



**NORFOLK ISLAND LEGISLATIVE ASSEMBLY
11TH NILA HANSARD – 21 JUNE 2006**

PRAYER

Almighty God we humbly beseech Thee to vouchsafe Thy blessing upon this House, direct and prosper our deliberations to the advancement of Thy glory and the true welfare of the people of Norfolk Island, Amen

If any Member would like to remove their jackets please do so

LEAVE OF ABSENCE – SPEAKER GARDNER

DEPUTY SPEAKER Honourable Members leave is sought for Speaker Gardner. Is leave granted. Leave is granted thank you

PRESENTATION OF PETITIONS

Are there any Petitions please?

GIVING OF NOTICES

Are there any notices please?

QUESTIONS WITHOUT NOTICE

We move to Questions Without Notice. Are there any questions without notice?

MR NOBBS Mr Deputy Speaker I have a question for Minister for Finance. Minister would you be able to add to your statement at the end of the last Legislative Assembly meeting in which you said Representation to the Commonwealth Government by Mr John Brown should bear fruit with the Commonwealth indicating that they will make a substantial contribution to the marketing pool. What funding are you referring to and where is the money being lodged. Is it with the Administration, the Tourist Bureau or the private sector

MR CHRISTIAN Thank you Mr Deputy Speaker during discussions with Commonwealth officers over the past weeks and indication was given to me that if an approach was made to the Federal Government for funding to assist with the rebuilding of our tourism industry an approach would probably be looked upon favourably. The approach in the first instance had to be to the Federal Minister for Tourism and as I understand it, Mr Brown was to meet with the Federal Minister on his visit to Canberra last week but the lateness of the aircraft departing Norfolk Island on the Sunday, it didn't depart until Monday morning, resulted in the Minister missing his appointment with the Federal Minister but it's intended as I understand it that the grant would be passed to the Norfolk Island Government and incorporated into any funds that were given to the Tourist Bureau to market Norfolk Island. The Tourism Minister may be able to add something to that

MR NOBBS Mr Deputy Speaker it says in this, and this was on the 1st June and I take it from Hansard which I assume to be correct, Representation to the Commonwealth Government should bear fruit with the Commonwealth indicating at that time

that they will make a substantial contribution. Doesn't that indicate Mr Christian that some advise was received apart from you just turn up to the Commonwealth Minister for Tourism. Isn't there something more. I understood from that meeting myself that there was a definite amount of money which would be added to, because you went on to say that it should be the Norfolk Island and Commonwealth Governments along with a contribution from the airline service we should be able to muster approximately \$1.7m to promote Norfolk Island during 2006/07 financial year. Surely if you can make that statement at that time there was a commitment by the Commonwealth to add in something like \$400,000. Might be \$500,000

MR CHRISTIAN Thank you Mr Deputy Speaker an amount of between \$300,000 and \$400,000 has been bandied around, that is correct, but there is a procedure that has to be gone through to access the funds and I'm in the process of doing that now

MR NOBBS Mr Deputy Speaker a quick one to the Minister for Tourism. Minister is it correct that you undertook an official trip off the island last week on tourism business, and if so, would you be able to advise the community of the itinerary of this trip and what you achieved

MR BROWN Mr Deputy Speaker unfortunately the trip was delayed by a day due to airline difficulties and not all of the appointments that I had arranged in Canberra were able to be kept but discussions were held with the office of the Minister for Territories, with the officers of Senator Carr and Senator Hogg and Senator Lightfoot and with various of the travel wholesalers during the period and the earliest I was able to arrive in Canberra was at approximately 3pm on Thursday. Most of the Members of the House of Representatives had departed from Canberra on the Thursday night so it wasn't possible to transfer as many meetings as one would have liked to the Friday, but those meetings will be re-arranged as soon as possible

MR NOBBS Could I just have a supplementary to that. Did you have an officer with you whilst you were undertaking these official discussions. Were there any of the Tourist Bureau staff, the Head of the Tourist Bureau or any other officers there with you for these official discussions.

MR BROWN Mr Deputy Speaker no. Mr Nobbs may be aware that we are somewhat constrained financially on Norfolk Island at present and I certainly do not propose to take a circus with me every time I travel. I will travel on my own whenever I feel that is appropriate

MR SHERIDAN Thank you Mr Deputy Speaker a question for the Chief Minister. Chief Minister is it correct that after the coup on the 1st June one Minister that you proposed as a Minister demanded a certain area of responsibility or he would not have been a Minister in your Government and another indicated that he would resign or they would resign if this area of responsibility was given to this Minister. I believe that even a resignation letter was written but never signed. Given that both these are still Ministers within this Government would the Chief Minister advise how he appeased both of these Ministers

MR BUFFETT Mr Deputy Speaker we all know that there are some elements of jostling when portfolios are re-arranged. That happens every time that there is a Legislative Assembly that comes in and when there is a change of ministry. There was some element of that on this occasion. There were requests for partial areas. The real point in all of this is to endeavour to align skills by individuals to the tasks that need to be done and there was some element of discussion in all of that. Now whether there should be a public display of all of that is probably not necessarily the case except to say what I've said, I think

that probably is how it is. I'll table later in the sitting the arrangements that are in place at this time and they've already been published of course and advised to Members earlier

MR NOBBS Mr Deputy Speaker I have another question to the Minister for Finance. Minister would you be able to add to your statement at the end of the last Legislative Assembly meeting in which you stated that you would be measures immediately that would yield savings of between \$400/500,000 and firstly contracted employees who are not essential employees should be released from their contracts and secondly, and thirdly other things, but fourthly that temporary across the board reductions in working hours should be implemented. Are you prepared to state three weeks later, what these temporary across the board reductions in working hours that you intend to implement, actually are, and have you discussed this with the Public Service in general and if you cannot explain at this particular point in time what the reductions you propose are, when will you do so

MR CHRISTIAN Thank you Mr Deputy Speaker, yes I did make certain comments in the adjournment debate at the last sitting of the House. They are my personal targets that I think we need to achieve to keep the Administration afloat. Later on today in the budget debate, reference will be made to the cost savings that have been achieved and I think the Chief Minister at the appropriate time, will include information that may be useful in that light as well. What I meant with asking the Public Service to work reduced hours, was exactly that. If the need arose and I wasn't able to pay them, one option to save money was for everybody to work a reduced number of hours in each day, and these options have been discussed with the CEO. Another option was to possibly shut the Administration totally on one day of each fortnight. At the moment it appears that we are actually going to achieve the savings that I need to achieve by people voluntarily taking leave without pay and special leave without pay. The difference between the two as I understand it, and I hope I haven't got them around the wrong way, is that leave without pay you do not continue to accrue your entitlements and special leave without pay you continue to accrue your entitlements, but there have been significant savings made already in the last financial year. They will carry through into the new financial year and the quantum of those savings are in line with what I foreshadowed. Thank you

MR NOBBS So what you are saying Minister is that there will be no temporary across the board reduction in working hours. Is that what you are saying. That sufficient savings have been made already to preclude the need at this particular time bearing in mind, you make this three weeks ago, was that there is no need for temporary across the board reductions in working hours

MR CHRISTIAN No I haven't said that at all. I've said it's one of the options to be considered. At the moment significant savings have been achieved, however if the financial situation continues to deteriorate I will have to look at further ways in reducing costs and that is one area that we can tackle

MR SHERIDAN Thank you Mr Deputy Speaker I've another question here for the Chief Minister. Chief Minister are you aware that one of your Ministers who has no responsibility within the airline portfolio has been contacting the airline operations manager and Ozjet Managers using his position as the Minister to get them, through the local agent on Norfolk Island to utilise his local hotel business to service airlines needs on Norfolk Island when required and also Chief Minister with this knowledge do you think that this is unacceptable behaviour from the Minister and would you consider removing this Minister from his position

MR BUFFETT Mr Deputy Speaker I have no knowledge of somebody misusing his or her position in a ministerial sense to gain a particular business interest. If

there is some detail of which I am not aware that Mr Sheridan would like to let me have I will have a look at it but I am not aware of that and I think it should be refuted at this stage but if there is a some detail that you want to give me I'm happy to examine it

MR SHERIDAN Thank you Mr Deputy Speaker another question for the Chief Minister. Chief Minister are you aware that the airline operations manager has been making decisions in regard to air fare cost structures without consultation with the airline working group or for that matter anyone in the Norfolk Island Government. Also Chief Minister are you aware that the airline operations manager is directing most of the wholesale business to two wholesalers in Australia, Norfolk Jet Holidays and TAL Pacific at the expense of other wholesalers, some of whom have serviced Norfolk Island for many years. Chief Minister will you take steps to ensure that these practices cease immediately and that all relevant decisions are authorised by the airline working group and will you undertake to remove this person from this position when his contract is up on the 3rd of July

MR BUFFETT Mr Deputy Speaker there are probably three items in that question and I'll endeavour to tackle them. There does appear in an earlier context that there might have been some decisions taken that might not have had the widest consultation, for example, about frequency of flights. That has been addressed at more recent times and that has been put on an even keel at this time. The second relates to alleged favoritism in the wholesaler industry. I don't know of any favoritism being offered at this stage. There were two wholesalers that have been mentioned. I don't know whether they have been used for particular reasons associated with the industry, or whether there is some element of favoritism. It's not my understanding that favoritism is a practice. It's more the skills and the participation that's required by wholesalers that is the real key to their particular participation in various promotional arrangement, however, I'm very happy to look into the matter that Mr Sheridan has raised and you might give me the detail of those two things so that I could undertake to do that. The third is would I remove a particular officer at the conclusion of a particular time. I make no undertaking to do that at all. These things may have some substance and I may need to look at them in that context but to give an undertaking about that at this stage, isn't something that I'm prepared to do

MR NOBBS I also have a question for the Chief Minister. Chief Minister is it correct that you undertook an official trip off the island last week and if so, could you provide to the community details of that trip such as the itinerary of the trip and what do you see as achievements

MR BUFFETT Mr Deputy Speaker the prime purpose in undertaking that journey as I advised the community on the radio and Members also, was to be a participant in the World Heritage prospective listing discussions. I'll have something to say about that detail a bit later but in a word it meant traveling for discussions with people from Western Australia, Tasmania, New South Wales, because they are the other sites in which there are prospective arrangements for a serial listing for convict sites within the Australian scene and of course the fourth is in Norfolk Island, the Kingston and Arthurs Vale Historic Area. There was an earlier proposal to do this, which didn't come to pass. It has now been reinvigorated and a Norfolk Island interest of course is that there are good prospects for increased tourist visitations when you have a World Heritage Site Listing and that's something that I consider we should be examining. The process is quite a long one although for the work that we have to do, the time frame is quite short in getting it done. There are things such as a national heritage listing arrangement to be achieved, there is yet to be a CMP, Conservation management Plan to be tidied in terms of the area and a range of other things. The time lines for those are approximately September/October of this year. Now whilst that might sound that it is something that will definitely go ahead, it's not something of that nature at this moment because the sites are yet to be finalised. There are nine prospective sites in this context. They are yet to be finalised by further discussions and

further revaluation and of course in the Norfolk Island context and I assume that in context with all of the others, there needs to be a process of community consultation. To that end a community group has been established in Norfolk Island so that there might be this community consultation. The community consultation group consists of these people, from the Office of the Administrator Mr Owen Walsh, the KAVHA Project Manager Mr Puss Anderson, Mrs Marion Christian who is a business person who operates a business utilizing the Kingston area, Mr Alan Bataille who is a land owner in the Kingston Area, Mr Wally Beadman who is a person who has communication skills so it's a range of people who might have an interest in the area who go through and collate information that might then be distributed for a community consultation process within Norfolk Island. All of that is designed to happen reasonably soon. One of the pieces of information that was promised by those who were at the gathering was that there are significant pieces of documentation which shows the benefits that have accrued to places that have World Heritage Listing and that would be invaluable for Norfolk Island people to have so that they could make some assessment as to whether it might be a benefit that they could see to be valuable in the Norfolk Island context. Regrettably I've got to say that the attendance at that meeting was significantly truncated but when I knew that the plane was delayed, Mr Brown made reference to a delayed flight, it was the same plane, I was able to ring the Chairman and explain that and also gained his agreement to spend time with me after the meeting so that he might bring me up to date with those things that happened whilst I may not have been there for the whole time. Also by way of interest people from West Australia and Tasmania were also significantly delayed in that particular time frame. Not for the same reason as us but there we are. Following that I was able to meet with representatives from the NSW Government Architect's Office in Sydney. The reason for that is that one of their officers who earlier served with Port Arthur in the preparation of their national listing is now working in the NSW Government Architect's Office in Sydney and they have put together a proposal to assist us to prepare our proposal so that it can go forward with the right component and with the right language and with the right sort of context for the national listing. I mentioned earlier that the national listing is a precursor to be able to be considered for the World Heritage arrangement so I was able to meet with the Heritage Architect and the person who was actually writing the plan who is Mrs Mary Naggs. Hopefully that might be helpful in the process to respond to Mr Nobbs question

