



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

JOINT STANDING COMMITTEE ON THE NATIONAL CAPITAL  
AND EXTERNAL TERRITORIES

**Reference: Norfolk Island governance**

TUESDAY, 15 JULY 2003

NORFOLK ISLAND

BY AUTHORITY OF THE PARLIAMENT



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## JOINT COMMITTEE ON THE NATIONAL CAPITAL AND EXTERNAL TERRITORIES

Tuesday, 15 July 2003

**Members:** Senator Lightfoot (*Chair*), Senator Crossin (*Deputy Chair*), Senators Hogg, Lundy, Scullion and Stott Despoja and Mr Causley, Ms Ellis, Mr Johnson, Mr Neville, Mr Snowdon and Mr Cameron Thompson

**Senators and members in attendance:** Senators Hogg and Lightfoot and Mr Neville and Mr Cameron Thompson

### **Terms of reference for the inquiry:**

To inquire into and report on:

Measures to improve the operations and organisation of the Territory Ministry and Legislature on Norfolk Island, with particular emphasis on the need for a financially sustainable and accountable system of representative self-government in the Territory.

The inquiry should consider the following:

- a) direct elections for the position of Chief Minister; and
- b) fixed terms of government

These matters should be considered in the context of the financial sustainability of self-government arrangements on Norfolk Island, with particular consideration of:

- a) the findings of the Commonwealth Grants Commission documented in its 1997 report on Norfolk Island on the Territory's capacity to administer and fund obligations associated with:
  - current and future government functions and responsibilities;
  - the Island's current and foreseeable infrastructure requirements;
  - the provision of government services on Norfolk Island at an appropriate level;
  - subsequent government and parliamentary reports relevant to the above; and
  - the role of the Commonwealth and its responsibilities for Norfolk Island as part of remote and regional Australia.

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**Committee met at 9.01 a.m.**

**CHAIRMAN**—Good morning, ladies and gentlemen. Welcome. I also welcome the Administrator of Norfolk Island, Mr Tony Messner, here again today. I declare open this public hearing of the Joint Standing Committee on the National Capital and External Territories inquiry into governance on Norfolk Island. Before we begin, the committee wishes to pass on its condolences and deepest sympathies to the families of Roxanne Spreag and Danae Evans. Their tragic loss is felt by all, and we feel that loss in a real sense as well. Could I now ask that we stand for one minute's silence in memory of Danae and Roxanne.

*Honourable members and senators having stood in their places—*

**CHAIRMAN**—Thank you. I will now make some opening remarks about this hearing. I firstly want to assure the people of Norfolk Island that this inquiry is not about overturning or winding back self-government. As far as this committee is concerned, Norfolk Island will remain a self-governing Australian territory. We are concerned, however, about the current financial arrangements that underpin self-government on Norfolk Island and whether these are sustainable in the long term.

These arrangements have been questioned both within the island community and elsewhere. In particular, there is concern about the increasingly pressing need for the Norfolk Island government to find the necessary money to maintain and run important pieces of infrastructure in areas for which the island government has responsibility, including health, education, communications, the airport, roads, electricity and waste management. Without extra money these things will deteriorate, leaving an even bigger problem for future generations. This situation cannot be tolerated.

Some reform in the way Norfolk Island governs itself, especially in the approach to the management of public finances, is required, as has been acknowledged by a number of independent reports and inquiries and by the territory government itself. Many people ask what this has to do with the committee. Under both the federal Constitution and the Norfolk Island Act of 1979, the federal parliament is ultimately responsible for ensuring that good governance is occurring on Norfolk Island. Good governance involves the competent management of a jurisdiction's resources in a manner that is open, transparent, accountable, equitable and responsive to its people's needs in both the short and long term.

The committee wants Norfolk Islanders to continue to be primarily responsible for managing the island's affairs, as is provided for in the Norfolk Island Act, but at the same time we have a duty to ensure good governance is occurring. This inquiry into governance on Norfolk Island was referred to the committee by the Minister for Regional Services, Territories and Local Government, the Hon. Wilson Tuckey. This does not mean that the committee will necessarily agree with the views of the government or its ministers. The committee's findings and recommendations will be entirely its own. The committee is obliged to monitor and scrutinise what government does, whether policies and programs are working as ministers claim, whether ordinary citizens are receiving just and fair treatment from the government and whether government is conducted in an accountable and transparent way. The committee has not made up its mind on the nature of any changes. We do not necessarily believe that changes such as introducing fixed terms or a directly elected chief minister go to the heart of the problem. We are

seeking submissions and hearing from witnesses on these matters to gather evidence as to the best way forward for good governance.

At the conclusion of the inquiry the committee will table its findings, conclusions and recommendations in the federal parliament in a report which will be publicly available. The committee normally authorises submissions for publication and they will be placed on the committee's web site. Some copies are also available here today from the secretariat staff. To date, the committee has received 28 submissions from interested parties. If you would like further details about the inquiry, please ask any of the secretariat staff present at the hearing today for assistance.



[9.07 a.m.]

**KING, Mr Michael William (Private capacity)**

**CHAIRMAN**—Welcome. These hearings are legal proceedings of the parliament and warrant the same respect as proceedings of parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The committee has not yet received a submission from you. Do you now wish to lodge a submission?

**Mr King**—At an appropriate time, I will table a copy of my *Hansard* submission to the local committee inquiry.

**CHAIRMAN**—Do you wish to refer to that?

**Mr King**—I will refer to it during the course of my discussion. I will talk to it very briefly.

**CHAIRMAN**—The committee prefers that evidence be taken in public but if you wish to give confidential evidence to the committee you may request that the hearings be held in camera and the committee will consider your particular request. Before we ask you some questions, do you wish to make an opening statement?

**Mr King**—Yes, if I can take five or 10 minutes.

**CHAIRMAN**—Please proceed.

**Mr King**—Thank you. I mentioned that I will table at an appropriate time—not just at the moment—the oral submission that I made to the concurrent local committee in relation to governance issues and the like. I had hoped to be able to give that to you earlier so that you could have a better understanding of my concerns and where I stand on certain issues, to enable you to formulate some questions, but unfortunately I was not able to achieve that for one reason or another. But I do have it now and I can table that at the appropriate time.

I should, before I go any further, welcome you to the island and wish the committee all the best in its inquiry. You will understand that there are many on the island who do not share those sentiments and who might not welcome you here to do this. I do so out of courtesy, not because I welcome the inquiry. Whilst I am not uncomfortable with the oversight of governance in Norfolk Island by the federal authorities, I do feel very strongly that the Norfolk Island community is basically all committed out—as it were—which may explain to a certain degree the lack of submissions that have been made and the lack of interest in the inquiry.

We of course have had a succession of committees of inquiry over the past 10 or 20 years—both local and Commonwealth, I have to say. I am not here to pick on the Commonwealth. I am here to express concerns which others in the community have about the number of committees that have confronted the Norfolk Island community, committees which have focused on our concerns and our shortcomings and which have produced reams and reams of recommendations and voluminous reports and debates in this parliament here and perhaps in the federal

parliament, although I am not sure there were any long debates on some of the reports that have been tabled. They are inquiries which have gobbled up our resources and energies and which, at the end of the day, have produced very few meaningful net outcomes for the Norfolk Island community. So it is little wonder that the community has openly expressed some indifference and scepticism about this committee of inquiry, and indeed about the concurrent local committee of inquiry. That is very sad and unfortunate.

But, however sceptical I might be, I would like to think that there will be changes made to the way we conduct our affairs. Some of the difficulties are ingrained and they have to be brought to the surface. I am hopeful that the need for change will be recognised locally and addressed by the Norfolk Island authorities and that any changes that result from the inquiries which are currently under way will ultimately be enshrined in Norfolk Island legislation, rather than the Norfolk Island Act—perhaps using the Legislative Assembly Act as apart from the Norfolk Island Act.

I table my oral submission, but if I may I will retain it just for the duration of my talk, and I will talk briefly to it. In that submission I outlined my mixed experience in Norfolk Island public affairs over some 20-odd years, in industrial relations, political commentary, lobbying and politics proper over two terms—in both terms as a minister of government and once as head of government. I did not assume the title of Chief Minister for one reason or another.

In my submission I expressed some deep concern at an inappropriate and entrenched budget process which lacked any wide economic focus, and I expressed some concern about a continued reluctance to tax while there is clearly a capacity to pay. My submission expressed sadness at a deterioration in the relationship between Norfolk Island and the Commonwealth, and I offered the opinion that the Australian citizenship of Norfolk Islanders had been devalued as a result of that deterioration. I spoke in my submission about the lack of understanding in the community about the political process and the continued need for education. I spoke about the obscurity of political leadership and the murkiness surrounding the boundary between the parliament and the executive government. I spoke about the lack of informed debate on political issues and the inability of our elected representatives to get their message across.

I offered some thought in my submission on changes to the political processes, emphasising that, whatever changes might occur, they should have four main objectives: to clarify the role of Speaker, to embrace the principle of separation of powers, and to not only strengthen the role and the authority of the Chief Minister but also enhance the role of non-executives, to elevate it to a more meaningful level. Finally, I was given an opportunity to comment on some practices allowed in the house which consume parliament's time and the government's limited resources, without any positive outcome for the community, whilst effectively detracting from the government's ability to pursue its agenda. I suggested a need for clearly publicised government priorities and a more scrupulous and objective business committee.

I will turn very quickly to some of the terms of reference for this inquiry and offer some opinions. On the matter of direct elections for the position of chief minister, I express my opposition. Certainly, that would go some way towards enhancing the standing of the Chief Minister but, unless the Chief Minister was also able to appoint his own fellow ministry, it would be unlikely to result in a team which could work well together. I impress very strongly the need to maintain the strong Westminster tradition of the parliament having control over who holds

those positions and ministers of the government or, in other words, having the ability to turf out the Chief Minister or the government—understanding, of course, that if the community elected the Chief Minister it could only be the community who would remove the Chief Minister from that position. That would be inappropriate, in my view.

Most candidates on Norfolk Island are not career politicians, and many are talented but inexperienced. Many may not recognise their own leadership potential and therefore not offer themselves as candidates in a direct election for chief minister. I would favour election of a chief minister by fellow MLAs under a secret ballot system much like they use in the Northwest Territories of Canada. It may be of interest to the committee to have a look at what they do there. I have said that things can be done better or more effectively than we are doing them now. I think that most MLAs, past and present, and informed members of the community have come to this same conclusion.

Your committee has also been asked to consider the island's capacity to meet its fiscal responsibilities and requirements. Several months ago the Norfolk Island government, through its finance minister, effectively declared that the island's finances were in crisis. There is little doubt in my mind that that is so, yet no meaningful policies or measures have been established to effect any meaningful change to that unhappy state of affairs. The community based committee convened in the wake of this ministerial declaration was charged not with examining the revenue streams and new taxing measures but with examining expenditure with a view to some reduction—an exercise which could not possibly result in any great reversal of fortunes and which again exhibits that longstanding, deeply embedded reluctance to tax.

Personally, I feel that self-government falters and may well fall on the issue of fiscal responsibility. We continue to aspire to a greater degree of responsibility for our own affairs, when there is clearly an inability to fund these responsibilities. But what worries me most is the consequences of the poor quality decisions which might be made when we are really backed into a corner. Those are my opening remarks, and I would be happy to receive questions from the committee.

**CHAIRMAN**—Is it the wish of the committee that the statement tabled by Mr King be accepted? There being no objection, it is so ordered.

**Senator HOGG**—On the issue of transparency and accountability—because that is something that I am very much concerned about in a number of other areas, not just here—how do you think they can be achieved, given the size of the legislature?

**Mr King**—Effectively, the question is obviously about the way that should be achieved in the parliament. That often needs a party political system—which, of course, we do not have here. Media plays a great part. I am not quite sure that there is sufficient scrutiny or sufficient effort in getting the message out into the community about what is going on down here in Kingston. I am really at a loss. I was involved in an effort over a number of years to try to keep the community informed, but it seemed to me that the more I stuck my head up on the local radio or in the local press the more I got shot at. It was a very difficult exercise. It tends to force you to keep your head down rather than to put your head up. I really cannot offer any meaningful answer as to how that might be achieved.

**Senator HOGG**—What would you see as being the key features of good governance by any government—whether it be the government here or a government anywhere else?

**Mr King**—Progress, achievement and accountability—certainly those things.

**Senator HOGG**—I would like to pursue this a bit more. As a former member of the legislature here, what internal processes were you involved in to scrutinise the spending by the legislature, to validate the expenditure by the legislature and to put together a forward program of expenditure by the legislature?

**Mr King**—I did not have an opportunity to spend any time on the back bench, but during my time on the front bench I was involved fully and completely in putting together budgets and reporting to both the community and the parliament. I have often been concerned about the inability of the budget process to be able to focus on the wider community. It always appeared to me to be an exercise simply in balancing the public purse. There seemed to be very little policy expression in the budget process here on Norfolk Island.

As far as accountability is concerned, attempts were made during my time—and, I think, at other times, although not very regularly—to present the budget to the community at public meetings. That took place, at least with me, on two occasions—I am not sure on how many occasions other than that—and that is probably a good step to follow. As far as accounting to the parliament is concerned, all the statutory checks and balances were completed. Most of the statutes require the tabling of various reports and things in the parliament, and they are all open for discussion. I am not sure that there is a sufficient amount of thought given to them before the discussion commences, but those reports were and are made available.

**Senator HOGG**—What sort of forensic dissection of the budget and reports was made by the parliament? Was there any?

**Mr King**—The format of reporting has changed from time to time dependent upon which minister is available, but there is always a summary of expenditure presented to the community each year in one form or another. I am sure the committee can obtain those. The proper break-up was there, although it could have always been done better. People do not necessarily understand the facts and figures that are put in front of them, and they do raise some questions from time to time, but efforts have been made to massage the manner or the format in which these figures have been presented. But they are presented.

