

Legislative Assembly Meeting 28th April 2009

Chief Minister's review of the second year of the 12th Assembly

Mr Speaker, this is the first Assembly meeting since the second anniversary of the swearing in of the 12th Assembly on 28th March 2007. Executive Members were sworn to office on the day after that. I now present my second annual progress report on what has been achieved in the past 12 months, and look once more to what is planned for the remainder of the life of this Assembly.

Mr Speaker, when we framed the budget for 2008/09, we looked forward optimistically to another year of growth in tourism and economic wellbeing for Norfolk Island. However, external conditions have had a drastic effect on the world economy and have flowed on to Norfolk Island. We were not very far into the financial year before the first real effects of the global financial crisis began to make themselves felt in Norfolk Island. Incomes for those relying on superannuation and other investments declined rapidly, resulting in the reduction of discretionary expenditure by many people in the demographic from which we receive a high proportion of our visitors. By October 2008, this had resulted in several consecutive months of decline in visitor arrivals, and I informed that month's Assembly meeting that the government was "...intensely aware of the current global financial crisis, which has seen unprecedented volatility in world share markets, the collapse of significant financial institutions and a credit freeze between lending institutions. This comes on top of a long but consistent fall in equity prices in Australia, New Zealand and other world markets which have had a negative effect on superannuation funds and retirement incomes for many people who have been a significant part of Norfolk Island's traditional tourism market. We in Norfolk Island are not immune from these huge upheavals in the world economy. As a small but largely self-sufficient economy, we must brace ourselves for some of the flow-on effects of the global situation. We face a very challenging market situation in our main industry of tourism, possibly for many months ahead. One of the first activities put on hold by individuals and families in tough times is holiday spending."

As we all know, the global financial crisis has now become a worldwide recession and the future remains uncertain. Toward the end of 2008, we projected a loss of over \$1 million in public revenues due to a predicted fall of 15% in visitor arrivals for the financial year. As a consequence, the Norfolk Island Government undertook the most comprehensive budget review in the island's history, resulting in identified expenditure

savings and the slowing of some capital works projects. In accordance with the objective of the strategic plan, a further outcome from the comprehensive budget review was the decision to move toward performance and program budgeting over the next financial year. This is being implemented in a controlled manner that will not only modernises the incremental budgeting system currently in place, but also align the public service with longer-term strategic planning for Norfolk Island and improve accountability both in terms of management and delivering outcomes to the community.

Mr Speaker, the Australian Government has responded to the global financial crisis with a range of initiatives. These have included cash payments to some targeted individuals and stimulus packages for schools, banks, local government and state and territory governments. Norfolk Island has been excluded from all of these initiatives, but we have made a separate submission to the Commonwealth for \$2.5 million in stimulus funding specifically in relation to the global financial crisis. I had further discussions on this matter with the Minister for Home Affairs (the Hon Bob Debus MP) last week, and have received an assurance from Mr Debus that he intends to have further discussions with the Minister for Finance and Deregulation to support our request. Minister Debus and I agree that the issue of possible economic stimulus funding from the Commonwealth is not dependent on the outcomes from our ongoing governance discussions, which continue to progress well. I shall return to that subject later in this statement.

In the meantime, we have almost completed the framing of the 2009/10 budget through a detailed process including submissions, consultations and meetings. We have carefully considered all of the revenue and expenditure options open to us and have taken a conservative view of the external economic situation which is likely to continue to depress visitor numbers next year. The Minister for Finance will present a comprehensive overview of our forward projections when he presents the budget to the Assembly at a future sitting.

Mr Speaker, although 2008/09 has been a year during which the global financial situation has had significant impacts in Norfolk Island, I am pleased to report that it has also been a year in which we have been able to strengthen service delivery in many areas, move forward with many new initiatives, create new business opportunities, develop our culture and language and position ourselves to take advantage of a future recovery in the world economy.

Mr Speaker, we have moved forward in so many areas that I cannot detail them all today. I am sure that there many achievements that each of my colleagues could add to the list which I will give to provide some overview of the many initiatives we have taken and the progress achieved in the last year. In summary, I will comment on some specific issues and the programmes and initiatives we have put in place to achieve economic growth, social cohesion and improved service delivery during the second year of the Twelfth Assembly.

