

MR ROBERTSON Thank you Mr Speaker. I was in contact with Canberra yesterday chasing this up to find out exactly where we stand. I have received a copy of the press release that was in last weekend's newspapers in which the Federal Government was indicating that they would be injecting funds of some \$30,000,000 into funding for the remoter places of the Australian Territories and they actually nominated which those Territories would be. The nomination also included Norfolk Island in that statement. Unfortunately, later that night the Senator Coulston decided that he's make sure the Bill didn't go through. This has caused a slight hiccup. At the moment I understand that they are currently working out just how they can inject funds into these areas, but to date we haven't had a further reply. I'll be going down to Canberra later this afternoon and during my time there in the next couple of days we will be chasing this forward to see if we can progress. Norfolk Island has an application in for \$150,000 for Maine Marketing to investigate a complete review of the communications within Norfolk Island coupled with the offshore finance as well and there is a further \$150,000 that been put into look at upgrading satellite systems regarding the communications of the B3 satellite which will be taking over for the SBS and ABC later this year, so to date we haven't received anything although we do have money in the budget to buy and get into place a satellite to make sure that the ABC television and SBS television and broadcast, as we are receiving them now will continue. Thank you.

MR SPEAKER Thank you Mr Robertson. Further Questions Without Notice.

MR BATES Thank you Mr Speaker. I have a number of questions for Gary Robertson the Minister responsible for the crusher or quarrying. There is concern in the community that approximately 14 tonnes of explosives are stored in a shed on residential land. Could the Minister advise if there is a danger to nearby residents and has an application been approved for the building and/or its use.

MR ROBERTSON Thank you Mr Speaker. There is a quantity of nitropryll which in itself is garden fertiliser. It came on the last Sitka and I think the quantity was about 10 and a half tonne. It's used in explosives and it's used by Island Industries for the quarrying. The storage of that 10 and a half tonnes was in a shed which is on the crushing site, not on private land and I understand that that quantity actually has been removed from that shed and is currently in another area on the Island and it's certainly not in the area that you've just suggested it would be.

MR SPEAKER Thank you Mr Robertson. Further Questions Without Notice.

MR BATES Further question along that same line. I understand that some explosives are manufactured by a mixing process ????? and fertiliser. What qualifications if any are required to undertake this task.

MR ROBERTSON Thank you Mr speaker. Nitropryll itself as you said is a fertiliser but it does become a little bit more active when it's mixed with diesel but just the mixing of diesel and fertiliser still doesn't make it an explosive, it needs a third additive and I think in this case they use a substance called powergel. Now that has to be mixed with it as well, then I think it needs a some sort of a detonator. Once you get all those 4 things together then you've got yourself a reasonable bang. The mixing of Nitropryll and the diesel and I guess the addition of the power gel and I wouldn't be certain on this but the first 2 anyway

that can be mixed up by anyone so long as it's physically mixed yes it can be done by anyone. Once it gets past that stage I think you then need a shotfirer or at least a shotfirer to actually push the plunger or do what has to be done for the explosive.

MR BATES Further question to Mr Robertson. Approximately 2 to 2 and a half weeks ago a blast at the quarry allegedly shook houses as far away as Ball Bay and cracked tiles in closer dwellings. Could the Minister confirm that the blast was carried out using professional standards and also take whatever action is necessary to ensure that private property is safe from damage in future blasting operations.

MR ROBERTSON Thank you Mr Speaker. I'm not aware that a blast 2 and a half weeks ago did exactly what you've just said. I understand that one of the nearby residents has written to me, a lot more than 2 and a half weeks ago to say that in a recent clean up of his house they found that there had been a cracked tile and there had been a pane of glass cracked in a stain glass window. When that actually happened they weren't sure but they indicated that and whether or not the explosion was the actual cause of it but they indicated that there was damage found and that perhaps there needed to be more control over the explosions as to whether or not it was within the parameters of the licence which Island Industries operates under and I understand that there have been in more recent times, about 2 and a half weeks ago a fellow came across to measure some of that explosion force and I also understand that as from today Parma Nand who within the Environment section of the Queensland Government will be arriving to further assess all the environmental and the necessary measurements that are, or that go along with the explosions and he'll be here for a week doing just that.

MR BATES Just a final question again to Mr Robertson this time with his responsibility for sport. An amount of \$7,500 was recently granted to the Norfolk Island amateur Sports Association. Could the Minister advise of any conditions that were placed on the grant and if so what were they.

MR ROBERTSON Thank you Mr Speaker. Yes \$7,500 has been given to the Amateur Sports Association which is actually out of their vote. It is to go toward those that are travelling on the team to go to the Commonwealth Games and specification in that monies is that it must be evenly allocated amongst all of the participants that are actually playing in the Games themselves, so that's the requirement.

MR NOBBS I've got one for Mr Robinson first up. Following my question at our last meeting have you a definitive list of what precisely is required before control of land is transferred to Norfolk Island.

MR ION-ROBINSON Thank you Mr Speaker. At the June sitting of the House Mr Nobbs asked me to advise what was required before control of land is transferred to Norfolk Island. As previously advised in response to a question asked by Mr Gardner at the February Sitting there has been no undertaking on the part of the Commonwealth to change the status of land matters under the Norfolk Island Act from that of reserved to a Schedule 3 or a Schedule 2 item. What may have led to an expectation by some Members that there was to be a transfer of land following the commencement of the land package is probably a recommendation by the Land Review Working Group that responsibility for lease administration and management of Reserves be transferred to the Norfolk Island Government. The transfer of reserved powers under the Norfolk Island Act relating to land is

a matter that is yet to be negotiated with the Commonwealth and is listed on the agenda for discussion at the forthcoming Intergovernmental Meeting, whenever that will be.

MR NOBBS Just another one for Mr Robinson. What's been done since the last meeting in relation to the army worm problem.

MR ION-ROBINSON Thank you Mr Speaker. The Officer concerned has contacted the authorities down in New Zealand and it is progressing well. That's all I can tell you at this stage.

MR NOBBS Is the Minister aware of cattle deaths related to army worm poisoning following the latest outbreak and what advice has been sought in relation to this particular problem.

MR ION-ROBINSON Thank you Mr Speaker. Yes I understand the Vet has some concerns and as yet they haven't explained or written to me as to what is the best way to solve the problem.

MR NOBBS Thanks Mr Speaker. I asked a series of questions at the last meeting on the proposed growing of Hemp seed on Norfolk Island. The seed to be utilised imported and being not certified its disease status is questionable. What quarantine procedures are to be implemented to ensure that there are no new diseases or in fact insects introduced to Norfolk Island, and I think I wrote out a few more but anyhow I'll leave you with that one Ric.

MR ION-ROBINSON Thank you Mr Speaker. I've made enquiries to the Quarantine Officer of the Administration and he informs me that the following procedures are carried out in regard to the importation of Hemp seed. Firstly the seed is kept under security in a sealed container and in the control of the Quarantine Officer or approved person from the time of its arrival into Norfolk Island. Prior to planting the seed is examined for damaged seed, weeds, seeds and other extraneous debris which is found is removed and destroyed. The seed is then washed in a 1% solution of Sodium Hypochlorite for removal of bacteria, allowed to dry and then planted in a secure area in a glasshouse. Each batch of seed is isolated from other batches. The growing of seed is constantly monitored for signs of disease which if found will result in its destruction. I'm further informed that the above procedure has been checked with AQUIS who advise that it is satisfactory.

MR NOBBS I just ask Mr Robinson who will be undertaking the inspections and what qualifications has the inspector.

MR ION-ROBINSON We have our own Quarantine Inspectors. As to their qualifications I have not got them with me so I can't tell you.

MR NOBBS Who has been granted licences to grow Hemp.

MR ION-ROBINSON Once again I haven't got the list here with me Ron. If I'd have known it was coming I could have got it for you.

MR NOBBS Just another one for, I think it falls in Mr Robinson's area or Mr Brown's. There have been complaints from time to time as to consistently noisy activities. What legislation is in place to deal with noise complaints.

MR BROWN Mr Speaker I've certainly received a written complaint yesterday but I believe that the responsibility for both the environment legislation and public health legislation falls with Mr Ion-Robinson.

MR ION-ROBINSON Thank you Mr Speaker. As a matter of fact Ron I just happen to have here a paper from our Officer which I'm not going to table in the House but I'm going to copy to all Members today. I received it this morning. It is to do principally with the noise omitted by the dirt bike people. There are several things that we can look at and I want to put it by all Members before we decide on what to do about it.

MR NOBBS I thought I might have a break but that's fine. Just Mr Robertson who's been sitting quietly for a while. Gary there's still no progress on the Burnt Pine upgrade. I've been away for over 2 weeks and there is no action since the last meeting. What's the hold up.

MR ROBERTSON Thank you Mr Speaker. I guess Ron needs glasses. Since you left the channels have been done and as of yesterday they have almost finished the kerbing, completed the kerbing on the left hand side. During last week there was some horrendous rainfalls, or the week before I should say there was some horrendous rainfalls which obviously stopped any proceeding. During last week they completed the drain, or the foundations to lay down for the kerbing and yesterday for about 10 metres I think they had completed the kerbing and guttering on the other side of the road. I was going to make a Statement on the whole of the Burnt Pine this morning and I say was because at this stage I haven't received the document. I have reminded them that I'm going to be doing this and I guess at some stage later this morning something will come flying into the House. If it does arrive I'll make a Statement.

MR SPEAKER I make get you to take the chair this morning Mr Acting Deputy Speaker so I can answer any questions if there is any of myself.

ACTING DEPUTY SPEAKER We continue with Questions Without Notice. Any further Questions Without Notice.

MR ADAMS Thank you Mr Acting Deputy Speaker. My first question is to the Minister for Finance. Minister could you explain to the House at what stage the GBE budget submissions are please.

MR SMITH Thank you Mr Acting Deputy Speaker. Yes if you look at the purple folder in front of you Robert, that's the latest version of the GBE budgets which I'll be tabling this morning.

MR ADAMS Just a supplementary to that Mr Acting Deputy Speaker. Minister is that the completed forms or as near as possible the completed form of the GBE budget.

MR SMITH Yes that's correct Mr Adams. That's as you are aware with the GBE budgets they can be adjusted throughout the year which is the standard practice with the GBE budgets but it gives an indication to the people in the GBE's of what their funding will be and what expected revenue we'll get from the GBE's.

ACTING DEPUTY SPEAKER Thank you Mr Smith. Any further Questions Without Notice.

MR ADAMS Thank you Mr Acting Deputy Speaker. My next question is for the Minister for Tourism and Commerce, Mr Robertson. Minister can you provide details to the House as to the progression of the new proposed tourism accommodation regulations.

MR ROBERTSON Thank you Mr Acting Deputy Speaker. About 2 months ago we put a paper into this forum for Members to look at, or actually not this forum but the Assembly Members to look at and there were some changes to be done to that. I have been talking with the Tourism Officer as to what stage those changes were at, because included in the particular tourism side of it there was also a paper concerning water and there was also a electricity paper. We've had some discussions on it and in my last discussion I had with the Officer that changes and the completed report is basically in its final stages and I hope to have it at our next meeting next Wednesday for the MLA's meeting.

MR NOBBS This one is for Mr Brown Mr Acting Deputy Speaker. Mr Brown the Norfolk Island Hospital Act establishes the Norfolk Island Hospital enterprise which manages and controls and administered by a Board comprising of Director and 6 other appointed by the Assembly on your advice. First question sir is as there has been insufficient appointed members for the Board to legally meet for some weeks now, who is in fact managing, controlling and administering the Norfolk Island Hospital Enterprise.

MR BROWN Two answers to that question Mr Acting Deputy Speaker. Firstly the Enterprise is run on a day to day basis by the Director. Secondly I'll be seeking leave during the course of today's meeting to move a Motion in order to re-appoint 2 of the recently retired members of the Board and to appoint two additional members.