MR NOBBS Mr Deputy Speaker as we're on to the World Heritage issue will the Norfolk Island Government really have any say in the issues bearing in mind that the underlying title to the land in the KAVHA area is held by the Commonwealth. What say will the Norfolk Island community really have in this issue

MR BUFFETT Mr Deputy Speaker the Commonwealth Senior Officers that I have been able to consult with, and when I say that I'm talking about Departmental Heads in Environment and Heritage, have indicated that in terms of the Norfolk Island component it would not be something that they would pursue unless it has the support of the Norfolk Island Government. The Norfolk Island Government has I have just indicated would want to go through a Norfolk Island community consultation process. The real answer therefore is that I think unless we give it the nod then it would not go forward

MR NOBBS Mr Deputy Speaker I have a question for the Minister for the Environment. Would you be able to advise the community what progress has been made in relation to a concern that residents have to what could be called fine cracker dust which is being stored at various locations around the island. Has this issue been resolved at this stage Minister or where are at

MRS JACK Mr Deputy Speaker there have been deposits of fine dust made in two areas on Norfolk Island that I'm aware of. Both have been seeing complaints that resulted in complaints coming to me as Minister. One of those sites I believe has been

dealt with to my satisfaction and the complainants have been formally advised. The other matter is still undergoing procedural matters within the Administration and I will await further advise from the Public Service over that, but one is being met to the satisfaction, I've yet to hear back if those complainants are dissatisfied and I will await, as I said, regarding the other deposit area. I still await advise. Thank you

DEPUTY SPEAKER Thank you Mrs Jack. Honourable Members, any further Questions this morning. It appears that we've exhausted all questions. We move on to Papers

PRESENTATION OF PAPERS

Are there any Papers for presentation this morning

MR BUFFETT Mr Deputy Speaker I table the Administrative Arrangements order that I referred to earlier in the sitting

MR CHRISTIAN Thank you Mr Deputy Speaker I table the monthly revenue fund financial indicators for May 2006 and move that the Paper be noted. I'll just briefly run through some of the important points in the financial indicators for the month of May. Customs duty continues to struggle a little bit and its only achieved 87% of the revised budget. The FIL is 108% ahead of budget and other taxes are coming in at 98%. Earnings from GBE's is 99%, interest is right on target at 100% and other charges which generate income is running at 97% so the average of all income there is 95.7% of the revised budget. As far as expenditure, on the Administrative area we've rimmed that down to 90%, Health and Quarantine is running at 99%, education a little ahead of budget at 102% and welfare is steady at 88% and community services is at 92% and works in general at 86%. Capital Works and Purchases we've held that down to 79% of the revised budget so expenditure at this stage is running at 92.5% of the revised budget. What that tells us is that all things being equal we should be able to contain the deficit for this financial year at around the \$1.4m when everything is wrapped up at the 30th June. If we look at the net position of the revenue fund at the 31st May compared to the previous month we see at the previous month we had a net positive position of about 163,000. We see at the end of May that the situation has gone backwards by about a quarter of a million and we now find ourselves 86,000 or thereabouts overdrawn. This is only short term as in the last day or so the executives have met and decided to approve a new schedule of management fees that was caused to be undertaken by the previous Minister for Finance and was actually compiled by Mr Anthony Middleton some time before he left the Administration. This has the effect of reviewing upwards the management fees that the revenue fund charges to the GBE's. the increased fees will deliver an additional \$501,000 into the revenue fund to the current financial year and an identical amount for the forthcoming financial year so that direction has now been given so we should have sufficient funds in the kitty to ensure that we meet our objectives for this financial year and make a contribution. To assist in the area of transparency of what we do down here, it is my intention to attach that schedule to the financial indicators which I will now table

DEPUTY SPEAKER Thank you Mr Christian. Any further debate. It appears that debate has been exhausted. The question before us is that the paper be noted

QUESTION PUT
AGREED

The ayes have it. That paper is noted. Further Papers Honourable Members for presentation

MR CHRISTIAN Thank you Mr Deputy Speaker, section 2B(2) of the Customs Act 1913 makes provision for the executive member to exempt good from duty where the payable is less than \$200. Section 2B(5) of the Act provides that where the executive member has exercised his power he shall lay a copy of the exemption on the table of the Legislative Assembly and I so table those exemptions. I shall read for the benefit of the community what those exemptions are. The sum of \$43.05 being for the importation of disco lighting equipment for the Norfolk Island Youth Centre; the sum of \$95.56 on the importation of a data projector for the Norfolk Island Youth Centre; the sum of \$35 was waived on the importation of night glow golf balls by the Norfolk Island Volunteer Rescue Association; the sum of \$37.24 was waived on the importation of onyx digital fingertip poles, measuring equipment for St Johns Ambulance; the sum of \$24.20 on the importation of a battery for the heart start machine by St Johns Ambulance and lastly the sum of \$40 on the importation of a junior tennis training aid by the Norfolk Island Tennis Association

DEPUTY SPEAKER Thank you Mr Christian. Further Papers Honourable Members for presentation. Then we've concluded Papers

STATEMENTS OF AN OFFICIAL NATURE

Honourable Members any Statements this morning.

MR BUFFETT Mr Deputy Speaker could I just give an overview of some dealings with the Commonwealth and its instrumentalities since the 1st June until now and some projections, most of which related to the Commonwealth's message of the 20th February. Members will remember that we met with Minister Lloyd on the 9th June. Further developments from that is that the Commonwealth distributed a coloured pamphlet on Tuesday of last week. I gave a Norfolk Island perspective to that pamphlet by a radio talk on Wednesday last. The next activity that we can see on the horizon is that the Australia Bureau of Statistics report is due tomorrow and the Members have been given notice of a meeting at 12.00 to morrow and there is to be a public meeting at 1pm for the ABS to present that report in the Norfolk Island context. Our next projected meeting with Minister Lloyd is within the July context which is in a few weeks time. The Commonwealth Grants Commission discussion paper is signalled to be available in the July context with an August on island public meeting to discuss it. We know that the Commonwealth has called tenders for an economic impact statement to be written. No doubt that will bring into play both the ABS report and the Commonwealth Grants Commissions information. When those two sets of information come to hand and any other information obviously that the Commonwealth will want to give terms of reference to. I am advised that that tender closes this Friday so it's not yet let, but that's the context of it being pursued. I've received a letter from the chairman of the Joint Standing Committee advising of a visit between the 2nd and 5th August by the committee and I've responded positively to a request for a meeting with them. They're just some benchmark happenings that I just mention. To continue on, since the 1st June Government Ministers have attended to a series of meetings, both with groups and with individuals to hear their views on the negotiations process with the Commonwealth, where we need to be heading and what end focus should be, how our finances should be organised, how our marketing and tourism arm should function. Some of these meetings have included all four Ministers. Others have included Ministers that might be relevant to the subject matter, for example, Mr Brown for tourism, Mr Christian for finance. These meetings to date all hang from one or more of three pegs and these are pegs that you will have heard me talk about before. One relates to reinvigoration of the economy, the other relates to the restructuring of the governance arrangements within the island and the third peg is dialogue with the Commonwealth. You will see those things that I've mentioned to date mainly touch upon dialogue and communication with the Commonwealth on a variety of matters. Let me just say that reinvigoration of the economy is not something that the Commonwealth has included in their governance paper however that has been mentioned earlier. Mr Christian

has mentioned it and Mr Nobbs has raised queries in respect of it. There is a prospect of tourism promotion dollars and expertise being provided by the Commonwealth in terms of tourism promotion but the Norfolk Island Government of course has views that reinvigoration is the major task that we face if Norfolk Island is to economically survive and I've consistently said that the airline operation is the key. Now just let me in terms of the reinvigoration heading, mention the latest with the airline situation. You will know that we've taken a contractual arrangement with Ozjet. That's been in place now for a short period of time but there have been some teething problems with that, without a doubt. Teething problems relating to in flight service and in terms of the aircraft being able to be endorsed by CASA. Not that there has been any difficulty with the endorsement but it has taken longer to give the tick to the second aircraft and that has given us some late at night flights which has not been easy to absorb in the tourist market place but the airline people tell us now that the second aircraft has been given the tick and they are attending to the in flight service arrangements which we've drawn to notice as maybe not meeting the arrangements that we thought would be in place. The reality however in the wider context is, that once those teething problems are sorted out, it will give us significant passenger capacity on the existing days of service, that is, Wednesday's, Saturday's and Sunday's because the airline has more than one aircraft, they are able to work with us to lift the game in terms of increasing the service which is obviously what we would want to do if we are to lift the economy in Norfolk Island and hand in hand with that is the marketing arrangements which of course is in Mr Brown's area as the Minister of Tourism and he is undertaking already a number of activities to pursue that so just in terms of reinvigoration those bits of information about the airline might be useful to have at this stage. There are probably two selective items that I make in terms of the restructural governance arrangements. One is that we continue to pursue the NSL arrangement and Mr Christian will be able to provide some detail about that from time to time but one of the things that I would particularly like to say this morning is that in the governance arrangements there have also been savings of a significant nature that we've been able to make, specially in the Public Service salaries and wages. Let me just provide this information. When the revenue fund began at the beginning of this financial year, there was a salary and wages budget of \$5.8m. \$2.1m of this was for education, policing, the magistracy which is really not under the same sort of control in the Public Service area. So that effectively meant that we had a salaries budget of something like \$3.7m. There have been savings through the TOIL and spread of hours policy arrangement, there has been recruitment freezes, special leave without pay and other measures which has given us an overall savings of something like \$488,000. That's a significant achievement and that is something that has been achieved and will be achieved when we come to the end of this financial year. Now I've just talked about the revenue fund to date with savings of up to \$488,000. I also mention that in terms of the Government Business Enterprises there is another amount in the vicinity of \$500,000, savings that have been made in this financial year. That's almost a million dollars that has been saved in the Public Service area. The community has asked that we endeavour to demonstrate savings and we have and that's a significant amount. But in addition to that, that's the year that we are in which is about to end, but in addition to that, the new financial year is commencing with a budget for salaries and wages at \$3.2. That is the level after the reductions in this year so it is reflecting not only savings that have been made in this year but commencing the next year at that reduced level of expenditure and I compliment the service on being able to make those achievements. I was going to say something else about the World Heritage arrangement in terms of also being another factor whilst not immediate but may have some longer term effects in terms of continuity within our tourist industry but I really think I've covered that earlier and said all that I need to say when Mr Nobbs raised a question with me. Thank you Mr Deputy Speaker

MR CHRISTIAN

Thank you Mr Deputy Speaker. I wish to make a statement on the Norfolk Sustainability Levy and government revenues overall. Mr Deputy Speaker, Members will be aware that in accordance with the terms of the *Norfolk Island*

Sustainability Levy Act 2006 assented to in April, the new broadly-based consumption tax is due to come into effect on 1st July this year. Since becoming Minister for Finance, I have consulted widely within the Norfolk Island community and in particular with the business sector about the Norfolk Sustainability Levy. Last week I attended a meeting of the Norfolk Island Chamber of Commerce, where there was spirited discussion about the implementation of this new measure. Chamber members raised a number of issues about the amount of adaptation required for them to register and comply with this new revenue measure. They indicated that it had become clear through the debates in recent months that the community was willing to pay more for the essential services and infrastructure supplied by government. Members said that they would be prepared to pay some additional taxes to allow for a longer implementation phase of the NSL. I have said on the record that I am a supporter of a broadly-based consumption tax, such as the NSL. However, I recognise the difficulties faced by businesses because of the relatively brief period between the passing of the legislation and the commencement of collection of the new levy. I have therefore decided to give all traders affected by the NSL an extra month to register and comply with the provisions of the NSL Act. This means that all businesses with a turnover of \$3,000 or more per annum must register by 31st July this year, and monthly returns will commence from the end of August. The rate of NSL will remain at 1%, and all other provisions of the Act will remain unchanged. The NSL will still be implemented on a trial basis with a full review of procedures, exemptions, input tax credits and customs duty drawback to be completed by the end of February 2007. Information on the NSL has already been placed in all post boxes and is available on the special NSL website. I will also ensure that regular reminders are issued to the community about key dates and procedures relating to registration and payment of the NSL. I hope that the extra month's grace will allow all affected businesses to comply and intend to follow a process based on education rather than enforcement in establishing this important new revenue measure. In order to meet the revenue shortfall involved in delaying the start of the NSL, and to cover the need for some additional expenditure (which I will detail in a separate statement on the budget), the government has decided to increase customs duties on a range of items by two percentage points from 1st July 2006. This means that customs duty on food will rise to 8% and on builders' hardware and most other retail goods will increase from 10% to 12%. The Government expects that these duty increases will be temporary and that we will be in a position to remove them and to reconsider the application of other taxes during the statutory review period for the NSL in the latter part of 2006 and early 2007. The Norfolk Island Government has not taken these decisions lightly. It recognises the need to demonstrate that delivery of services and replacement of infrastructure must be on a fully sustainable basis, and is confident that these measure are a substantial step in that direction.