Strategic Planning

The government of the 12th Assembly has continued to implement its strategic plan, which details our priorities for change and improvement in five key areas:

- Growing prosperity for all of Norfolk Island
- Delivering better services
- Ensuring a sustainable environment for living
- Promoting fairness, opportunity and responsibility
- Enhancing leadership, communication and consultation

We have made considerable progress in these identified areas, and have ensured that the strategic plan remains dynamic by adding to it and developing new and challenging objectives.

New business opportunities and economic development

The past year has seen a range of initiatives to broaden the economic base of Norfolk Island and to provide better supports and facilities for new and existing businesses. I will detail just a few.

Rather than paying a dividend to the Revenue Fund, Norfolk Telecom completed the purchase of the former cable station facility at Anson Bay, which it now fully owns. This is already proving to be a valuable asset which promises to generate new businesses and public revenues for the future. Media and Gaming have already established the internet-based Typhoon Pools business at Anson Bay, and have plans for future expansion. Other internet businesses have also come on line, and there are a number of promising negotiations for more to come. I should stress that the range of possible businesses extends way beyond gaming to other activities including international telecommunications and provision of a range of services and information online.

During the past year, we conducted the successful negotiations with SPIN SA, which have now resulted in the signing of a contract for provision of high speed broadband within the next two years. The SPIN contract is essential to enable us to encourage new businesses and to ensure that we remain competitive with other states in our region. It also opens up a wide range of new opportunities for new enterprises here, while allowing us to onsell any surplus capacity to defray the cost of the service.

The year has also seen significant progress in developing and implementing renewable energy projects. The successful consultancy with IT Power Group has pointed the way forward, and we are making application to the Commonwealth's Building Australia Fund for assistance with the capital cost of implementing wind power generation. We have instituted a programme where individuals can qualify for subsidies and obtain rebates on costs for the installation of photovoltaic systems and where surplus power can be sold into the Norfolk Island electricity grid. Norfolk Island has also been chosen as a pilot site for two revolutionary new technologies for alternative energy generation, both of which are about to commence.

There has been much progress with boating and fishing policies, and I pay tribute to the Minister for Industry and Commerce who has achieved a great deal in cooperation with the Commonwealth in these areas. The Norfolk Island Fishery Management Policy has been developed and should be fully implemented by the end of June 2009, following an extensive 15-month consultation process. During the year, a joint initiative between the Norfolk Island Fishing Association (NIFA) and the Norfolk Island Government assisted boat owners to purchase an essential equipment kit including emergency flares and an Emergency Position Indicating Radio Beacon (EPIRB). EPIRBs are devices which are designed to save the lives of people in boats which get into trouble, by alerting rescue authorities and indicating the location of the vessel. In the past 12 months, we also encouraged and facilitated two visits by deep sea adventure fishing operators, with positive results for both tourism and related on-island spending.

During our second year, we introduced some other changes to assist businesses by reducing costs. These included lower fuel costs through the mini-bulk fuel scheme and volume discounts to businesses for IDD telephone calls. I will detail some other new business initiatives when I turn to tourism later in this statement.

Public Infrastructure

The second year of the Twelfth Assembly has seen some of the greatest improvements to public infrastructure in Norfolk Island for a long time. As I highlighted last year, we had identified the need to make a range of significant improvements to the Norfolk Island Airport, which remains one of the most important assets of the Norfolk Island community, and one that is critical to supporting and growing the tourism industry. The projects were vital to ensure that our international airport continued to hold at least Category 6 status so as to assure the future of air services from Australia and New Zealand – and perhaps in time from other international destinations.