MR NOBBS Just a supplementary to that Mr Acting Deputy Speaker to Mr Brown. Mr Brown you said that it's run on a day to day basis by the Director. I understand that the legal requirement really is that the day to day management by the Director is done at the direction of the Board. Is that not correct Mr Brown.

MR BROWN Mr Acting Deputy Speaker I don't have a copy of the Act with me and I'm not in a position to respond to that question without looking at the Act. I'll be happy to have a look at it and give a response to Mr Nobbs as soon as possible.

MR NOBBS I'd suggest to you Mr Brown and you can answer it or not that the Enterprise has been operating illegally for some time and there could be serious

MR BROWN Point of order Mr Acting Deputy Speaker.

MR NOBBS I'm asking if he agrees that the Enterprise has been operating illegally for some time and there could be serious ramifications for the Island let alone those closely involved in Hospital management and operation.

MR BROWN Mr Acting Deputy Speaker I certainly don't agree but that's all the more reason for Mr Nobbs to support my application for leave later in the meeting in order to facilitate the appointment of the new Board members.

MR NOBBS Just another one for Mr Brown on a different subject, immigration. At the last meeting you tabled a list of those currently holding resident status and I thank those who compiled this list and I ask you is this document available to the general public.

MR BROWN Mr Acting Deputy Speaker I would need to seek advice as to the degree of confidentiality that applies to that document. Certainly my initial reaction is that it is probably not a document that is freely available but I'll happily seek advice about that.

MR NOBBS Just a supplementary on the same subject. I ask Mr Brown will there be any action taken to delete those on the list who no longer appear for instance to have a close relationship with the Island.

MR BROWN Mr Acting Deputy Speaker that certainly is a question which will be addressed in the relatively near future. It is a subject which has been close to the heart of a number of previous Executive Members with responsibility for Immigration. Some feel that because a list of residents indicates that a large number of residents live away from the Island that is a matter of concern. Others have concerns that a large number of people may overnight return to the Island and place unsustainable burdens on the community but I shall not be taking any action to seek to take away the residency of any person without obtaining the prior recommendation of the House that that action be taken.

MR NOBBS Just for Mr Smith. George I asked a question at the last meeting, when will the Government be purchasing required equipment to receive TV signals from the new satellite.

MR SMITH Thank you Mr Nobbs. I've actually got the answer here somewhere. I was going to do that in Questions on Notice but I'll give the answer now. At the last sitting of the House I was asked a question in relation to the purchase of antennae equipment for the proposed changeover of the ABC/SBS television services to digital transmission. I've been advised that the ABC have confirmed that the switch to digital transmission will be effective by the end of December 1998. The analogue transmissions will continue for a further 2 months after that. Independent testing has been completed and a suitable antennae to receive the new signals has been recommended. In last Saturdays Norfolk Islander expressions of interest were invited to supply new satellite antennae. Known suppliers in Australia and New Zealand have also been invited to submit proposals, the closing date is the 10th of August 1998. I will address the funding issue on receipt of a recommendation as to the preferred supplier proposal.

MR NOBBS Just a supplementary. Is it correct that the new satellite will also include a signal from a commercial station.

MR SMITH I understand that that is the case. There may also be an extra radio station that may be available to us which is Triple J.

MR NOBBS Just to Mr Smith again. There's been accusations of late that the Norfolk Island Government does nothing to assist the industry and we should provide greater assistance to this or that industry. I ask in relation to an industry which was operating here from 1955 right through until 1995 to 97. This is the cigarette import/export industry. Is it correct that no duty was paid on the import/export of cigarettes in the first 18 months, that's from October '95 to May '96.

MR SMITH Thank you Mr Acting Deputy Speaker. That was before my time. I understand in the period that your talking about there was no duty paid on cigarettes that were brought in and exported back to other countries, Australia or New Zealand. I remember that at the towards the end of the term of the last Assembly Mr King, who was the Finance Manager. Finance Minister I should say attached a tax or customs duty of some 5,7% to those cigarettes but I think that all fell over about the same time. Does that completely answer your question there Ron.

MR NOBBS It gives me an idea because the next one was about the 5% duty that actually came in in May '96 and ended with the cigarettes in '97. That was my next question. I'm just trying to establish if I may, just what assistance has been provided to one particular industry that's all because I'm sick of it. Is it correct that in mid '97 some cigarette importers/exporters were finding there were no alternatives to gaining supplies and send supplies to Australia to purchase duty free cigs which were brought back to Norfolk then shipped to Australia. Were those purchasing and transporting these cigarettes excused from paying landing fees at Norfolk Island.

MR SMITH There are two parts to that question. The one about landing fees, I don't know. If those cigarettes your suggesting were brought in by air freight I'm, by freighters they would not pay the passenger landing tax, they would be paying the kilo weight charge. Just remind me of the first part of that question.

MR NOBBS They were gaining supplies by sending employees to Australia to purchase duty free cigarettes in Australia and bringing them back to Norfolk and then shipping them out, and I asked you whether those people that were doing that whether they paid, whether it is correct that they di not pay landing fees at Norfolk.

MR SMITH I understand Mr Robertson may be able to help you with this answer that they did.

MR ROBERTSON They were. There was an application made and the original for an exemption and I ensured that each of those that went on those trips paid the \$36-60.

MR NOBBS I'll just remind the Minister that he's given us a list of the names but anyhow. Is it

MR ROBERTSON Yes it was paid.

and equipment or the supply of works and services. Except where otherwise provided in the circular or where specifically exempted by the Committee public tenders shall be called for any contract works or services to be let by the Administration and for the disposal by sale of surplus equipment directed by the Chief Administrative Officer pursuant to their Public Monies Ordinance 1979 to be sold. Unless the Committee is satisfied that it is inexpedient or unnecessary to do so public tenders shall be invited for the procurement of all plant equipment and external contract labour having an estimated value in excess of \$10,000. I'll table the Administration Policy and Guideline I was talking about then. Secondly, are all tenders dealt with by the Tender Board comprising yourself and the other three Ministers? All tenders are dealt with by the Tenders Committee comprising of four Executive Members and the Chief Administrative Officer. Third part of the question, do the Government Business Enterprises have the same tender requirements? The Administration tendering process is applicable to the Government Enterprises. The fourth part of the question, would the Minister table in respect of all tenders awarded in the year 1997/98 the date the tender was awarded, what was purchased, the cost of each purchase and detail of the supplier I table the information as requested by Mr Nobbs.

A second question from Mr Nobbs on Notice. At the last meeting of this House Mr Nobbs asked a question on FIL avoidance. I answered part of the question but as I did not know how much FIL was legitimately avoided I undertook to find that out. I am informed that there is no accurate way of determining...

MR BUFFETT Point of order Mr Acting Deputy Speaker. I don't see that as a Question on Notice.

MR SMITH May be it was a Question Without Notice. I'll leave that until Statements. I have no problem with that. The next question I refer to No 25 from Mr Adams containing five parts, and will answer the five parts as follows. Mr Adams asks No1, could the Minister table and provide explanation as to the total cost to date of the consultancy involved in developing the Corporate Review and Strategic Plan. the cost to date for the preparation of the draft Strategic Plan and for the undertaking and preparation of the Strategic Review Report is \$83,087-06 made up of the capped professional fees of \$69,750 plus disbursements of \$13,337-06 and I'll table a copy of the list showing how much and who those monies were paid and could the Minister please explain to the community as to who is driving the Strategic Planning process. Well Mr Deputy Speaker the responsibility for the Strategic Planning issues falls within my Executive portfolio therefore to answer Mr Adams question I am driving it. In saying this Mr Adams is aware that I am of the view that strategic planning for Norfolk Island is a matter for the whole of the Assembly and hence the request to Members for their input into the plan.

No 3, could the Minister please explain why the relevant Norfolk Island Government Press Release stated that the consultancy involved in the abovementioned process was capped at \$70,000 when in fact it appears that globally this was not the case? Mr Deputy Speaker I have previously explained this matter however I will do it again that the consultancy in respect of strategic planning process which included the preparation of the draft Strategic Plan and the Strategic Review Report was not globally capped at \$70,000. The only figure that was capped were the professional fees component. The disbursements were always to be additional costs and included airfares, accommodation, car rental and printing etc. The professional fees were capped and came in at \$69,750-00 and had that figure not been capped an hourly or daily figure agreed for professional fees, fees component would have been could

have been substantially higher. Mr Deputy Speaker as to why the press release did not carry the fact that disbursements were additional was I guess an oversight on who ever put that into the press.

No 4, given the fact that the consultancy was completed something in the order of three months ago, could the Minister explain why as yet the community has seen little tangible progress? Mr Deputy Speaker in essence the community will not see much tangible progress as until such time as this House itself commences to make decisions to implement the Plan and the parts of the Review that they agree. Mr Deputy Speaker in touching upon Mr Adams comment that the consultancy was completed something in the order of 3 months ago I would like to point out the processes that have taken place. The Draft Strategic Plan and the Strategic Review document were received at the end of April, tabled in the House at the May sitting of 20th May, the idea being that this gave the community time to read the document and make comment if they wish.

At the 10 June Sitting debate ensued on the matter an subsequent to that on 22 June Members agreed to the formation of a group to progress that matter. Members of the Assembly were asked for comment and suggested priorities for discussion for inclusion in the Strategic Plan by 8 July, and although I have received one comment, I'm still waiting for comments and any suggested changes from other Members.

No 5, could the Minister provide a timeframe for when tangible progress in the area of Strategic Planning will be forthcoming? Mr Acting Deputy Speaker I would hope that upon receipt of Members comments, if there is to be any more, that the next meeting of the group formed to progress these issues suggested target dates will be forwarded to the Assembly for decision making and I can add further that I hope to be progressing most of the matters at the next sitting of the House which will be in August. I'll table that reply also with the disbursements and professional fees for Mr Adams' question.

Mr Acting Deputy speaker a further question from Mr Adam. Question on Notice No 27 Mr Adam's asks if the Minister could please provide an explanation to the community as to the basis on which motor vehicles funded, maintained and fuelled by the public purse are used to drop off and pick up family children from the Norfolk Island Central School the Administration Policy and Guidelines circular No. 15 deals with the allocation, use, and care of Administration vehicles. Section B(3) of the circular states "The carrying of non approved passengers by Administration employees driving official vehicles is prohibited except where potential passengers are being carried in connection with the official employment of the officer concerned. Approval has also been given for certain vehicles used for emergency and essential services requirements to be utilised by the position holders on a 24 hour per day at call basis. This was explained at the February meeting of the House with a similar question from Mr Adams. I'd like to say if there's been specific infringements for the guidelines and approvals then these need to be reported to the Chief Administrative Officer for his attention.

MR ADAMS Thank you Mr Acting Deputy Speaker. Supplementary to the Minister with respect to the answer provided. Under our Administration Policy and Guidelines Circular No. 15, Minister you stated that the activity I've alluded to in question is prohibited activity, the question is who's job is it to police the workings of the policy and to ensure that the policy is carried out.

MR SMITH Thank you Mr Acting Deputy Speaker. I'll try and answer that. I would expect in a case like this that a member of the Assembly if they themselves if they've seen somebody doing this, it would be responsible if they were to make the Chief Administrative Officer aware of such happenings. Otherwise I don't know how else people are going to find out

MR ADAMS Thank you Mr Acting Deputy Speaker. I asked whose job it is to ensure that Administration policy is maintained.

MR SMITH Thank you Mr Acting Deputy Speaker. I would assume that we do carry out that role, although I'm not suggesting Mr Adams that we need to sit around the School and see who's dropping children off in the Government vehicles but clearly if the question that you are asking does refer to an incident, if I'm not aware as the Chief Minister, or if the Chief Administrative Officer is not aware of things like that happening it needs to be brought to our attention which thanks to you, you have done that. I don't have any idea of who the officer was or whether it was a one off incident or whether that happens regularly but maybe you'd like to make me aware of it.