**Senator HOGG**—What about any strategic plan as such? Did there seem to be a need for forward budgeting?

**Mr King**—Attempts have been made from time to time to try to put together expenditure plans that run beyond the term of the current parliament—which is the sensible approach, of course. The difficulty we have had with forward budgeting is that, come election time, we are effectively changing half the parliament and we lack that continuity. Therefore, we are introducing a whole new way of thinking about budgetary processes or budgetary expenditure priorities, and any plans that may have been put together by the former assembly or the former government go by the way. That, in my experience, has been the major difficulty with any forward expenditure planning.

**Senator HOGG**—Is that because there is no party system here?

**Mr King**—I think that is largely the case—or because there is a lack of understanding of the need to have long-term expenditure plans in place.

**Senator HOGG**—Would extending the term of government from three to, say, five years assist this process? I have no fixed view on this, by the way. Would it assist the government to sit down, develop a strategic program over a five-year period for delivery to the community without this fear that the government will be changed suddenly and therefore that the strategic plan will be put to one side.

**Mr King**—I think that it probably would assist them. I have expressed and maintained the view over a number of years that the term of three years is too short.

**Senator HOGG**—What would you see as being a reasonable term?

**Mr King**—I have no fixed views on it but I think five years would probably be better for the purposes of plans of expenditure. But there is a difficulty. Remember that we are lay politicians, not career politicians. Quite frankly, I am not sure that too many people would want to put their hands up for a five-year term.

**Senator HOGG**—What if you had a five-year rolling term whereby 50 per cent of the legislature were elected now and at a midpoint down the path the other 50 per cent were elected, so you had at least 50 per cent being retained for the period?

**Mr King**—Again, I have expressed some major concerns about the inability of the community to retain continuity in government. With a loss of continuity comes a lack of progression, so I would welcome anything which overcomes those difficulties. From time to time, I have given thought to such a process—a rollover period. I think that that would lend itself to some continuity, yes.

**Mr NEVILLE**—At the beginning of your evidence you were critical of the need for this inquiry and yet your evidence so far mirrors exactly what the terms of reference are seeking.

**Mr King**—No, I was not critical of the inquiry at all. What I was critical of was the fact that the community has been confronted by so many inquiries over a period of time without any meaningful outcomes. I would be happy if there were some positive outcomes from the inquiry. At this stage I cannot be confident, given the history.

**Mr NEVILLE**—You say that the finances of the island are in crisis. Would you like to qualify that a bit?

**Mr King**—I did not say that; I quoted the finance minister as saying that. He said that we are basically broke. At that point in time I think he said that within 6 months we will be broke.

**Mr NEVILLE**—What is your understanding of the self-sufficiency of Norfolk Island?

**Mr King**—I think that it can be achieved. I have no difficulty with that. I have a view that we have a sound economy, a good income base and a good standard of living in Norfolk Island. I do not think that there has been a sufficient contribution in tax dollars by certain sectors of the community and I think that there is an ability for the Norfolk Island government to target those areas and attract sufficient revenue streams to make Norfolk Island self-sufficient. I think it can be achieved.

**Mr NEVILLE**—Given that Norfolk Island does not make a contribution to the tax pool of the Commonwealth per se, what role do you see for Commonwealth agencies in supporting Norfolk Island?

**Mr King**—I think that there has to be some continuing role. As far as the overall role of the Commonwealth is concerned, as I have said, I am not uncomfortable with an oversight role. In fact, I am very comfortable with it—I like to think that the Commonwealth is there. Like anyone else, I do not like a big brother attitude and I do not like being belted with a big stick. Personally, during my time in government, I had a good relationship with the Commonwealth and I found it achieved a great deal more to have that good relationship. So I am not uncomfortable that the federal government is there keeping an eye on us. I am happy that it is a feature of our overall governance that the Commonwealth is there.

**Mr NEVILLE**—Do you think that there should be one-off injections of Commonwealth funding for special works—for example, the replacement of a hospital?

**Mr King**—No, I do not. I am a firm believer that Norfolk Island's government elected not to contribute to the public purse and therefore I do not think that the Australian taxpayer should be footing the bill—not while there is an unused capacity to tax. But I want to answer the first part of your question about ongoing roles for agencies of the Commonwealth. Once again, I do not think that Norfolk Island is well placed to be dipping into the Australian tax dollar through these agencies. But what concerns me is that if Norfolk Islanders, as Australian citizens, decide to take up permanent residence in Australia and pursue a career in Australia then many of the agencies close their doors because they have not resided on mainland Australia. So you have a situation where a Norfolk Islander Australian citizen seeks to take up permanent residency in his own country and some of the doors of some of the agencies are closed. I am not terribly happy about that.

**Mr NEVILLE**—What I am leading to is that the Commonwealth has some 'over and above' funding that does not go according to the taxation of a particular state or a region but is an equity matter—for example the Regional Solutions Program, Networking the Nation, the freight subsidy from the mainland to Tasmania and special grants for hospitals in remote areas. To what extent should those things apply to Norfolk, given that it is not a major contributor to the tax pool, from an equity point of view? Does the Commonwealth have a responsibility to ensure that, no matter what the tax take is, equity exists throughout the Commonwealth?

**Mr King**—I do not think it is as clear cut as that. To say anything other than what I am about to say would be totally inconsistent with the views that I have expressed previously. We do not contribute to the tax coffers and we do not properly take our own taxing measures, so we have not exhausted those measures or things that we can do here on the island. Therefore, we cannot expect to be able to dip into the Australian tax dollar. That is my very strong view.

**Mr NEVILLE**—There is a view held in respect to Tasmania and the populated offshore islands that those citizens have certain rights of engagement with the rest of the Commonwealth, that being expressed in things like the Bass Strait subsidy and state subsidies for roads on those islands and the like. Do you think there is a case for that here?

**Mr King**—It probably sounds very mean and miserable of me to say no, I do not think there is a case, but I think those places are totally different to Norfolk Island. Norfolk Island is unique in that it was granted a measure of self-government in 1979 on the basis of a number of things, one of which was that we do not contribute to the tax coffers of Australia and we cannot therefore expect to draw from those coffers.

**Mr NEVILLE**—You would be aware that the committee is very concerned about the standard of the hospital here. We have heard estimates ranging from \$5 million up to \$15 million for a hospital and aged care facilities. How do you see Norfolk Island achieving those sorts of things without some Commonwealth assistance?

**Mr King**—Firstly, I cannot express any view of what the expected costs might be. I recognise that not only the hospital but also other areas of infrastructure on the island require some attention. I do not know; I cannot offer you an answer to that. All I can say to you again is that we can fall back on the fact that there is, as expressed by the Commonwealth Grants Commission, an unused capacity to tax on the island. Given that if there were equitable and proper taxing measures put in place, therefore putting in place an ability to fund some sort of loan—forward planning again—then perhaps there is room for Norfolk Island borrowing money. I do not have any objections to Norfolk Island borrowing money on reasonable terms. That way, of course, you are spreading the burden of the expense over future generations and not placing it on one or two generations. So maybe that provides some sort of answer—borrowing on reasonable terms over a reasonable period and introducing taxing measures to enhance your capacity to repay.

**Mr CAMERON THOMPSON**—Can you describe for me what sort of additional tax measures you would like to see implemented? I am serious. You are advocating it. You say there are some areas that have the capacity to pay and they are not being targeted. Are you talking about high-wealth individuals?

**Mr King**—I think your best reference material for that is probably the Commonwealth Grants Commission report. I have a view about income tax being fair and equitable taxation. I would have no objection to an income tax. I am not suggesting that the Commonwealth income tax scheme be extended here, and I know there would be difficulties in Norfolk Island developing and implementing an income tax scheme, but I have a view that income tax is probably the only fair and equitable taxing measure. Beyond that, there are probably a whole host of other areas where taxation could be looked at. Capital gains—particularly by people who simply come into the island for a short period of time, capitalise, realise and capitalise on their investment and leave—ought to be taxed. I do not know how much those sorts of measures would achieve in terms of additional income, but there needs to be a wider focus. I think the fairest and most equitable wide focus you can have in income-raising is income tax.

**Mr CAMERON THOMPSON**—You said that when you were performing this ERC type function reviewing the budget you objected to merely focusing on cutting expenditure rather

than looking at the tax area. Do you feel then that the government and the bureaucracy here is about as small and efficient as it could possibly get or do you think there is fat within the system?

**Mr King**—No, I do not think there is fat; absolutely not. I do think that there is a huge misunderstanding and misconception in the community that the public service is overstaffed and overpaid. I think it is ill equipped, if anything, to deal with the measure of self-government that Norfolk Island has taken on board—even more so in the current situation. The public service, as we know, is the only measure of real permanence in the Westminster system. It needs to be strong and robust. It needs to be permanent. It needs to be an attractive place of employment for well-qualified people. I do not believe it is that at the moment. No, I do not believe there is any fat in there.

**Mr CAMERON THOMPSON**—That is interesting because that is another area I wanted to ask you about. Under the Westminster tradition bureaucrats—the people in the public service—are separated from the ministers. That does not seem to be the case here. There seems to be a lot of internal, hands-on manipulating by ministers within the public service. Do you agree with that? If not, tell us about it. Otherwise, what do you think should be done about it?

**Mr King**—I am not sure I agree with your description of hands-on manipulation. What I would say is that often there is an inability as a minister to find the right person or the right resource in the public service to achieve what you want to achieve and therefore you need to do much of the groundwork yourself. Many of the ministers have found that it has become necessary to do that because you do not have the resources in the public service to call on. That is why you find that there is some intrusion by the ministers in public service matters. I have a little story which emphasises that point. During my time as the finance minister, I personally took on board an exercise in preparing commercial digests and long-term spreadsheets for the business undertakings and presenting them to the public service, instead of the other way around. It is a necessity.

**Mr CAMERON THOMPSON**—Are you saying then that the public service has not got the skills that the ministers need to be able to call on?

**Mr King**—I think there are some areas where there is a deficiency, yes. I have to say that because of the width and breadth of the level of government responsibilities. That is understandable. I do not think that we could reasonably expect that we could have all the skills in our public service necessary to achieve what we want to achieve. But we then go beyond that to consultancies or the Commonwealth to give us some advice.

**Mr CAMERON THOMPSON**—Do you feel then that, apart from taking on consultancies, perhaps the public service needs to get some of those skills, that it needs to be bigger? It seems inadequate if the ministers are not being fully advised or cannot call on or rely on a level of expertise that they should be able to.

**Mr King**—It is clearly a problem. There have been many attempts over the years to reform the public sector. There has been report after report with various recommendations about hierarchical structures and the like, none of which have been terribly successful for one reason or another—I cannot really focus on precise reasons why they have failed. There is some



recognition of the need to have some reform in that area. How to achieve it is another, entirely separate question. There is a need for upskilling; there is no question about that.

**Mr CAMERON THOMPSON**—I will change the subject a little bit. What is your view on this Illinois voting system? If you have a preference to change it, what sort of system would you suggest?

**Mr King**—So we have jumped out of the public service now, have we?

**Mr CAMERON THOMPSON**—Yes.

**Mr King**—I was quite happy with the preferential voting system that came as part of the self-government package, I have to say. The attempts to change that in 1981-82 had as their objective a return to a first-past-the-post system. We did not get that; we got the Illinois voting system. It depends what you want a voting system to achieve. I suppose the criticism that comes out of it is that it is not achieving what some people would like to see achieved. If you look at the question of whether it provides proper representation in the parliament, you have to say it is a wonderful system because the statistics will tell you about 96 per cent of the electorate achieve some representation in this parliament. When you look at that fact alone you would have to say it is a wonderful system. Not many systems achieve that.

It could probably be done better. There are a lot of wasted votes. I like the idea of a preferential voting system with a single transferable vote so that the value of your vote is not wasted and you can pass on your surplus to your next preferred candidate. One of the reasons given for seeking some change in the very early eighties was that people did not understand that particular voting system. That is probably right. Probably 90 per cent of the people who use that system in the world do not understand how it works and how the Droop quota is calculated and the like so it is not necessary for people to understand precisely how a system mathematically works. I do not believe that we would go back to a first-past-the-post system in any form.

**Mr CAMERON THOMPSON**—Does it concern you that, if you look at the results of the elections using the Illinois system, someone who missed out had more individuals voting for them than someone who got elected?

**Mr King**—That has only happened on one or two occasions. It very rarely happens. Sure, it is an anomaly. It is not a significant anomaly, I have to say, because the difference is not great. On those rare occasions that it has happened it has only been a handful of votes. It may well be that they had fewer voters vote for them than the person before them who was successful, but it may be the other way around in respect to votes.

**Mr CAMERON THOMPSON**—Yes, but that is a peculiarity of the system.

**Mr King**—Yes, precisely. I do not think that is of much note, really.

**CHAIRMAN**—I have a couple of other questions. Has it ever been your opinion and is it your opinion now that perhaps a form of local government may have been better or would be better for Norfolk Island than territory self-government?

**Mr King**—Probably yes. I was not around in the late seventies when this debate occurred. I think that Norfolk Island, by and large, did not have a full appreciation of what they were taking on board, what it all meant, how they were going to fund it and the heavy nature of the decisions that they would be called upon to take—taxing measures, for example. It could have been done better. There were certain areas where there was a reluctance to take the hard decisions. They might well have stayed in the federal area rather than being granted.

**CHAIRMAN**—What I was really leading up to is: what if the Commonwealth were, with agreement, to take over some the Norfolk Island government's more onerous portfolios, such as migration and social security, where there is a high cost to maintain them and no real return? If that was to happen, would that resolve some of the financial problems?