DEPUTY SPEAKER Are there any further statements this morning Honorable Members. There being no further Statements. We move on

MESSAGE FROM THE OFFICE OF THE ADMINISTRATOR – NO 38

Honourable Members I have received the following message from the Office of the Administrator. It is Message No 38 and reads, on the 23 May 2006 pursuant to section 21 of the Norfolk Island Act 1979 I reserved the following proposed law for the pleasure of the Governor-General, Legislative Assembly Amendment Bill 2006 and that message is dated the 23rd May 2006 and is signed Grant Tambling, Administrator

MESSAGE FROM THE OFFICE OF THE ADMINISTRATOR – NO 39

Honourable Members I have received the following message from the Office of the Administrator. It is Message No 39 and reads, on the 23rd May 2006 pursuant to section 21 of the Norfolk Island Act 1979 I declared my assent to the following, the Business Transactions (Levy Imposition) Act 2006 (Act No 12 of 2006), the Business

Transactions (Administration) Act 2006 (Act No 13 of 2006) and the Healthcare Medical Evacuation Fund Amendment Act 2006 (Act No 14 of 2006) and that message is dated the 23rd May 2006 and is signed Grant Tambling, Administrator

NOTICES

CREATION OF TRUST FUND FOR ADMINISTRATION EMPLOYEES' ANNUAL LEAVE AND LONG SERVICE LEAVE

MR BROWN Mr Deputy Speaker I move that this House requests the responsible Minister to take urgent action in order to create a new trust fund, transfer sufficient funds to that trust fund in order to provide for all entitlements of Administration employees in respect of annual leave and long service leave, and make further such transfers each month in order to ensure that the trust fund at all times contains sufficient funds to cover the cost of those entitlements, and on the basis that no funds be withdrawn from that trust fund except for the purpose of paying such entitlements. Mr Deputy Speaker if we look at the documents which have been tabled today by the Minister for Finance we can see as he has told us that the Administration's real reserves which are available for the payment of day to day activities are negative by \$85,900. that is after including as an asset a loan of \$270,000 which was made to the roads entity which may or may not at the end of the day be repaid. It's in a situation where capital works have already been slashed in the current financial year, \$172,000 has been spent up until the end of May on capital works and purchases compared to \$574,000 last year and the Minister is doing his best to curtail expenditure in every possible area, but all of that leaves me concerned that employee entitlements should be placed into a separate Trust Fund so that employees can have absolute confidence that their entitlements are being properly preserved and that is the basis of the motion. I believe it is a motion that we should deal with today because I believe it needs to be acted on immediately rather than in a months time or at some future time, thank you

MR NOBBS Mr Deputy Speaker this issue has been brought up in recent weeks because there is a lack of confidence in the current government by Members within the Administration and I've been approached in relation to particular concerns by a number of Members of the public service in relation to this and this is just an action to try and alleviate that lack of trust. What the problem I see with this is simply that we are yet again tying up additional funding which may be useful to the community from time to time inasmuch and I explained specifically that if every person within the Administration actually took their leave and their entitlements such as is covered by this particular annual leave and long service leave at the one time that would be a commitment that I think was said in the papers here, of something like nearly half a million dollars. Three quarters of a million, thank you. The situation is that it is unlikely and it will never happen that, that sort of request is made. We've already had within another trust account funds from the provident funds which are tied up and are not available. Now these are employees funds, we've realised that, and I don't know the actual reason why this was originally placed in there in such a position but I would suggest that the community including Members of the Public Service are losing out by having those funds so tied up and not managed more efficiently but that's been my view for some time. I believe that what we'll be doing now is tying up these funds and we'll be forcing the issue as far as the revenue fund is concerned as it progresses from month to month, bearing in mind that we've just been through, as the previous speaker has just alluded to, that the current position or when this document was provide obviously and it was only provided to me on Monday morning, so I understand that there's been some change since, but what was not included was a proposal by the last Government with myself as Minister for Finance that the fees for the Government Business Enterprises be increased in line with the proposal which was put some time ago by a previous executive director and also acting Chief Executive Officer to bring, and this issue's been around for some time I

must admit, to increase the Government Business Enterprise management fee to a more realistic level. The revenue fund's been carrying a lot of Government Business Enterprises for some consideration time in that they provide the management arrangements for it and they're not reaping the rewards that you would expect from that sort of provision of service. In that is something like \$500,000 so in reality the present arrangements are something around \$420,000/\$430,000 in the black and not in the red. Now I don't agree with this and I don't agree with it being dealt with straight away. I believe that the Members of the Public Service will be interested in what has to be said in this debate and I think that I would prefer it to be left on the table for another month and at this stage I wouldn't support it, thank you Public Service

MRS JACK Mr Deputy Speaker in its current form I couldn't support the motion. There has been a lot of talk in this house and indeed within the community for a restructuring somewhat of the Public Service by putting money aside you certainly allow for a managed and for what I believe to be, a managed and controlled approach should any changes be required in the Public Service by putting it all aside not only is it taking money that can be used elsewhere, it's giving the availability. The other side of the coin too what Mr Brown was saying, for a complete slash and burn ability within the Public Service. I'm not saying that, that is what it would be designed for, I'm just saying to have all that money pulled out, I think is inappropriate. I don't know of any business that does it, or any Government that does it. It doesn't mean to say we shouldn't do it, and perhaps be seen as a leader in the field. I feel that at this point in time it is inappropriate. Perhaps if there was to be an amendment and see a percentage point put aside, I could live with that, but not a large percentage point. 10% I could live with but in its current state, no, I can't support the motion in its current state

MR BROWN I would be interested Mr Deputy Speaker to hear the views of Mrs Boudan and Mr Sheridan and I would like to respond at that stage

MRS BOUDAN Mr Deputy Speaker being a public servant I'm not sure how far I can go into debate here but I appreciate where this motion is coming from but when we look at our revenue I don't think it would be wise to tie up funds when our revenue is running at such a low. Thank you

MR CHRISTIAN Thank you Mr Deputy Speaker. I understand where Mr Nobbs is coming from, where Mrs Jack is coming from and where Mrs Boudan is coming from but the fact of the matter is that at the end of the day the employees entitlements being annual leave and so forth and their longer term entitlements, things like long service leave and such, appear on our balance sheet as a liability and as such, really shouldn't be treated any differently to a bill from the education department or a bill from any other supplier to the Administration. I certainly have no difficulty in quarantining if you like all of the employees entitlements in a separate trust account, however, if I were to do so, immediately as the motion suggests, it would cause me some short term grief but if the motion could be amended to give me say six months to achieve the desired objectives in the motion then I have no difficulty living with that at all and at the appropriate time, Mr Brown might be able to give that some consideration

MR SHERIDAN Thank you Mr Deputy Speaker. Yes it is very interesting when you start talking about money isn't it, but as the Minister for Finance has indicated the net position of the revenue fund is in the negative at this point in time and this is where those funds would be coming from, about three quarters of a million dollars. They have been listed as being accounted for but if we look at the cash at bank at the end of May, if we only got \$786,000 available, if we take out I think it's very close to three quarters of a million dollars, it would create some very severe financial strain on the general revenue fund's purse and I don't really think it's a very good thing to do at this point in time. As Mr

Brown stated, it would be a good thing to put aside these entitlements for the employees and the employees may very well be entitled to have those funds set aside in a trust account. I'm of the belief that we shouldn't necessarily put away 100%. I don't believe that we are in a position that we can't fund the payout if we necessarily have to but again, if the motion could be amended as Mrs Jack said, I would like to see if it was to go ahead, maybe 20% of the employees entitlements be put aside into a trust fund for that recurrent usage through the next twelve or eighteen months or so if something like that can be sorted out, I would support it, but not in its present form today

MR BUFFETT

Mr Deputy Speaker firstly I would just like to give clarification to the fact that this particular motion is about employees annual leave and long service leave entitlements. It in no way covers anything like provident fund or any other aspects. That needs to be made clear because in talking to some people they think it's about the provident fund. This motion is not about the provident fund as I read it. It's about annual leave and long service leave entitlements. In that context it's my understanding that certainly employee entitlements have first call on assets in certain situations. It doesn't necessarily mean that you've got to quarantine their funds however but in the present climate I can see that certainly some of the public servants might be edgy given more difficulty set of circumstances at this moment but we've also endeavoured to describe that there are significant efforts to lift the economy and therefore the more constrained financial situation that we're finding ourselves in at this moment is to find a remedy so it won't always be as it is at this movement. The reality is that this amount for annual leave and long service leave as I understand the figures, are provided for in terms of being there and whether you actually take them out and put them in a special account or whether you account for them within the overall financial situation, I suppose there can be argument both ways. One you can continue to have flexibility in terms of the funds for a wide range of community things; the other is that the money just sits there until it is called upon for that particular purpose. And there can be arguments both ways but it does mean if you are going to quarantine it that you are going to physically take out a sum of money and it might not be timely for that. The Minister for Finance made comment about that. I would have hesitancy in terms of the motion as it stands at this moment to do that, not that I don't understand the attitude of officers in this particular situation. What I would be more amendable to is to gradually working towards that figure if that's what Members wanted to do so that over a period of time we may still certainly have the figure on our books but in terms of quarantining it, we might do that over a period of time and there are amendments that would be made to that to give effect to that if that is what is wanted to be done. So. From my perspective the motion as it stands, it wouldn't have my support. I would be willing to look at some amendments to it but we could talk about that

MR BROWN

Mr Deputy Speaker Mr Nobbs made reference to a lack of trust. Well notice of this motion was given prior to the recent changes in ministerial appointments and it arose because of the situation that existed at that time. Mr Nobbs has suggested that he wouldn't allow the provident fund to be run the way it is if he had his way with it. Well it's important to recognise that the provident fund has its own legislation. It's own trustee. It's own funds. And those funds cannot be touched by anyone other than the trustee. And looking at what's been said by some Members around the table today, it is just as well that, that is the case. Because it is a fully funded fund rather than the situation that exists with the state and federal Governments where many of their similar funds are unfunded. That means, they don't have the money in a bank account. The reason the money is in the bank account here is so that people cannot spend it other than the trustee dealing with the moneys in accordance with the wishes of his Members and the applicable legislation. Mr Nobbs said to us, there's not really such a problem because we've increased the management fees that are charged to the Government Business Enterprises. Well with respect Mr Deputy Speaker that's somewhat open to question because the GBE's each year pay by way of dividend the maximum amount that the Government thinks it can take as

a dividend. Now if one increases the management charges to them that reduces the profit and therefore reduces the dividend so that does nothing in terms of long-term sustainability. It makes balancing the books on one occasion easier, but from thereon the profits must be reduced by the amount of the increase in the charges, so let's be very aware of those things. I think I mentioned on an earlier occasion that someone, I think it was Sir Winston Churchill once made a comment that meant, you cannot tax a community into prosperity and so far, all that we are achieving is looking at increasing taxes so that we as a government can pay our way, but that must, of absolute necessity, be at a cost to the community and doubling our taxes, might make the Government look good, but you need to ask yourself what it's going to do to the community. What I've heard around the table today convinces me that the Administration employees are indeed at risk, because there are some Members around the table, and I'm surprised that one of them is a Public Servant herself, who would happily spend the funds knowing that they had gone beyond the level at which funds were held to cover the Administration's liabilities including employee entitlements. Now I don't have a problem with seeking to amend the motion so that the funds are transferred over a period of even two years, I think that would take account of comments by some of the Members, but I certainly believe that it is essential that in our current economic climate we support the motion and act in accordance with it and I wonder if Members would be more comfortable with the motion if on the second line after the words "transfer" which is the fourth word on the line, that we inserted the words "over the next two years" and I seek leave to make that amendment to the motion Mr Deputy Speaker

