

NORFOLK



ISLAND

THE GOVERNMENT OF NORFOLK ISLAND

MEDIA RELEASE

Norfolk Jet Express

Following is a statement by the Chief Minister of Norfolk Island, Hon Geoff Gardner MLA, concerning Norfolk Jet Express.

As a result of the rumours that are throughout the community, I believe it is important that the issues relating to Norfolk Jet Express are explained in some detail.

The collection of overdue debts owing to the Administration has been an increasing problem for some time and late last year we commenced a new and concerted effort to recover debts to rein in the problem. I am sure that many in the community have been uncomfortably aware of that fact. There have been some businesses that have provided important services to the community and treated far too leniently in the past. It was clearly unfair that we should pursue payment of debts by our ordinary people but allow businesses to continue to accumulate debts owing to the Administration and therefore this community.

The Administration has over a number of years had problems with Norfolk Jet Express meeting its financial obligations on time. Late last year, among the many debts pursued was an amount of \$569,075 owing by Norfolk Jet Express for landing fees and other services. A statutory demand for payment was issued for nearly half of that amount. This resulted in an arrangement being made between the Norfolk Island Government and Norfolk Jet Express to quarantine the debt and allow Norfolk Jet Express to repay the debt over time on the basis that future debts would be paid as and when they fell due.

The company did pay the agreed amounts to reduce the quarantined amount owing for landing fees but failed to pay other debts as they fell due for such things as electricity, telephones etc. Therefore, in early May 2005 another statutory demand for a further \$89,089.63 was issued giving the company 21 days to pay.

The Administration received a part payment of \$19,438 by electronic transfer after hours on the 21st day. No reasonable offer for full payment was made.

Because the company failed to comply with the statutory demand it was, by law, insolvent. Proceedings were commenced to have the company wound up and an application was made for the appointment of a provisional liquidator who would protect the assets and continue running the company until it could be determined if it was able to continue to operate.

An amount of \$65,479.57 has been allegedly placed into a solicitors' trust account in Queensland to contribute towards the outstanding debts incurred this year. The company

would only agree to this payment provided the Administration withdraws or the court dismisses the application to appoint a provisional liquidator.

Evidence before the Court this week suggests that the company is not in a position to meet its obligations as they fall due and that it may well be placed into liquidation at the hearing before the Supreme Court in Sydney next Friday, 10 June 2005.

If the Supreme Court finds that the company is insolvent and orders that it be wound up, every attempt will continue to be made and options explored to minimise the impact on Norfolk Island and its tourism industry and to minimise the inconvenience to travellers.

In this regard I have had and continue to have discussions with other airline operators and the Commonwealth Government with a view to ensuring ongoing air transport is maintained between Norfolk Island and Australia. It should be noted that Air New Zealand continues to provide a reliable service to Norfolk Island.

I ask that Norfolk Islanders and our visitors stay immune from rumour and innuendo and from self-serving statements and assertions that do not assist in any way.

I will keep the community informed as and when I have further information.

Geoff Gardner
Chief Minister

2nd June 2005