



THE GOVERNMENT OF NORFOLK ISLAND

MEDIA RELEASE

“A responsible but expansionary budget ”: Minister

Minister for Finance Neville Christian presented the Revenue Fund budget and the Appropriation Bill for 2007-08 at the Legislative Assembly sitting on Thursday 21st June. He said that his fifth budget was “responsible but expansionary”. The budget provides for expenditure of \$13.9m and revenue of just over \$14m, resulting in a surplus of \$100,000.

In presenting the budget, Mr Christian told the Assembly “This budget lays the framework for economic growth and prosperity in Norfolk Island and also provides new funding to develop existing industries and for innovation to broaden the scope of our commercial sector. It has been framed to move forward on the five major areas outlined to last month’s Assembly meeting by the Chief Minister as the strategic priorities of this Norfolk Island Government. It also takes into account the advice of Econtech, which conducted a thorough study of Norfolk Island public finances in the second half of 2006”.

“Members will be aware that in the last few months we have commenced the Goods and Services Tax (GST), which is one of the largest changes ever made to Norfolk Island public finances. This change has not always been easy for the community and the government to digest, and I am particularly pleased at the high level of compliance with the new arrangements. I thank the community for its acceptance of the GST and for its patience while some teething problems were sorted out. Many businesses and individuals took up the offer of accounting advice at government expense, and a small team of dedicated Administration staff have done an excellent job in ensuring that the new tax is up and running successfully. Of course, there are still some grey areas which need attention, but that is to be expected in a change of this sort and is similar to the experience of other governments implementing such measures”.

Mr Christian said that the Goods and Services Tax was just one of the recommendations from the Econtech Report which had been implemented by the Government. Econtech highlighted the need to increase visitor numbers to Norfolk Island, and so far each of the interim goals for arrivals had been met along the way to achieving an annual rate of 50,000 visitors by the end of next year. Visitor numbers had increased on a month-by-month basis for 13 consecutive months and the upward trend now appeared to be sustainable.

The Minister told the Assembly that the budget “provides a grant of over \$1.15 million to Norfolk Tourism to be spent on its tourist promotion activities. When contributions from Norfolk Air and the Commonwealth Government’s Regional Partnerships Programme are added, we will have an unprecedented total of approximately \$2 million to spend on tourism promotion in 2007-08. I expect in the very near future to be able to present to the Assembly plans for a business and management structure for Norfolk Air. Also on the horizon are some

promising possibilities for further expansions of Norfolk Air services and destinations, which I hope will commence within the 2007-08 financial year”.

The Minister continued: “from this financial year the Government is also taking up Econtech’s recommendation to provide for infrastructure replacement. We have made great progress in restructuring the revenue base and supporting tourism promotion and airline services to ensure that provision of community services is on a sustainable basis. Now we must also pay serious attention to infrastructure replacement. With that in mind, this budget allocates \$900,000 for a depreciation sinking fund, including \$200,000 towards the construction of a new hospital. My colleague the Minister for Tourism and Health is also pursuing some funding possibilities to help toward that project”.

The Minister said that the budget contained significant spending measures, including record amounts for education and health. He said that the \$2.4m expenditure on education programmes meant that almost one dollar in every five from the budget would go toward education, indicating the high priority given to continuing excellence in educational opportunities for the young people of Norfolk Island. The budget also gave a subsidy of \$800,000 to the Norfolk Island Hospital, so that it could continue to supply a range of high quality medical, dental, pharmaceutical and emergency services to the community.

Mr Christian said that his colleague Chris Magri MLA, the Minister for Commerce and Industry, had consulted local fishing operators and had been in communication with his Commonwealth counterparts to develop a comprehensive fisheries management plan for Norfolk Island inshore and offshore fisheries. The budget included an allocation of \$30,000 toward the achievement of that significant objective.

“This budget is another significant step toward ensuring the long-term economic sustainability of Norfolk Island”, Mr Christian said. “This year we are implementing a range of steps to ensure that public finances are on a stable basis and to improve the transparency of our financial accounting.”

The Assembly will give final consideration to the Appropriation Bill and budget at its next sitting on Wednesday 27th June.

Neville Christian
Minister for Finance

22nd June 2007