DEPUTY SPEAKER

Leave is granted Mr Brown

MR BROWN

I so move Mr Deputy Speaker

MR NOBBS

Mr Deputy Speaker I'm rather surprised at Mr Brown. I've been sitting here for nearly two years saying that we need to change and commercialise the Government Business Enterprises and this is in line with this sort of arrangement that we should be accounting for. Management arrangements within the Government Business Enterprises more fully and this has not had any support really around the table of any consequence and as a result the proposal to increase the management fee in line with what a previous Executive Direction in the Finance area had suggested, was left with the Administration some time ago and was brought forward in the last three or so months and that is not the way to do things, I know that, but it's closer to the real deal than we actually have. Some of the Government Business Enterprises do not provide a dividend whatsoever to the Administration and I'd say that the majority of them don't and that their management fees have been far less than the actual cost of providing those services. As far as transferring the business over two years well if that's the way Members see it, that's fine, but I've got grave concerns in doing that because we are once again, tying up funds which we should be able to use and it's not as though this is the first time that any Government on Norfolk Island has been in this particular position. They have been in similar positions just before I actually came into the Legislative Assembly, as far as Mr Brown saying the continuation of taxation into prosperity the Commonwealth Grants Commission in 1997 suggested that the community had an ability to pay additional fees. I think that taxes or whatever you would like to call them, and I think that Mr Christian said today that I'm speaking to the business community that they were I think from memory and correct me if I'm wrong Mr Christian that you said that the business community believed that there was a need for the community to pay addition funds. Bearing in mind that the majority of the funds doesn't go to the public servants into their pay packets and the like but it does provide services throughout the community. I still have difficulty in supporting even the amendment and I will listen with interest to anybody who wishes to say anything further, thank you

MR SHERIDAN

Thank you Mr Deputy Speaker I'd be quite willing to support the motion with that amendment but what I would really like to see is that it sit on the

table for a month so that we can have discussion around the table during that period. Upon reflection with regards to the funds that would be put aside, they are created over the twelve month period by recurrent spending and also the long term liability which is the long service leave entitlements. Maybe the way forward may be to put aside the long term liabilities and leave the recurrent ones in the general revenue fund because they will be utilised throughout the next twelve months. Most people take holidays every twelve months and this will be just ongoing so maybe the way forward, to look at, may be putting aside the long liabilities over a period of two years, to catch up but we'll leave the current liabilities just to flow on from year to year so if Mr Brown's quite happy about it, I would like to see it left on the table and we could have further discussions throughout the month and finalise it next month

MR BROWN Mr Deputy Speaker I have no difficulty with that suggestion and I move that debate be adjourned and the resumption of debate made an Order of the Day for a subsequent day of sitting

DEPUTY SPEAKER The question is that debate be adjourned and the resumption of debate made an Order of the Day for a subsequent day of sitting

QUESTION PUT
AGREED

The Ayes have it. Debate is so adjourned Honourable Members

GAINING OF EXPERIENCE FOR NEW MEMBERS OF THE LEGISLATIVE ASSEMBLY

MR BROWN Mr Deputy Speaker the previous matter took far longer than I expected. I can deal with this matter in the adjournment debate. I seek leave to withdraw it from the paper

DEPUTY SPEAKER The notice is withdrawn Mr Brown

CUSTOMS ACT 1913 - EXEMPTION FROM PAYMENT OF CUSTOMS DUTY

MR CHRISTIAN Thank you Mr Deputy Speaker I move that under subsection 2B(4) of the Customs Act 1913, this House recommends to the Administrator that the goods specified in the first column of the Schedule imported by the person specified opposite, and on the conditions mentioned, in the second column of the Schedule be exempted from duty. The goods are Rolls Wire Rope, the amount of duty applicable \$377.36 and the importer is the Norfolk Island Fishing Club and the conditions are that the wire rope only be used on the fishing Club cranes. Mr Deputy Speaker this is a normal process that deals with applications for exemptions from customs duty for amounts exceeding \$200. In the past the fishing club has previously been exempted from such duty and I would hope that other Members will support the motion today

DEPUTY SPEAKER Thank you Mr Christian. Any further debate Honourable Members. No. Then I put the question is that the motion be agreed to

QUESTION PUT
AGREED

The motion is agreed to

SOCIAL SERVICES (AMENDMENT) BILL 2006

MR BROWN Mr Deputy Speaker firstly I move that so much of Standing Orders be suspended as would prevent my introducing the Social Services (Amendment) Bill 2006 and the Bill to being considered through all stages at this sitting

DEPUTY SPEAKER I put the question that the motion be agreed to

QUESTION PUT
AGREED

The motion is agreed to

MR BROWN Mr Deputy Speaker I present the Social Services (Amendment) Bill 2006 and move that the Bill be agreed to in principle.

DEPUTY SPEAKER The question is that the Bill be agreed to in principle

MR BROWN Mr Deputy Speaker this is a very simple bill which involves the deletion of one subsection from the existing Act. The relevant section of the Act makes provision for the people who are eligible for appointment to the Social Services Board. The subsection which this bill proposes to delete, provides that an officer, that is a Member of the Public Service, is not eligible to be appointed to the board. Now that subsection had been overlooked for quite some time and very valuable services was provided by a particular officer and my observation was that the Membership of that officer on the Social Services board was not disadvantageous in any way to the Administration and the length of service of that officer was indeed very advantageous to the Board. When it was discovered that the officer in fact was ineligible for appointment, that particular officer immediately stood down. It will be my intention of the bill is passed today to then reappoint that particular officer so that the board will be able to retain the benefits of the membership of that officer on the Board but the amendment would not only relate to a particular officer, it would enable any Member of the service at a later date to be similarly appointed. I believe that it is a simple amendment. I believe that it is not a difficult one to understand and as I would like to have the Social Services Board back to its full strength as soon as possible, I seek the support of Members to deal with the bill to finality today Thank you

MRS JACK Mr Deputy Speaker could I just ask the Minister what was the original intent in the beginning of making it so that an officer couldn't be considered to be part of the board, that it's alright now

MR BROWN Mr Deputy Speaker the particular subsection goes back for some time. I do not know the original thought behind it, but it may well have been simply that proper management of the Public Service dictates that a public servant applies his or her energies full time to the public service and perhaps at the time it was felt that boards should be comprised of people from outside. But I'm not aware of any issue in today's environment that would indicate that we should not support and proceed with the proposed change

MRS JACK Mr Deputy Speaker I'm aware of the officer that this concerns and I have no objection to the motion I just don't want to see us perhaps having to revisit and reinserting it should the situation arise at some later date, but I will support the Minister's motion

MR NOBBS Mr Deputy Speaker I think I know what it's all about but I'm not too sure as it only lobbed with us yesterday, it doesn't give us a lot of time to think about it. If it is what I think it is, well I'll support it. My only concern is, that it then deletes completely that particular subsection so that any officer of the Administration can be appointed to the Board. One of the things that I seem to remember that there was an attempt some time ago to have a person, this is quite some time ago and I was on the Board at the time, the officer who was

responsible in that particular area to also be on the board, and I disagreed with it at the time and I disagree with it now, but by doing this we are achieving what I think its all about, but I'm really not too sure, but we are also providing that particular avenue of an officer who had responsibilities in that particular area and should be advising the Board and not being in the decision making process as I believe it. It also opens up the opportunity for that appointment or an appointment along those lines to be made and that's not what I understand what this is all about but it is potentially something that I would have concerns with. I've got no problem with supporting this if I get an undertaking from the Minister that he comes back at the next meeting with another amendment which provides for my concerns and that is that a person working in this specific area of social services, an officer, cannot be on the board other than from an advisory role. Alright

MR BROWN Mr Deputy Speaker Mr Nobbs is quite correct. It would be inappropriate to seek to appoint the responsible officer as a Member of the Board. It's equally inappropriate to be giving advise to yourself. I would certainly have absolutely no support for a proposition that the respnsible officer be ever appointed as a Member of the board.

MR BUFFETT Mr Deputy Speaker. Three things out of this. The first is that while I am aware of the situation that Mr Brown is describing in terms of the personalities and I know that, that officer has certainly done a long and very good deal of work there and I give compliments to that person, but this piece of legislation is wider than just an individual. This is not5 just about an individual situation and I endorse that there be wider concepts of people being able to participate on the Social Services Board, including people who might be engaged in the Public Service. The third point is the one raised by Mr Nobbs. Now I agree with him that it would not be appropriate for people who actually work in the area to have Membership of the board but I'm obviously assuming that that's not Mr Brown's intention to do that. I would be happy to pass this as it is proposed by Mr Brown today I would be equally happy if Mr Brown was to come along with an amendment next time round to address the question that Mr Nobbs has raised which can quite easily put a proviso that somebody who has worked in the Social Services Area might not be able to be appointed within that particular section, so I'm happy to support what Mr Brown has in front of us today and I'm equally happy to support something that might come forward to address the question raised by Mr Nobbs

MR SHERIDAN Thank you Mr Deputy Speaker just a quick word there on this. I will support the motion but I would like to see it left on the table if it doesn't stop the board from sitting. If this persons' standing down negates the Board having the ability to sit, well then I would support it, in its entirety today, but if there is no problem with it being left on the table so that the Minister can bring further to this forum to prohibit a certain person who works in that area so that we can deal with it once rather than revisit this again next month, I would be quite willing

MR BROWN Mr Deputy Speaker the further amendment that is being discussed by several Members is not a difficult amendment. As it stands section 4 subsection 4 states that the executive member is not capable of being chosen, that section can be amended to provide that the executive member or any person who works in the social services area is not capable of being chosen, so that could be done quite simply. If that is to be done, I would prefer not to try to do it today and it would be preferable to adjourn the matter until next month. Is there a consequence of that. The Board is able to sit . the Board must sit without the benefit of the advise of the particular person who has stood down but that situation has existed for a few months now, one more month isn't going to be the end of the world and if Members are of a mind that we should do so, I would move that the debate be adjourned and that the resumption of the debate be made an order of the day for a subsequent day of sitting

DEPUTY SPEAKER The question is that debate be adjourned and the resumption of debate made an Order of the Day for a subsequent day of sitting

QUESTION PUT
AGREED

The Ayes have it. Debate is so adjourned Honourable Members. That is the end of Notices for today Honourable Members so we move to Orders of the Day

ORDERS OF THE DAY**APPROPRIATION BILL 2006-2007****MESSAGE FROM THE OFFICE OF THE ADMINISTRATOR – NO 37**

DEPUTY SPEAKER Honourable Members I have received the following Message from the Office of the Administrator. It is Message No 37 and reads, in accordance with the requirements of section 25 of the Norfolk Island Act 1979 I recommend to the Legislative Assembly the proposed detail stage amendment to the Appropriation Bill 2006-2007 as set out in the attached schedule. Dated the 20th June 2006 and is signed Owen Walsh, Deputy Administrator

APPROPRIATION BILL 2006-2007

DEPUTY SPEAKER Honourable Members we resume debate on the question that the Bill be agreed to in principle and Mr Nobbs you have the call to resume

MR NOBBS Mr Deputy Speaker, I'll accept the call and defer to the current Minister for Finance Mr Christian

MR CHRISTIAN Thank you Mr Deputy Speaker. You might just clarify some things for me at the moment. I think at the moment we are debating the Bill that was introduced in the last meeting and at the appropriate stage I would move an amendment and the schedule attached to the Bill will be introduced. Okay. Thank you Mr Deputy Speaker. At last month's Assembly meeting, the former Minister for Finance presented the draft budget for 2006-07 of the Administration of Norfolk Island Revenue Fund. Since assuming the role of Minister for Finance, I have undertaken a full review of that budget with the assistance of the Acting CEO and senior Administration officers. I have also received submissions on some additional areas of required expenditure. I now present the revised schedule to the Appropriation Bill, taking account of the changes I believe to be necessary to the budget previously tabled. The major amendments are as follows: Revenue. The estimate of revenue to be received from taxes has been increased by \$600,000 to take account of the changes I have announced to customs duties. At the same time, the estimate of revenue due from the NSL has been reduced by \$200,000 because of the deferral of the commencement of that levy by one month. The overall effect of these changes is an increase in expected revenue of \$400,000. On the expenditure side, in discussion with the Acting CEO, I have identified a further saving of \$169,600 in salaries and wages. This reduction will be largely achieved through non-renewal of some contracted positions. The recurrent expenditure budgeted for 2006-07 has been increased by \$705,000 from the schedule presented last month. The allocation for custodial costs has risen by \$100,000 and the crown litigation and advising figure has been increased by \$250,000. These changes were thought prudent to ensure that sufficient funds were made available for the forthcoming committal hearing in relation to the murder of Janelle Patton and any aftermath of that proceeding. There has also been an increase of \$85,000 in the figure budgeted for liaison with the Commonwealth, to facilitate the necessary negotiations arising from the governance proposals now under consideration. I have also reviewed the allocations for capital

expenditure, and have reduced the budget figure by \$85,000 by eliminating the allocations for some plant and equipment and database capital expenditure. In summary, the overall effect of the changes I have outlined is to leave a budgeted surplus of \$46,200 in the Revenue Fund. I believe that it is important that we should seek to achieve a balanced budget each year, and am pleased that the budget for the coming year should achieve a small surplus after the substantial deficit recorded in 2005-06. Mr Deputy Speaker, just in closing in case the listening public wasn't aware of the number tabled in the budget last month. What we are looking for now in a total income sense is \$12,906,800. We are proposing to spend \$12,860,600 which results in a small surplus of about \$46,000. Mr Deputy Speaker I commend the Revenue Fund budget to Members and seek their support for the passage of the Appropriation Bill. Thank you