**Mr King**—I do not know. I would have to look at the cost factors. I do not know what the costs are in those specific areas. I have not been concerned so much that the cost of the areas that have no return is a burden. My concern has been the reluctance to take taxing measures—that being the hardest decision of all to take. Again I emphasise, as the Commonwealth Grants Commission has, that there is that capacity to pay in this community. Of course no-one wants to pay taxes of any kind, but the reality is that people have to contribute on a meaningful level, particularly if they want to stay in such a beautiful place as Norfolk Island. Self-government has an inherent cost to it—a cost which is increasing. We have to contribute to it. The elected representatives of Norfolk Island must stand for election acknowledging that they have to address these hard issues and take the hard decisions that accompany their election. If they do not take those hard decisions, then the decision taking should be removed from the island.

**CHAIRMAN**—We have seen some figures. If I am correct, there is at least a 60 per cent capacity to raise taxes left on the island—left with respect to that particular resource. A 20 per cent increase would see the government in a continuing surplus. Do you have those figures?

**Mr King**—No, I do not. I am not familiar with the figures over the past number of years.

**CHAIRMAN**—If the figures are correct—and I accept them as correct; I do not expect you accept what I say, but I accept them as correct—they are saying that it would only take raising taxes 20 per cent of the 60 per cent capacity that would bring them up to the mainland level. That is the 60 per cent. But only 20 per cent would leave a surplus.

**Mr King**—I accept that as reasonable, and I have no difficulty in accepting the validity of what you are saying.

**CHAIRMAN**—It has been most interesting listening to you this morning. Thank you very much. If there are any matters on which we might need additional information, the secretary will write to you. You will be sent a copy of the transcript of your evidence to which you may make editorial corrections. Thank you again for your attendance.

[9.49 a.m.]

**GRIFFITHS, Mr Bruce Alexander (Private capacity)**

**CHAIRMAN**—Welcome. These hearings are legal proceedings of the parliament and warrant the same respect as the proceedings of the parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as contempt of parliament. The committee has received two submissions from you, Nos 6 and 22. Do you wish to make any corrections or amendments to them?

**Mr Griffiths**—No; they are complete in themselves. One was made much earlier than the other. I do not wish to make any amendments.

**CHAIRMAN**—The committee prefers that evidence be taken in public. But, if you wish to give confidential evidence to the committee, you may request that the hearings be held in camera and the committee will consider your particular request. Before we ask you questions, do you wish to make an opening statement?

**Mr Griffiths**—Yes.

**CHAIRMAN**—Please proceed.

**Mr Griffiths**—I listened with interest to Mike King. As you probably noted from reading my submission, I am a little more aggressive than him. I do not mean to cause offence.

**CHAIRMAN**—I am sure you will do your best not to.

**Mr Griffiths**—I am not sure about that. First, I will tell you a little more about myself. I arrived on Norfolk Island in 1946 as an 18-year-old in the New Zealand Air Force. I fell in love with Norfolk Island at that time and I have never fallen out of love with it. I next arrived on Norfolk Island with my family in 1964 as an employee of the Commonwealth Bureau of Meteorology. I have been active in public life, first of all in the P&C; my wife and I had a great interest in education because we had young children. I was chairman of the hospital board for a few years in the late sixties and seventies, and I was chairman of the Public Service Board in the early nineties. I became an Australian citizen in 1974. I was a member of an ERC in the early nineties and a member of the Focus 2002 group last year. I am a pragmatist. I do not hold any strong political philosophies. That is about it.

**Mr NEVILLE**—What do you think is the Commonwealth's responsibility to Norfolk Island, given that Commonwealth tax is not paid here?

**Mr Griffiths**—To help us when we ask for help.

**Mr NEVILLE**—Only when you ask for help?

**Mr Griffiths**—Yes.

**Mr NEVILLE**—What about the Commonwealth's responsibility to ensure that equity prevails throughout the Commonwealth?

**Mr Griffiths**—As we live on an island where there is no personal income tax, I do not think the Commonwealth's responsibility extends to us in the same way as it does to other Commonwealth citizens.

**Mr NEVILLE**—What about matters such as engagement with the rest of the Commonwealth, like telecommunications, transport and the like? Where do you think the Commonwealth's role is there?

**Mr Griffiths**—You talked about the Bass Strait subsidy; I do not believe that we warrant such a subsidy, even though we pay very high freight rates. It is our choice to live here and we should pay for it.

**Mr NEVILLE**—There is a shortfall in the Norfolk Island budget. How do you think that shortfall should be made up?

**Mr Griffiths**—When I worked for the Focus 2002 group, I advocated targeted taxes—for instance, a self-funded compulsory island-wide superannuation scheme which would pay for welfare. I advocated targeted taxes on fuel, for our roads. Even if those charges were to be high, that would be one form of paying for them. It was user-pays—those who use, pay.

**Mr NEVILLE**—What is your view on the structure of the parliament? Do you think the current system of three-year elections is adequate?

**Mr Griffiths**—If you have read my submission, you would be aware that I treasure citizens-initiated referenda. I understand what a fixed term implies regarding continuity but, as a practising democrat, I would not wish to remove from the people the right to dismiss a government they were dissatisfied with. In the past 35 years we have had seven citizens-initiated referenda; that is hardly an irresponsible use of that power.

**Mr NEVILLE**—Did you hear the previous witness speak about continuity?

**Mr Griffiths**—Yes.

**Mr NEVILLE**—What is your view on how continuity should occur? Should the term of the parliament be left outside the citizens-initiated referendum process?

**Mr Griffiths**—I cannot decide that question. The last government being dissolved and this present government coming into being was the result of a citizens-initiated referendum. People like me are torn in half: one side of me says that governments should serve their term; the other side of me says that the people should not be deprived of the right to dismiss a government. It is a problem and I cannot solve it.

**Mr NEVILLE**—How do you allow for the rush of blood factor? Should the method of changing the government perhaps be within itself? If there is a vote of no confidence in the Chief Minister or the ministry in general, should the position be declared vacant?

**Mr Griffiths**—That has happened in the past.

**Mr NEVILLE**—Should that be put in place as an alternative to a citizens-initiated referendum?

**Mr Griffiths**—I have written quite a lot about consensus politics. When you have a community of mixed racial, ethnic and national origins and you live on a remote island in the Pacific, it is necessary to arrive at agreement. This island in the past has had divisive issues—mind you, 40 years ago—and that tore the island apart. So we go a long way now to not have divisive issues.

**Mr NEVILLE**—What were those issues?

**Mr Griffiths**—It was a matter of local government that the island was offered in 1960. The council of the day had what would today be called a political party; it was called ‘the bloc’ at the time. One half of the island said, ‘Yes, we should grab it,’ and the other half of the island said, ‘No, we don’t want it.’ That division did not do us any good.

**Mr NEVILLE**—That is not unique to Norfolk Island. The Northern Territory knocked back statehood and the ACT knocked back local government.

**Mr Griffiths**—It is the same issue.

**Mr NEVILLE**—It is not unique to Norfolk Island.

**Mr Griffiths**—No.

**Mr NEVILLE**—What would you want to see coming out of this inquiry in terms of governance? Do you think the processes of government here are sufficiently rigorous?

**Mr Griffiths**—Are we talking about here on Norfolk?

**Mr NEVILLE**—Yes, the day-to-day running of the island.

**Mr Griffiths**—I think they do a pretty good job under very difficult circumstances, which the Commonwealth does not help.

**Mr NEVILLE**—In what respect does the Commonwealth not help?

**Mr Griffiths**—By hindering us as with this inquiry, a particularly inept, clumsy way of achieving some result which I do not understand.

**Mr NEVILLE**—We are here today to respond to the terms of reference of the minister and to hear your views.

**Mr Griffiths**—Do you want me to read my views out?

**Mr NEVILLE**—No, but let me make a brief statement. I do not think there is one person around this table who came here with a view to reducing or diminishing the self-government of this island. I think we came with a view to enhancing it.

**Mr Griffiths**—It does not seem as if the 1979 act which seemed to enshrine in us a form of self-government which encompasses Commonwealth, state and local government would diminish us to the level of a shire council. It does not seem that your terms of reference are as you say.

**Mr NEVILLE**—That is what we want you to tell us: why you want to maintain the system and how we can enhance it.

**Mr Griffiths**—I think we do maintain it quite well. Do we make mistakes? All the time—like every government, everybody, everywhere. I am not ashamed of our mistakes. I sometimes think we can do better and I sometimes wish that we would, but I am very proud to belong to this community.

**Mr CAMERON THOMPSON**—What did you think about the comments that Mr King was making about taxation? Do you agree that the island, for the purposes of running its own affairs, is undertaxed?

**Mr Griffiths**—Yes, I do, but my solution is to target tax—not income tax, as he said.

**Mr CAMERON THOMPSON**—What do you mean by ‘target tax’?

**Mr Griffiths**—I believe we should pay for welfare. We should pay for it in the form of superannuation, as you do in Australia, and I believe it should be compulsory.

**Mr CAMERON THOMPSON**—So you mean a superannuation scheme—

**Mr Griffiths**—Yes—that is a tax.

**Mr CAMERON THOMPSON**—to pay for welfare.

**Mr Griffiths**—Yes.

**Senator HOGG**—Superannuation at what level?

**Mr Griffiths**—In Focus 2002 I proposed just notional figures. I proposed five per cent based on an income of \$500 a week, but that was only a notional figure for the purpose of exploring the subject. That would raise around \$1.3 million a year.

**Senator HOGG**—Would you be surprised if I told you that the Senate Select Committee on Superannuation has conducted extensive inquiries in this area and found that, even with superannuation fixed at nine per cent, that would still mean that 80 per cent of the people, when they retire, would be dependent on some form of welfare?

**Mr Griffiths**—No, I would not be surprised. I pay 12 per cent myself.

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**Mr CAMERON THOMPSON**—Apart from that superannuation scheme, are there other types of taxes?

**Mr Griffiths**—Yes, there could be a tax on fuel for roads—a high tax. I am talking about \$1 a litre. I worked out that we have 100 kilometres of road here and it costs about a million dollars to do 10 kilometres. It worked out that, if you put on \$1 a litre, you could afford to do 10 kilometres of road and it would take 10 years to do all of the roads. To me that seemed to be an acceptable way to tax. It was specific, it was targeted for a specific purpose, and it went into a specific fund.

**Mr CAMERON THOMPSON**—Why do you not like the idea of an income tax?

**Mr Griffiths**—I have provided an extract from the Commonwealth grants report. By the way, I believe that is a significantly flawed document, even though you used it as one of the terms of reference. They admit in the beginning that they do not know the size of the Norfolk economy. They guess it is at \$80 million, but they say that they do not know the size of the cash economy. I do not know anybody who does know the size of the Norfolk economy, and I do not even know anybody who could work it out. How could you? There are no records.

**Mr CAMERON THOMPSON**—Okay.

**Mr Griffiths**—We are 142 per cent more efficient than you are, according to the Commonwealth grants report. I will read it out.

**Mr CAMERON THOMPSON**—I am asking why you do not like an income tax. You are saying it is just a preference thing. You want these target taxes; he wants income tax. What is your problem with an income tax?

**Mr Griffiths**—One of the reasons why Norfolk is efficient is that if you go out and catch a bit of fish, bring it on to the wharf and somebody goes down and buys it, you stick that money in your hip pocket. No government is looking over your shoulder, saying ‘I will have some of that.’ My submission states:

I bring these statistics to your attention to illustrate the benefits of small unregulated government and low taxes. If a progressive income tax scale acts as a disincentive to work, it appears from the Norfolk example that the reverse is not only true but is also more than twice as “efficient” as the Mainland.

Professor Helen Hughes in the article ‘Paradise Lost’ says that we are twice as efficient as the mainland. That is because we do not pay income tax.

**Mr CAMERON THOMPSON**—I noticed in your list of the citizens-initiated referenda that most of them have stopped most moves, for example, to give the island federal representation—that is, to be part of an electorate where an MP would represent the island all the time down in Canberra. That was one thing that a citizens-initiated referenda stopped. It went down by 178 votes to 801. Why do you think people feel so strongly against having a representative in Canberra?

**Mr Griffiths**—According to the latest figures there are 250 residents on Norfolk Island who are members of an Australian electorate and who vote in Australian elections. That is one of the options that arose out of that referendum.

**Mr CAMERON THOMPSON**—But they do not have a representative for Norfolk Island who would be saying in Canberra that Norfolk Island is part of my patch.

**Mr Griffiths**—I refer to my papers. I started off my submission with an extract from the Norfolk Island government submission to the Constitutional Commission in 1987. It states:

For over 130 years the people of Norfolk Island have been subject to the authority of overseas Governments and legislatures. There have been periods of almost complete autonomy, and periods of rule of a quasi-colonial type. At times the Island has been considered to be a colony or dependency, at others a part of the metropolitan country. The mainland tide has ebbed and flowed. One thing is common. At all times during the years since 1856—when the people of Pitcairn Island first settled on Norfolk—the final power to control even the smallest detail of village-level administration has resided elsewhere. The submissions in this paper are an attempt to establish a balance—

I believe the following words are important—

to confirm to the metropolitan country what should rightfully be hers in the interests of all, but to achieve constitutional guarantees for an appropriate level of self-government in the Island. These are necessary to preserve its sense of identity, to give it reasonable protection from political forces in which it has no part and over which it has no control and to foster measured and sensible progress towards self-responsibility.

I take those words literally. That is why they did not wish to have a representative in Canberra. This submission says ‘constitutional guarantees’. I do not believe the Commonwealth government is about to give Norfolk Island constitutional guarantees. I do not even believe it is in our interests for the Commonwealth government to do that. But what I would like to substitute for ‘constitutional guarantees’ is a memorandum of understanding. We are all aware of the tensions, conflicts and misunderstandings that arise between Norfolk Island and Canberra. To satisfy the aspirations in that particular quote, I would suggest a memorandum of understanding. The 1979 act seemed to us at the time to be a form of constitution, but over time it has become eroded.

**Mr CAMERON THOMPSON**—I want to pursue my question a little bit more. I have been speaking to members of the legislative assembly, and they are currently looking at the possibility of employing a lobbyist in Canberra, at some cost to the budget here. Why would you want to employ a lobbyist when you could get one for free?