The major capital expenditures at the airport have included:

- Work completed at the western end of the extended Runway End Safety Areas (RESA) and the eastern end which will be constructed in the next budget year. When both ends of RESA are completed, we will be in compliance with RESA requirements set by Australian and international air safety authorities. Completion of RESA will improve the safety of operations at the airport and ensure its ongoing contribution to growing our tourist trade.
- The purchase of two state of the art fire tenders with full capacity to meet airport and commercial fire emergencies and to supplement other community fire fighting resources. The purchase of these much needed new fire trucks was fully funded from Norfolk Island Government resources. We are of course grateful to the Royal Australian Air Force for their subsidised transport of the fire tenders from Brisbane to Norfolk Island.
- Work has begun on redeveloping the terminal area, car park and hire car security area to make the airport more attractive to visitors, easier to navigate and safer for rental cars and private vehicles. The project also includes better lighting and new landscaped entrance and exit areas. This work is ongoing and is due for completion in the next financial year.
- The building of new accommodation for the fire engines, emergency service vehicles and volunteer rescue services is well underway and will be completed in the coming year.
- Once the fire station is completed, work will commence on the extension of the terminal building, to provide a larger arrival hall and room for the modern screening and x-ray equipment which will ensure that we meet all passenger and baggage screening security requirements.

It is very pleasing to note that during the year, the Norfolk Island Airport was awarded the Civil Aviation Safety Authority (CASA) District Aerodrome Inspectors Award for Excellence in the category of Best Island Airport. I congratulate all staff of the airport on achieving this well-deserved recognition.

I have already mentioned improvements to public infrastructure in telecommunications and energy areas. The Norfolk Island Government is also about to lodge four significant applications for infrastructure development projects under the Commonwealth's Building Australia Fund. We are grateful to the Commonwealth for ensuring that Norfolk Island is eligible to apply for assistance from this fund, which is part of the Nation Building Funds programme. We have developed strong applications, each including a business case and cost/benefit analysis, in the areas of renewable energy, telecommunications, roads and transport infrastructure. These applications will be lodged with the Commonwealth within the next week. Norfolk Island Hospital is developing a separate application for redevelopment and/or rebuilding of the hospital, which it will lodge under the Health and Hospitals Fund. Of course, the lodging of funding applications for these important infrastructure projects does not guarantee that any or all of these applications will be successful. But we believe that we have a strong case and will support the applications with strong representations to all of the relevant Commonwealth portfolio ministers.

Tourism and Norfolk Air services

Tourism in this time of global financial crisis remains our most significant industry, and one which of course faces many challenges. In the past 12 months, the Norfolk Island Government has committed significant human and financial resources aimed at improving our tourism promotion and market appeal. In implementation of the five-year tourism strategy, there has also been enormous effort to restructure our tourist industry so as to widen its appeal across the market and to best position it to capitalise on any future recovery in the world and regional tourism economy. On 19 March, Norfolk Tourism announced that new initiatives in place or underway included:

- a Marketing Partnership Program with 11 wholesalers selling Norfolk Island in Australia;
- increased focus on co-operative partnerships with wholesalers in New Zealand;
- rebranding of the destination to change the perception of the island in key target market segments;

- a bi-annual Norfolk Island Tourism Exchange (NITE) to enable visiting wholesalers and travel agents to meet directly with island tourism operators to develop holiday packages and experiences;
- establishing Norfolk Island as a cruise destination with visits from Carnival Australia and a range of expedition cruise ships in 2010;
- extensive recommendations to revamp the island's retail sector based on findings from a comprehensive retail survey into visitor shopping requirements in conjunction with a leading retail expert from James Cook University;
- an upgraded special events program to attract a wider range of visitors of all ages and interests;
- the planned appointment of a dedicated Marketing Manager to support the Marketing Partnership Program and seek out new ways to promote Norfolk Island as an affordable and exciting holiday destination; and
- a centralised BookEasy reservation system that enables consumers to search, book and pay online for their Norfolk Island holiday.

Of these steps, there are two that are worthy of further comment. Firstly, the rebranding concept has been well received in the industry both here and off-island. It offers a fresh approach which should widen the appeal of Norfolk Island to a broader range of potential visitors. Secondly, our economy stands to benefit substantially from the arrival of large cruise ships from 2010 onwards. Norfolk Tourism is setting up a working group to ensure a smooth commencement to cruise ship tourism and to maximise the opportunities for local businesses and individuals to benefit. The Norfolk Island Government will budget to undertake some relatively minor capital works to facilitate the transport and disembarkation of passengers at our wharves.