MR ADAMS Further supplementary. Minister you may have misunderstood it that at this stage I'm certainly not alluding to a particular individual, I'm now seeking some clarification on where the responsibility lies for the proper conduct of Administration policy certainly as it relates to the use of Government vehicles and equipment.

MR SMITH And the answer that I gave you that was the Policy and Guidelines as I read out particularly in relation to what your talking about, the carrying of non-approved passengers which is your question that we're referring to. It's specifically prohibited to do that unless approval has been given.

MR ADAMS Mr Acting Deputy Speaker I feel that I will have to ask another supplementary to that because I feel that the Minister still doesn't quite understand what I'm aiming at. What I'm aiming at Minister is certainly we have got an Administration Policy and Guideline Circular No. 15 which says a range of things. Whose job is it to ensure that those policy guidelines are carried out. Now I'm sure it's not a Member of the Assembly's job to carry out that function.

MR SMITH Mr Acting Deputy Speaker I can see that Mr Adams has taken exception to me suggesting that Assembly Members should have that role. I suggest that because you raised the question as far as a Member of the Assembly is concerned if you have in fact brought it to our attention, but it is really if, I think the answer your looking for, it is the duty of the officers in the Administration to make sure that they do not breach the Policy and Guidelines rules.

MR ADAMS Mr Acting Deputy Speaker with respect I just have a final supplementary on that which is not exactly on the same point. Minister can you guarantee to the House that there will be no further policy breaches of Administration Policy and Guidelines Circular No. 15 and B to that question will you issue a directive to that effect to the relevant management areas in the Administration.

MR SMITH I think I'd be misleading the House Mr Acting Deputy Speaker if I said I could guarantee that. The Public Service is a large organisation. If

somebody breaches it without me knowing, even if I issued a circular to carry out whatever it is that you wish me to do. If somebody does breach it that would mean I can't give you a guarantee of that although I understand what point you are making Mr Adams and I think there needs to be some, well obviously there needs to be some tightening up of the use of the Administration's vehicles which I will be discussing with the Chief Administrative Officer in the next few days.

ACTING DEPUTY SPEAKER Thank you. Further Questions on Notice. You don't wish to respond to the others

MR SMITH Sorry Mr Acting Deputy Speaker. Some of the answers I have not got at this point in time I'll bring those forward at the next meeting.

ACTING DEPUTY SPEAKER That concludes Questions on Notice. Presentation of Papers

PRESENTATION OF PAPERS

MR BROWN Mr Deputy Speaker in accordance with section 41 of the Interpretation Act 1979, I table the Dangerous Drugs Regulations 1998.

MR ROBERTSON Thank you Mr Acting Deputy Speaker. I table the Inbound Passenger Statistics for June 1998 and move that the paper be noted.

ACTING DEPUTY SPEAKER Question is that the paper be noted.

MR ROBERTSON Thank Mr Acting Deputy Speaker. There has been a significant increase in the number of tourists that have arrived on this Island over this past 12 months and I will be making a Statement in the House shortly to what affect that has in where we're going with tourism. Thank you Mr Acting Deputy Speaker.

MR BROWN I've just forgotten whether Gary had moved that that question be noted.

ACTING DEPUTY SPEAKER Yes he has.

MR BROWN I apologise. I was a step further ahead.

ACTING DEPUTY SPEAKER The question is that the paper be noted. Further debate. Being no further debate I put the question.

QUESTION PUT
QUESTION AGREED

The ayes have it.

MR SMITH Mr Acting Deputy Speaker in accordance with section 41 of the Interpretation Act 1979, I table the Education (Greenwich University) Regulations 1998. I also will table Expenditure charged to the Executive Members Advance for the last financial year and along with that I will table Virement of Funds Advice of recent times. Mr Acting Deputy Speaker I George Charles Smith Minister for Finance and Strategic Planning

MR ADAMS

Thank you Mr Acting Deputy Speaker. Mr Acting Deputy Speaker I have to say that I am in the same frame of mind after being presented with the GBE's budget as it was when I was presented with the final and concluded version of the Revenue Fund Budget. In my view Mr Acting Deputy Speaker this is a new way that consumes Managers and oversights a great deal of public money being public money in my view again that the top level of oversight for public money and responsibility emanating there from rests with the parliament. Mr Acting Deputy Speaker I take great exception to being presented yet again with a final concluded budget without the wider membership of this Assembly having input at all and it seems to me into to make up this budget and we're being presented here today Mr Acting Deputy Speaker with what I imagine, or what I understand is a concluded document, notwithstanding that on Monday last the intention was to present us with a final document prior to, or some documents prior to today, but instead of that we've been presented with a final document and I guess we're generally expected to just knock it on the head and move it through. These figures essentially Mr Deputy Speaker looking at that process means very little to nothing to a Member sitting around this table. The reason of course is the same reason for that as that result in the Revenue Fund area because the wider membership of this Assembly does not get any, or has not been provided with any details of budget submissions, and had a close look at Managers arguments for pros and cons etc. Mr Acting Deputy Speaker against what I view as a sorry background in relation of this I shall be moving or asking leave of the House to move a Motion later in this Sitting that in fact a more correct and more appropriate and more proper budgetary process be implemented into this GBE area. Thank you.

ACTING DEPUTY SPEAKER

Thank you Mr Adams. Further debate on the paper.

MR SMITH

Thank you Mr Acting Deputy Speaker. I thank Robert for his very kind words. I'd like to remind him, we seem to be running into a conflict about the budgets. I'd like to remind Mr Adams of 2 or 3 things. One, in my history of being in the Assembly I have never been asked when I was not a Minister to have input into the GBE Budget's which has been the norm. Often the Budgets have just been tabled without little being said about them. However last year I said I would like to change that system, that Members will have the ability and the opportunity to discuss the Government Business Enterprise Budgets, to that end I circulated some, what would it be 4-6 weeks ago the first draft of the GBE Budgets, I took the opportunity to ask all of the GBE Managers to come down and address all Members which they did over a whole day. I think Mr Adams was here. It was to give Members the opportunity to ask any of the Managers of any of the GBE areas where there was concerns. There was questions asked of those Managers, they all put forward their views on what they saw as their enterprises would be needing, what they would be doing in the next financial year. I don't seem to remember at the end of that there being any question from any of the Members of whether we'd done that appropriately. That draft budget was then developed further from after that meeting where we took into account any queries that Members did have or the Managers of the GBE's did have. That was then put into what I thought was going to be the final report. I was going to table the draft budgets at the same time as the General Revenue Fund Budget, but as Members will remember at the last sitting of the House I said there was a couple of things that may affect the budgets of the GBE's and as it wasn't necessary to actually table the budgets in June I held it off until this meeting. One was in relation to spending money at the airport out of the airport fund for a lighting system which needed more information to be gathered on it and the second was in the area of electricity with the imminent visit by some people who Ron is going to talk about very shortly, them coming over here may have made a difference to the final electricity

MR BROWN Mr Acting Deputy Speaker I'm a little confused by one of the pages. It's page No. 8 and I wonder if the Chief Minister could assist me. Page 8 states that in the case of the airport budget \$259,000 has been placed in first priority, towards the replacement of the current T-vasee system at the airport. But underneath the heading are words "on hold to be reconsidered prior to 12/98". Could the Chief Minister let me know what that means.

MR SMITH Yes thank you Mr Acting Deputy Speaker. That is the words that I used at the last sitting of the House Mr Brown that referred to a decision whether we should go ahead with the T-vasee's or with the replacements PAPI'S and REILLS system or not. There needs to be a tender process done for that. We've obviously got a, well when the Airport Manager came up here and explained what the systems were that we were looking at. That's really what it is.

MR BROWN Mr Acting Deputy Speaker I'm wondering whether the item is intended to be in 2nd priority or whether it's actually in 1st priority, because it makes a difference to the budget itself. That's the reason for the question.

MR SMITH I'll answer that. It is intended to be in 1st priority. I understand that while I was away that the lighting systems were talked about with the Members once again by the Airport Manager and a presentation I think was given to Members. I've understood that general approval was given to go ahead with that, that's one of the reasons I left that amount in 1st priority. If that is incorrect Mr Acting Deputy Speaker would one of the Members please point that out, if that wasn't agreed to.

MR ADAMS Just on that particular point Mr Acting Deputy Speaker I have no recollection of that being put on hold. While the Minister's certainly right, we did have a presentation on a range of things and with relation to upgrading of aircraft navigational equipment and it seemed to all Members that it was a most worthwhile thing. I have no recollection of that being considered, certainly not by the House to be put on hold.

MR SMITH Mr Acting Deputy Speaker those words should not be there on this page to date. So if Members would like to cross it out if that will help them.

MR SMITH Mr Acting Deputy Speaker Mr Adams has said he is going to seek leave to move a Motion to do with budgeting and particularly the GBE budgets which is what we're talking about today. I would ask Mr Acting Deputy Speaker if Mr Adams could put us on notice by telling what his ideas are now, so we can consider when he puts his Motion forward what his ideas are and that would help, certainly help myself as I've got no idea what he's got in mind, but it might give me a short time to think about those proposals that he has, and I'd ask Mr Adams if he would do that.

MR ADAMS Firstly I welcome the Minister to the uninformed club as it relates to budgeting Mr Acting Deputy Speaker. My principal in moving the Motion is quite clear and the words of the Motion spell it out if I can indulge of the House for a minute. It's essentially about the original GBE's budget submissions being provided to all Members in at a consensus GBE final budget document be determined by the whole of the Assembly rather than yet again the unsatisfactory process that was conducted with the revenue fund budget, creepy. Thank you Mr Acting Deputy Chair.

MR SMITH

Mr Acting Deputy Speaker. Thank you Mr Adams for doing that and I appreciate what your saying. If that is what your Motion is going to be about I'll totally support you and the same with the revenue fund budget if your going to refer to that as well, I'll gladly go along with those moves because that certainly is something I thought we had done in these previous months. Obviously it hasn't been complete enough and I look forward to the debate on that Motion. Thank you Mr Acting Deputy Speaker.

MR ADAMS

Just a clarification Mr Acting Deputy Speaker. For the Ministers information my Motion at this stage is addressing only the GBE budget submission as it stands before us today. In relation to the revenue fund budgeting and budgeting process I see the strategic planning process as very important as it relates to the revenue fund budget and I've got a substantial submission prepared for the group who I understand is more or less steering the strategic planning process and I will give it to the Minister at that time. Thank you.

ACTING DEPUTY SPEAKER
Then I put the question

The question is that the paper be noted. Further debate.

QUESTION PUT
QUESTION AGREED

The ayes have it. Are there any further Papers for presentation. There being no further Papers we move to Statements.

STATEMENTS

MR SMITH Mr Acting Deputy Speaker I wish to make a statement relative to the changes to electoral matters proposed by the Commonwealth and in particular to the question of a Referendum on the proposed changes. To briefly reply re-cap the position members and the community will recall that; On 5th March 1998 the Federal Government announced proposed amendments to voting and election rights of Australian citizens for the Norfolk Island Legislative Assembly. The Federal Governments proposed amendments to the *Norfolk Island Act 1979* would:

1. make Australian citizenship a prerequisite for election to Norfolk Island Legislative Assembly.
2. require that a person, not already on the Island Assembly's Electoral role, be an Australian Citizen to be eligible to enrol (persons already on the roll will retain their existing right to vote.)
3. extend the vote in elections for the Norfolk Island Legislative Assembly to any Australian Citizen who is at the time of the election, ordinarily resident on the Island. Three Executives travelled to Canberra to have discussions with the Federal Minister on 12th March 1998 on the basis that the Norfolk Island Government were not consulted prior to the Federal Government announcing the proposed changes and stating the Norfolk Island Governments position at that time that they did not wish such changes to be made. The Norfolk Island Government having introduced a motion in the House on 18th March to have a referendum to ascertain the views of the Community on the Commonwealth's proposals subsequently adjourned the motion to the April sitting of the House. At the 15th April sitting of the House and on resumption of debate on the matter of the motion of 18th March by leave of the House the following motion was passed. That the following question be asked at referendum in accordance with the preceding motion of the House. That the Australian Government has recently indicated its intention to bring about changes to Norfolk Islands electoral process.