**Mr Griffiths**—Do not ask me the ways of government. I do not know.

**Mr CAMERON THOMPSON**—If you have an MP representing you then you have a lobbyist for free. If you are going to go and pay for one, I just do not understand why you would not—

**Mr Griffiths**—He would need to belong to a political party, wouldn't he? Who is he going to belong to—the Democrats, the Greens, Labor?



**Mr CAMERON THOMPSON**—No, not necessarily. I am saying if you—

**Mr Griffiths**—Labor, like Senator Hogg, then? Liberal, National? I do not know who he would belong to—the Norfolk Island Party?

**Mr CAMERON THOMPSON**—He could do. Okay. Thank you.

**CHAIRMAN**—Mr Griffiths, what is your view of a directly elected chief minister on the island?

**Mr Griffiths**—I do not like the idea.

**CHAIRMAN**—You do not like the idea. Why?

**Mr Griffiths**—Islanders make up the fabric of this island. They are 47 per cent of the island's population. They have managed to live peacefully on this island for 150 years. We mainlanders are guests here—that is the way I see it, even though I have island grandchildren. With one or two exceptions, I do not know any islander of Pitcairn descent who would set himself up to be Chief Minister here. I actually do not know many mainlanders.

**CHAIRMAN**—I am still at a bit of a loss. Perhaps you will explain a little bit more for me. What is wrong with having a Chief Minister? What is wrong with having a chief minister who is popularly elected?

**Mr Griffiths**—I thought we were dealing with the Westminster system here. I thought that this lovely room, which was donated to us by the people of Australia in 1979, was about the Westminster system. It was not about some form of republic where we had an elected chief minister who had power over us. You do not have that in Australia, do you?

**CHAIRMAN**—We have a number of systems in Australia, particularly at local government level.

**Mr Griffiths**—But you do not have a chief minister who is boss through a separate election. And you would reject it out of hand if you did—until we become a republic, that is.

**CHAIRMAN**—I assume that is an unequivocal yes or no, but I—

**Mr Griffiths**—Go ahead, Chairman, I am quite happy for you to assume.

**CHAIRMAN**—Let me move on to the voting system here.

**Mr Griffiths**—Yes.

**CHAIRMAN**—Are you happy with the Illinois system?

**Mr Griffiths**—No.

**CHAIRMAN**—What system do you think should replace it, then?

**Mr Griffiths**—Minister Tuckey had a few interesting comments to make about that. Do you want me to look up his comments?

**CHAIRMAN**—No, it is okay.

**Mr Griffiths**—I think voting systems are extremely difficult things to come to terms with.

**CHAIRMAN**—Any voting system?

**Mr Griffiths**—Any voting system. The one that I prefer is the simplest one and the one that the population understands.

**CHAIRMAN**—The first-past-the-post system?

**Mr Griffiths**—Yes, and that is a pretty simple system. The Commonwealth had objections to it in 1980 because they believed that it did not give sufficient voting power to minorities. I do not know which minorities they were talking about. I really do not know about any minorities on Norfolk. They brought in the Hare-Clark system. The Australian Electoral Commission brought over some guys who ran a week's seminar here, which I attended every day—and I still do not know how it works. Then they brought in the Illinois system. So we had a choice between two, neither of which we wanted.

**CHAIRMAN**—What do you think would be appropriate?

**Mr Griffiths**—Some variation or form of first past the post. When you have first past the post you have nine votes for nine vacancies and you can sit down and look at the candidates and try to pick nine people who would make a good assembly.

**CHAIRMAN**—Who tries to pick those nine people?

**Mr Griffiths**—Me, when I vote. With the Illinois system, you can have groups of people—maybe even small groups of people—who, by agreeing to block vote, can elect a person who is totally unrepresentative of the community. I believe the weighting of it is unfortunate. I believe it is an unintended consequence. I do not think anybody at the time would have seen that that was what could happen in a small community.

**CHAIRMAN**—What about an open register of pecuniary interests for the members of parliament?

**Mr Griffiths**—I do not know where this stuff comes from. I read in the *Australian* last week about people having strangleholds on water and power. What silly stuff! How can you have a stranglehold on water on Norfolk Island when everybody has their own?

**CHAIRMAN**—I do not know anything about that, Mr Griffiths.

**Mr Griffiths**—It was such a silly thing to say. There is no-one on Norfolk who does not have a ‘conflict of interest’; we all have things—whether or not we are in the assembly.

**CHAIRMAN**—Was that a yes or no with respect to the pecuniary interests register?

**Mr Griffiths**—Sure, if that is what people want to do, that is okay by me. I do not know about the value of it.

**CHAIRMAN**—It would add to open, transparent government, wouldn’t it?

**Mr Griffiths**—Given the fact that, if I see the Chief Minister standing in the queue in Foodies, I can say ‘Hey!’ and grab hold of him, we have fairly open government.

**CHAIRMAN**—Yes, that is quite open. That has been very interesting, Mr Griffiths. Thank you very much for your attendance here today. If there are any matters on which we need additional information, the secretary will write to you. You will be sent a copy of the transcript of your evidence, to which you may make editorial corrections. On behalf of the committee, I thank you once again.

**Mr Griffiths**—Senator, may I ask one question?

**CHAIRMAN**—Yes, please do.

**Mr Griffiths**—What specific competence does this committee bring to this investigation on a small, remote island in the middle of the Pacific?

**CHAIRMAN**—I guess the competence is something for someone else to judge, Mr Griffiths. We are just ordinary people. We come from ordinary backgrounds on the mainland. We see Norfolk Island as being a special part of Australia but nonetheless a part of Australia. We are looking to assist in delivering better governance to you and to the people on Norfolk Island, and we hope our competence extends to that degree. Thank you very much for your attendance here today.

**Proceedings suspended from 10.20 a.m. to 10.30 a.m.**

**SMITH, Mr George Charles (Private capacity)**

**CHAIRMAN**—I welcome the Hon. Mr George Smith. These hearings are legal proceedings of the parliament and warrant the same respect as the proceedings of parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The committee has not yet received a submission from you, Mr Smith. Do you wish to lodge a submission now?

**Mr Smith**—I do have a short submission which I have written and, with your approval, I would like to read through it.

**CHAIRMAN**—Yes. The committee prefers that evidence be taken in public but if you wish to give confidential evidence to the committee you may request that the hearings be held in camera and the committee will consider your particular request. If you wish to make an opening statement, please proceed.

**Mr Smith**—I live on Norfolk Island and I am a member of the 10th Legislative Assembly of Norfolk Island, although I appear here today in a private capacity. I have served on the fifth, seventh, eighth, ninth and the current 10th Norfolk Island legislative assemblies. I was first elected in 1989 and have held various ministerial appointments during my time. I am appearing here today to voice my views on the current and recent inquiries into Norfolk Island. I need to say, however, that my views are not necessarily those of my colleagues in the legislative assembly.

During my time in the assembly there have been a number of inquiries into the way Norfolk Island operates, with inquiries relating to Norfolk Island's electoral systems being prominent in my time, in the last 12 to 13 years. Over the past 12 years the question of how people should vote, or who should vote, has been raised time and again by the Commonwealth government. The Norfolk Island people and the Norfolk Island government have voiced their opinions time and time again, with the support of referenda, supporting the government's views on, I believe, at least three occasions, possibly four. It has been stated every time that Norfolk Island should be the decider in who is involved in Norfolk's electoral affairs, if any change should take place at all.

The surprising fact that I find is that each inquiry that takes place in Norfolk Island rarely supports the Norfolk Island government's or the community's point of view. The results almost always appear to favour either a minority or the Commonwealth's wishes, and that is of concern to me. Having said that, I need to say that I believe the relationship between the Commonwealth government and the Norfolk Island government is quite good and has been generally good over the years, although it can be strained at times when pressure is put on the smaller government by the larger one.

As you probably all realise now, Norfolk Island is different. It is unique and perhaps it is even an island that is one of a kind, with the political set-up that we have here. The island has a very deep and rich culture which is recognised by those of us who live here and by those who visit and which is practised by us here constantly. It is not practical to think of Norfolk Island in the

same way as other countries or other places. It is also not practical to even consider that Norfolk Island can provide everything that others do for their citizens. We are only a small place; we recognise that. There are only a few of us here. In fact, Norfolk Island is smaller than most suburbs anywhere else, but we still give the residents of Norfolk Island a fairly sophisticated way of life.

Norfolk Island funds almost everything and it is self-contained in that sense. I do not believe that any state or territory in Australia funds the services that we do without assistance from anywhere else, nor do others need to deal with the three levels of government which Norfolk Island does. We pay all the costs associated with all the health services, health insurance, education services, welfare services, telecommunications, electrical supply and the airport—and there are many other areas also—without assistance, although there are some exceptions where we have had to borrow money.

The Norfolk Island Act 1979 has been in existence a mere 24 years, as has the legislative assembly. There certainly have been political ups and downs in that time, as the island had to come to grips with governing itself with the limited resources that it has had to develop the systems we now have. However, Norfolk Island is possibly the closest example you can get of a real democracy, where the people can control their destiny by using their collective influence over the legislators, for example—and they do. That can manifest itself at elections, at referenda, by petition or simply through talking directly with the members of the legislative assembly.

It is extremely important to think years ahead in planning in a small place like Norfolk Island. Short-term decisions can have effects that can cause serious problems in the future that are not easily overcome in a small place. There are always difficulties with the way we do it, but we do work through our difficulties and, although not everyone is happy with them, we can manage quite well. But that does not mean that Norfolk Island is reluctant to make assessments on the way that we do things here; I do not believe that we are reluctant. But changes to our electoral matters are matters for the Norfolk Island Legislative Assembly to work out with the people who live here and the people who use the systems that are in place. In my opinion, there are changes that could be made to improve our electoral processes, which I will get to shortly.

Turning to matters of the current inquiry, if we take the question, ‘Should the Chief Minister be elected in a separate election?’ it really begs the question: what is the logic behind the question? If there were a general gripe about the current method from the community, I am sure we would soon get the message from the community. If it were thought that the legislative assembly chose the wrong person, who knows—a direct election may end in the same result. At least with the assembly making the decision there are only nine of us to take the blame if we get it wrong. If the intention is to create a legislature that is more akin to a local council, it could show that someone is quite ignorant about the complexities of governing Norfolk Island.

The proposal to have a direct election for Chief Minister is flawed and, I believe, unworkable. The position of chief minister on Norfolk Island is as a leader of the government. It has no additional power nor does the Chief Minister receive any more remuneration than other executive members, and not every legislative assembly has had an identifiable chief minister with that title.

The question of introducing fixed terms for the assembly would prevent the democratic process from taking place if and when the people decide it is time for change. That proposal is unworkable on Norfolk Island, much as it is anywhere else. However, it is my view that we should or could make changes to our electoral system as follows. It has proven to be true that most of the assembly terms are brought before full term either due to community influence or because of an unworkable situation within the assembly itself. It appears that the average effective working time for a legislative assembly is about two years. Current legislation sets the term at a maximum of three years.

Norfolk Island people are very politically aware and appear to want to see a change if an assembly heads to the full term of three years. In the past that has shown up as large swings in voting patterns at elections, which can reduce the continuity within the legislative assembly if you lose four or five members at an election. If elections were held while an assembly was still effective in those first two years or at the end of those first two years, it would create an environment where better continuity of the membership could be achieved and it would create more stable government.

The Illinois voting system under Norfolk Island legislation allows any eligible voter to cast a maximum of four votes for a candidate from the nine votes that they are given. I believe that that is too many. I might be alone in that, but I believe it is too many. I have the view that it should be reduced to two as a maximum. My reasoning is that fewer votes would ensure that voters would be voting for more than just three candidates, as is now possible under our system. The result should be a more democratically elected assembly. Electors would still have the nine votes but would need to vote a little differently.

The other matters raised in the inquiry are matters that I believe should be discussed between the Commonwealth and the Norfolk Island government. Whether it is about financial capacity or administrative capacity, there is no obvious reason why a course that is acceptable to both parties cannot be mapped out for the island. I do not believe having an inquiry into whether we should be taxed should be discussed in a public forum before the two governments have had such a discussion—they may already have had one, but I am not aware of it. In reality, though, that sort of thing will only occur when there is a Commonwealth minister or a department that will support Norfolk Island and its legislative assembly rather than be antagonistic, as seems to occur year after year, minister after minister. They seem to have an attitude that is sometimes quite patronising.

The Administrator's office should be streamlined to better reflect the role it now performs. Whilst the Administrator's office is still seen by many on the island in terms of the way it used to be, the legislative assembly will always have difficulty competing as the Norfolk Island authority—that is a reality. When hard decisions are taken by the legislative assembly, there are always some in the community who favour the idea of Norfolk Island returning to the regime which had the Administrator in almost total control over the island. It could also be argued that the on-island role of the Administrator may be diminishing to a point where it may become redundant and that the island might be better served by having a representative who visits periodically for official business. In all of this, as I said earlier, it is paramount—whether it is done by the Norfolk Island government or the Australian government—to have good forward planning with a global view in mind for Norfolk Island for its future. That has to apply to the Commonwealth as well.

There are questions I now raise, because I have no answer to them, in relation to the Commonwealth. They are simple questions. What do the Commonwealth really want to achieve with Norfolk Island? From all the time I have been in the assembly, I still do not know. What is their long-term goal for Norfolk Island? I do not know the answer to that. If there is a goal, do those goals agree with the Norfolk Island point of view? I do not know the answer to that. In fact, do they have a goal at all or is every matter a short-term solution? Do the inquiries that are held create short-term solutions or are they part of a long-term goal?