MR SHERIDAN Thank you Mr Deputy Speaker yes as the Finance Minister indicated you might say it's a very tight budget. A lot of income has been reduced or is reducing, over the last couple of years and of course were estimated at just under \$13m but it goes hand in hand with our expenditure which is virtually the same. While the Minister is only new in the job, he's just been there for a few weeks and he's reviewed this with his financial officers and everything, just with the schedule here, there was just a couple of matters that I'd like him to clarify. He has mentioned a few of them but I did note that there was an increase in the expenditure for the Legislative Assembly. Now I think there was something like \$30-35,000 extra put aside for office staff. Or \$25,000 for office staff and there was also an extra \$270,000 put aside for the executive member to expend as he may feel that he may wish to. If you could just outline why those increases were necessary for the Legislative Assembly area

MR CHRISTIAN Thank you Mr Deputy Speaker. I can explain those things and I'm just looking for a document that I thought I had, I may have circulated it to Minister but not to MLA's. Mr Gardner sent me a memo outlining additional expenditure for this financial year, totalling about \$460,000. I'll try and remember the figures off the top of my head. By far the largest portion of that \$460,000 was about \$250,000 with respect to the Janelle Patton murder. There is also \$70,000 which was provided in supply to settle an outstanding court matter that had been going on for maybe ten or more years. But rather than create a separate vote for that one off expenditure, that money has been deposited into the executive member discretionary vote so when the time comes to settle that bill, the money will be drawn from my vote rather than just set up a cost centre for a one off item. In respect of the Legislative Assembly as a result of the ministerial changes and the requirement that all four Ministers be housed in Kingston, Mr Gardner, the new Speaker conducted a review of what he thought he would need in the Legislative Assembly area. He concluded that from a secretarial point of view he had matters under control, but for dealing with issues in respect of negotiations with the Commonwealth he would need some support staff on an ad hoc on call basis and the figure of \$25,000 was provided for that. In addition, there could be a need as Members might recall, we had looked at engaging Price Waterhouse Cooper to provide same advise to the Norfolk Island Government and the Legislative Assembly decided that it was too expensive and we couldn't afford it, but nevertheless a sum of money has been provided and that sum of money also rests in the executive member discretionary vote so if the Government decides somewhere down the line that they have to engage some sort of professional organisation to give advise, there is an amount of money sitting in the executive Members' vote to provide for that, so that's the explanation of the variations in the schedule

MR NOBBS Mr Deputy Speaker the executive member discretionary vote has gone from, that's his discretionary vote which once this has passed he can provide for it as he wishes and it's an area where I personally have great difficulty in putting a lot of money into that area and it was one of the reasons why the Price Waterhouse Cooper issue and those ones that we thought we may need funds for, other

issues we may need funds for in consultation with the Commonwealth were placed in that particular area. The sum has now gone from \$10,000 which is the executive Members discretionary vote, to \$270,000 and that is a significant area and I don't say that Mr Christian is going to rip us off or anything like that, what I'm saying is that it is something that I wouldn't like, I would rather it be allocated into specific areas. If there's money owed to somebody who's had a court case going and there's been some sort of promised arrangement and I'm not too sure what the exact details are really, but that should be allocated to that particular purpose. We normally provide a budget arrangement which is a document that I actually table on the question at the last Assembly meeting, which is the Administration's revenue fund draft budget but this hasn't been provided to us in this time. All we've had is the schedule and going through it I have some concerns in relation to some areas. One of the areas is in relation to the – which I understand has been reduced – and that's the IT area where we need desperately to do something about our systems within the Administration. If anything will create efficiencies and provide a better service, in that particular area, it's the place to put some funds and unfortunately there have been funds placed in the past, but they haven't been utilised. What I still believe is that there must be funds in there and we need to get on doing what we are supposed to be doing in that area. Apart from that Mr Deputy Speaker I'm still surprised that certain areas have been increased, and like the rehabilitation of reserves has gone up I understand from what I can make from this document, it's a bit hard to read if compared to the last one, it's gone up by nearly \$30,000. those sort of areas which we should have in previous draft budget arrangements should have been dealt with, and also these particular areas in relation to the funding of court cases and that should have been dealt with at that point in time but they weren't and I understand where Mr Christian's coming from with these bits that come in later and it's rather difficult to comment really fully on it because we don't know the exact details. But anyhow, I know that we need to do something about the Appropriation Bill. My preference would be for a special meeting once we've discussed the particular changes in this Bill but if other Members don't feel as though they can pass this Bill per se well so be it

MR CHRISTIAN

Thank you Mr Deputy Speaker I can assure Mr Nobbs that the money in the executive members vote is in good hands and I would be more than happy at a subsequent meeting of the Legislative Assembly to table a breakdown of what the money residing in that vote is intended to cover. It's obviously not at my discretionary whim to spend it, it is tied to certain things and I'm happy to identify that. Just of the top of my head I can't. One of the principles that I adopted in going through this reviewing of the budget as opposed to the one introduced a month or so ago, was to look at things in a realistic sense and if we have provided funding for certain things and there was no hope that that funding would be used in the next twelve months, I've elected not to provide the funding and the advice given to me by the service was that notwithstanding that \$100,000 was in the budget, Mr Nobbs' was quite right about that, the previous one for an IT upgrade within the Administration and that was principally some hardware and software, given the fact that the EDP department is working one man down and the head of EDP Dept is the Acting Chief Executive Officer who is almost certain that no expenditure or progress would be made in that area over the next twelve months, so I chopped money out. I did it on the proviso though that if things improved, and for some reason we ended up with income running a little bit ahead of what we anticipate to earn that these things can be added back, or a Supplementary Appropriation as the year goes through, so I don't believe that the document that we passed today, necessarily is a dead document if you like, it's very much a live document and will have to be worked on over the next twelve months as the situation changes. For instance if economic times improve we may decide that we want to spend a bit more. If they tighten we may have to tighten our belts further, so that's the explanation that I can offer. Thank you

MR BROWN

Mr Deputy Speaker this isn't intended to be a good news budget. We should bear in mind that the Appropriation Bill only deals with the

spending. It doesn't deal with the revenue raising. In terms of the spending there are some things over which we might at the end of the day not have a great deal of control. For example we are not consulted in any way in terms of increases awarded to the New South Wales teachers in their remuneration and if during the course of the year there is an increase in the wages paid to teachers over and above that which is provided for in the existing budget then that's an extra cost that we will need to bare. The Minister will no doubt look at various ways of accommodating that but it's a potential cost that we certainly need to be aware of. We need to be aware that the amount provided in the budget by way of subsidy to the Tourist Bureau is considerably less than the amount which has been provided in the financial year just ending and that's been done on the basis that it is anticipated that certain funds will be paid by the airline service to the Tourist Bureau and so the Bureau's funds will be topped up it is intended, in that fashion but that depends very much on the airline service, having profits from which it can make those payments. The Minister for Finance has just made reference to computers, year after year we have provided funds for continuation of the upgrading of the Administration computers. Year after year those funds have not been spent for whatever reason. The need is still there. The Minister has concluded that in the current year there is little likelihood that the funds will physically be able to be spent and therefore, that has not been included in the present budget. We have little control over pensions. We certainly hope, that during the course of the remainder of this year, the review of social services will be implemented or the recommendations of that review will be implemented and hopefully pensions might come down for a short period. But perhaps more likely they will grow at a lesser rate, but nevertheless, grow. So there are significant areas over which we do not have a massive amount of control. There are other areas over which we do have control, and of which we need to be aware. This budget anticipates spending only \$135,000 on capital works during the course of the year. Compared to the 2005-2006 revised budget of \$236,000 it's perhaps not a massive reduction but compared to what needs to be spent in order to maintain the island's infrastructure, \$135,000 is just a little bit of water in a great big ocean so we shouldn't think that we've done a great job, we've made it balance, we can all go and have a party. This is quite clearly in my mind going to require significant review over the course of the next three months, and a lot of work is going to need to be done before we can say to the community that this is a sound budget. It's a balanced one at the moment, it's not necessarily a sound one because we are not necessarily proposing to do all of the things that we really should be doing by way of providing proper governance thinking

MRS JACK

Mr Deputy Speaker if we were to throw a party it would have to be a BYO. Because we can't even afford to supply the water or the cups to drink from but as a previous Treasurer said in Australia perhaps we've hit the bottom of the J curve and now we can move forward. It's the amount of capital expense that causes me grave concern. The lack of it. But this is for the revenue and there would be some capital expenditure allowed to be made from various Government Business Enterprises one would hope but it certainly is bread and water and it's one that I'm prepared to support if in fact it is the way to move forward. Thank you

MR NOBBS

Mr Deputy Speaker with capital works Mrs Jack is perfectly right. The majority of capital works expenditure you would expect would come from the Government Business Enterprises and not from the revenue fund per se. This is to deal with issues that are covered purely by the revenue fund which is the Administrative arm of the Government and includes hand tools and things like that, that are used by certain people within the revenue fund not the roads or those high cost issues that we talked about which are covered by the Government Business Enterprises. Thank you

DEPUTY SPEAKER

Thank you Mr Nobbs. Any further debate. There before no further debate I put the question that the Bill be agreed to in principle

QUESTION PUT

AGREED

The ayes have it. The Bill is agreed to in principle.
We move now to the detail stage and Mr Christian has foreshadowed his intention to replace the existing Schedule with a new Schedule dated 20 June 2006. Mr Christian

MR CHRISTIAN Thank you Mr Deputy Speaker I move that the Schedule dated 12 May 2006 to the Appropriation Bill 2006-2007 be replaced with the Schedule dated 20 June 2006 circulated to Members

DEPUTY SPEAKER Thank you Mr Christian. Any further debate. Then I put the question that the amendment be agreed to

QUESTION PUT
AGREED

The ayes have it. The amendment is agreed to

The question is that the remainder of the Bill be agreed to and I put that question Honourable Members

QUESTION PUT
AGREED

The ayes have. Mr Christian

MR CHRISTIAN Mr Deputy Speaker I move that the Bill as amended be agreed to

DEPUTY SPEAKER The question is that the bill as amended be agreed to. Any further debate Honourable Members. Then I put the question that the Bill as amended be agreed to

QUESTION PUT
AGREED

The Bill as amended is agreed

TELECOMMUNICATIONS AMENDMENT BILL 2006

DEPUTY SPEAKER Honourable Members we resume on the question that the Bill be agreed to in principle and Mr Nobbs has the call to resume. Mr Nobbs

MR NOBBS Mr Deputy Speaker I also defer to the current Minister for Finance

MR CHRISTIAN Thank you Mr Speaker, if you can bare with me for a moment. Mr Nobbs introduced the Telecommunications Amendment Bill 2006 at a previous meeting and the purpose of that Bill was to allow for the eventual charging of local calls or the correct legal terminology I suppose is to remove the prohibition on charging for local calls and the effect of this will be to allow the charges to be levied on local calls including mobile calls that commence and terminate in Norfolk Island thereby providing the Government with the ability to vary current international charges. At present the international call charges are very high, by any standards and effectively subsidises local calls. The introduction of a small charge on local usage will provide some room for international call charges to be reduced. In addition Mr Deputy

Speaker when the normal G2 mobile phone system is eventually introduced and that may be some time towards the end of August, it will allow us to also charge for the use of the current trunking radio mobile phone system and the intent there is to cause people to migrate from that system to the new system so that the trunking radio system can be dedicated to the emergency services which was always its original intention