Given the situation do you feel that it is appropriate that the Australian Government in Canberra dictates the electoral process on Norfolk Island YES/NO. At the May sitting of the House on resumption debate on the matter the following was put and agreed; that under the Referendum Act 1964 - referendum on the Commonwealths proposal to introduce legislation in relation to the Norfolk Island Legislative Assembly. Mr Smith (Chief Minister), pursuant to notice, moved -

THAT the motion passed by this House on 15 April 1998 directing the Speaker to conduct a referendum on the Australian Governments intentions to change Norfolk Islands electoral process be rescinded pending the outcome of discussions taking place between the Norfolk Island and Commonwealth Governments and that the Chief Minister report back to this House at its next sitting of progress with those discussions. Debate had ensued and then Mr Buffett moved that all words

THAT all words after "THAT" (first occurring) be deleted and the following substituted: "No formal action be taken between 15 April 1998 and the July 1998 sitting of the Legislative Assembly to implement the resolution passed by this House on 15th April 1998, directing the Speaker to conduct a Referendum on the Australian Governments intention to change Norfolk Islands electoral process. This pause upon the April 1998 motion is to provide opportunity and encouragement for the difference of views on such voting and electoral processes to be settled within this time frame to the satisfaction of the Legislative assembly by discussion (already foreshadowed) between the Norfolk Island and Commonwealth governments" Mr Deputy Speaker as foreshadowed by the pause on proceeding with the referendum until the July 1998 sittings of this House, was to allow discussion to take place between the Australian and Norfolk Island Government. Those discussions were to take place at the proposed inter-governmental meeting to be held on 1 July 1998 and then deferred to 10 July 1998. That inter-governmental meeting did not take place and will not now take place until the end of July possibly early August. Mr Deputy Speaker given that the July Sitting of this House is now here and there is still not any agreement on this subject, and that the members have clearly indicated at the M.L.A's meeting on the 27 May that their position is that they do not accept the Commonwealths position but intends to examine electoral matters within 12 months. I intend and now direct in accordance with the motion so to do, a referendum to be held on Wednesday 26 August 1998. Mr Deputy Speaker there is no need for any additional motion by this House and accordingly the Returning Officer will commence to day, to organise the Referendum. Mr Deputy Speaker the holding of such a referendum will not jeopardise any discussions yet to be held with the Federal Minister at the Inter-governmental meeting. The only clear effect will be that should a majority vote YES then the Norfolk Island Government would need to re examine their stated position. Mr Deputy Speaker for the information of the Community I will direct a special gazette be published today that will allow the following to happen. Put the question in accordance with the resolution of the House. Indicate that Wednesday 29 July 1998 is the date for submission of statements for the speakers approval for distribution. The day for the closing of the Roll will be 29 July 1998. Polling day will be 26 August 1998.

MR ION-ROBINSON

Thank you Mr Acting Deputy Speaker. I move that the Statement be noted.

ACTING DEPUTY SPEAKER

The question is that the Statement be noted.

MR ION-ROBINSON

Thank you Mr Acting Deputy Speaker. Our people gave women the right to vote over 70 years before the Commonwealth of Australia came into being. This recognition of women's equality offended Governor Denison when the Pitcairn

people arrived in Norfolk Island as their new homeland. He called it “Petticoat Government”, but he didn’t dare abolish it. The Commonwealth did not enfranchise women until 1902. The Commonwealth did not enfranchise its indigenous people, the aborigines until 1962. That’s a poor sort of a record for Canberra to presume to tell us who should vote. Australia claims to be multicultural society but what Canberra is trying to foist on us, (and I understand that the legislation is already drafted) smacks of Hansonesque One Nation policy. It’s xenophobic and aimed at destroying the customs and traditions of Norfolk Island. In Norfolk Island anyone who has been a part of the community for long enough to understand how Norfolk Islands particular intricacies work and intends to remain in Norfolk Island for more than a few years has the right to vote. That is the right to have a say in how Norfolk should be run. Our policy has always been that the nationality is not an issue. Length of residence qualifies people to vote as it should and does so in Australia where no immigrant can vote until that immigrant has been in the country for at least 2 years. This is the third time in 15 years that Canberra has tried to pull this stunt and it’s not about some poor hard done by Australian citizen who wants to vote 5 minutes after arriving here. It’s not about Australian citizens having un-Australian competition if they wish to stand for our parliament, nor is it about letting a foreign agent sabotage our parliament. It’s simply a part of strengthening the Australian identity of the external territory. To quote DASETT’s 1989 admitted aim If you don’t think Canberra said that, then try this, the December 1997 Commonwealth Directory states that the Territories Office says its function is and I quote “to protect and enhance the Commonwealths interests in Norfolk Island”, a direct quote. In other words Canberra keeps a Territories Office for the sole purpose of shafting us if what we want for the peace, order and good government of Norfolk Island is not wholly in Canberra’s interest. There is not one instance since the introduction of so called self government in Norfolk Island in 1979 that gives Canberra any evidence to suggest that our present electoral system does not work very well for the peace, order and good government of Norfolk Island. Thank you.

MR NOBBS Thank you Mr Acting Deputy Speaker. I think it’s a, I support the proposal as we did, I think we all did last Wednesday and all I can say it’s about time we got on with it and ask the people definitely to support or not our proposal and go from there. Thank you.

ACTING DEPUTY SPEAKER Thank you Mr Nobbs. Further debate on the question that the House take note of the Statement. Then I put the question.

QUESTION PUT
QUESTION AGREED

MR NOBBS Thank you Mr Acting Deputy Speaker. It relates to energy saving and I spoke at the last meeting I advised the Members that Australian Company EnergyFirst had visited the Island and was preparing a proposal as to the potential savings and the costs of achieving such savings in the electricity activities. Mr Acting Deputy Speaker the EnergyFirst has provided its report. It believes on the activities it has monitored to date that there is a potential saving per annum of between \$200 and \$250,000. In actual generation of electricity this equates to a drop in the load requirements and a significant green house reduction. There will be, as stated last meeting a cost in providing such savings. The costs are required for the provision of a power factor correction system, the provision of an in-line fuel conditioner for diesels, the upgrade of lighting in the government buildings, the upgrade of the airport terminal lighting and to provide and monitor

control the surge pump stations will in fact cost between \$420 and \$470,000. It's a tidy sum Mr Acting Deputy Speaker however this will be at no up front cost to the Island. It will be paid for out of savings and we are looking at this being done over a 2 year period maximum. The Government has agreed to the proposal and officers from EnergyFirst will be arriving next Tuesday to commence design of specific components leading to a quick follow-up and installation of the components. Thank you.

ACTING DEPUTY SPEAKER Further Statements.

MR ROBERTSON Thank you Mr Acting Deputy Speaker. In answer to Rons Questions Without Notice I mentioned that if the papers arrived then I'd be making a Statement on Burnt Pine. They have arrived. Firstly I table for the House a detailed listing of expenditure to date. This totals \$478,436-31. The revised budget estimate was \$526,000 and it is expected that completion of Stage 1 will be close to this figure. Supply amount was \$497,000 with savings to be in the salaries and wages vote. Stage 1 is expected to be completed by the end of September '98 if weather permits. It has been decided that with the amount of work required to install a workable dummy roundabout then the actual roundabout should be completed. This is because the bulk of the work revolves around the kerbing and dish drains. Stage 2 being the section between Stage 1 and the airport terminal is presently being costed. On completion of this section will be depended upon the supply of funds. I hope to provide a press release in the next few weeks to inform the public as to Stage 2 and the progress to completion to Stage 1. Thank you.

ACTING DEPUTY SPEAKER Thank you Mr Robertson.

MR NOBBS Can I move that the Statement be noted.

MR NOBBS I just ask a question of I may. Is it possible that the budget be put in the Gazette, or not the Gazettes, the newspaper at least.

MR ROBERTSON Well once I table this document it becomes public.

MR NOBBS Some do, some don't.

MR ROBERTSON Well this one will.

MR NOBBS All right, fine.

ACTING DEPUTY SPEAKER Question is that that Statement be noted. Is there any further debate. Then I put the question.

QUESTION PUT
QUESTION AGREED

The ayes have it. Further Statements.

MR ROBERTSON Thank you Mr Acting Deputy Speaker. When I tabled the papers regarding the tourism numbers I said I would be making a Statement on it. Mr Deputy Speaker in 1996/97 Norfolk Island attracted 30,295 visitors which is the highest number of visitors in the Island's history. The passed few months of 96/97 was a period of great uncertainty for the Norfolk Island tourism industry given the announcement by Ansett

Australia that it would be withdrawing its Norfolk Island air services on 30 June '97, having provided 8 years of service to the Island. During this period it became very evident that the local tourism industry and its overseas industry partners would need to work harder and smarter if Norfolk Island was to maintain the level of visitation achieved in '97/97 let alone increase it. Island tourism destinations live and dies by their air services. The establishment of Norfolk Jet Express and the commencement of services by Flight West airlines ensured that regular air services were maintained between the vitally important Australian market and Norfolk Island. Competition on this route has brought about many advantages, not the least being lower airfares and increased flight frequency. Norfolk Jet Express and Flight West airlines are to be commended for the professional and speedy manner in which they established services to Norfolk Island. The establishment of these services and the proactive and innovative approach to marketing taken by these airlines and Tourism Norfolk Island has delivered increased visitation to the Island. It gives me great pleasure to announce today that Norfolk Island achieved a record visitation of 35,626 in '97/98 which is 17.3% up on the previous year. At a time when many destinations in the Asian Pacific region were experienced a down turn in tourism Norfolk Island has experienced significant growth. Norfolk Island and its overseas industry partners can be justifiably proud of this achievement. The heavy promotion of short break holidays over the past 12 months has brought many benefits to Norfolk Island through the attraction of younger higher yielding visitors. In '97/98 Norfolk Island achieved a 44.4% increase in the number of visitors aged between 45-54 and an 18.8% increase in the number of visitors aged between 35-44. In spite of the promotion of short break holidays the average length of stay in public accommodation was 7.48 days in '97/98 down just .3 days. In fact total visitor days in public accommodation increased by 13.4% from 214,850 days in '96/97 to 243,576 days in '97/98. Visitation from the Australian market increased by 16.4% with visitation from Sydney NSW and Queensland increasing by 15% and 33.1% respectively. Importantly the New Zealand market also improved significantly on the previous year, with visitations up to 12.7%. Air New Zealand continue to provide a solid, reliable service and the introduction of a Thursday service ex-Christchurch in May 1998 provides an exciting marketing opportunity for the Island. I take this opportunity to congratulate all involved in the local tourism industry on achieving these fantastic results. In particular I commend Tourism Norfolk Island, the Airlines and Norfolk Island's major wholesalers for their improved performance in '97/98. '98/99 presents a significant marketing challenge for Norfolk Island. Flight West Airlines has stated its intention to operate services ex-Sydney and has informed Tourism Norfolk Island that it expects to commence these services within the next 12 months. Should this eventuate airline seat capacity between Australia and Norfolk Island will increase to unsustainable levels unless one or both of the Airlines on the Australian routes make significant alterations to the number of flights they operate from Brisbane and/or Sydney. Furthermore it must also be recognised that some of the increased demand for the Norfolk Island holidays in '97/98 has been price driven. Our airfares increased to traditional levels in a short period of time there is a possibility for demand for Norfolk Island holidays could fall. It is therefore essential that Norfolk Island continue to maintain a very strong presence in our key markets to enable us to consolidate on the tremendous performance of '97/98. I am convinced that Norfolk Island is better placed than ever to overcome any hurdles that may present themselves over the next 12 months. Now is the time to consolidate on the success of '97/98. I am very confident that the continuing improved performance and the professionalism of our airlines, wholesalers, local operators and Tourism Norfolk Island will ensure that 1998/99 will be another successful year.