There are a number of matters which Norfolk Island pays for and manages, yet which are still functions that are known as schedule 3 under the Norfolk Island Act. They include education, immigration and other things that should have been transferred to schedule 2 and become the island's full responsibility a long time ago. The request to have these matters transferred has been ongoing and, to date, has had no result. There appears to be no logical reason for them not to be transferred. That would certainly help to complete part of the self-government process as promised with the Norfolk Island Act when it was introduced. That is my submission. I am happy to field any questions.

**CHAIRMAN**—Thank you, Mr Smith. Would you care to request that your opening statement be tabled as a submission?

**Mr Smith**—I am very happy for that to happen. Thank you.

**CHAIRMAN**—There being no objection, it is so ordered.

**Mr CAMERON THOMPSON**—You want to change the Illinois system. Instead of allowing people to have a maximum of four votes for one candidate, you want to knock it down to two. Why not just do away with it and have a first-past-the-post system?

**Mr Smith**—I do not recall whether I actually voted under the first-past-the-post system that we used to have. But, as I understand it, when you had to give nine votes to nine candidates, often, given the short list of candidates, you had to vote for people who you did not want to have anywhere near the assembly. As I understand it, that was the problem. Working from my own impression of the candidates in most elections, I would probably have had that difficulty—there were probably always at least three, four or maybe five that I thought would be good leading the community, but then there were always some that I would not have that same view about.

**Mr CAMERON THOMPSON**—If you look at the system as it stands and if you take the last turnout as an example, two people there were elected and two people were not elected, yet the two people who were not elected had more voters—more individuals voting for them—than the two that were elected.

**Mr Smith**—Yes. I understand that.

**Mr CAMERON THOMPSON**—Is that the source of your concern?

**Mr Smith**—No, not at all. In fact, when I was ejected in my first term, I was actually in the situation where I had more voters but I was not elected. That side of it does not worry me at all.

**Mr CAMERON THOMPSON**—But you are still advocating changes to it. Is that because of this issue?

**Mr Smith**—No, the issue is that I believe the swings at elections have often been too big. As I said before, I think there was one assembly where five members were ejected at an election. That can break the continuity in what the government is doing. We have been lucky in the last two or three elections—even some of the executive members have survived into the next assembly. But, if you have a total swing and you take away five or even four members who are from the government—which did happen at the end of seventh assembly, I think—the whole government has gone. Whoever comes in to replace them has to pick up the ball from where it was before. By reducing the number of votes down to two, people would have to vote for at least five members under that system. That would spread the votes a little better. It would probably eliminate some candidates as well. I could be one of the candidates eliminated right at the beginning of it. But that is not the point—that is not what we are here for. That is my observation on it in preference to a first-past-the-post system.

**Senator HOGG**—One of the other options would be to reduce the number of positions. Instead of having nine people elected, you could reduce it to, say, five. That would clearly be an option.

**Mr CAMERON THOMPSON**—Five at a time, do you mean?

**Senator HOGG**—No, overall. Why would you not do that?

**Mr Smith**—Do you mean five members of the assembly?

**Senator HOGG**—Yes.

**Mr Smith**—It is often discussed within the assembly itself that we think we might have too many members. But it raises the question of how you decide how many should be in parliament. It is the same with you guys.

**Senator HOGG**—I accept that. You are speaking about a specific problem and I am looking at a solution to the problem. If, as you say, there are not enough people of sufficient good standing to warrant being elected, I am just wondering whether, rather than just reducing the number of votes, one should consider reducing the number of people that are actually taking seats in the legislative assembly.

**Mr Smith**—I appreciate what you are saying. The view that I gave before about the candidates at an election would only be my view. Most of the island could have a different view about that.

**Senator HOGG**—I accept that, but that would be a reasonable way. What about the other alternative that I put up this morning, which was that, instead of seeing the whole lot dumped out at once, you could stagger the election so that you had one group elected, say, for a four-year period—I have no fixed period in mind, but let us say a two-year period or a four-year period—and then you had another group staggered halfway through, elected for a four-year period? Then, at any one point in time, there is no chance of a complete turnover of the assembly, given the



small number of people from which you might have to choose. You could pick whatever period you liked and how many people you would put up at any one time. Do you have a view on that?

**Mr Smith**—It is an interesting concept. I think Wilson Tuckey mentioned something along those lines during one of his visits. I have not really put a lot of thought into it. The obvious things would be how you break what is already there and have an election, and how many do you have—do you have four or five or—

**Senator HOGG**—It is academic. You could do four one time and five the next time. The first five people elected would get a four-year term the first time around and the remaining four would get a two-year term, and then in two years time they would be eligible for a four-year term. So there are ways you could go about it. I am just looking at the dilemma that you are putting to us. I have no fixed view as to how it would be resolved.

**Mr NEVILLE**—It works very well in the Senate.

**Mr CAMERON THOMPSON**—We were told this morning that these committees come and go—they report and then nothing happens. In October 1995, the report of the select committee of the Seventh Legislative Assembly made a recommendation about the way the voting system should be changed. It recommended a modified version of the first-past-the-post system, and, as a second thing, if that one did not proceed, the present Illinois system should be changed so that the maximum number of votes would be three rather than four. What is your feeling? Were you party to that?

**Mr Smith**—I was not on that select committee, but part of the concept that I have come from what was in that report. I do not think their version of having three votes was workable.

**Mr CAMERON THOMPSON**—That was their second choice. Their first choice was a modified first-past-the-post system. You are not familiar with that, though.

**Mr Smith**—I am just trying to think of what it was. I cannot remember.

**Mr CAMERON THOMPSON**—It is a bit involved to read it out, but perhaps we can throw that into the mix.

**Mr Smith**—Could I add that it is all right for me to have a view or for the committee to have a view, but it is really up to our community as to what they want to do. One hundred per cent of the committee might not agree with what I said this morning. I would like us to be able to find out from the community what they think.

**Mr CAMERON THOMPSON**—I have here the 1995 Norfolk Island Seventh Legislative Assembly report of the Select Committee on Electoral and Constitutional Matters. I am putting it to you that there has been so much discussion about this over time that there is obviously a seat of concern in the community about it that both the Norfolk Island assembly and the Commonwealth government are keying into here. Somewhere along the line it seems that we have to identify, if changes are to be made, what the nature of those changes should be, and that is obviously a core concern for this group.

You were talking about transfer of responsibilities—moving more of the scheduled items to within the control of the Norfolk Island government. What is your perception of the Norfolk Island government's finances? We have heard a couple of times today that it is in dire straits. That has been put to us before. Do you agree that it is in dire straits? If that is the case, how could we transfer more load onto something when people are saying it is already broke or has difficulties?

**Mr Smith**—I will start with the second part of that question. The transfer of the schedules that I am talking about relate to things we already fund. We pay the total cost of education—we do not get any assistance from the Commonwealth at all. I do not make any bones about that. It costs us a lot of money, but we already do it, so why shouldn't it just be transferred? The difference that it makes is that we cannot make our own decisions on education matters because they have to go through the process of a schedule 3 matter. Maybe immigration is a bit more complicated.

**Mr CAMERON THOMPSON**—What is onerous about a schedule 3 matter?

**Mr Smith**—With a schedule 2 matter, the Administrator assents to it pretty well 100 per cent of the time. A schedule 3 matter can take a little longer, going through the minister in Canberra and things like that, which can slow down the process. It can also be disapproved. We can make legislation for anything we like, as you realise, but, if it is a schedule 2 matter, we can deal with it fairly quickly here and put it in place or change it if we need to.

**Mr CAMERON THOMPSON**—Just sticking to education as an issue, have you had things disallowed in education?

**Mr Smith**—We set up the Greenwich University Act—it was regulations first—which allowed a university to set up here. You will probably be very familiar with that. That was overridden in the end by Commonwealth legislation. It did not affect our education act but it certainly affected the university. It took it out, which had been the intention of the Commonwealth for some years—since 2000, I think. But that is a whole different story that I am not here to talk about today.

**Mr CAMERON THOMPSON**—Higher education is something that the states in Australia do not have control over. It is primarily a Commonwealth responsibility everywhere in Australia. I was thinking more in terms of the school. Have there been any particularly onerous decisions or things foisted upon you by the Commonwealth in relation to the operation of your school?

**Mr Smith**—Not that I am aware of. That is a good argument about higher education. As you said, it is not a state or territory function—but neither is immigration. We do immigration here but I do not know of the states or territories having immigration or customs control. There are things that we are quite capable of doing here. But just because a state does not have that responsibility it does not mean Norfolk Island should not either. I think as a community we are the best judges of what we can handle.

**Mr CAMERON THOMPSON**—You said that you are already funding education. I am not sure what the other schedule 3 issues are, and I probably should know. In terms of the schedule 3 matters, if you participate in those things without the backstop of the Commonwealth, or the

Commonwealth route to go through, won't the bureaucracy here have to give additional consideration, extra resources and extra time to make sure that they are dealt with correctly? We have already heard this morning questions about whether the bureaucracy has the expertise in a lot of the areas for which it is responsible. Can you field that question?

**Mr Smith**—Take education as an example: there would be nothing more we would need to do if that was simply transferred to schedule 2. I am only picking on that because it is the simplest one. Everything is being done now. If it was transferred to schedule 2 today we would not have to employ anybody else. We contract the teachers and we get the curriculum from the department of education in New South Wales. That is all organised because we pay for it. So we do not need any other people. Immigration is a similar issue. There are quite a few issues; I cannot remember all of them off the top of my head this morning. They are things we have been talking about intergovernmentally for quite some years.

**Mr CAMERON THOMPSON**—I know that there is a local bugbear about teachers' wages.

**Mr Smith**—There is.

**Mr CAMERON THOMPSON**—If you were taking control of education you could decide you wanted to take a different position on that and perhaps end your relationship with New South Wales. That would open up all those kinds of possibilities, wouldn't it? You would then not have to consider the Commonwealth as the way to go. Obviously down that path there would be pluses but there might be minuses. For example, how would you then run your curriculum? Would you need to put on more people and where would you get the expertise for that?

**Mr Smith**—That is kind of academic. I have a different view possibly from most about education salaries, which is large sum of money. This is because, if you look back to the early days—which I have done on occasion—when we first took over education, teachers' salaries were similar to Norfolk Island's general salaries. We have kept salaries and wages for the rest of the community down. In the rest of Australia or anywhere else, teachers keep getting increases in salaries and we have not kept up. That is my view about that. If teachers or any professional people are trained in a particular field—and they have to spend a lot of years doing that—they should be rewarded appropriately. That applies not only to the teachers but to police officers and legal people. The list goes on and on, but the case of teachers does get picked on fairly regularly. You asked about our financial situation. I cannot remember exactly how you put it, Chairman—was it that we were broke?

**Mr CAMERON THOMPSON**—Yes.

**Mr Smith**—We would like to point out that in the budget we have just passed—our supply—there was an increase of \$2 million over the same period last year. Admittedly we have had to raise some extra income to do it but it is possible to do it. The Commonwealth Grants Commission pointed out that we do not tax enough here, and that is probably right. There is a lot more we could do with our taxation, whatever that may be, provided we provide our working population with the ability to pay. There are ways that Norfolk Island can do that. We have an employment act, for example, that sets the minimum hourly rate. That has been adjusted but it has not been passed by the two governments yet.

**Mr CAMERON THOMPSON**—This wage issue that seems to concern you so much: doesn't that indicate to you a decline in the standard of living?

**Mr Smith**—In that sense?

**Mr CAMERON THOMPSON**—When measured against the mainland. Isn't that a concern?

**Mr Smith**—I could not make the comparison because I do not know what your basic hourly rate minimums are there. But I feel it every time that we increase something. Our most recent tax increase was on our telephone line charges. They went up by 60 per cent. But a wage earner's salary does not go up to compensate for that.

**Mr CAMERON THOMPSON**—So do you think that the standard of living on Norfolk Island has been maintained compared to Australia as a yardstick?

**Mr Smith**—I do not know. It depends what you call the standard of living. If you are asking whether I think it has dropped below where it is acceptable, I do not think so. I know for myself that I have to adjust how I live, but I certainly do not go without and I am probably one of the lowest earners in this room today.

**Mr NEVILLE**—We are going over time so I will keep my questions short. With regard to the sorts of things that are on schedule 3—like fishing, customs, immigration, education, human quarantine, animal quarantine—that is not particularly targeting Norfolk Island, surely? The states have to cooperate with the Commonwealth on those as well—things like the Great Barrier Reef Marine Park Authority and fishing therein. With quarantine, if we got foot and mouth in any part of Australia, be it Norfolk Island or the north-west of Western Australia, it would be a tragedy for the whole nation. Surely these things are not matters of great intrusion.

**Mr Smith**—No, in a sense. It depends whether we are looking at the Norfolk Island Act and what it says. The Norfolk Island Act, as I understand it—maybe I am wrong—was to set up a system of self-government on Norfolk Island. With the issues you are talking about there, quarantine would be a good example. We are as worried about quarantine as Australia is, probably more worried about it. We could be devastated here if something was imported that was not appropriate. But, for us, we are the best guard of our quarantine. Customs is the same thing. We are concerned about the customs border, whereas other states and territories I do not believe have that role.

**Mr NEVILLE**—The point I am making is that the Commonwealth's involvement in those things would not be to dumb down Norfolk Island; if anything, it would be to enhance the safeguards, surely.

**Mr Smith**—Maybe I am assuming wrong but the Commonwealth is always there in the background for whatever we do. Some might disagree with that view, but that is what I always assumed.

**Mr NEVILLE**—I just wanted to make that small point. The other point I want to make is in relation to the last budget. You said that you picked up another \$2 million in the last budget. Do you believe that the taxation that is available under the current Norfolk Island legislation is being

collected to its maximum? Is it being collected appropriately? For example, what is the situation with your financial institutions levy? Isn't that a falling level of income to the island? What is the island doing about compensating for that?

**Mr Smith**—I will try and answer all that.

**Mr NEVILLE**—What basically I am asking you is: is taxation that is approved here and part of the system generally being collected?