DEPUTY SPEAKER Thank you Mr Christian. Any further debate. There before no further debate I put the question that the Bill be agreed to in principle

QUESTION PUT
AGREED

The ayes have it. The Bill is agreed to in principle.
Is it the wish of the House to dispense with the detail stage. We so dispense. Mr Christian

MR CHRISTIAN Mr Deputy Speaker I move that the Bill be agreed to

DEPUTY SPEAKER The question is that the bill be agreed to. Any further debate Honourable Members. Then I put the question that the Bill as amended be agreed to

QUESTION PUT
AGREED

The Bill is agreed

HEALTH (AMENDMENT) BILL 2006

DEPUTY SPEAKER Honourable Members we resume on the question - That the Bill be agreed to in principle. In the absence of Mr Gardner who had the call to resume, I turn to Mr John Brown. Mr Brown

MR BROWN Mr Deputy Speaker Members will recall that this Bill has two principle objectives. The first is to improve and update provisions concerning infectious diseases and the second it to provide a regulatory system for the provision for tattooing and skin piercing procedures. The Bill also makes some changes to bring the Act in line with other legislation, specifically it proposes to amend section 3 and 4 with changes in relation to infectious disease. It proposes to increase penalties from those in place in 1913 to those proposed by the main changes to the Act. It proposes to update section 6 to provide for notices to be published in the Gazette rather than posted near the court house and it proposes to define Government Medical Officer which used to be the terminology under the old hospital legislation to mean the Medical Superintendent at the hospital which is the new terminology at the hospital. Mr Deputy Speaker at an appropriate time I will move some minor amendments of which I had previously given notice and just for the sake of clarity I'll read them. That clause 7 of the Bill be amended as follows 1. At the end of proposed new paragraph 21(1)(j) add the words — "including requesting a person apparently under the age of 18 years to state their age, and a person carrying out skin penetrations to produce a written consent for carrying out such a procedure on a child under that age." And 2. Following the proposed new section 21B the following new section be inserted — "Skin penetration procedures on children 21C. A person must not carry out a skin penetration procedure on a child under the age of 18 years without the written consent of the parent or guardian of the child. Penalty: 100 penalty units.". Now Mr Deputy Speaker those words are a little difficult to understand in isolation. But for the first part of the proposed amendment paragraph 21(1)(j) provides that if the Health Inspector believes on reasonable grounds that premises are used for the carrying on of skin penetration procedures, he or she may enter the premises and do any one or more of the following on

those premises, and the list goes from (a) to (j) and we are proposing to add at the end of j. some words so if you'll bear with me I'll read what j. would then say. J. would then say, "that if the Health Inspector believes on reasonable grounds etc, he or she may make such other examinations enquiries and tests as the Health Inspector considers necessary including requesting a person apparently under the age of 18 years to state their age, and a person carrying out skin penetrations to produce a written consent for carrying out such a procedure on a child. It is difficult to comprehend but it does make sense Mr Deputy Speaker. It's saying that the Inspector may say "How old are you" and may say if he believes that the person is under 18 years of age, he may say to the person carrying out the skin penetrations, "should me the written consent you have been given to enable you to put a tattoo on this child" and then in part 2. of the amendment it's proposed to add at the end of clause 21(B), a new clause which would be 21(C), a person must not carry out skin penetration procedure on a child under the age of 18 years without the written consent of the parent or guardian of the child" and that is the written consent that is being spoken of in the proposed additions to 21(1)(j). It is the written consent from the parents and the person who enters the premises is entitled to say show me that written consent because I believe this child is under 18 years of age

MRS JACK Mr Deputy Speaker I still have some problems with it because it seems to me that they are saying to the person who is carrying out the skin penetration, to show me the written consent that is their own consent, so that they are allowed to do it to the child under age but if Mr Brown who has far more experience in this area feels that the way its written covers the concerns that he knows I have over this matter I will support the motion

MR BROWN Mr Deputy Speaker I would not like to be seen as suggesting that I can improve on the draftsman's words. I have no doubt that the draftsman is of a view that when he talks of producing a written consent he is talking of the written consent which is specifically provided for under 21©. We could add words if we wished to make that clear. On the other hand if it is ever disputed in the court the court will be entitled to refer to the hansard to see that we are clearly talking about a 21© consent

DEPUTY SPEAKER Thank you Mr Brown. Any further debate. Then I put the question that the amendments be agreed to

QUESTION PUT
AGREED

The ayes have it. The amendments are agreed to

The question is that the clauses as amended be agreed to and I put that question Honourable Members

QUESTION PUT
AGREED

The clauses as amended are agreed to.
The question now is that the remainder of the Bill be agreed to and I put that question Honourable Members

QUESTION PUT
AGREED

The ayes have. The remainder of the Bill is agreed to. Mr Brown I look to you for your final motion

MR BROWN
agreed

Mr Deputy Speaker I move that the Bill as amended be

DEPUTY SPEAKER

The question is that the bill as amended be agreed to. Any further debate Honourable Members. Then I put the question that the Bill as amended be agreed to

QUESTION PUT
AGREED

The Bill as amended is agreed

FIXING OF NEXT SITTING DAY

MR SHERIDAN

Mr Deputy Speaker I move that the House at its rising adjourns until Wednesday 19 July 2006 at 10 am

MR CHRISTIAN

Thank you Mr Deputy Speaker, at the appropriate time I would like to move a slight amendment to the Fixing of the next sitting day. As a result of changes that need to be made to our Customs legislation to reflect the increases in the budget today, to give effect to the month's grace that I've given to people to comply with the NSL legislation, minor amendments need to be made to that legislation as well, and what I would ask the House to do is that they now meet next Wednesday, on the 28th June to deal with those matters. Mr Deputy Speaker the Clerk has just advised me that it is possible, or sorry, for you to suspend the meeting and for us to meet again at 10 am next Wednesday, just to deal with those two matters, and I'm happy whichever way we do it

DEPUTY SPEAKER

Mr Sheridan would you care to withdraw your motion

MR SHERIDAN

Thank you Mr Deputy Speaker if that's the wish of the House, I shall

MR CHRISTIAN

Thank you Mr Deputy Speaker Mr Sheridan's motion could run as it is, but we would suspend the meeting until 10 am next Wednesday

SUSPENSION

DEPUTY SPEAKER

Well if it is the wish of the House I shall suspend this sitting until 10 am on the 28th June 2006

RESUMPTION

DEPUTY SPEAKER

Honourable Members we resume today on the 28th June 2006 following our suspension last Wednesday on the 21st June 2006 and Mr Christian you have the call for the next matter which is the Norfolk Island Sustainability Levy (Amendment) Bill 2006. Mr Christian

NORFOLK ISLAND SUSTAINABILITY LEVY (AMENDMENT) BILL 2006

MR CHRISTIAN

Thank you Mr Deputy Speaker I move that so much of standing orders be suspended as would prevent my introducing the Norfolk Island Sustainability Levy (Amendment) Bill 2006 and the Bill being considered through all stages at this sitting

DEPUTY SPEAKER
motion be agreed to

Honourable Members I put the question that the

QUESTION PUT
AGREED

The motion is agreed to

MR CHRISTIAN Thank you Mr Deputy Speaker I present the Norfolk Island Sustainability Levy (Amendment) Bill 2006 and move that the Bill be agreed to in principle.

DEPUTY SPEAKER The question is that the Bill be agreed to in principle

MR CHRISTIAN Thank you Mr Deputy Speaker, the purpose for this amendment arises basically as a result of the consultation process that has been undertaken by myself and Members of the NSL Implementation Working Group. We have listened to the community at large and the community expressed a desire for the commencement date of the NSL be pushed out a month or so and the purpose of this amendment is to change the commencement date of the NSL from 1 July 2006 to 1 August 2006 and I hope that Members around the table will support me. It changes the registration date and the commencement date by pushing them out by one month. Thank you Mr Deputy Speaker

MR NOBBS Mr Deputy Speaker I would just like to express my disappointment that the NSL wasn't able to be commenced next Saturday but I understand from the business community that there's been considerable confusion in the last few weeks in relation to this. There's not a lot of people who have registered and I'll support the change of commencement date for one month. Thank you

DEPUTY SPEAKER Thank you. Is there any further debate. There being no further debate I put the question that the Bill be agreed to in principle

QUESTION PUT
AGREED

The Bill is agreed to in principle.
Is it the wish of the House to dispense with the detail stage? We so dispense and move on.
Mr Christian I look to you for a final motion

MR CHRISTIAN Thank you Mr Deputy Speaker I move that the Bill be agreed to

DEPUTY SPEAKER Is there further debate Honourable Members. There being no further debate I put the

QUESTION PUT
AGREED

The Bill is agreed to

CUSTOMS (AMENDMENT) BILL 2006

MR CHRISTIAN Thank you Mr Deputy Speaker I move that so much of standing orders be suspended as would prevent my introducing the Customs (Amendment) Bill 2006 and the Bill being considered through all stages at this sitting

DEPUTY SPEAKER
motion be agreed to

Honourable Members I put the question that the

QUESTION PUT
AGREED

The motion is agreed to

MR CHRISTIAN Thank you Mr Deputy Speaker I present the Customs
(Amendment) Bill 2006 and move that the Bill be agreed to in principle

DEPUTY SPEAKER The question is that the Bill be agreed to in principle

MR CHRISTIAN Thank you Mr Deputy Speaker this amendment to the Customs Bill goes hand in hand with the Appropriation bill which was passed earlier in this meeting. As a result of some late expenditure inclusions it became obvious that we needed to raise an additional amount of money for the next financial year and it was considered that the most appropriate way to do this in the short term was to vary the rate of duty that was applied to imports into Norfolk Island. I had originally foreshadowed that we would increase the duty rates on food by 2% and on most other things by 2% giving us new rates of import respectively of 8% and 12%. However, Mr Nobbs pointed out that he thought it a bit unfair because if you applied percentage terms to those it was roughly a 30% increase on food and only a 20% increase on other imports. That was a valid argument and other Members then expressed similar concerns. At a subsequent meeting of Members I agreed to revisit the issue and what I'm proposing to do today is that we leave duty on food untouched so it would remain as 6% but we amend the rate of duty on items in the customs schedule by raising those in column 2 from 10% to 13% and this will deliver us in round figures the \$600,000 that we were looking for so once again I hope that Members around the table will find their way clear to support this and that then finalises all of the aspects of the Appropriation Bill for next year. I did say at an earlier time that I expected that as the NSL was bedded in and we firmed up our income projections from that, that at around the time that we did the review of the NSL the increases that are proposed today in duty would be removed and the way we do business would gradually change as we move from customs duty being the principal earner to the brood based consumption tax being the principal earner. Thank you

MRS JACK Mr Deputy Speaker I spoke to the Minister for Finance this morning and explained to him some of the reasons why I couldn't support the 3% proposed increase on most items in the customs duty leviable goods area. Mr Deputy Speaker we talk of reinvigorating the economy and to me, 3% increase in duty with a future 1% added NSL doesn't achieve it. In fact it serves to contract the economy even further. I believe there are ways that we could have the Administration and the Government Business Enterprises work more efficiently to assist the Minister for Finance in obtaining his half a million dollars. We talk of the Government Business Enterprises acting in a more commercial and competitive area and yet they don't pay FIL. I believe that those matters should be moved aside so that they do perform in a commercially viable way and they should be made to pay FIL. I also spoke to the Minister regarding areas within my own portfolio that I believe change could come about with considerable savings and in private discussions he and I came to some agreement and believe that there is a way forward on certain areas. Mr Deputy Speaker I believe this Legislative Assembly has shown some initiative over the past few months in bringing about charge for local calls and the implementation or acceptance of an NSL. I believe it's shown maturity and we need to go further and we need to start looking at land rates. Now we have people out there in the community saying come on Commonwealth, and they think the Commonwealth is just going

to come in here and hand out money. Well the Commonwealth doesn't hand out money unless there is something in return and I believe that one of those charges that will come about should the Commonwealth move in, will be land rates and I believe that it should be done on our terms and with us being mature enough to face it, and go out there and reach certain Members of the community and I believe that that is also another area in which funds could be raised. That is just some of the areas Mr Deputy speaker and reasons why I can't support the Minister's 3% increase about if it is going to go ahead, if I'm a lone voice here well I appreciate the Minister's saying that there would be an end to the charge. I would like to see a sunset clause included in the amendment. Thank you