Looking ahead, we have put in place contracts to ensure that from late May 2009, Norfolk Air will have access to larger and more modern aircraft to replace the current 737-200 service. This will increase capacity for incoming visitors, provide better in-flight conditions and reduce Norfolk Air's operating costs. The "new" Norfolk Air 737-300 aircraft has already been in operation, and has performed the Newcastle services as recently as yesterday.

Also in the near future, as a further part of the five-year strategy Norfolk Tourism will launch its accreditation programme, aimed at improving service to our visitors across the board and at protecting and promoting the highest possible levels of service and facilities. This should increase the appeal of Norfolk Island to discerning tourists, while

at the same time providing training to local operators in the delivery of high class tourism experiences.

Major policy review and reform

In the past year, there has been significant progress on policy review and reform in two of the major areas within the portfolios for which I am responsible – namely immigration and employment. I established working groups to look at legislative and procedural changes to make our programmes more responsive and relevant to the needs of a modern Norfolk Island economy. Following extensive consultation and consideration of the many issues involved, both working groups produced discussion papers which were made public for comment. We received a great deal of detailed and helpful comment from all areas of the community, which has enabled the refinement of the policies involved. I have circulated these discussion papers to Members and earlier in this sitting I tabled an exposure draft of the Employment (Amendment) Bill 2009. I expect to be able to supply Members with final proposals for changes to immigration categories and procedures within the next month.

Taken together, the measures to implement a population policy through changes to immigration legislation and policies and through revisions to employment legislation are aimed at providing certainty to the business community in these critical areas and as well at achieving sustainable population growth to aid in the expansion of the Norfolk Island economy. I expect that final legislation in both areas will be introduced in the next few months.

Social programmes and community services

There have been many improvements in delivery of community services in the past year, plus a range of new initiatives aimed at building a stronger and better informed community. These changes have spanned the whole year and have been announced in the Assembly, through print and electronic media and on the government website. I do not intend to list them all, but will mention just a few.

It is disappointing that the Commonwealth has ruled that the Norfolk Island Central School is not eligible for its stimulus or infrastructure funding. We did not let this stop us from making available to the school (through sponsorship from Norfolk Air) funds to purchase 53 new computers and ancillary software and equipment up to a value of

\$42,000. A similar grant is planned for this year to allow the school to complete its computer upgrade.

There have been a number of improvements in health services this year, most notably new programmes for free childhood immunisations and Gardasil vaccinations for girls and young women. Under these initiatives, immunisation is provided free of charge for all infants from birth to the age of one, representing a saving of around \$1,500 to parents of babies in their first year of life.

In the area of social welfare, we have increased the electricity rebate to pensioners, introduced clear guidelines for equitable access to a range of health related services such as optical, physiotherapy, chiropractic and podiatry services and placed before the Assembly new social welfare legislation aimed at achieving equity and fairness in our pension and benefit programmes, including income and asset testing procedures. This legislation will proceed to debate after the return of Minister Vicky Jack from recreation leave. The Minister will also be moving forward with the new Child Welfare Bill to protect and codify the rights of children.

The Social Awareness Advisory Committee, made up of interested volunteers from the community, has been active during the year. A number of its recommendations have been actioned by the government, including new roadside breath testing legislation, dealing with unlicensed drivers and unregistered vehicles, new provisions on the definition and importation of firearms and proposals for extensions of child protection and safe houses.

Norf'k CIRCA has extended its email network to around 70 recipients of information on government and private sector services, funding opportunities, conferences, training and development opportunities and general community activities. It will form the nucleus of the new community information centre, to be opened in shopfront premises in Burnt Pine in the near future.

Language, culture and the arts

As Minister responsible for cultural affairs, I have taken particular pleasure in being able to launch several major projects this year, including some designed to have a long-term influence on the promotion and protection of our unique cultural values and the Norf'k language.