**Mr Smith**—There are different views within the community, which have probably been stated earlier this morning. I do not know.

**Mr NEVILLE**—You are one of the nine charged with making sure that happens.

**Mr Smith**—I will give you my view, then. My assumption is based on the fact that in the past the cost of living was very low here until we started to improve the standard of living—the television, radio and so on. One of the traditions or customs here—that is not customs as in the customs border—was that we never really wanted to spend more than we had, and that seems to be something that, certainly in my time, is still around. I think it has been around for a long time. If we do need to raise money for something we have been able to do it, unless it is extreme like the Cascade Cliff, which was really a Commonwealth thing anyway but we are paying for it. The Commonwealth Grants Commission focused on some areas like electricity generation. We have now more than doubled the capacity of the powerhouse. In the year 2000 we had to upgrade our exchange by a million dollars—the whole earnings for the year went on that but we were able to do it. Things like that do occur. I cannot think of anything else where the costs would be extreme and would be out of our control.

**Mr NEVILLE**—Briefly, where do you think the Commonwealth should allocate targeted funds? Some witnesses have said there is no case for the Commonwealth to target funds at all. What is your view on things like, perhaps, the hospital and certain aspects of roads—should the Commonwealth be making targeted contributions?

**Mr Smith**—That is something that the Commonwealth Grants Commission raised as well. I do not know. I really do not remember what happened in 1978-79, when the act was put together. As I understand it, it was the expectation of the island that the Commonwealth would—as they did in the Northern Territory, I understand—certainly upgrade a lot of the infrastructure, but we were just given it. In fact, Minister Wilson Tuckey was asked that question recently in a radio interview when he was here and he said, 'You can't make a comparison.' He said, 'You wanted self-government and you've got it and that's it.' In other words, it was a bit of a slap in the face and saying, 'You have got it, but we are not going to give you any assistance.'

**Mr NEVILLE**—The Commonwealth has an overarching responsibility to maintain equity in all parts of the Commonwealth.

**Mr Smith**—That would be a good case to put to them with respect to the infrastructure, but we can probably do it ourselves. The roads are pretty shocking at the moment; that is not only because of financial reasons but also because there is just no metal to put on them. As I was trying to point out before with electricity, telecommunications and the school, we are paying for

those and we can do it, but we just do not like to push the boundaries and spend more than we earn.

**CHAIRMAN**—Mr Smith, with respect to education, which is in schedule 3, are you saying that you would prefer to have it in schedule 2?

**Mr Smith**—Based on the self-government transfer of powers and the fact that we pay for it, yes.

**CHAIRMAN**—Would that mean that you would have to raise extra funds from the island or do you have sufficient income to do that?

**Mr Smith**—We are already paying the full cost so I cannot see that we would need any extra funding for it.

**CHAIRMAN**—Okay. What about the national curriculum? We seem to be working towards a national curriculum, at least for primary and secondary schools. Does that concern you and would you be part of that?

**Mr Smith**—That is an interesting question. I have been following the debate about it. Whether it can actually be achieved or not, it makes a lot of sense.

**CHAIRMAN**—Just to pre-empt you, in the late night parliamentary sitting the other night I think the starting time was agreed to by the Senate. I think the Senate has passed it. Do you remember, Senator Hogg?

**Senator HOGG**—I might have been in the chair but I would not like to comment.

**CHAIRMAN**—We did not get up until 20 minutes to four in the morning. I was following it assiduously on my monitor in my office of course. I was in a horizontal position I think at that time.

**Senator HOGG**—Not for the first time!

**CHAIRMAN**—At that early hour in the morning I do not suppose anyone would think any less of me for doing that. I think it did go through. We will find out. Assuming it did go through, how would you expect to handle it?

**Mr Smith**—I think it would be an advantage to the kids who come out of school here. I assume that in New South Wales kids go through their schooling and that is where they stay, but a lot of our kids go on to Queensland, New South Wales and some to Victoria and some to New Zealand. If there were a standard curriculum, I think it would be an advantage. That is my personal view. The school might not agree with that.

**CHAIRMAN**—You would endorse it, if it came out? Without a direction from the Commonwealth, you would endorse that?

**Mr Smith**—I think so.

**CHAIRMAN**—There are other aspects to it. The secretariat may be kind enough to forward that legislation, if indeed it was passed. I think that did happen, so we will forward that to you for your interest.

**Mr Smith**—Thank you.

**CHAIRMAN**—Just on the issue of schedule 3, your election process allows you full and unfettered power, doesn't it, to change your electoral process here if you wished?

**Mr Smith**—Except for parts that are in the Norfolk Island Act—I cannot remember exactly which parts they are at the moment.

**CHAIRMAN**—But there are not many. The substance of your electoral laws can be changed by your parliament?

**Mr Smith**—Yes, there is the Legislative Assembly Act, which is schedule 2, which we can change.

**CHAIRMAN**—Do you intend to do that, given it would change the electoral laws relating to Norfolk Island?

**Mr Smith**—I would like to see some changes, as I pointed out this morning, but we have a select committee doing its own inquiry at the moment into these matters.

**CHAIRMAN**—That is on governance.

**Mr Smith**—We are picking up some of those queries as well to see whether the community wants to see change. They may not. They may not even see my reasoning for changing the voting system, but I would like to see it happen.

**CHAIRMAN**—And would you like to see it happen along the lines that you have explained here this morning with respect to altering the votes from four to two?

**Mr Smith**—I would certainly like to propose that to the community—I might get shot for proposing it!

**CHAIRMAN**—Do you propose any other major changes of that nature? I realise you are speaking in a private capacity. Would you propose a direct election of the Chief Minister?

**Mr Smith**—I do not believe that is a workable situation.

**CHAIRMAN**—What about longer electoral terms?

**Mr Smith**—I do not think the term makes any difference. I do not think we should take away the right of the community to get rid of us whenever they want to.

**CHAIRMAN**—What about fixed terms?

**Mr Smith**—No, unless they were short terms—maybe two years, as I proposed in my paper, which I think is the effective working life of the assembly. If it were set at that, maybe.

**CHAIRMAN**—If the numbers were not there for still maintaining an Illinois type of election process with the two votes instead of the four, would a secondary support of yours be towards a modified version of first past the post?

**Mr Smith**—My backup to it would be a change to what I have proposed in having a maximum of three votes rather than going to—

**CHAIRMAN**—Not two but three?

**Mr Smith**—I would prefer two.

**Mr NEVILLE**—Is your basic premise for reducing the number of votes allocated under the Illinois system to two that, if you reduce it to three, people are still only forced to vote for three candidates?

**Mr Smith**—That is right.

**Mr NEVILLE**—And whether you vote four, four, one, or three, three, three you are still only voting for three candidates whereas, if you have only two, you are effectively forced to vote for five candidates?

**Mr Smith**—Yes.

**Mr NEVILLE**—That is your basic premise, is it?

**Mr Smith**—Yes, I think that gives the community the opportunity to have to vote. I think is more democratic to be able to do it that way.

**Mr NEVILLE**—Thank you.

**CHAIRMAN**—They are all the questions that we have time for, Mr Smith. I certainly would have liked to ask you more, but the pressure of time is always upon us.

**Senator HOGG**—We might need to put some questions on notice to the witness.

**CHAIRMAN**—I think we could put some on notice, if that is okay.

**Mr Smith**—I would be very happy to have that.

**CHAIRMAN**—Did you want to do that now, Senator Hogg?

**Senator HOGG**—No, we will do it in writing—if we need to.



**CHAIRMAN**—There are some questions relating to youth on the island that I would certainly like to put on notice. Maybe we could do that in *Hansard* now very quickly?

**Senator HOGG**—No.

**CHAIRMAN**—Okay, we will let it go. Thank you very much for your attendance here today, Mr Smith. If there are any matters on which we might need additional information, the secretary will write to you. You will be sent a copy of the transcript of your evidence, to which you may make some editorial corrections. Thank you again.

[11.15 a.m.]

**SANDERS, Mr William Winton (Private capacity)**

**CHAIRMAN**—Welcome. It is nice to see you again. The hearings are legal proceedings of the parliament and warrant the same respect as proceedings of parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The committee has not yet received a submission from you. Do you wish to lodge a submission now?

**Mr Sanders**—I gave it to the secretariat yesterday.

**Mr NEVILLE**—It has just been distributed.

**CHAIRMAN**—There being no objection, the committee accepts the submission. The committee prefers that evidence be taken in public, but if you wish to give confidential evidence to the committee you may request that the hearings be held in camera and the committee will consider your particular request. Before we ask you some questions, do you wish to make an opening statement?

**Mr Sanders**—Yes. I am not ashamed of any of my comments.

**CHAIRMAN**—No, not at all. Please proceed.

**Mr Sanders**—I will read my submission. I will address the points listed in the terms of reference first. I am not happy with the election of the Chief Minister by the assembly by choosing the person who has the highest number of votes, because popularity does not equate with ability. At least the assembly can vote the Chief Minister out of office if it is deemed necessary. I feel that an election just to choose the Chief Minister would be a popularity contest. It would also cost extra money to hold it, as it would need to follow the general election. If the Chief Minister resigned, another election would need to be held, again costing money. I would not like to see a fixed term for government. If it is really bad, there should be an ability to change the government. I believe the method of voting should be preferential.

To be fiscally responsible, those who live here must be prepared to contribute to allow the government to fund services which are deemed essential. Persons who come to live in a remote and isolated location with an extremely small population cannot expect to have the same standard of services as on the mainland. The level of services provided must equate with the ability to fund them. There are two types of taxes which could be introduced, both of which would affect me personally. But, if I want to live here, I should contribute. The first type is land rates. I add that I probably have the best part of half a mile of road frontage, so that would cost me a considerable amount.

The second is a simple form of income tax. For example, any person earning \$50,000 or more per annum pays \$5,000 per annum, any person earning between \$40,000 and \$50,000 per annum pays \$4,000 per annum, and any person earning between \$30,000 and \$40,000 per annum pays \$3,000 per annum. That is only a rule of thumb—a suggestion—not a gospel figure. A person

can pay what he or she believes is correct, but an authorised officer would have the right to investigate if it is thought that the assessment is incorrect. This would alleviate the high cost of implementing a mainland type income tax system. There is no requirement on Norfolk Island for anyone, except companies, to keep books, and the imposition of such a need would be met with dismay and probably incompetence by the many one-man bands who serve the island.

I believe that Norfolk Island should have as much self-government as possible, but it is too small to have full control. We need the federal oversight to ensure that we have peace, order and good government. We should proceed under the guidelines of the schedule in the Norfolk Island Act, but only as we can show our ability to do so. Complete local control of land, for example, would be inadvisable as personalities override environmental considerations.

I believe that persons standing for election to the legislative assembly should be Australian citizens. I object to foreign nationals having a say in how we should run this small part of Australia. I do not support the idea that any Australian citizen living on the island for six months should have the right to vote in local elections. This is absolutely unrealistic for Norfolk Island. There are at present approximately 1,200 persons on our electoral roll. If the bill is passed, it could allow approximately 500 guest workers with 12-month temporary entry permits to be added to this roll—an addition of approximately 40 per cent. These short-term guest workers could dictate the way we live, while they move on elsewhere. If we had an electorate of, say, 60,000, then 500 itinerants would not unduly affect election outcomes, but in an electorate of 1,200 they would affect us drastically.

It is incorrect to say that Australian citizens are disenfranchised when they come to Norfolk Island. All Australian citizens living on Norfolk Island have the right to vote in federal elections, referenda et cetera, if they so wish. I believe that the legislative assembly should consist of seven members—three executives and four non-executives. I believe that as many sections as possible of the administration should be privatised.

**CHAIRMAN**—Is there anything else you wish to add?

**Mr Sanders**—Yes. As far as taxation is concerned, almost 100 per cent of imported persons working on this island do not contribute a cent. They have their incomes paid into their credit unions or whatever on the mainland. In effect, the persons that are being penalised the most are those that can ill afford it the most. I believe a taxation system that gets everybody is in fact more realistic. Our schoolteachers, as has been mentioned before, are about the highest paid group of persons on the island. I do not think one of them contributes anything. Also, with years 11 and 12, it is a very expensive childminding centre for the schoolteachers' children. I believe there ought to be a contribution. What I am proposing is very little but, spread out over the whole community, it would more than fund and get rid of some the offensive things that we have, like FIL and a few others.

The method that has been used under the last few assemblies to raise funds has penalised the tourism industry, mainly accommodation. I am the managing director of the hotel that owns the South Pacific Resort Hotel. The bed licence fee when we first purchased the hotel approximately eight years ago was a little less than \$1,000 a year. Subsequent assemblies have managed to shift that \$1,000 to \$48,000 in less than eight years. The new fundraising method, as you probably heard from the previous speaker, is telephones, which are exorbitant. I took a print-out of the

charges off the computer just before I came down. If you would like to see the differences, I have a copy of it.

**CHAIRMAN**—Would you like that to be tabled?

**Mr Sanders**—Yes.

**Senator HOGG**—What is being tabled?

**CHAIRMAN**—It is a document with respect to costs of electricity and telephones.

**Mr Sanders**—It is just telephones.

**Senator HOGG**—Is this your personal telephone bill?

**Mr Sanders**—It is not a bill; it is just what has been introduced.

**Senator HOGG**—It is telling you what the charges are. I just wanted to make sure whether it was a private, confidential document or whether it was a public document.

**Mr Sanders**—No, the island has that.

**CHAIRMAN**—Is there any objection to the document being accepted? There being no objection, it is so ordered.

**Senator HOGG**—I declare an interest in that we stay at your hotel when we come here, so that no-one is in any doubt. You talk about the election of the Chief Minister. Why couldn't that be done as a separate election? I see your point here, but I just do not follow it completely.