ACTING DEPUTY SPEAKER Thank you Mr Robertson. Are there any further Statements.

MR SMITH Thank you Mr Acting Deputy Speaker. Mr Acting Deputy Speaker I have a Statement to make this morning on a 5 day exercise currently being held by the Australian Army. This is a tactical study named Exercise Wallaby Moon 2. A team from First Commander Regiment lead by Major Tim Terry who conducted a successful reconnaissance earlier this year, in February in fact, which indicated that Norfolk Island presents a challenging and unique series of problems for the 1st Commando Regiment to study. The enthusiasm and co-operation of all of those

consulted during the reconnaissance ensured the successful conduct of this present activity. The exercise will be of minimum impact to our community. The Regiment has approximately forty personnel in attendance and they have booked accommodation at the South Pacific Resort. The exercise involves personnel moving around the island, mostly in small groups, assessing Norfolk Island's geography and infrastructure with a specified scenario. There are no weapons or ammunition used in this exercise. In order to orientate personnel to the environment, some of the key officials on the island were requested to brief the participants on the historical, environmental, demographical and other features of the island, last night. In addition to conducting this exercise, the Regiment intends to support our community with a visit the school while they are here; by conducting some training for the local search and rescue team and hosting a function tomorrow evening. If there are other requests from the local community the Regiment will endeavour to meet them within the constraints of time and resources.

I have a further Statement Mr Acting Deputy Speaker on Internet Services. For the record in Hansard, at the end of the second month of Internet being connected as a service for Norfolk Island computer users, the Internet Working Group did a reassessment of the rates and services provided by the Government, even though I had said that there would be an assessment done after three months, there was pressure to take an early look at the process we had introduced before when they started up. We have done that, and we have now reduced the standard rates to a level which make Internet more affordable for computer users. There is also now, no monthly charge once a customer is signed up. The user only pays for the hours that they use. There is no email account charge. The hourly rate is a basic five dollars per hour and the connection of services is now provided for new customers in their connection fee which is a once up \$40.00 fee, and as provided their computer is set up for Internet, it's included in that connection fee. Initially, the rates were set on the high side so that we can assess the usage of the Internet over a short period which was to have been three months, and it became obvious that our initial rates were high for users who wanted to spend a lot of time on the web and we have now made it more reasonable. But I need to say that if we can get more usage over the next few months, it may be possible to reduce the rates down even further

Mr Acting Deputy Speaker, I have one more about the Airport Terminal Reconstruction. Construction Works on Stage 2 of the Airport Building has commenced with the concrete pad for the floor almost done. The weather has delayed the project by some weeks, although there is a possibility that some of that time may be picked up over the next few months. The budget for the project is still close to the original price except for the scope changes that the Assembly has agreed to as additional works. An example of the extra works would be the

baggage conveyor for the departures area that was approved by the Assembly, but has had an extra \$40,000 odd to the project. Recently another change was made for an extra office for security personnel but all in all the project has progressed well so far thanks to all of those who have been involved in the project and thanks go to those users of the building in putting up temporary arrangements.

ACTING DEPUTY SPEAKER Thank you Mr Smith. Are there any further Statements of an official nature? Then we have concluded Statements Honourable Members

MESSAGE NO 132 FROM THE OFFICE OF THE ADMINISTRATOR

The Speaker has received the following messages from the Office of the Administrator. Message No 132. On the 30th June 1998 pursuant to Section 21 of the Norfolk Island Act 1979 I declared my assent to the Appropriation Act which is Act No 12 of 1998, and the Bookmakers Act 1998 which is Act No 13 of 1998. Dated the 30th June 1998, signed A J Messner, Administrator

MESSAGE NO 133 FROM THE OFFICE OF THE ADMINISTRATOR

The Speaker also received Message No 133 from the Office of the Administrator. On the 30th June 1998 pursuant to sub section 22(1) of the Norfolk Island Act 1979 His Excellency the Governor General declared his assent to the Dangerous Drugs Amendment Act 1998 which is Act No 14 of 1998. Dated the 13th July 1998, signed Ralph Condon, Deputy Administrator

Members we move to Notices

NOTICES

1 INTRODUCTION OF BROAD BASED CONSUMPTION TAX

MR ROBERTSON Mr Acting Deputy Speaker I move that this House provide the necessary resources and funds and effects the following taxation changes on and from 1 January 1999:

- 1) Reduces all tariff items in section 2 of the First Schedule of the Customs Act 1913 by 2%; and
- 2) Reduces the financial institutions levy to .25%; and
- 3) Introduces a 1% broad based consumption tax along the lines developed by the GST Task Force in its discussion paper of May 1997.

Mr Acting Deputy Speaker, in moving this motion I do so on behalf of Brian Bates, who because of the technicalities, is unable to present it himself. Mr Acting Deputy Speaker, when Brian asked me to put forward this motion, I told him that whilst I personally do not agree with it at all, it would certainly bring the matter into the public arena and on completion of debate would allow the Assembly to make a more informed decision. That decision could go either way, but at least it would settle the issue of a GST once and for all. Mr Deputy Speaker at our meeting of the 10th June, Brian spoke of his dissatisfaction of the budget as presented and referred to his intentions of raising the matter of the GST with reductions to duties and FIL at a later meeting of the House. Mr Deputy Speaker, that time is now. The previous Assembly appointed a Taskforce, to look into and report on, the introduction of a

GST for Norfolk. A discussion Paper was prepared by that Committee and presented to this Assembly in May of 1997. It was tabled in the June meeting and a number of public meetings were held soon after. The largest of these was a meeting convened by the Chamber of Commerce at which all Members of the GST Taskforce were present at the panel. A broad cross section of the community listened to the answers of the six basic questions that were asked of the panel along with many questions that were asked from the floor. The panel pointed out in all of their answers that any finality to questions could only be given by the Assembly. The final suggestion from the floor was that in reference to the FIL, if it was to be abolished, then perhaps a 1% GST could be introduced in its place as a trial for the system. Whilst the Taskforce had done a lot of work on the Paper, the method and costs associated with the implementation and policing for the GST were not addressed. Mr Acting Deputy Speaker, following that meeting the subject of a GST seemed to have gone to ground. Some members of the community actually wrote letters of suggestions as was requested at that meeting but by and large, the bottom drawer became its place of rest. Mr Acting Deputy Speaker, as I said at the beginning whilst I don't agree with all of this motion, I do feel that it needs to be aired and discussed in this forum hence my assisting Brian by introducing this motion today. Mr Acting Deputy Speaker, having said all that I now pass the floor over to others who obviously wish to have input and I understand that there is a wish for amendments to be made to this motion

MR ADAMS Thank you Mr Acting Deputy Speaker. The proposed introduction of a broad based consumption tax, which is more correctly what we are referring to as opposed to a GST, is certainly a significant restructure in the manner in which taxable assessment and collection is conducted in Norfolk Island. My understanding of the general principle and goal is one of flattening the overall taxing structure, in the process lowering tax peaks, but at the same time, widening the overall tax net and Mr Acting Deputy Speaker, I support that general principle, but whether or not a broad based consumption tax along the lines as proposed in the discussion paper of May 1997, or indeed contained in this motion, can deliver that general principle, I would have to say is as yet relatively unclear to me. For instance, the discussion paper of May 1997 calls for goods and services tax at a rate of 3%. Mr Acting Deputy Speaker, the question that arises immediately out of that is to what extent are the general conclusions contained in that paper, altered or even weakened as an efficient tax gathering mechanism by hybridising the original proposed system and that Mr Acting Deputy Speaker, is notwithstanding the fact that even that original document itself, by its own admission required an audit by a specialist organisation to confirm, I assume, the status of the financial conclusions arrived at in that May 1997 discussion paper. Mr Acting Deputy Speaker there are a number of other specific questions to which answers don't appear to be at hand, certainly at this stage. For instance, in the area of tourist accommodation tariffs, which will I understand be taxable at 1%. Given that such tariffs are delivered constantly at various levels, how would 1% of what be accurately determined, or will accuracy be achieved at the expense of voluminous documentation and associated assessment with that facilities accompanying costs. Further, the discussion paper mentions a GST Department. In mentioning a GST Department, the paper is relatively silent as to the overall ramifications of such a development, and I guess importantly, in the middle of all of these overall implications, Mr Acting Deputy Speaker, is a question of resourcing. It appears to be to be a rather large unknown and a potentially costly unknown in there. Again, the discussion Paper mentions a small trader threshold of \$2,500. It is unclear whether this figure is for one offs, or whether it's for a year and this in itself seems to pose a number of questions, for instance, what given period will be used to measure what is or what isn't a one off, alternatively \$2,500 for a years trading would certainly indicate that one certainly is indeed a small trader.

seemed to just sort of die at that stage. Basically, I think the Taskforce is still willing to assist anybody that wants to know more about what might be proposed here although as I said, it hasn't been very active in the last six to eight months. The question of why I've chosen this path. Some years ago, certainly before the original motion that the Taskforce be formed, I formed the opinion that if Norfolk Island was serious about internal self government then it would not be able to manage it on its present taxation regime. There seems to be no logic as to why a government that's stuck for money should put ten cents on a litre of fuel, or that it should up the bed night on the accommodation, or that it should consider putting up customs duty by 2% or 1% or even that it should put ten cents on a can of beer. That does not lead to good taxation. It is basically grabbing a bob where you can get it from and everybody says that's okay, do those taxes as long as you don't tax me. Everybody looks over their shoulder and says it's the other person that's paying or it's me that's paying, but we don't have a level playing field. My original intention was, I think Robert alluded to the fact that in the Paper of the Taskforce, that there should be some outside assistance, but basically I understand that that was to see if the 3% figure reached by the Taskforce was appropriate because I believe that the 3% figure is probably the hardest thing to convince anybody that 3% is sufficient. The Taskforce did some sums. Frankly I got a little bit lost in them along the way so I did some of my own. I did mine completely separately and using a different criteria. I'm happy to share the type of calculations I made with Members. These were done some years ago but I took a relationship between what we were getting with the FIL originally before it went up and its relationship to what we are collecting from customs duty because I thought they might be two constant things in the economy that they could hang together somehow and then I went from there and I changed all those calculations when customs duty changed and the FIL went up and I kept reverting back to a common factor and I then looked at the other things which don't attract the GST, things like the Government Business Enterprise, and I did another calculation there and at the end of the day I was satisfied that 3% was a reasonable figure. Once again, I might be wrong and that is part of the reason why I have chosen the course of this motion because if we took the full step and did it as was originally suggested and I believe that that is the ultimate goal, or should be the ultimate goal of abolishing all those other taxes as was previously said, but if we took that course and it was horribly wrong or our calculations were horribly wrong and we needed a 10% GST or something other than a 3%, if we dismantled our present taxation system and it proved a complete disaster and the community was uptight about it all and everything else, then we would be in a lot of trouble. I feel that this course then, gives us a chance to find out whether 3% is enough to take that total step. I've done other calculations which I'll allude to later and I believe that 3% would probably do it, but I believe even if this exercise if it's approved, proves that we need a 5% I still believe the economy and the man in the street and the total community would be better off. The cost of living should come down, and the economy should get a boost. Once it gets over the 5% if that's the indication that it might come to if this motion is accepted, then I would certainly want to have another look at it myself but I believe that 3% could be done at the outside 4% and I think even if it went to 5% the community would be better off. I will allude to some of the figures that have come out of this, if I could just find them. On the motion before us to take off 2% customs duty and reduce the FIL to 25 cents, one of the members of the Taskforce was kind enough on his spreadsheets to do some sample costings of how things in general might trade. Basically on the assumption that those traders do pay the FIL but even if they don't the figures that come out of it are still attractive. Taking an FOB price, this is just a sample, and he's given me six different samples, and I won't bore members with every one of them, but I will go through the first one. On the present system if the FOB price of an object is \$100 and it costs 1% insurance and 10% freight and 10% duty then that item is landed on the Island here for \$121. If the markup of that organisation is