MR BROWN

Mr Deputy Speaker I have heard on a number of occasions that it is intended that this increase be removed at the time of review of the GST and I can understand Mrs Jack's point of view in suggesting that if that is our intention we should clearly say so by inserting a sunset clause into the Bill. I have no difficulty with that. Frankly I have no difficulty with the Minister for the Environment's suggestions in relation to land rates. I realise that, that is not a universal view in Norfolk Island but there is absolutely no doubt that the Commonwealth Grants Commission's Report which is being prepared at the moment will assume a certain income from council rates and from land tax. They are two different taxes. Because the Commonwealth Grants Commission has been asked to assess what we would collect if we levied all of the usual mainland charges at an average mainland rate. I know that there would be concerns about senior citizens not being able to afford to pay rates but that is overcome in other places by allowing the rates to accrue or by providing a concession. Like the Minister for the Environment I doubt that this is avoidable, notwithstanding views which are widely held within the community that land rates are an undesirable thing. I acknowledge the Minister for the Environment's comment that we have told the community that we will reinvigorate the economy and that a 3% point increase in customs duty is not necessarily the best way to go about doing that. However, we do need to recognise that the short term duty increase is a suggestion which came amongst others, from the Chamber of Commerce and there was a recognition in making that suggestion that the current revenues are inadequate to support the current spending and that rather than rush the GST it would be preferable to have a short term increase in the customs duty and if GST is to proceed, to make sure that we get it right. One of the other things we have told the community we are going to do is as well as restoring the economy is to restructure the public service. There's not a lot of things that we can say that we've done yet in terms of restoring the economy apart from providing a significant amount of funds for the purpose of promotion of tourism in the coming year. As yet, all that we are able to say in relation to restructuring the public service is that we've started to have a look at the possible privatisation of three areas, the Post Office, the Visitors Information Centre and the Tanalith Plant. Now there's been no commitment to privatise them and that is the only thing that we are hanging our hat on at present. I think it would be fair to suggest that we've not yet done enough in terms of restructuring the public service to say to people, look we're giving you great value for your money but we do need to some more taxes. The Minister for the Environment referred to possible savings in some of her areas of responsibility. I would have preferred us to be making very definite announcements about savings before imposing additional taxes. Having said that I am conscious that at an adjournment debate at a recent meeting, the Minister for Finance did make a number of statements as to his intentions and it might be helpful if the Minister could confirm that he does still intend proceeding down those tracks because they certainly are an indication of an intention to reform or restructure the public service. I think another very positive thing would be if the Minister is able to make it clear whether or not it is intended that public service pays will be made by direct bank deposit rather than provided in cash. providing those pays in cash is costly. It does present security risks. And many within the community are of a view that if the rest of the community is to pay FIL then the Public Service should pay FIL on the receipt of their pays also and that would occur in the event that direct bank deposits were used as the mechanism for payment. On balance I can understand what the Minister for Finance is endeavouring to achieve, but I do

also understand everything that the Minister for the Environment has said. As far as I'm aware it's not critical that this Bill be finalised today, if it was adjourned for a week or even for two weeks I doubt that it would be the end of the world. If it was felt that some of these other issues could be resolved during a short adjournment I would be happy to support a short adjournment. If the House is of a view that this must be passed today, then I will need to consider whether in light of what I've said, I should move an adjournment of the matter in any event, thank you

MRS BOUDAN Mr Deputy Speaker with relation to this proposed Customs Amendment Bill I would like to ask has the possibility of a further increase on alcohol, spirits and wines, been investigated or 2% on all items presently at 10% and over. Thank you

MR CHRISTIAN Thank you Mr Deputy Speaker I don't have a copy of this customs schedule with me at the moment, but to respond to Mrs Boudan's query on just raising everything over and above that by 2%, and also tackling alcohol, if we take for instance, tobacco, cigars, wine, beer and spirits and that out of the equation that only leaves a couple of things at a rate of 10% or above and they are motor cycles and motor vehicles. And by adjusting those numbers by 2% upwards to 17% I haven't done the numbers but I doubt that they would deliver the sort of dollars that I was looking for. That then leaves us having taken food and they to a lesser degree include seed potatoes and butane gas, and fuel out of the equation. It really only leaves everything else and that's basically how the customs schedule is written and that we can tinker with and as a result of not touching food the 2% that I had foreshadowed on things in item No 1 to the schedule needed to go up by 3% so that's the basis of it, and to give you some further explanation at the moment I elected not to touch fuel because fuel prices have gone through the roof by themselves lately without me having to assist that process and we also have a road levy tax on top of that. Tobacco is already charged at a 500% rate of duty and as I said before I didn't really do the numbers on the alcohol side of it but they are also fairly heavily taxed and from an import duty point of view and from a liquor bond mark up point of view. So I am happy to proceed with what I've outlined this morning and I would be interested to hear from the rest of the Membership

MR BUFFETT Mr Deputy Speaker this particular debate is about raising customs duty. It's one piece of legislation that's in front of us at this moment. One of the regrettable things that we in Norfolk Island need to face, and have needed to face for some time now is that no matter which way we turn, the Norfolk Island community will need to be asked to make a greater contribution to the public purse than we have hitherto. That's an absolutely unavoidable situation. It's unavoidable in the present situation that we face, it will be unavoidable in any of the options that the Commonwealth would want to put to us. It is without a doubt that there will be a greater ask to be made to the public purse. That will be a situation that is quite difficult for some, it must be said, but without a doubt that is what is signalled in every quarter that one can look at. And the particular factor in front of us at this moment, we are looking at how do we bridge a gap between this time, and when the NSL which is a much broader based tax comes on stream and this customs arrangement is reasonably, broad based on its own account, but not totally so. Certainly not as much as the NSL. One of the favourite arrangements when a tax comes forward is to look at everything else and try to put aside the very thing that you need to tackle. And whilst some of the comments that have been made about alternatives are very valid ones, what we do have in front of us, is the customs duty arrangement and it is explained by the Minister for Finance as being a measure that is a temporary measure until we have the NSL in its broader context brought on stream. There has been a suggestion about a sunset clause. I don't have any difficulty with a sunset clause given the explanation by the Minister if that's a real need in this context and if that's what is wanted I would be happy to endorse it, but what we do need to get along the track, and give endorsement to, is for provisions that will provide

within the public purse context for those things that are essential to be done in the community. What we do need to get along the track and give endorsement to, is provisions that will provide within the public purse context those things that are essential to be done within the community and this is an important plank at this moment. I would endorse it as it is. If Members want to have a sunset clause, I would be happy about that, but we do need to get on, and we do need to not put it off, because others may have other suggestions for another day. I'm quite happy that those other suggestions be looked at in the wider taxing regime of things but I don't think, that that means that we should put off what we must do today on that basis so in a nutshell I would endorse the Minister for Finance's proposal that's in front of us today. Not a happy one. No taxing measures are, but I have made some indicator about that in a wider context and I do think we need to take some decisions and move forward

MR SHERIDAN Thank you Mr Deputy Speaker as the Chief Minister has just indicated there, the issue is the raising of the customs rate up to 13% from 10%. I don't really believe that is the issue. The issue is about raising more funds for the Administration, for the Government. That's what this really is about. That's what this raising funds is about, the increase in the percentage rate is just the vehicle to achieve this. Mr Deputy Speaker when the budget was handed down initially there we had a small surplus and then with the change of Government figures were rehashed and we came up with a shortfall so there was a requirement to find an extra \$600,000. Mr Deputy Speaker instead of going back to all the Departments and putting pressure on them and really trying to reduce expenditure by that amount, I think we've taken the easy option and are increasing duty. Now at least I'm glad that the idea of increasing duty on food has been scrapped because that would not go down very well at all. Especially with the forecast of the NSL in the near future. In saying that, I believe this goes hand in hand with the NSL and the NSL is about our sustainability on Norfolk Island. This is what this Government's thrown it up as. How we can make ourselves sustainable and with that in mind we are going down this next six to eight months with the introduction of the NSL at 1% to try and gather information on the size of the economy. Now Mr Deputy Speaker we've been given the size of the economy by the Australian Bureau of Statistics last week, at about \$94m. so with that in mind, I cannot see any reason why the NSL cannot be fast tracked, brought forward quite considerably, we've just delayed it for a month, I cannot see any reason why there cannot be some number crunching and the NSL be brought in at the full rate and on my figures I believe it should come in at about 7.5% maybe 8% initially and then with adjustments over the next six or twelve months, or review it in six months. That's how I would like to see things den. I can't see the reasoning of increasing duty three months, six months down the track then we wipe it altogether just for a short term gain. I believe we have to put pressure on ourselves, pressure on the public officers you might say to come up with the NSL, get over the hurdles that we have been talking about for the last twelve to eighteen months and make it happen, so with that in mind, I won't be supporting the increase of the 3% on most goods. I would like to see pressure put on this Government to introduce the NSL at a rate of around 7.58% at an earlier time and I believe that by looking for savings and not increasing taxes, that's one way of putting pressure on ourselves and then maybe we can be able to achieve something. Thank you Mr Deputy Speaker

MR NOBBS Mr Deputy Speaker I've got concerns in relation to this. Whilst I did say to the Minister for Finance at an earlier time, I think it was last week, that there was a percentage difference in the food as against all goods and services I didn't really expect that the increase in duty would be taken off food as well however that's the way it is. Now what's the reason for this. The reason for this is two things. There's been an increase which was passed by the Legislative Assembly at the budget, an increase in the expenditure of the budget of something like \$700,000 I understand of which there is a figure I there for an Executive Members discretionary vote of \$270,000 which we still haven't had details of and I'll be pressing the Minister to provide details of this as we've received most

of the information about the other increases, this is one that I have concern with and I'm sure that the community has as well. We saw an overall cut of salaries and wages of just on \$170,000 and yet there was an increase to the Legislative Assembly staffing of something like \$25,000. now that doesn't seem a lot, compared to \$170,00 but I just wonder where our priorities are. There's capital works that have been cut by \$85,000 but the Legislative Assembly capital works has gone up by \$15,000 in the budget that was passed last week and that's not from nothing, that's brought it to something like \$35,000 because it's on top of the \$20,000 that was already in the pervious budget that was introduced. I question why we are talking about cutting the public service and the likes and yet for the Legislative Assembly we made these obviously increases. The issue that, well there's a couple of issues that came up with earlier speakers, I think it was mentioned something about land tax, and land rates and the like and one issue that was suggested was that the senior citizens, that the rates would accrue but when the time comes to change that money on the death of a person or some other reason I think you'll find that not only have the rates accrued but also there will be a significant interest rate each year on that as applied elsewhere. If we are looking at the Australia scene that would be fairly significant actually. The direct deposit of banking by the, and I question whether we are talking bout banking into Norfolk Island banks or if we're talking about direct crediting banks in general because I've got a feeling that considerable money goes to offshore banking and I can't see the reason why it should apply to the Public Service that they be required to pay their salaries into the local banks when others are not. I'm not sticking up for the Public Service in any way, I just think it's unfair. It's an unfair suggestion. The previous speaker Mr Sheridan was perfectly right and I will take you back if I may to this time last year when we were informed by three experts who came over from Canberra, from the ABS and Treasury and the like that they were unable to map the economy under an exercise which has subsequently been done by one or two experts in the ABS in the last six weeks. Now we have received this information. One group says you can't do it that way, the other group we are told last week, and we only received this last Thursday I think it was, the information was that this was pretty good stuff. It was pretty close to right. If not right. And I agree with Mr Sheridan, that it's always been the case and I've said it before in this House and elsewhere that if the ABS information is available, to the Government and it has been made available and we're a bit concerned at one stage that it might not be available in a reasonable form at least to the Government but it has been made available to the Government now, that if it was made available, that there was an opportunity there then to fast track the NSL. It would not need to take the six months to do it. To have an assessment of the economy. It would help to have a couple of months, and see how it's going but it would really help if we got the flaming thing in and operational now and we've just put it off for a month. We need to get it in and operational so that people know what it's all about. It's not the ogre that people may think it will be and it's not the ogre of some other taxes that could be forthcoming from proposals to be made in the six or seven months or whenever it is from across the water. I have, as I said, Mr Deputy Speaker I have difficulty in asking the business community and the likes for a 13% increase, but we've approved the budget which has increased the expenditure and we've also taken in the last few minutes, the NSL back by one month so to cover the shortfalls we need to get something in place before the 1st July which I think is next Saturday and that's why we put the meeting off last week to bring it forward to this week. I understand what another speaker said about the business community suggesting that they were happy with an increase in duty. I've heard that from some but I really question whether that is a generalised consideration. I would have thought not. However Mr Deputy Speaker I think at this point in time I have difficulty with the 13% and I can't support it although I understand where we're coming from. I would suggest that if I was to get an indication from the Minister if there was a change in thinking following the ABS report of last week, if there was a change of thinking within the working group which I think he said he still has going on that, then maybe the opportunity would be for the actual implementation of the full NSL being brought forward say by the 1st October. I would maybe think a little bit differently but unfortunately the may that's budgeted in the revenue side is something like \$600,000 from customs duty and I

would have thought that, that was for the whole year, not just for a few months. But I was just wondering whether the Minister has actually thought about bringing the NSL forward to an earlier date and that's at the full rate or not and what timing we could expect. I'm in a real dilemma I can assure you and I'm probably sounding like it. I know that if I don't support the thing we're in deep trouble but if I do support it, it's probably the wrong thing to do at this point in time, but I would like to hear from the Minister