**Mr Sanders**—If there was a resignation then you would have to have the whole procedure all over again.

**Senator HOGG**—How often has a chief minister resigned here?

**Mr Sanders**—I do not think at all.

**Senator HOGG**—So you are looking at a very problematic situation at best.

**Mr Sanders**—I think it has happened once.

**Senator HOGG**—So in 10 assemblies, once has a chief minister resigned. If it gives a better outcome in terms of the separation of the Chief Minister from the public service here, is it not a more desirable and better outcome in terms of governance?

**Mr Sanders**—I doubt it. I cannot see it being effective.

**Senator HOGG**—You then go on to say that you do not like a fixed term. What do you mean by a fixed term of government?

**Mr Sanders**—My idea of a fixed term is that, if he is elected for three years, the government is there for three years. If they are really bad, I believe you should have the right to get rid of them. If it were fixed, you would not be able to.

**Senator HOGG**—There are places that still operate on fixed-term governments, and that does not seem to be a problem. How often would you see a government being voted out of office here?

**Mr Sanders**—If it was not a fixed term then the assembly or public opinion could stir up enough so that there would be another election or something.

**Senator HOGG**—One of the things that has been said to us today is there is instability in government because the government does not have a sufficiently long enough term and it lacks continuity.

**Mr Sanders**—I do not believe that and I do not believe that in some things there ought to be continuity, because the public or persons may decide that the path that they are travelling is not the correct one and so you certainly would not want to continue it.

**Senator HOGG**—Then you go on to talk about the method of voting. You talk about your option for a preferential system. Is that an optional preferential system or a preferential system? ‘Optional preferential’ means that you have the option as to whether or not you go ‘one, two, three, four, five’ and do not number the rest through to nine—or whatever the number might be. Or do you say it should be a straight preferential, where you number one to nine?

**Mr Sanders**—Yes. Then if you have someone who you think is unsuitable, he goes at number nine. If everybody else does the same then he does not make it.

**Senator HOGG**—You mention two types of taxes—land tax and then some simple form of income tax. Do you have some idea as to the type of rates that would apply in terms of land tax? You do not mention anything, do you?

**Mr Sanders**—No, my views are only personal.

**Senator HOGG**—I accept that.

**Mr Sanders**—I think there should be a commercial area and a rural area, and there must be overlaps where one meets the other and the rates should in accordance. I have no idea.

**Senator HOGG**—So you are asking for a simple system which would look at rural areas, maybe tourism areas and commercial areas, say.

**Mr Sanders**—Yes. The simpler the better.

**Senator HOGG**—I presume you would see income tax being indexed annually or that there would be some mechanism for movement.

**Mr Sanders**—I quoted those figures—and of course it was only to throw in some figures—but I would suggest that a reasonable living allowance on the island would have to be something like \$400 a week. That multiplied by 52 weeks would be the rock-bottom money.

**Senator HOGG**—But it would need to be indexed in some way; otherwise, as rates of pay went up you would find that the level of taxation would become insignificant.

**Mr Sanders**—I do not understand what the indexing would actually do to it. I have only done that as a measure—

**CHAIRMAN**—It was not specific.

**Mr Sanders**—No.

**Senator HOGG**—Your move to reduce the number of people on the legislative assembly from nine to seven—why would that be?

**Mr Sanders**—I actually think that the additional two people are a waste of money.

**Senator HOGG**—I am not asking you to name names!

**Mr Sanders**—I just feel that the business would be better if the executives were elected. Regardless of what they say, I believe three people are ample to control it—but they need to be able to be outvoted, so you need another four.

**Senator HOGG**—Would there be a chief minister among the three executives?

**Mr Sanders**—In the past I have never supported there being a chief—but if there is, so be it.

**Senator HOGG**—There has to be some leader of the government, whatever name one might call the person by.

**Mr Sanders**—Yes.

**Senator HOGG**—So there would be some sort of chief minister. Would you see the Speaker as being one of the three or one of the four?

**Mr Sanders**—In the past we have often discussed whether the Speaker should be an outside person. No conclusion has ever come, so I do not really know.

**Senator HOGG**—How do you see the three executive persons?

**Mr Sanders**—I reckon they ought to be down on the table so they can answer questions too, without sitting up and using that as an excuse to evade.

**Senator HOGG**—The shape of the legislative assembly that you are putting forward is reduced from the current size. Given that the current assembly—as I understand it—has some difficulty in coping with the weight of work that comes before them, how is a reduced assembly going to cope under those circumstances?

**Mr Sanders**—I think their biggest hassle is that they have not got the guts to do the job.

**Senator HOGG**—How do you see accountability and transparency of the assembly happening? How do you keep them honest?

**Mr Sanders**—You have got four non-executives.

**Senator HOGG**—As I understand it, under the present circumstances they tend to be not so much an organised opposition—because of the lack of political parties—but a part of the government process.

**Mr Sanders**—The ministers are not an organised government either, for want of better word—perhaps they should be, but they are not.

**Senator HOGG**—Should there be cabinet solidarity, for example, of the executive?

**Mr Sanders**—I believe that there should, but they should be responsible to the public, obviously, and to the four non-executives.

**Senator HOGG**—I come back to my question: how does one achieve a measure of transparency and accountability of this assembly and the government? Given the small size of the government and given its fairly limited capacities and ability to operate, how does one achieve best practice in terms of conditions for transparency and accountability of government?

**Mr Sanders**—There is always question time. If you care to ask the appropriate questions, you get an answer.

**Senator HOGG**—Does that happen now?

**Mr Sanders**—Yes, we have a good question time. Some of them are experts at waffling with the answer, but the question time is there. I think they might have learnt from you fellows.

**Senator HOGG**—They could not have learnt anything from me!

**Mr NEVILLE**—Can I compliment you on your submission, Mr Sanders. It is very concise and it says what it needs to say in a very forthright but non-confrontationist way. I think the term you used was that some ministers have not had the ‘guts’ to run their departments. Is there an argument perhaps for, at election time, having two elections, assuming that—I will not canvass the seven positions but let us stay with the existing nine—the four who were willing to accept cabinet positions would be voted on, although you would not vote on the portfolios they would have? And then we would have another election for the backbench simultaneously. We would elect four for cabinet posts and five for backbench posts.

**Mr Sanders**—I actually do not know. I have never considered it.

**Mr NEVILLE**—One of the criticisms we have heard here is that some people who are popular, who poll well in the election and are made ministers are not necessarily those with the best business acumen.

**Mr Sanders**—There is absolutely no doubt about that. We have had a couple of chief ministers—

**Mr NEVILLE**—This is not my view; this is a proposition that has been put to us.

**Mr Sanders**—We have had a couple of chief ministers and ministers for finance who were failed businesspeople—but they topped the polls.

**Mr NEVILLE**—What is your gut reaction to a system where you would have two voting papers on the day, with four people for executive office and five for backbench office?

**Mr Sanders**—I do not know that that would assist the person—and some of these persons, I think, are beyond assistance.

**Mr NEVILLE**—It would make the community focus on who they were putting into executive positions, though.

**Mr Sanders**—They get voted in on their popularity, not their ability. It really would not matter how you did it; it is still going to go the same way.

**Mr NEVILLE**—Okay. You have these three systems, as we have heard today. One would be a simple first-past-the-post system.

**Mr Sanders**—The Australian government threw that out, along with our support, some years ago.

**Mr NEVILLE**—Yes, but Australian governments make mistakes too. Then there is the suggestion of a preferential system, and now the suggestion that we might modify the Illinois system back to three or two. What is your view of those three options?

**Mr Sanders**—I prefer the preferential system because I believe—as was mentioned by the previous speaker—that if there is somebody standing who is no good you should not have to vote against him just by not giving him some of those votes; you should be able to rank him according to what you think of his ability. There is one vote per person. For instance, if there were 15 people standing for election, and you only want nine of them, then you can always put in ‘15’.

**Mr NEVILLE**—What is the method now if you want to remove a minister or a chief minister? Is it by a simple majority of the assembly?

**Mr Sanders**—Yes.



**Mr NEVILLE**—Should that be a two-thirds majority perhaps?

**Mr Sanders**—I do not know. I am trying to work out how many they had to throw me out!

**Mr NEVILLE**—The point I am making is that if you want stability there has to be a fair measure of angst. There needs to be a demonstration of a fair amount of angst to toss someone.

**Mr Sanders**—A two-thirds majority would probably be reasonable.

**Mr NEVILLE**—It would be a fairer system than a simple majority?

**Mr Sanders**—I think it would probably work the same but, if you want to give it a number, yes.

**Mr NEVILLE**—You make a very valid point that in not having some form of personal taxation, such as income tax, itinerant workers do not make a sufficient contribution to the mainstream economy of Norfolk Island.

**Mr Sanders**—Most of the itinerant workers are not that highly paid, but there are schoolteachers, police and those at the met office. I am not slinging off at them as people. I am just talking about those on a salary income.

**Mr NEVILLE**—Looking at your last census, 67 per cent of people earn less than \$700 a week.

**Mr Sanders**—Less than \$700 a week? I would imagine so—\$700 a week here untaxed is a fortune.

**Mr NEVILLE**—In other words, two-thirds of people earn less than that. Only about 12 per cent admit to \$50,000 or more by way of income. Of course, you have eight per cent who did not respond to the census, who did not fill in that section.

**Mr Sanders**—I have not read that one, actually—

**Mr NEVILLE**—It is very interesting.

**Mr Sanders**—but I have heard the figures that you are saying.

**Mr NEVILLE**—If you look at your submission, you are virtually suggesting a flat 10 per cent taxation on incomes above \$30,000, with a slight taper in each bracket.

**Mr Sanders**—Yes.

**Mr NEVILLE**—Have you done an exercise on what that might return to revenue?

**Mr Sanders**—Not properly, no.

**Mr NEVILLE**—What is your guess?

**Mr Sanders**—I reckon it would be pretty close to \$5 million.

**Mr NEVILLE**—Five million dollars, off a base of about 1,200 workers, perhaps 1,400?

**Mr Sanders**—As I said, I have not done any homework on it, but I think it would produce plenty. I have not got a figure; that was a wild guess.

**Mr NEVILLE**—How do you think the island would react to a flat rate of 10 per cent on incomes above a certain figure?

**Mr Sanders**—There would be those who would think it was wonderful and there are those who will want to shoot me as soon as I go downstairs.

**Mr NEVILLE**—It is very similar to what Singapore had a few years back, was it not—a flat rate of 10 per cent?

**Mr Sanders**—And Hong Kong. But there was a ceiling on it. I believe that there should be a ceiling; there should be the incentive for those who actually have enough money and are prepared to invest.

**Mr NEVILLE**—It should cut off at a certain figure as well?

**Mr Sanders**—Yes. My figure of \$50,000 was just a—

**Mr NEVILLE**—Would people earning under \$30,000 pay a lesser amount of tax or none at all?

**Mr Sanders**—I believe that anybody only earning, say, \$400 a week should not be paying any, so somehow you would have to work out a figure that was above that.

**Mr NEVILLE**—It was a very interesting submission, and it goes to the heart of things. I thank you again.

**Mr CAMERON THOMPSON**—Mr Sanders, what would you like to privatise? You say a majority of government things—give me a list.

**Mr Sanders**—Lighterage, for a start.

**Mr CAMERON THOMPSON**—That was on my list.

**Mr Sanders**—The works depot. One of the things that I have heard from local contractors is that, if they have a machine that they are contracting out, they have to pay the full duty on it plus the full maintenance costs of some mechanic or whatever. The administration can undercut those charges. For a start, it does not pay duty, and its fuel is not the same price. I do not know whether

anybody ever makes an allowance for the cost of a mechanic to work on the machines. I do not believe that the administration should be able to compete with private enterprise.

**Mr CAMERON THOMPSON**—What else—what other things?

**Mr Sanders**—The Post Office—it is selling things such as envelopes and things that you put in the post—and the liquor bond store.

**Mr CAMERON THOMPSON**—Are you of the view that there is a bit of fat in the public service here?

**Mr Sanders**—There is a little.

**Mr CAMERON THOMPSON**—Are there other services that you feel strongly about? What about tourism? For example, if I go to the Snowy Mountains National Park, at the gate I am charged an entry fee. You could put a fee on KAVHA or something like that if you were mad to increase revenue.

**Mr Sanders**—You could do.

**Mr CAMERON THOMPSON**—You would endorse that sort of thing, even though you are a tourist operator?

**Mr Sanders**—Yes. It does not have to be savage—just like a tug when somebody mows the lawn and keeps it nice.

**Mr CAMERON THOMPSON**—What about the sorts of costs that the government charges? You gave us a phone bill. There are no local call charges at all, are there?

**Mr Sanders**—No.

**Mr CAMERON THOMPSON**—For a business, you pay \$400 for a line?

**Mr Sanders**—Per line, yes. I only got that information this morning.

**Mr NEVILLE**—It is \$8 per room per week for the telephone line here.

**Mr CAMERON THOMPSON**—It struck me that, from the mainland point of view, that bill looks pretty cheap.

**Mr Sanders**—I do not think it is.

**Mr CAMERON THOMPSON**—For a year—\$400 for a line for a business?

**Mr Sanders**—But you have more than one line. As I said, I have not read it, but our telephone bill for the hotel would be about \$7,000 for a month. That may not be correct, but it is up there somewhere.

**Mr CAMERON THOMPSON**—Can I diverge from the area of privatisation. We were also talking about services. Do you have to pay water rates?

**Mr Sanders**—No, because you provide your own water. There is no town supply.

**Mr CAMERON THOMPSON**—That does not necessarily stop you from paying it on the mainland!

**Mr Sanders**—We are probably paying indirectly, because we have to pay to get rid of it. There is a fee for every pedestal in the hotel. There is a \$1 per night fee for every sleeping position and there have to be so many toilets for so many people. You can rest assured that, while they might miss out in one way, they certainly make up for it in another way. Those charges, incidentally, apply whether or not there is anybody in the bed.

