



THE GOVERNMENT OF NORFOLK ISLAND

MEDIA RELEASE

Keeping it in perspective - global financial crisis hits all states and territories

Chief Minister André Nobbs said today that the drop in revenues experienced in Norfolk Island in the wake of the global financial crisis reflected the situation right across Australia.

“We have seen a net effect on the Norfolk Island Revenue Fund budget in the order of \$1 million”, Mr Nobbs said. “But the effects so far announced on state and territory budgets amount to almost \$3.5 billion, even before the Northern Territory has announced a revised figure for the year. Like all of our counterparts, the Norfolk Island Government has undertaken the responsible course of action by reviewing all of our expenditure and revenue in light of the rapidly changing economic circumstances flowing from the financial crisis, credit crunch and reduction in retiree incomes”.

Mr Nobbs said that the Norfolk Island Government had completed a comprehensive budget review of all areas of the public sector, including statutory authorities and government business enterprises. The results of that review and the proposed forward strategies were presented at the Legislative Assembly sitting held on Wednesday 21 January.

The government had carefully considered all of the options available, and had reached the conclusion that given the current external economic situation, the most responsible course of action was to continue to stimulate employment and economic activity in Norfolk Island by budgeting for a deficit this year. The government had considered substantial cuts to community services and significant increases in taxes and charges, but the best advice available was that either course would have deflationary effects including reductions in employment and the slowing of the private sector economy to the point where rises in tax rates would not necessarily result in increased government revenues. The government had identified and implemented savings in public sector employment areas without reducing services, and had also slowed the rate of capital expenditure on some major projects to deal in part with the projected reduction in revenues.

Mr Nobbs said that the strategy which was being adopted in Norfolk Island was very similar to the measures being taken elsewhere. Most Australian states and territories were reviewing all expenditure and deferring or slowing spending on capital projects. Some were being forced into more drastic measures, including reductions in public sector employment, selling public assets and raising a wide range of taxes and charges.

The Chief Minister provided a table setting out the effects of the global financial crisis on state and territory budgets as reported up to 23 January:

State or Territory	Original 2008/09 budget	Revised budget	Difference	Major policy changes following budget review
New South Wales	Surplus \$268m.	Deficit \$917m.	-\$ 1185m.	Increases in taxes and charges; capital works and public transport projects abandoned; assets to be sold.
Victoria	Surplus \$828m.	Surplus \$382m.	-\$ 446m.	Growth forecasts reduced; some fees and charges increased
Queensland	Surplus \$809m.	Surplus \$54m. (Deficit \$124m. next year)	-\$ 755m.	Additional dividends taken from GBEs; fees and taxes increased; unemployment forecast to rise to 162,000
Western Australia	Surplus \$1.7b.	Surplus \$1.2b.	-\$ 500m.	Unemployment up 1.0%; net debt up to \$16b by 2012; annual deficit \$360m. by 2012
South Australia	Surplus \$160m.	Deficit \$112m.	-\$ 272m.	1,200 public sector jobs cut; public buildings and assets to be sold; public works deferred
Tasmania	Surplus \$106m.	Deficit \$91m.	-\$ 197m.	Spending cut \$35m.; infrastructure projects suspended; hospital redevelopment deferred
Northern Territory	Surplus \$ 81m.	NA	NA	Growth rate halved
ACT	Surplus \$ 85m.	Surplus \$15m. (Deficit \$100 m. next year)	-\$ 70m.	Capital works to continue at slower rate; other decisions to be made in 2009/10 budget
Norfolk Island	Surplus \$0.001m	Deficit \$0.948m.	-\$ 0.949m.	Capital works projects to continue at slower rate; no rises in taxes or charges; no job cuts

Sources: Official state and territory websites and news releases; ABC news stories

André Nobbs
Chief Minister

23 January 2009