

FOCUS REPORT

EXECUTIVE SUMMARY



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Focus 2002 was initiated with a view to ensuring a secure and sustainable financial future for Norfolk Island and came into being as a result of difficulties experienced in the preparation of the 2002/03 Revenue Fund budget. The difficulties related to the budget bids substantially exceeding the available funds and the realisation that a review of both income and expenditure was essential

There was a clear preference expressed by both Assembly Members and Focus Members that the initial examination of “the way we do things” would concentrate on identifying expenditure savings before any revenue raising options were considered

Focus 2002 has identified savings able to be made from Revenue Fund and GBE’s for this and future financial years. However these savings are not of the magnitude that would enable a balanced budget to be prepared.

In reviewing the services for possible reductions to the scale of the service provided the following major cost areas were examined:

- Welfare costs including Social Service Benefits and Health and Medical Assistance payments
- Wage and salary costs
- Capital works required to maintain basic infrastructure needs including roads, piers and the airport runway
- Education costs

It was concluded that no major reductions in these services should be recommended to the Government although saving through efficiencies of delivery should be pursued.

Despite the identification of some savings, a clear finding of the Focus 2002 has been that **the capacity to make further substantial expenditure reductions is extremely limited.** Much of the savings identified were also “lost” to other under-funded areas that require additional revenue for the current financial year. Those increases were put to the Legislative Assembly in the Budget Review.

In addition, the level of income required to fund current operations is not being achieved and the Focus Team recognised this as a problem that had been emerging, and indeed had been with us, for a number of years. The Focus Team believes that a minimal additional estimate of funds required to fund the range of services Administration provides is \$1.5 million per annum. Specific recommendations as to the source of this revenue have not been made.

There is a clear need to expedite an examination of potential revenue sources and implement a preferred option.

The Focus 2002 Project Management Team have put forward a number of recommendations that they consider with adoption will impact positively on the productivity and efficiency of Administration’s services and provide some additional revenues.



Where to From Here?

The Project Management Team worked from the understanding that reviews are not linear with a definite start and finish point, but rather circular and on-going processes aiming at continuous improvement. It is not surprising therefore that many of the recommendations that the Project Management Team have made centre on systems, management practices and operational changes that will allow greater efficiencies to occur over time.

As the Project Management Team comprised MLA's and CMG (Corporate Management Group) members together with community members, considerable understanding of what is required to implement the proposed recommendations is available. In addition, if adopted, many of the recommendations can be managed through the proposed Management Planning process.

One of the most positive outcomes of Focus 2002 has been the body of work produced during the review which, together with the orientation and attitude of Managers now fully focused on finding better ways of doing their work, provides the opportunity for the recommendations to be implemented. In short, a culture of continuous improvement has been initiated.

The Project Management Team puts forward these recommendations for the Assembly to consider and determine. I am confident that with their acceptance, the Corporate Management Group will be able to speedily plan for their practical implementation.

I would like to thank all the participants of the Focus 2002 Review Group for the substantial contribution they have made to the findings to date and although there have been different views expressed on many of the topics discussed I believe there has been unity in the conclusions reached.

Graeme Donaldson
Chairperson
Focus 2002