100% then it retails at \$242. Then if they were paying the FIL at 1% it would sell at \$244.42. Using the same thing under a 1% GST and an 8% duty, you come down to the actual selling cost, with the same 100% markup, that item should sell if those sums are correct, at \$238 before GST. That's a four dollar difference. Assuming that the FIL was paid at 1% on the original transaction and 25 cents under this system, that item that sold for \$242.42 should sell for \$240.98. That's a 1.41% saving on that \$100 article of invoiced costs. He's given me different examples of different markups, different freight rates, not too many different duties I don't think but certainly different markups and different freight components and they come out, each six of them comes out at 1.46 savings, 177.26 against 174.66, 193.92 against 191.37, that's a 1.32% saving. Another one comes out at 1.65, one at 1.41 and the lowest one comes out at 1%. Now they were his assessments of what this motion, if it was carried, would mean in the business community. That in turn of course, reflects in the cost of living on Norfolk Island. Those percentages should apply basically across the board. I did some sums on the total package, and I told Members that this is not the intention at this stage for the total package, but certainly, if this motion goes through and the 1% does go in, and it proves that what we might need in the end and certainly it is my wish that we do proceed with the total package, and those figures I roughly did and based on the fact that a man in the street that might have an income of \$27,000 and I worked out how he might spend that money and how it might reflect under this system of course, these sums are just my assumption of just how he might do it. People would need to do their own figures as to how they would do it. But an income of \$27,000 amounts to \$523 per week. And I thought maybe he might spend it a little bit like this. Maybe he might spend \$15 on electricity, maybe his telephone bill might be \$8 per week, maybe he would spend \$20 per week on fuel, especially running his children around to different things. Maybe \$155 on food and \$50 on entertainment. Maybe he would spend \$90 per week on rent or mortgage and maybe \$80 for miscellaneous things which would be for his clothes, birthday presents, vehicle maintenance, home maintenance and maybe he would put \$100 in the bank. Now if he did that, I assess that he would be paying in present taxes which is duty, FIL on the \$100, the petrol tax and customs duty, somewhere in the vicinity of \$18.25 per week being \$925 per year. Using the same expenditure, and some of the figures don't quite take into consideration, I've tried in a couple of instances of what they might retail as, so if I've erred I've erred in favour. That is, the savings would be greater. Electricity and telephones would go up by the 3% GST, fuel would come down by 25 cents per litre as the 20 cent fuel levy would go and the duty component of five cents would go. I don't know how the markups would go on that one so I assume it would be just a straight savings and the markup would remain the same, but that \$25 worth of fuel would cost \$18.54. The \$155 food bill, and I have had confidential figures, but I'm sure they won't mind me talking about the percentage, and this was on the total deal, but food could come down around 2.4%. There are no guarantees of course, but that is the figure that has been given to me in good faith. On that basis the food would cost \$151. Entertainment is a difficult one. It depends on whether you drink, smoke or what you do so these are assessments, but I've said that if you spend \$50 on entertainment perhaps you would contribute \$2 to the government purse by way of duty. Perhaps the invoice cost of those things might come down to \$47 and you would pay a \$1.41 3% GST on that and the \$50 would revert to \$48.41. Rent or mortgage is a difficult one because if its a rent payment the GST would apply. If its a mortgage payment I doubt very much that it would apply. On the assumption that it was rent then the 3% on that would mean your rent would go up from \$90 to \$92.70. One would contribute \$2.70 GST. Miscellaneous expenditure, same concept. What would cost you \$80 after paying GST you would get for \$76.22. The savings of course you put the \$100 savings in and you wouldn't pay the FIL so that would cost you nothing so instead of \$18.25 per week taxes you would be contributing \$11.96 and the cost of

your commodities would reduce. What cost you before \$523 or more correctly \$423 with \$100 in the bank, would now cost you \$410.56 with \$100 in the bank so the cost of living would come down. So where does all this extra money come from. It creates a level playing field. It is a broad based consumption tax. It picks up the areas where taxation is not collected or where there might be inequities. Where the accommodation proprietors pay more than the importers. Why a GST? I've covered most of that I think. Some people have said that a GST doesn't assist a man in the street. It only assists the wealthy but I think they are looking at a different GST. This proposal is aimed directly at the Norfolk Island situation and it doesn't take into consideration the things that might happen on the mainland where there are entertainment taxes, wholesale taxes, income taxes. It is solely related to abolishing those ones I've alluded to earlier. It's like an expenditure tax. The simplest way to think of it is that if you spend money then you will pay. If we holiday in Australia or New Zealand we pay all their taxes. They are hidden and don't know about it, but we pay a lot more taxes there than what we do here. They've said it only benefits the so called "Golden Mile" or commercial centre. I certainly wouldn't be here talking about it if I didn't think it would also help the man in the street and I've tried to demonstrate that. Some further examples. A carton of beer should come down four to five dollars. It varies a lot with spirits but Jack Daniels at \$4 litre cheaper. Chivas Regal \$7. Four litre wine cask, \$1.30. Now those benefits of course won't flow over this interim. If it comes out that the need for GST is much higher I'll be the first to say, well we can just go back to where we are now. If this is accepted and proves a real disaster I'll certainly admit that I've made a mistake. I will certainly be happy to revert to exactly where we are now. If people are happy with the present system now and with the knowledge that the Government can, and of course this is another thing they've said about the GST. How do we know that the Government won't put it up. How do we know the next Government won't put up Customs Duty. How do we know the next Government won't put up FIL or petrol tax or another ten cents a can on beer. We don't know that so we don't really know what a future Government might do with a 3-4% GST. I don't think we can concern ourselves on that particular one, but it is no different. People just normally don't trust Governments around money and this won't change anything there I'm sure. How will it work? How does the Taskforce see it will work? Although the motion reads along the lines developed by the Taskforce it certainly wasn't my intention when I worded that motion that it should be precisely as put up by the Taskforce. I think there is room in there for changes. For instance if it turned out that the pensioner was disadvantaged, and I don't believe they would be but if it did turn out that way, the Government could put up the pension by 5%. Should it apply to exports? Well if exports is something that is doing good for the economy and a GST is going to harm those exports, well the Government can certainly make it not apply. But what you need to remember of course if that all these exemptions you make, narrows the base. That means to get the same money the figure needs to be higher. And the broad base is the basic concept. The trading community puts their duty up front and it sits on the shelf. They put their markup on their duty naturally enough because they've got money invested in goods and they are waiting for a sale. This proposal would eventually, and there's some contention about what happens with the duty that's been paid. That's not an easy one to answer. I believe that a simple scenario of that is that once goods have been sold initially they will be replaced without the duty component and that will free up funds. They can put the same goods back on the shelf less the duty component which gives them the ability to increase their stock, take their savings off their loan or go and have a holiday somewhere. The threshold of \$10,000 I think was mentioned for a small activity if they don't have to register to pay the GST. I think the \$2,500 mentioned by Mr Adams was a one off sale of a second hand car or some such thing. These thresholds are designed to cut back on the paperwork, to cut back on the bookwork and in the total concept of the thing they

are not a large issue. The system itself, just looking at the \$10,000 per annum threshold, provided a small operator who might be selling veges out of his back yard or a fisherman selling a little bit of fish and he sells that product to somebody who is going to pass it on, like a restaurant, it doesn't matter to the Government whether he charges the buyer because when that person value adds and turns that fish or those vegetables into a meal, they will collect GST on the final product and they will only be able to claim a refund on any GST that they have paid so that meal sells for \$100 and they collect \$3 GST and hands it to the Government. The Government will get its \$3, but if they've paid \$1 to somebody for fish or veges then they can claim that dollar back, but of course the person who has collected the dollar will have to go along and put that dollar in. So they are some of the checks and balances and the end result is when that meal is sold for \$100 the Government will get its \$3 whether that small operator has collected it or not. And the tax is a tax, it's not a tax on the fisherman, it's a tax on the consumer. On the person who buys the meal. Those in between have only collected on behalf of the Government. It basically works on refunds. On Norfolk Island it works a little differently to New Zealand where there's a lot of value adding where you have your importers and your distributors, and your wholesalers and your retailers and the way the system adds up etc. Here mostly the importer is the retailer. There are some instances where value adding happens, maybe in one of the food chains but the same things apply. If they have to pay the GST or broad based consumption tax, they get a refund, if they haven't paid it they don't. One of the systems suggested by the GST Taskforce. Import entries will still be required on all goods imported and it's only if the person can guarantee that these goods were imported for resale that they get it duty free. This is in the total concept, it certainly won't apply in this concept where they will still be paying the 8% duty. I'm sorry if I'm darting back between the total concept and this but I think it lets people know what I'm on about in this debate. The initial step and the further step later on. It's in the further step that I believe the benefits will come from. The first one is really to ensure that I'm not making a huge mistake and gives the community also a chance to assess it and react if they wish. If you import goods then you will be paying 3% on the landed value of the goods so you won't be dodging the GST simply because you import it yourself, but it's only the goods that will be value added or sold later where you will collect the full GST on the sale price, that you will get that exemption. People have said that the collection process will be a burden. The key to its collection are the sales records. It's not people's everyday records. I think most business's up there have sales records. I guess the problem is, do you trust the business that their sales records are correct, and of course that's where the audit comes in and I'll allude to that later on. There will need to be heavy penalties too for those who are dodging it, but sales records are all that will be necessary and they can be as simple or as complex as the business wants them to be. Of course no GST will be paid straight out on wages paid to employees, but certainly I think Robert asked the question if a tradesman goes to your house and he does a job for \$100 and that's his bill, then he'll be required to add GST to that and once again the tradesman will not be at any great disadvantage in the fact that he has to hand his \$3 over. He gets his \$100 that he got before and if there are goods on that invoice on which he has paid GST if he has documentation for that, he of course will get a refund on the GST that he has paid. There are a few smaller areas that are not easy to address but the Taskforce has addressed them and made a suggestion for them. I think they should be looked at. I think Robert suggested that we need to get somebody over here to talk to us. Well my suggestion if we go ahead with the motion, is that we would need somebody on the ground here for three months prior to implementation to look at some of these smaller grey areas. These are the commissions that the wholesale booking agents collect on the mainland. I don't think we could charge them GST. I think you would have to charge them GST on the net amount that the accommodation proprietor gets in the long run. The same

