarettes. No. I would assume that we are just dealing with motor vehicles

MR BROWN Mr Acting Deputy Speaker so far in the debate we have focussed on the motor vehicles but I think the cigarette aspect is important. I'm fortunate in that I don't suffer from the curse of nicotine dependency and so in some ways whatever cigarette duty goes up to doesn't concern me, but in other ways it does. For example, there's no doubt that visitors to Norfolk Island gauge the value of Norfolk Island shopping to a significant extent by looking at what we charge for a carton of cigarettes and what we charge for a bottle of scotch. In our discussions prior to this document coming into the House on a number of occasions the Chief Minister has been asked to carefully investigate the extent of any adverse impact that will be suffered as a result of this increase. I'm supporting the Bill today on the basis that he has done that thoroughly and that he is telling us that although there will clearly be an impact in terms of prices it will not be such as to cause difficulties in the perception of the value of shopping in Norfolk Island or in relation to Norfolk Island retailers generally, thank you

MR SMITH Thank you Mr Acting Deputy Speaker, yes John you are using some of my words there because when we did discuss this I did say that we ran the risk of taking away an indicator to people who visit or intend to visit Norfolk Island because liquor and tobacco products have always been an indicator of what duty free shopping is like, and everytime we increase the price of liquor or cigarettes of course it takes that further and further away from where it should be and I've got to say that when the price of cigarettes go up locally you sit and suffer it if you are a smoker, and there are a few of us in the Assembly, but I'm not arguing from that point of view but it's been my view that we should actually be going the other way and actually reducing the duty on cigarettes and sell more and that was the proposal that was being looked at eighteen months ago. I think some Members have said well we'll put that on hold for the time being, which it has been. I think the duty on cigarettes is around \$400,000 without looking it up. If we reduced it we would run the risk that we wouldn't even raise that amount although I would love to try it, but if we did that we could have a worse situation but also by putting it up we will actually sell less, so we expect that the revenue won't just go up by the percentage amount. I'm quite sure it won't and that's been proven in the past but the more you put it up the more resistance there is to people to actually buy them and take them away. The ones of us that are stuck here will just pay the price regardless but I appreciate Mr Brown's point and I quite agree with him. However, you can say that about any tax. Whatever we do, whatever the charges may be it's going to affect somewhere along the line

MR BROWN

Mr Acting Deputy Speaker I thank the Chief Minister for that reassurance. In any event the tax on cigarettes is regarded in some places as a sin tax. We are not the only jurisdiction that raises funds from things such as cigarettes and liquor and other places raise very significant funds from domestic gambling. We at least do not encourage domestic gambling, apart from the small amount we get from Tattslotto and so forth. We do not rely on gambling for our revenue. There is something to be said for an increase in duty on cigarettes in any event from a health point of view. At an earlier time when duty on cigarettes was increased, the Legislative Assembly assured the community that the increase would be applied to the health area. On this occasion we are not able to give that assurance to the community but I think that we are able to say that we recognise that the cost of giving proper financial support to the health area is one which is rising and somewhat beyond our control in that medical inflation is higher than in most other areas throughout the world and the public expectation in terms of health are becoming higher and higher throughout the world and there is some justice in using an increased tax on cigarettes to at least partly compensate us for the increased funding that we will most definitely be needing to put into the health area. That also comes about because of the change in funding of healthcare for our senior citizens where in earlier times many of our senior citizens have had the benefit of DVA funding for their healthcare. As time passes there are less people covered by DVA and more people being covered by our own social welfare scheme and by our own healthcare scheme and it is appropriate that we recognise that we need to fund those additional costs and a sin tax of this type is a reasonable way to do that thank you

MR SMITH

Mr Acting Deputy Speaker, just whilst we are on this particular Bill it was well known in the community that the Assembly had proposed a \$10 fee on customs transactions. The Members had a lot of representations from people in the community, not only the commercial sector but the private sector as well to say that they don't think it's a real good idea. That \$10 fee has been dropped. I just put that on the record that it has been taken off which has actually caused the deficit budget that we have but Members felt reasonably comfortable with that as far as I can tell, on the basis that we do that rather than we try and introduce something that will cause more problems than it's worth. So just to recap with what we have proposed is the customs duty increase on cigarettes to 250%, \$1000 minimum duty payable on motor vehicles, land administration fee increased to 3%, motor vehicle registrations which are to be done by Regulations, they will increase by 25% across the board, those Regulations I tabled earlier Mr Acting Deputy Speaker, also there will be an increase in company fees and business name fees and there's the area of Health and Quarantine, the Sale of Food Licence which we've already dealt with and there's a proposal for a fire service call out levy. I just thought I'd better go through those just to point out that the \$10 customs fee has disappeared and we are now just dealing in this Bill with the motor vehicles and the increase on cigarettes and tobacco

ACTING DEPUTY SPEAKER

Thank you Mr Smith. Is there any further debate on the question that the Bill be agreed to in principal?

QUESTION PUT
AGREED

The Bill is agreed to in principal

Is it the wish of the House to dispense with the detail stage

AGREED

I seek a motion that the Bill be agreed to

MR SMITH

Thank you Mr Acting Deputy Speaker. I move that the Bill be

agreed to

ACTING DEPUTY SPEAKER I put the question that the Bill be agreed to
 QUESTION PUT
 AGREED

That the Bill be agreed to

FIXING OF THE NEXT SITTING DAY

MR NOBBS Thank you Mr Acting Deputy Speaker. I move that the House at
 it's rising adjourn until Wednesday 21st July 1999 at 10am.

ACTING DEPUTY SPEAKER Thank you Mr Nobbs Is there any debate upon that. Then I put
 that question to you Honourable Members that the House at it's rising adjourn until Wednesday 21st
 July 1999 at 10am.

QUESTION PUT
 AGREED

The ayes have it

ADJOURNMENT

MR ION ROBINSON Thank you Mr Acting Deputy Speaker, I move that the House do
 now adjourn.

ACTING DEPUTY SPEAKER Thank you.. Is there any adjournment debate?

MR BROWN Mr Acting Deputy Speaker I had indicated at the last meeting that
 I proposed at our next meeting to move a motion in order to cause the Finance portfolio to be
 transferred to another Minister. I've not done that today because today we've suspended Standing
 Orders in order to deal only with the matters on the paper and I'll need to deal with that at a later
 meeting thank you

DEPUTY SPEAKER Honourable Members if there is no adjournment debate I put the
 question that the House do now adjourn

QUESTION PUT
 AGREED

Therefore this House stands adjourned until Wednesday 21st July 1999 at 10am.