The Year of the Norfolk Language was launched on Anniversary Day (Bounty Day) in 2008 and will culminate with announcement of the winning entries in the Norfolk Song Competition at this year's Anniversary Day celebrations. But it is not intended that government support for the Norfolk language will end – in fact, we will continue to support the teaching and promotion of the language through a range of ongoing programmes.

During this year, UNESCO confirmed its recognition of Norfolk and listed it in the definitive *Atlas of the World's Languages in Danger of Disappearing*. This listing will assist those seeking support and funding for Norfolk language projects, and adds to the recognition given to the language in legislation by the 11th Assembly. During the Year of the Norfolk Language, we have promoted its use through the creation of new prize categories for Norfolk writing, activities and photography at the Royal Show, a Norfolk Skrabl competition in association with the successful annual Scrabble® Festival, enhanced teaching at the school, a community survey and a song competition. Most of these activities will be repeated annually and we will continue to work closely with the Norfolk language project of the University of Adelaide which seeks to find common ground on the spelling and grammar of the Norfolk language.

Another initiative began on Anniversary Day 2008 with invitations for traditional Norfolk Island families to nominate members to a Council of Elders. The publicly stated purpose of the Council was for members to be able to look at issues in an informal manner and make recommendations on a whole range of social issues and ideas including the Norfolk language.

In opening the first meeting of the Council last November, I stated that "...while I see the Norfolk language as one area where the Council of Elders can make a significant contribution, I would not want to see you confined to that area alone. I see the Council as an important way for you and your family to help inform the Norfolk Island Government about community future directions and considerations across a range of matters. I envisage the Council as an informal yet significant means of establishing clear and sincere two-way communications on critical community government issues".

I see the Council of Elders and the Norfolk language activities as being closely linked as key planks in a strategy to grow the knowledge of, and respect for, the Norfolk culture and language, especially among younger generations of Islanders.

Also during this year, the Norfolk Island Government provided funding for a delegation of our artists to attend the Pacific Festival of the Arts in Pago Pago and for freight on artworks exhibited in the Mosman Art of Friendship Exhibition in Sydney. We also organised and funded an international conference held in Norfolk Island on the theme of Isles of Exile, which was attended by prominent academics and researchers from as far away as Korea and South Africa. It is intended that the conference papers will be published later this year.

Environment

There has been much activity in the past year in relation to the protection and enhancement of our environment. The Natural Resource Management Plan has been completed after extensive public consultation, and will now guide our environmental protection efforts. Under the Natural Heritage Trust the Commonwealth has funded our applications for a range of important projects including groundwater testing and conservation, protection of native plants and bird nesting sites at 100 Acre Reserve and waste management activities. As well, our two governments have again supported many worthwhile local projects under the Ivens F (Toon) Buffett Environmental Trust. Following changes to Commonwealth funding arrangements, the Administration coordinated a substantial joint submission with community organisations for funding under the new Caring for Our Country programme. We now await final funding decisions on those applications.

After obtaining detailed specialist and scientific advice, we launched a major exercise to eradicate Argentine Ants from Norfolk Island. These ants are endemic in Australia and many other countries, but the advice to us was that with a concerted effort there were good prospects for elimination of this costly pest from Norfolk. Two major stages of the eradication programme have been completed, with promising results. One of the main infestations was at the Waste Management Centre, where we have undertaken major works to prepare the site for treatment through removing, burning or spreading a large quantity of waste materials to allow baits to be laid in an effective grid pattern.

This exercise is nearing completion but careful monitoring will be needed before the Waste Management Centre can be reopened for disposal of most forms of waste. We are making special arrangements for green waste, and hope to reinstate our full waste programmes in the not too distant future. We have worked with the Australian AQIS

agency to ensure resumption of shipments to Australia of recycled materials such as steel, aluminium and car batteries, and a glass crusher has just been purchased to allow for recycling of glass materials.

KAVHA

Mr Speaker, I am sure that for many of us, and for our visitors, the Kingston and Arthurs Vale Historic Area is the jewel in the crown in this magnificent island. In recent months there has been significant restructuring and change in KAVHA, including the appointment of a site manager and the recruitment of a works supervisor. The Commonwealth and Norfolk Island governments also commissioned a comprehensive consultancy to review the administrative and management arrangements for KAVHA. The final report is expected soon, and will no doubt include recommendations regarding the presentation, protection and development of the entire KAVHA precinct.