thing would apply with insurance and shipping agents. I think GST should certainly apply to the premiums on the insurance policies, but maybe not life policies, but if they are trading on the Island and collecting premiums then I think GST should be collected. If you spend money then you expect to pay. Of course it would apply to Government Services. I've already said that electricity accounts etc would attract the fee. Liquor Licence fees. It would be my intention eventually if the whole deal went through, to abolish the Liquor Licence fee and just charge a straight out inspection fee for those premises that need somebody to go along and inspect them. That's a broad brush of how it works and I know you'll have a lot of question of dotting the i's and crossing the t's and I think again, it gets down to the fact that it's not the Assembly's job to dot the i's and cross the t's on the implementation of any taxes or anything, it's the Administration that has the burden of collecting them and I think the Administration will need a fair bit of help. However, I also believe that the collection won't be as big a problem as a lot of people think. I envisage it happening a little bit like this. But this of course is my own personal view of how it might happen and that is that you would have somebody on the ground here three months before it was implemented. You would have them setting up a computer system and visiting the main players who would be collecting the GST on behalf of the Government. Talking to them about their records and nine times out of ten their sales records that they already have would be quite satisfactory. If not, this person's job would be to help them set up a system of bookkeeping which would enable them to accurately bring forward sales dockets. It would be a thing of assistance and not a thing of confrontation and I think that worked very well in New Zealand. People who didn't have adequate bookkeeping found that they got a lot of assistance from the staff who went in to help them set up. A lot of free accounting advice. Once the sales records were accepted and people went along they would go into the computer which would also have imports. It would make assessments and most times the computer would just pass it, but where the computer had doubts, where it didn't run to the expected pattern it would throw it out for personal scrutiny by the staff and if necessary for audit. Now the audit I think is a contentious matter. It could be done cheaper if you had staff doing it but that would have people thinking, oh the Government's looking at our books. Somebody in Admin is checking our business and it's none of their business and we object to people coming in and doing that sort of thing. I believe a lot of the heat from that would be taken away if the audit was done by a reputable firm and we use some reputable international accounting firms. We've had Ernst and Young auditing the Administration books, we've had another firm from Brisbane and we've got Curran, Sole and Tupp doing the Administration's audit at the moment and somebody like that, if they conducted maybe fifteen two day audits per year. and I think we could get it out to tender I guess but if they work for thirty days at, if they did 15 two day audits probably half at random and half of those considered necessary by the staff for the computer rejection of their payments then I think that could be covered in a short period of time. I think that would be the way to go and I think it would eliminate any suggestions that the Government was spying on them or some of the administration employees was in there spying on them. I think that would work. I think that would be an expensive part of the operation. I believe that personally again these are my opinions of how it might work but it should be collected possibly in the customs office, that is where people would be going to do their import entries and claiming exemptions. That is where the computer could be held and I believe at maximum once it was up and running you would need a maximum one clerk to collect it, I might be wrong there but bearing in mind that the office and the customs would be collecting less money they would certainly still be doing the import entries and the inspections of the aircraft's and all the things they would normally do, I think that one person could handle the few payments that you would get on a daily basis from each, one payment once a month or once every three months. Initially of course I think you would need this

person on the ground as I said, from away, part of what Robert was saying I think he had a slightly different suggestion as to what that person might do but if he was on the ground here for three months before it was implemented and stayed here for 6 - 9 months after it was implemented I think you would get it down to one person on the staff, so I believe it can be collected once it is up and running someone in the vicinity of \$60 or \$70,000 a year cost collective. Initially you might need a computer and initially it might cost you a little more but that is the same with any piece of Legislation we have with the costs of its implementation and the costs of the follow on. If this motion were successful I have no intention of trying to force this motion through today as a matter of fact I would like to adjourn until at least next month but assuming it did get the go ahead next month and I think you would need this person on the ground by the end of September doing what I have already said and finding the right legislation to cover it with, would also take some time. So the 1st of January may not be a realistic date, I think it can be achieved but then maybe it can't. I think there are some suggestions to amend my motion my main- I am not too concerned with that aspect of it I am more concerned that if we are going to continue we do need some form of taxation I believe this is the way to go, I believe that a 1% as I alluded to might tell us what the end figure might be it will give us a chance to back away, it will give us the chance to come completely back to where we are today with our 1% F.I.L. and our 10% duty on most things and our all our other duties, but we can come back to that. But I believe that if it doesn't happen that way I think I stand to lose a carton of beer to somebody I have made a bet with but that is neither here nor there I think the main thing is that we are talking about Norfolk's future, we are talking about its taxation future. What other alternatives do we have, well income tax is a dirty word and I am certainly not going to suggest we put an income tax in and the cost of putting in an income tax would be far greater than what I am talking about with the G.S.T. if the motion goes ahead I believe that if we put duty back on by the 1st January by 2 % I believe we will forgo \$300,000 in revenue and F.I.L. comes back at .25 cents on the 1st January we will forgo 310.00. That is only for the 6 months of this financial year and maybe we will spend in this financial year \$90,000 on computers for getting staffing for 6 or 9 months, so maybe it will cost us in loss of revenue plus expenses some where in the vicinity of \$700,000.00. In 1994 I estimated that a 3% G.S.T. would bring in an estimated \$4 million in a year so 1% would bring in around \$1.3-\$1.4 million and half of that is \$70 thousand dollars so if my guess at 3% is fair enough then this 1% will basically recover those revenues that we give up and if I am wrong, so what, I believe we 're putting \$700,000.00 on the line here with loss of taxes. We are going to get something, we don't get \$700,000.00 or even if we get \$500,000.00 it certainly tells us that 3% is no good I have to look at 4% or 5% it also tells us that my calculations weren't that good and we've lost \$200,000.00 but \$200,000.00 in trying to bring benefits for the Island, I believe that it is a small risk to take. I can't imagine it would be any worst than that but if it was worst than that well if we collected no G.S.T. we stand to only loose \$700,000.00 we which have over 1 million dollars in the revenue fund that is going a little overboard. Some of our present taxes don't increase with inflation, duty certainly does, invoice costs go up, duty goes up , the fuel levy doesn't- that's .20 cents on a litre no matter what the litre of fuel costs, if the litre cost double we still only collects 20 cents. G.S.T. stands to pick up if we're right and the economy picks up if the traders up there are able to be more competitive with the duty free shops on the mainland by reducing their prices as I have alerted they should be able to if that gives them a better edge and their trading goes up then of course the Government gets a better return that helps to keep the amount down. As I said I wish to adjourn, I don't know that I have covered all of Robert's questions at this stage, I am certainly happy to try to address those over the next couple of months or so I think he said that the change of this may have weakened the concept of the G.S.T. I guess it has it certainly won't do much for the economy as much as the total basket

would in my opinion, the total basket is much more risky, as I said what if we are wrong, what if it does cause problems in the community and that's not my desire we have thrown the baby out with the bath water and we are kind of stuck that's why doing it this way gave us a chance to not be crude but a chance to try it and see and it gives us a chance to turn around and go back to where we are, but frankly are we happy with our present system, I am sure there are not many people happy with the 1% F.I.L. and I think subsequent Governments have looked at ways of replacing that revenue and it is not easy, Governments are reluctant to but up with customs, I think I could ever seriously I think I would have to be in a very tight situation an almost impossible situation where I could agree again under a present situation that I could put up with custom's duty, 1% here on food and 2% on cars and another 5% on alcohol there is no logic for that it just grabbing the dollar where you can there is no level playing field in that, you either hit at the beer drinker and leave the scotch drinker alone or you hit at the importer and leave the accommodation proprietor alone or the tour operators alone there's no logic in that and I have a lot of difficulty in considering any taxation increases along those lines. As I said before you know Governments do have certain things to do for the community, I think everybody believes Governments need funds, I believe this proposal will boost the economy, I believe it will lower the cost of living and I believe it will create a level playing field. I think that people are usually quite frightened of the unknown that's human nature, people just don't like change so if the community decides that this is all just a heap of nonsense that I am talking about and it's not worth trying, not even worth trying as I said even if we come back to where we are it's not worth giving it a go I'll rest my case, I believe with a clear conscience that our present revenue raising, tax basis is floored I believe that I have to try to do something if I don't have the support I certainly won't lose any sleep at least I will say I tried. There is heaps of reports around whether it is good or bad and you can read into those at much as you like but I think you shouldn't just say this is just the same as on the mainland the things that have happened on the mainland aren't going to happen here because I have already said it, it is a different situation this is tailored to Norfolk Island that doesn't have the other taxes of the mainland. But this opening statement of this special report from the business law of non lawyers in July 1998 that was handed to me by the C.A.O I'll just quote a couple of things which I think could apply to Norfolk Island it opens up with the statement "that miss information is the greatest threat to business understanding the Federal Government so this could be Norfolk Island proposed introduction of the Goods and Services Tax this is the Australian situation- those who have studied it and know are looking forward to it those who don't know are afraid of it." I only bring that forward because I do hope, I am sincere about this and I do hope that the community will be sincere about it too and look at it, be prepared to give it a go, be prepared to look at it rather than not finding out what it is all about not asking the questions or running off with a little bit of hysteria and all this, because I believe it will help the man in the street, I believe it will help the economy and I believe it is a much fairer way for the Government to go ahead and I believe that alternatives are not many. The access economic report on some sort of expenditure tax would have been some sort of disaster I just couldn't imagine people doing what they suggested I think they did fall back and suggest the G.S.T but one of the was that you write down your bank balance at the beginning of the year and income and your bank balance at the end of the year and you go along with a cheque, I think that's what you did and they said don't touch the tourist, well if we go to Australia we sales tax and income tax, transport tax if we go to Sydney and stay in a Hotel you pay a special tax to fund the Year 2000 games, if you go to New Zealand you pay all the taxes that apply so I don't see why this is something, I believe tourist will get a better deal in some way to, the duty free goods should reduce in price there should be some profits. Well I think I have spoken enough I look forward to the debate and I am sure the task force will be still be happy to talk to anybody

about different interpretations of it and we as Assembly Members may want to make different changes to the set up, I mean that is only a base paper. I think my motion says along the line it's certainly not to be introduced exactly as it says in that paper. The paper is a concept which is worthy of further consideration. Thank you Mr Deputy Speaker.

MR DEPUTY SPEAKER

Thank you Mr Bates

MR NOBBS

Mr Deputy Speaker thank you. Thanks for that Brian very interesting. I myself am not convinced that at this stage that the G.S.T or what ever you like to call it is the answer. I think much has been made of New Zealand's activities, they went for broke and established the G.S.T and everything is supposedly lovely, however it was when they introduced it accompanied by various things there was a market deregulation, there was government spending cuts there was public utilities with privatised wages were freed up and the reserved bank of course was given complete independence. All this and now they have a G.S.T. of 12.5 % and it applies to just about everything. I have looked over the years the New Zealand experience and you talk to people and get their ideas and it seemed to be if you had heaps of money you were fine but it was not so much if you didn't have too much and this has been bought out with some recent research. The Australians have now jumped on the band wagon for some reason or another, they have there proposal with the G.S.T. is to fund income tax cuts, not to reduce the overall tax rate of course, just like robbing Peter to pay Paul. My opinion is on Norfolk we cannot have in place a form of G.S.T or if you like consumption tax and the proposal put by Brian varies this however we still require under this proposal to maintain our full custom's service, the customs revenue will be reduced and my estimation for the year it was close to \$600,000.00, the reduction in the F.I.L will be about the same figure over a year, so overall we would have a drop in our revenue of our 1.2 million dollars. Given that the G.S.T. is proposed to get square our drop in revenue will need to be gained from a base of about \$120M. That doesn't include the cost of collection and I'm not too sure what that will be but to police the tax, \$120M tax base with a system of drawbacks etc proposed, I just believe it will cost heaps. But there we go. I am interested in reduction of the FIL as has been said before. I would be looking below 0.2 to 0.15%. I don't believe that we have looked clearly at ways of really reducing the FIL and I would prefer us to push on in that section of it and leave the others until we are a little clearer on where we are. However, I'm pleased that Brian is leaving it sitting on the table and I look forward to some more input from around here and also from in the community, thank you

MR BATES

Thank you Mr Deputy Speaker. If I could just clarify one thing that Ron has said. The figures of what we give up in revenue I was quoting for six months of the current financial year and the figures that you quoted Ron were not alot dissimilar to mine

MR NOBBS

I was talking about twelve month figures

MR BATES

Yes, you were talking about twelve months, I was talking about six. I just wanted to clarify that just in case the people listening thought we were talking about different things, they are very similar