MR CHRISTIAN

Thank you Mr Deputy Speaker I'll tackle the response to Mr Sheridan and Mr Nobbs simultaneously in respect to the rate. I have no difficulty in going to a higher rate with the NSL right from the word go, and in fact I lobbied for that quite hard at times but a process was put in place, and I accepted that process. The process has been well laid out and documented and I think the community at large is now coming to terms with that document and understanding it and it's the time frames for the implementation of the NSL. The one thing that holds me back with implementing a higher rate right from the word go is the result of the information we've had from the ABS is that we haven't yet tackled input credits or if in fact, we will tackle input credits and representations that I've had from those in the commercial sector illustrate quite clearly that those in food type businesses will be the hardest hit by cascading effect of the NSL. So if we were to implement it now at 7-8% with no mechanism for input credits or some other way of dealing with the compounding effect we would really have an adverse impact on the food sector immediately and that's not the desired intention. Mr Nobbs is quite right when he says that we should maybe look at bringing things forward, as a result of the information in the ABS report, but a lot of work still needs to go into that. That report basically is a survey of all of the private sector businesses on Norfolk Island. The Government Business Enterprises haven't been woven into that yet, the present NSL legislation I think exempts all of the Government Business Enterprises bar the Liquor Bond and so we need to work through those issues when we get to them as well because one would expect that if we are going to tax electricity and telephones and things like that with the NSL that we would have to have a corresponding downward adjustments for the rates we charged for them but there's a heck of a lot of work still to be done. I prefer not to be rushed at this stage into doing them and possibly getting something wrong. I wonder if Members around the table have indicated that they could live with the customs amendments with a sunset clause in them. To be quite truthful with the piece of legislation that's before us at the moment I don't know whether we can actually work a sunset clause into it, but I'm happy for that to be achieved and that sunset date be 31 December 2006 or some other date. I can live with that. I can also live with bringing that sunset forward if the NSL is progressed at a faster rate than has been outlined. I equally have no difficulty with that and on top of all of that, Mr Nobbs, has mentioned something about the FIL well I am seeking advise at the moment, from the Public Service and I'm awaiting some suggested changes to the FIL legislation to capture the sorts of things that Mr Nobbs has mentioned. That also will have, one would hope, a positive impact on money flowing into the public purse. That information would also be useful in determining the final quantum of the NSL levy because at the moment, I consider that to be legitimate income that we're entitled to collect but we are not collecting and therefore until we collect it, you put in an x into your overall income equation without really knowing what it is so if we can quantify that, that would also be useful prior to determining the final letter of the NSL. In respect of public servants having their pay directly credited to an account, I have no difficulty with looking at something like that. I can't give any guarantees at the moment as to what the outcome is. Some people have suggested that we give them a 1% pay rise forthwith and then legislate or have a policy that all pays go directly into bank accounts. There's another view as to why should they get the 1% increase, just do it anyway so these are issues that we've got to discuss over the forthcoming weeks and find some resolution on. Mr Nobbs also mentioned Mr Deputy Speaker that the budget that I presented appeared to be more favourable to the Legislative Assembly than to the rest of the Public Service and I'll make some comment on that. At the earlier part of this meeting, I think the Chief Minister made reference to the fact that over the last couple of financial years we've actually reduced

the cost of running the Public Service by about a million dollars and I consider that to be, something worthy. It's not to be taken lightly, but we did achieve those savings. The Public Service is still functioning, albeit, as a result of time off in lieu some services may have suffered slightly but overall we needed to achieve those savings. We have achieved them, but other things have come out of the woodwork. Now the Speaker, Mr Geoff Gardner, who's not with us today, gave me a list of additional expenditure items which needed to be included in the appropriation for next year and they were unavoidable and I'll come back and explain the process a little bit further. In the past when an Assembly is considering its budget, the normal process used to be that we would have a meeting early in June, say the first week in June where the budget would be introduced, and a final meeting around about now at the end of June to finalise it. Mr Nobbs has a more orderly, or when he was Minister for Finance had a more orderly process and the budget was introduced significantly earlier than would normally have been the case and that's a sound policy to have. Unfortunately it also increases the chances that something would come out of the woodwork that everybody had forgotten about or not accounted for and in this instance that is exactly what has happened. It would have been totally irresponsible of us to think that we are running a major trial and if at the end of it we have custodial costs and that, that we don't provide for them so a large part of that increased expenditure relates to that sort of thing. Mr Nobbs said that it appeared that I was upping the salary bill in the Legislative Assembly area whilst at the same time taking from the Public Service and that's clearly not the case as I see it. In the Legislative Assembly area we have a number of support staff who work on a part time basis. They are not full time Public Servants, they don't enjoy the range of entitlements and benefits that the other Public Servants get. What I'm saying is that they don't get long service leave, they don't get superannuation, and that. The \$25,000 increase that was in the budget was a figure that was put in there, not for additional secretarial staff in our current arrangements, but to hire in additional expertise on an as required basis to assist us in compiling and preparing documents that we might need in our discussions with the Commonwealth. They are totally separate issues and once again, I think the community would not expect me or expect any Minister or any Member of the Legislative Assembly to go into discussions with the Commonwealth without being adequately prepared and if we've got to pull in some assistance from the wider community I think that's a good thing to do, so that's what \$25,000 was for as I understand it. So, on that basis I feel comfortable with what I'm proposing to do today. Thank you

MR NOBBS

Mr Deputy Speaker if I could comment if I may. The \$25,000 was put to me by the Public Service as the base rate for a full time employee within the service and the \$15,000 is about the rate that you'd expect in the setting up of a new office and I was just wondering whether the aim really was as a result of that sort of suggestion I was wondering whether this was to actually show another full time position here within the Legislative Assembly. The Minister says it's for discussions to prepare documents etc for discussions with the Commonwealth. I thought we had allocated funds in that particular area elsewhere within the Legislative Assembly budget but there we are. I will accept what he has to say at this stage and look with interest as we progress down the track. I said I was confused. I'm still quite confused about it. My suggestion when I spoke earlier was that we should look at October to fully implement the NSL given the ABS arrangements and the like. I know there's considerable discussion that needs to occur not only within the working group but within the community at large as to where we go as far as input credit and the rebate arrangements on previous duty and those sort of things and how we are going but I would have thought that three months should be adequate for that and also to gather some basic information in the first month at least of the NSL but I don't know. I mean I would appreciate if the Minister could give us some sort of guideline as to whether we are going to bring it forward to a specific date or we are just hopeful that it can be brought forward. That's the implementation of the NSL.

MR CHRISTIAN Thank you Mr Deputy Speaker. I'm happy to look at any proposal to bring forward the commencement date of the NSL after discussion with the wider membership I wasn't really wanting to do it in a knee jerk sense. I was happy with the process that Mr Nobbs had laid out when he had responsibility for the NSL and I can live with that as well. I think one of the things we've got to do with this is to try and implement it and bed it down in an orderly manner, rather than be seen to change my mind every time there's an Legislative Assembly meeting and of course, one of the planks of the NSL is the requirement to register and at the moment my focus will be on getting the systems and operations in place and then dealing with the quantum a bit later. So that is still my preferred way to go. I lived with it and accepted it when Mr Nobbs introduced the NSL and it's still my preference. Thank you

MR BROWN Mr Deputy Speaker I wonder if the Minister for Finance could just advise whether he still intends to act along the lines of what was said in his adjournment debate a month or so ago. If that is still proceeding then I've certainly listened to what's been said by the Members around the table and subject only to that I will certainly be prepared to support the Bill but if the Minister for Finance feels that it is no longer necessary to implement his earlier statement I would be interested to hear just what the reasons are for that

MR CHRISTIAN Thank you Mr Deputy Speaker everything that I've said in the adjournment debate statement in the previous meeting still stands. All options are still on the table and being actively thought of and the Minister for the Environment has made suggestions to me this morning which could yield significant savings and those savings would then be put to work in delivering better service delivery to the community and anything like that is truly worth while. But they don't get me out of the bind of the hole that I've got in the budget at the moment but they will certainly be things that we talk about over the next two or three weeks and I see structural reforms within the public service as being ongoing from about now. We need to make changes to the way we go about doing business and I'm still committed to that process, the Minister for the Environment is, and I'm sure the other Minister are. But let's hasten slowly, if you know what I mean, rather than just get in and hack everything apart where we might end up with too big a mess. Thank you

MRS BOUDAN Mr Deputy Speaker taking into account everything that's been said, it is with reluctance that I find that I'm going to have to support the Bill that's before us at present. Thank you

DEPUTY SPEAKER Any further debate Honourable Members. Mr Brown, you previously foreshadowed your intention to adjourn. Do you still wish to do so

MR BROWN Mr Deputy Speaker no thank you. It appears that there are a wide range of views around the table, probably the best thing to do is to have a vote

DEPUTY SPEAKER Thank you. In that case, there being no further debate I put the question that the Bill be agreed to in principle

QUESTION PUT

Madam Deputy Clerk would you please call the House

MR BUFFETT	AYE
MR SHERIDAN	NO
MR NOBBS	NO
MR CHRISTIAN	AYE

MRS JACK	NO
MR T BROWN	AYE
MRS BOUDAN	AYE
MR BROWN	AYE

DEPUTY SPEAKER The result of voting Honourable Members, the Ayes five the Noes three, the Bill is agreed to in principle

Is it the wish of the House to dispense with the detail stage? We so dispense and move on. Mr Christian I seek a final motion

MR CHRISTIAN Thank you Mr Deputy Speaker I move that the Bill be agreed to

DEPUTY SPEAKER Is there further debate Honourable Members. There being no further debate I put the

QUESTION PUT

Madam Deputy Clerk would you please call the House

MR BUFFETT	AYE
MR SHERIDAN	NO
MR NOBBS	NO
MR CHRISTIAN	AYE
MRS JACK	NO
MR T BROWN	AYE
MRS BOUDAN	AYE
MR BROWN	AYE

DEPUTY SPEAKER The result of voting Honourable Members, the Ayes five the Noes three, the Bill is agreed to

FIXING OF THE NEXT SITTING DATE

That concludes the Notices and I look now to Mr Sheridan for a motion in terms of our next sitting day

MR SHERIDAN Mr Deputy Speaker I move that the House at its rising adjourn until Wednesday 19 July 2006, at 10.00 am.

DEPUTY SPEAKER Thank you Mr Sheridan. Is there any debate. The question is that the Motion be agreed to.

QUESTION PUT AGREED

The motion is agreed, we've fixed our next sitting day

ADJOURNMENT

MRS BOUDAN Thank you Mr Deputy Speaker I move that the House do now adjourn

DEPUTY SPEAKER
Honourable Members

Thank you Mrs Boudan. Is there any debate

MR BROWN

Mr Deputy Speaker during the recent visit by Minister Lloyd the Minister made two presentations. He made a presentation of \$40,000 to the school for quite important capital work and purchase of required equipment for the school. He also presented \$40,000 for the hospital which will enable the purchase of some badly needed equipment by the hospital, and I simply wanted to, today, recognise those two gifts and to thank the Minister for his consideration of the Norfolk Island community during the sesquicentenary year and finally to thank him for the careful thinking that went behind the decision as to precisely how to make those presentations. It would have been easy to provide a nice wooden trinket or some other object that could be looked upon for many years but the Minister formed a view that he would prefer to provide something worthwhile that could be used by the community now and into the future and certainly the gifts which he presented while he was here will enable that, so thank you

MRS JACK

Mr Deputy Speaker. Thank you. As Minister for Education I would take this opportunity to also thank the Minister for Territories and on behalf of the school principal Mr Frank Stanton who is currently away on personal leave, his thanks as well. Thank you

DEPUTY SPEAKER

Thank you Mrs Jack. Is there any debate Honourable Members. There being no further debate I put the question that the House do now adjourn

QUESTION PUT
AGREED

Therefore Honourable Members this House stands adjourned until Wednesday 19 July 2006, at 10.00 am