It is our intention to ensure that KAVHA is presented in the best possible light when UNESCO assesses it for World Heritage listing as part of the Convict Nomination Group put forward by the Australian Government. Assessment will take place later this year, and a final decision is expected from UNESCO some time in 2010.

Transparency and accountability

Mr Speaker, I have reported frequently during the year on the progress made in developing a wide range of transparency, accountability and administrative review mechanisms. These have been central to the governance discussions with the Commonwealth, and I have previously made public most of the outcomes, so I will be brief in talking about these areas.

We now have a fully functional administrative complaints system, under which members of the public are able to seek redress in relation to decisions and actions which they believe to be defective. The system operates at arm's length from the original decision-maker and is designed to incorporate comprehensive internal review and to provide remedies where appropriate. The complaints system is an essential precursor to the creation of an ombudsman service of external review of administrative matters.

Much progress has been made in establishing ombudsman and anti-corruption complaint services in cooperation with the Commonwealth Minister for Home Affairs, the Commonwealth Ombudsman and the Independent Commission Against Corruption from New South Wales. We have largely taken as much action as we can in these areas (including the preparation of draft Norfolk Island legislation), and now await Commonwealth decisions and actions on the necessary legislative and administrative arrangements within their jurisdiction. I am hopeful that there will be concrete achievements in all of these areas in the next 12 months. As well, we continue to discuss other accountability and transparency measures with the Commonwealth Minister for Home Affairs, including the appointment of the Australian National Audit Office to conduct financial, programme and performance audits; procedures to facilitate freedom of information; expanded roles for tribunals to review decisions and possible reforms to the *Norfolk Island Act 1979* (Cth).

Relations with the Commonwealth

The governance discussions with the Australian Government since October 2008 have made solid progress, and I have continued to report to the Assembly and community on outcomes as often as possible, including some joint announcements with the Commonwealth Minister for Home Affairs. The discussions to date have largely centred on the transparency and accountability measures I have already outlined. It has been agreed that these will be formally reported to the Australian Government in the near future, and a joint public announcement of details will be made by myself and the Commonwealth Minister.

We have also agreed on a longer-term process aimed at achieving more mature and stable constitutional and financial relationships between Australia and Norfolk Island. Underpinning this is a commitment to resolve the many anomalies in the current relationship concerning Norfolk Island's access to Commonwealth programmes and mutual expectations on rights and responsibilities. I am grateful to Minister Debus for making time to consider answers to these long outstanding issues, and for the cooperative and collaborative nature of the discussions to date.

I believe that we have also entered into a new era of communication with the Joint Standing Committee on the National Capital and External Territories (JSC), under the astute leadership of Senator Kate Lundy. Senator Lundy welcomed our offer to share with the JSC Norfolk Island's experience in designing and delivering cost effective

essential and community services in relation to the Committee's new inquiry into the changing economic environment in the Indian Ocean Territories. They will inquire into areas including communication services (such as broadband internet, digital television and mobile telephony); transport services and costs including passenger and freight transport; the operation of businesses in the region; the cost and availability of housing; and the impact of climate change. We will be making a submission to the JSC on these matters when some members of the Committee visit Norfolk Island early in June.

Mr Speaker, this statement really just scratches the surface of the many areas where we have made significant progress in the last year in social, community and economic development and in establishing a more mature and productive relationship with the Commonwealth. I trust that the overview I have provided gives some idea of our overall social and economic priorities and the areas in which we plan further advancement in the third year of the Twelfth Legislative Assembly.

We face many challenges in the next year, not least the continuing global recession. But we are confident that the government's strategic initiatives and the forthcoming budget will point the way to ongoing improvements to our social and community fabric. Mr Speaker, I am also confident that because of the enterprise of our people and the indomitable spirit of Norfolk Islanders, we can come through the recession and move forward into more prosperous times in future.

Thank you, Mr Speaker

André Nobbs
Chief Minister

28 April 2009