MR SMITH

Thank you Mr Deputy Speaker. I have a few comments to make, firstly I suppose I should say that I would foreshadow an amendment to the principal words of the motion, particularly if you were hoping to pass this today, but I understand now Brian that you are going to move an adjournment, because the motion as it

reads now says "that this House provides the necessary resource and funds" that's okay, but it also says "and effects the following taxation changes on and from 1 January 1999". If that is really what is intended, if we pass this today or in four weeks time at the next meeting that really puts that in place and we will be doing that which, if the Assembly agrees with that proposal that would be fine and we could probably get our side of introducing the GST and reducing the tariffs and reducing the FIL by that particular date, but I don't know how that would go in the community with people who will end up being registered GST people, particularly the people who are in business. Whether they can learn all about it and get it up and running by that particular date, although I did take note that you did say that we probably wouldn't be able to do it by 1 January so I appreciate that. You also talk about a six month period. Either we are going to do this or we are not I think is the question in my mind. If we are going to try it for six months, I don't know whether we can do that? Maybe we can. But there's a couple of other things that raise questions. I'm not bagging your GST proposal Brian because I know that you've been on this for a long time and you seriously believe in it, and it certainly does work in other countries, but there's a couple of things that are in my mind. One is that it is suggested to raise extra revenue but we've probably spent 100 grand in the last twelve months working on a gaming proposal that hopefully is going to provide us with a lot of funds. We are talking about spending another \$150,000 to get an Offshore Finance Centre in motion and those are two of the goals of the Government, certainly the Assembly, that we would like to see achieved in the not too distant future. Both of those proposals promise to be good revenue earners for Norfolk Island and also for the Government. We are kind of half way through both of those proposals at the moment. Whether we need to be spending another \$100,000 looking at another proposal, well that's up to Members if they want to supply that sort of money, I just don't want us to get into the situation where we have too many big issues on at the same time and we don't do a good job of any because I think the first two proposals that I mentioned if they do come to fruition are certainly going to be good value for us. There's a lot of other questions in my mind with the GST and Brian you may be able to satisfy a lot of those questions over the next month. I'm happy if you are going to adjourn it, not to say any more at this point in time, but I would certainly like to get with you and have some discussion about the actual workings of a consumption tax and how it would effect businesses individually and if there are any working examples of how that would work. I think that's all I'll say at this point except that I do foreshadow that I would make an amendment to the principal part of the motion and change from "this House provides the necessary resource and funds and effects the following taxation changes on and from 1 January" I would suggest that we change that to - after "funds", "to assess the taxation changes as follows", I would delete the "s" of the first words of each of those paragraphs which would make it "reduce" instead of "reduces", so what I'm looking at would be something like this - "THAT this House provide the necessary resources and funds to assess the following taxation changes

- 1) Reduce all tariff items in section 2 of the First Schedule of the Customs Act 1913 by 2%; and
- 2) Reduce the financial institutions levy to .25%; and
- 3) Introduce a 1% broad based consumption tax along the lines developed by the GST Task Force in its discussion paper of May 1997" with all the words following in each of those paragraphs of course. I would be a lot happier with that which would give you the ability to do your assessments without committing us to saying that we are going to do it on a particular date. But I can leave that until the next Sitting or I can move it today. Thank you Mr Deputy Speaker

MR BATES

Thank you Mr Deputy Speaker. I wonder if I could respond to just a couple of things that George said. Yes, I did talk about a six month period. That was a personal assessment that I thought that if this was implemented, and if it was successful, and only if it was successful, would I like to see us go the full hog and that's the debate for another day. I've certainly spoken about the full hog of the complete abolishment, because that was the Taskforce's position on it really but it is a riskier position because as I said, if it does go horribly wrong, and I suppose that looks as though I've got some doubts about it, but I think I'm being cautious I guess. I think the other thing is, that if we put in the 1%, I believe that you can resource this thing forever, and I don't think there is enough information for anybody to categorically state that 1% GST will bring in \$700,000 in six months. I've estimated that and I believe it is as good an estimation as you will get, but you could spend a lot of money bringing experts in here to assess what rate you will need in a GST and I don't believe the information is there for them to get an answer. This is one of the reasons probably why I've spoken about the six months because that six month period will tell us whether 3% will do the total job or whether we need 5% to do the total job or whether we need 25% to do the total job. I've already said, if it looks like we need more than 5% to do the total job I would be the first one to be looking at it then and it also gives us the chance to backtrack. It gives us a chance to say, oops, that was a terrible decision that Brian Bates talked us into making back there last July, and we can go back to where we are now. They I believe are sensible precautions. I believe they are making sure that we don't make mistakes with this thing. Making sure that if we do make mistakes we can backtrack on them, so that's probably why I've spoken about six months. I'm not asking for any obligation on this House beyond the six month period and we might decide in three months, heck, this is no good we'll toss it out. But I believe that six months would be a fair trial period to decide if going the total way, as I've alluded to a few times, that getting rid of those other taxes, is going to work. In that six months you would get your systems up and running. You would get those in the community who are paying it, their systems running. You would get the Administration's systems up and running and you could come back but you can assess it as much as you like. I don't believe you will ever get a more accurate or precise figure of what you are going to get with a 1% GST and you did talk about the other proposals that we have in the pipeline. The Gaming Proposal and Offshore Finance. They are still a little bit on the never-never plan for me and I don't see that they conflict. You have probably heard me say in the House many times, especially where Governments have surpluses and have money sitting in the revenue fund, I don't believe any Government has the right to tax the people and sock the money away in a Bank. I don't believe they've got that right unless they can say to the community we are putting a little bit away for some future development, or we are putting some money away in the Bank to do something, but just to tax people and stick the money away in the Bank and don't do anything with it. I don't believe in that. And the same would apply here. If we get a windfall from gaming or we get a windfall from offshore, I still think we would be foolish to spend that money on our bread and butter. By our bread and butter, I mean the day to day costs of running this Island. I believe if we get windfalls from Gaming Proposals and the Offshore Finance Centre they may be temporary, they may be great, they may be long term, nobody knows, they may not even happen, but if we get windfalls from those, we should be putting those windfalls into capital works. One off projects, hospitals, roads, things to benefit the community. We shouldn't be spending them on our bread and butter. If we get those windfalls and we might be charging a 3% GST and we are creating reserves we don't need, then let's go back to a half % GST or let's go back to no taxation for a time, but I don't see that one is incompatible with the other. I certainly see that any windfalls we get from Gaming and Offshore, I'll be doing my best to make sure they get spent on the infrastructure of this community and not on its bread and butter, not on its day to

some of those issues because otherwise people wonder why Governments spending money in certain directions or why it's not you would have people talking about Government business enterprises well I think it's the time of the finances of the Government Business Enterprises can be bought out in the open and everybody could have their say as to how they are being handled. One that comes to mind I think George has included and that's the more navigation aids at the airport but the public mighten know why we make the decision as to why to spend some \$200,000.00 on navigation aids because on the service of it the aids that these replaces is quite a functional aid. I think that the bottom line is that maintenance is alot higher than the new one and the new one has the ability to penetrate low weather to a greater extend then the present navigation aid, but unless we have debate on what we are doing with the GBE I think it does leave the community a little bit in the dark and on that basis I support Robert even if it just allows us to talk about some of the issues of the subsequent meeting and even if it is only the public gets a little of a better understanding of what some of our expenditures are for all around.

MR NOBBS I agree with Brian and Robert that with the budget it was just dropped on the table this morning and we have had some going through but it was quite a few weeks ago and I would prefer for, as there is some concern in the community in the relation to GBE's and why can't we put it out in the open and go for it. I support the motion.

MR SMITH I really don't have any problem with the motion of it but I don't really think we need a motion I am quite happy to view every bit of the budget any part of the budget with any member at any time of the year. I take notice of what members say around the table but I still don't believe that when members were sitting in a meeting where we actually went through the budget papers for the GBE's through the final amount I am surprised that members don't recall that too well however maybe I work too closely with these numbers and know exactly what is going on and there is questions that may need to be asked but I think what members are referring to mostly the capital expenditures of the GBE's and there is very few of the GBE's that have capital expenditures anyway so it really narrows it down to the major service ones like electricity, telecommunications and the airport. I don't know whether all members are interested in tall the other GBE's for example healthcare, water assurance fund and there are quite a few others - eleven GBE's all together, but I say again I have absolutely no problem with giving any member and I offered at the last sitting of the house any member the opportunity to have the budget bids not only for the GBE's but also for the revenue fund as members had asked for it at that particular meeting, I have not had one single request from any member about those bids, I don't know if there was any sense in me saying that. The only thing I am wondering about is whether Robert is referring to this years budgets or the ones I have already tabled this morning or is he referring to the process that will allow staff to, for the next financial year because I start that almost immediately, leading up to budget review time and for the budget for the following year if you are referring to today's if you want us to stop where we are with the budget for today and get the original submissions and deal with the budget, I would like to know so that we can put a hold on things, that's the only question otherwise I have no problem with the motion Mr Deputy Speaker.

MR ADAMS It's indeed that the motion refers to the GBE'S budget conclusion document that has been dropped on us this morning relating to the financial year 1998/1999.

DEPUTY SPEAKER Are there any abstentions? yes I will record it on the basis that the Motion is agreed to and the Chief Minister is against.

LAND ADMINISTRATION FEES AMENDMENT BILL 1998

MR SMITH Mr Deputy Speaker I present the Land Administration Fees Amendment Bill 1998 and move that the Bill be agreed to in principle

This Bill amends the Land Administration Fees Act of 1996 by basing liability for fees on the unencumbered market value of the property transferred. The amendment is necessary to prevent potential widespread avoidance of fees. Currently under the Act fees for transfers of fees simply estates and land or crown leases are determined as a percentage of the consideration paid for the transfer. It is possible to avoid the payment of fees by channelling payment that would otherwise form consideration for transfer into associated transactions, for example by selling other property in conjunction with land and over valuing that property while correspondingly undervaluing that land would by entering into a lease or option in respect to the land in favour of the purchaser for separate consideration, it is then arguable that this consideration relates to the associated transaction and therefore cannot be classed as consideration for the transfer. The amendment goes to deal with value reducing transactions that defeat the use of leases options or other devices for avoidance purposes. Because there would be potential for persons to enter into avoidance transactions in the period during which the Bill is being dealt with by the legislative Assembly the Bill provides with the retrospect of operation of the amendments since the date of introduction of the Bill, and I table the Bill and I intend to move an adjournment on that after the debate has ensured that.

MR ADAMS This is a Bill that the Amendment Bill I supported, I think the present Legislation certainly does need some polishing, the reason I believe a potential in some areas for the Legislation original readings not to reach it's original aims. What the Bill sets out here a progressive platform which I think improves greatly the present arrangement. Mr Deputy Speaker the only question that I have that arises at the minute is relation to subsection 9 66/99 related person, where it speaks about the determination of what constitutes related persons and the question is "what is the interpretation that the classification of the word spouse" as recorded there in that su-section.

MR DEPUTY SPEAKER I wasn't actually listening to Robert was asking on that one.

MR ADAMS I'll run it by him again Mr Deputy Speaker. I'm in general agreeance with the Amendment Bill the question that I have that comes to mind at the minute is in sub-section 9 in the dermination of related persons where it recalls the word spouse there, I was wondering if the Chief Minister at this time or perhaps at some other time is considering that the Bill is to be adjourned to give us a clear classification of what the word spouse or how is the interpretation of the word spouse arrived at and essential to make it clearer Mr Chief Minister I am referring to wether or not that word refers to de-facto and if not why not.

MR CHIEF MINISTER I will get some advice on that shortly, but I think that is something to do with the regulations that it exactly spells that out. Spouse would be interpreted as meaning the formal marriage relationship and not de-facto.