**Mr CAMERON THOMPSON**—As somebody who deals with people visiting the island, what sort of feedback do you get from visitors to the island, with tourism being the main source of revenue for the whole island? Is there feedback from guests that would indicate, for example, concern about the level of infrastructure such as roads and the high school?

**Mr Sanders**—Not much. We have a questionnaire in the rooms for everybody, if they wish, to fill in before they leave. There used to be a fair bit of comment about the departure tax—which has just been increased from 1 July. I have not read any new questionnaires, but you can bet your boots there will be some comment about that. Most of the people that I have spoken to accept the fact that the roads are not that brilliant. I have not heard it said so much as a complaint, but some will say, ‘Do you ever fix the potholes?’ or something like that.

**Mr CAMERON THOMPSON**—There has been no trend in the way that people are responding? There has been criticism about the infrastructure—is that right?

**Mr Sanders**—I have not noticed that, no.

**Mr CAMERON THOMPSON**—So it has not really got onto their radar screen. When I asked George about the standard of living, he indicated that, compared to teachers’ salaries, local salaries had not changed. What is your perspective on that?

**Mr Sanders**—I think the local salaries are not too bad for somebody with a family. I wish I had had the equivalent in my growing up years. I do not think anybody gets less than \$10 an hour. The hotel does not pay less than \$10 an hour. Most people have their own homes and, regardless of income, most of them have their own vegie garden and all that sort of stuff and they live quite well.

**Mr CAMERON THOMPSON**—Thank you.

**CHAIRMAN**—On behalf of the committee, I thank you for your evidence here today, Mr Sanders. If there are any matters on which we might need additional information, the secretary will write to you. You will be sent a copy of the transcript of your evidence here today, to which you can make editorial corrections. On behalf of the committee, may I thank you again for attendance here today.

[11.50 a.m.]

**BENNETT, Mr Geoffrey James (Private capacity)**

**CHAIRMAN**—I welcome Mr Geoffrey Bennett. These hearings are legal proceedings of the parliament and warrant the same respect as the proceedings of parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The committee has received a submission from you—No. 9; are there any corrections or amendments you would like to make to it?

**Mr Bennett**—No, not at this time.

**CHAIRMAN**—The committee prefers that evidence be given in public but, if you wish to give confidential evidence to the committee, you may request that the hearings be held in camera and the committee will consider your particular request. Before we ask you some questions, do you wish to make an opening statement?

**Mr Bennett**—Yes, I do wish to make some comments. Firstly, I appreciate the opportunity to appear. Secondly, I should say that it was unfortunate that your sound equipment was offloaded, but the spirit of cooperation by the legislative assembly to facilitate you today I hope heralds a new era in the cooperation between both governments. I think there is something serious missing, and my submission, although appearing cynical or harsh, is probably written more out of frustration and disappointment, but with some hope—hope that we might be able to find the path that does away with the indecision and uncertainties.

I say that I am disappointed because I believe the model of self-government that was fashioned around the May 1978 statement of Minister Bob Ellicott was a visionary document, and I think its importance has been overlooked by the federal parliament. That model could have stood its place and had worth around the world in dealing with disparate groups who are struggling to have some autonomy—for example the Kanaka people, the East Timorese people, perhaps even the Palestinians. It was a wonderful, visionary model, and I am just a bit sad that even in Norfolk Island's case that particular model has been derailed. I will explain a little bit more where I think that derailment has occurred and how we might put it back on the rails.

The May 1978 statement by Minister Ellicott—to which he has referred in a submission, I am very pleased to say—is something we have lost sight of. We have lost sight of the principles under which he believed this experimental government for Norfolk Island could progress. I think that he saw it as having great worth in the region. The South Pacific region, as we are all aware, is troubled. Perhaps part of the vision may have been that, had the Norfolk Island situation remained stable and viable and all the rest, it could have, as Professor Helen Hughes said today, remained the 'shining beacon in the Pacific' and been something that the federal government could have used to their advantage.

Just as an aside, a lot of these little nations who we meet when we are away on parliamentary duty are really struggling to cope with their situations. Norfolk Islanders hosted a number of those people in a teaching capacity and I think it has done a lot of good. But imagine if you

would that, instead of the Pacific island region people going to the federal parliament of Canberra or to New Zealand to be taught politics, they could come to Norfolk Island; it is a small model. Anyway, that is an aside.

I think it is possible for the model for self-government, which I think has been derailed, to be put back on the rails. In order to do so, we have to take a step back in time. We have to revisit the era in which the model was developed to see what went wrong at that time. In hindsight, as someone who was involved in those early days, it is very clear that it happened with a bit of a rush near the end and a lot of i's were not dotted and t's not crossed. These things, I might add, have dogged the island since. No audit was done of the infrastructure on the island, and even at that time things like the hospital and the roads were in poor shape. A whole lot was wrong. There was no water and sewerage and no organised social security system—a lot of those things. Without an audit, the islanders accepted Norfolk Island in that shape, and it was probably a little naive to do so. I believe there should have been a major contribution to setting the scene right at that time. All the infrastructure should have been tidied up, and it should have been set on a path along with Australia, on a road that would assure some success.

There are some other things that I have probably overlooked. In August 1979, when the new assembly came in, members of the assembly were committee members one day—bear in mind they came from a committee of eight people who were elected as advisers to the Administrator; it was a bit like a sporting committee—and ministers of the Crown the next. There was no learning process in between. One day you were a committee man; the next day you were a federal minister. I do not think there was enough support given at that time. For example, the public service on one day was the service to the Commonwealth. It was a 1950s model, probably outmoded and inappropriate. But the next day—10 or 11 August 1979—it became a public service for an executive type government. It should have been tailored to suit the massive change. I think that that has brought about complications as we have gone on down the track.

It was always envisaged that there would be a trial period of five years. We had hoped that in that period there would be a lot more involvement by the Commonwealth to help us along the way—guiding us, teaching us and whatever—but there was never a review at five years. Despite what the DOTARS submission says—that the island government wanted more powers earlier and so they did away with the five years—if you go back to Bob Ellicott's statement, one of his principles was that we had to demonstrate that we had the capacity and the ability to govern, and that was why it was so necessary for the report card to be seen after five years. I am really saddened that that has not happened, and I think that that has eaten away at me for a long time.

As a member of the council in the seventies dealing with this, I regret that our naivety led us into bringing to Norfolk Island a form of self-government that had all the opportunities—it was shaped well—but has since been derailed. There were very important principles such as the fact that it was recognised that Norfolk Island need not abide by the same laws and have people have the same rights to benefits as other Australians. It was, if you read the documents, clearly stated that we would be separate; we could make our own laws about that—laws that would be different from the laws of Australia. The national interest never entered the argument. I clearly saw, if you follow Bob Ellicott's statement, that the national interest was not a major issue in the way he shaped the style of government. If you inject into it now the concept that we must legislate for Norfolk Island in the national interest and we must ensure that all people on Norfolk

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Island have the same rights and access to benefits and all the other things as all Australians, we have thrown away the essence of the model that we had in the beginning.

Lastly, as I have often said—and as I said in my submission—I believe that the plenary powers of section 122 are being abused. If you look at the section 122 power that gave the federal government the ability to shape a parliament or a form of government in Norfolk Island, it is as wide on one side as it is on the other. But you need to look at that in the context of section 19 of the Norfolk Island Act. Section 19 gave the Norfolk Island assembly the powers for peace, order and good government and gave it wide ranging powers. It could legislate about any matter except for four specified issues.

If you go back little bit further to the Nimmo report, it said that the powers given to the Norfolk Island Legislative Assembly should have no power of veto. The act, under section 23, does have this power of veto to the Commonwealth and I think it is probably okay to have it there. But the section 27 powers of the Governor-General are the ones that I think are being taken in far too wide a context. You cannot have two polities given the same powers for peace, order and good government. It is a nonsense. The power for peace, order and good government in the federal area, in section 122, was the last call from the federal government to ensure that we did not run off the rails and start an army or become a drug centre or any of those things. I think there was a clear distinction there.

Lastly, I should say that I have been very concerned about the committee process that we have had in the last 10 or 12 hearings. There is a great feeling in the community that, despite the good that we hear you wish to do, it is not representative. We do not vote for that and we do not believe it is democratic. The will of the people is not recognised. It is not appropriate. It should be looked at again in the context of trying to put this thing back on the rails. How do we put it back on the rails? One of the witnesses this morning suggested a memorandum of understanding, and I think that that is very clearly one of the things that could occur.

I think one of the other matters that should occur is perhaps a constitutional convention. Let us get the matter of constitutionality sorted out once and for all. The Norfolk Island people do not want independence, but they do not want to be pushed from pillar to post with all this continuing uncertainty. I think that a constitutional convention, as proposed by the Norfolk Island assembly in 1991, is a very good idea. The memorandum of understanding certainly has a lot of merit. It would enshrine the pathway that we should be travelling down. Perhaps I have gone overboard a little, Mr Chairman, but, as you can see, I am quite passionate about the matter.

**CHAIRMAN**—Not at all—this is your opportunity to do so.

**Mr NEVILLE**—You are very passionate in your views, and I appreciate that. A memorandum of understanding which might redefine what was meant by section 122 and some of those other things since might be very helpful. I think you are being a bit harsh on the Commonwealth in the 12 points that you have made. As to ‘Perpetuation of mistruths—reliance on Commonwealth funding’, I think that we as a committee accept that you are not very reliant on real Commonwealth funding. I think the concern of the committee, and we have asked this in our questions, is: where do you think special targeted Commonwealth funding should be placed? Would you like to comment on that for a start?

**Mr Bennett**—I will go back to something that I said earlier. I think the starting place is to go back to 1979 and fix up all the broken-down infrastructure and systems that we inherited the day after you passed it over.

**Mr NEVILLE**—Are you saying that the roads and the hospital and things like that have never had a catch-up? Is that the point you are making?

**Mr Bennett**—Absolutely. In 1926, a royal commission determined that Cascade Cliff was dangerous. And who fixed it up? We fixed it up—with your money, of course, but I think that that was justifiable expenditure. If you look at the records going back to the 1950s, the water insurance scheme was being promoted then. Even at that time there was a concern about public health, but nothing happened until the 1980s. The hospital was an old wooden building. When we got it in 1979 it was an old building. It is a bit difficult for us to bleat after the event—there was a lot of excitement about getting self-government in 1979—but do not overlook the fact that we were a very naive bunch of people.

During the discussions over three years with the Commonwealth, we had no public service to support us because the public service was yours. So we had to scrape up a few dollars to get a QC to come and talk to us for five minutes. We did get some Commonwealth funding for a QC later on, but we struggled with this unbelievable concept as simple people and overlooked a lot of the things that should have been done. You may well be justified in saying, ‘That’s tough. That’s the way politics is.’ But I think that there ought to be a spirit between both governments of making sure that to the best of our abilities this model of self-government works, is seen to work and has the general support of most of the people. I think it can be done.

**Mr NEVILLE**—The point you make is that it is part of Australia. You make a big point about it being a dependency. I do not know what my colleagues might say, but quite frankly I have always seen Norfolk Island as being more than a dependency. I am saying that in the positive sense of the word. It is not dependent, so to speak. If it is dependent, it is only partially so. I have always seen Norfolk Island as a sort of ninth self-governing unit of the Commonwealth, albeit with special constitutional arrangements. I think you are being a bit harsh on us. Would you like to explain your point of view about that?

**Mr Bennett**—I am not an expert on constitutionality by any means—

**Mr NEVILLE**—I was talking globally; I was not talking legalistically.

**Mr Bennett**—The most recent documents state unequivocally that the status of Norfolk Island is that of a dependency. No-one should be scared of that term. It does not mean that because of the dependency we want independence, for goodness sake. The island was never annexed to or ceded to Australia. So it cannot be owned. It is not your sovereign territory. It is a territory that you exercise sovereignty over as a part of a land mass that belongs to somebody else. That is the reality. I think a constitutional convention would deal with that. It would be fascinating for academics to deal with it. Norfolk Island history is wonderful. It would sort that out, but it would not alter things from a governance point of view. It would not give us any more authority—we would not be seeking any more authority than we were given—but it would clarify the uncertainty.



**Mr NEVILLE**—Give me a couple of examples of bullying. You have obviously gone right back to the days of the old council, so give us one or two examples of bullying.

**Mr Bennett**—The most recent example is the utterings of Minister Tuckey, who said words to the effect that if we do not toe the line he will think about taking away our international involvement in some of these things. He meant the Commonwealth Parliamentary Association, but he may well also have meant the Commonwealth Games and stuff. There was a chamber of commerce meeting where one of our former senior citizens raised a question with Wilson Tuckey and nearly had his head ripped off. It made everyone else shut up—they were not going to take him on there. Over the years there have been some dreadful things said about Norfolk Island. There was a notable quote by a first assistant secretary some years ago about his view of the island—it was well-known on the island. He said:

Norfolk Island is a painful, pustulant pimple on the backside of this department—

and this was a senior department in Canberra—

and I would gladly undergo equally painful surgery to have it removed.

How does that engender a wonderful working relationship?

**Mr NEVILLE**—Quite frankly, he had no right to make that statement.

**Mr Bennett**—And there have been more in recent times that we have had to cop. We have had radio announcers accusing people on the island of being inbred idiots and so on.

**Mr NEVILLE**—I do not think anyone on this committee thinks any of that sort of thing.

**Mr Bennett**—With respect, somebody on the committee thinks our health system is worse than Third World. That was in an article in the *Weekend Australian* of last week and it quoted an unnamed member of this committee. That was an outrageous thing to say, if it was said. I know that some parts of our health system are broke, particularly the hospital. But our health care system is a wonderful system, given that we had only a few months to put it in.

**Mr NEVILLE**—I do not go along with that Third World reference. But I chair another parliamentary committee on transport and we are doing an inquiry into regional aviation. One of our terms of reference is to go to populated offshore islands. We are going to the islands of Flinders, King, Kangaroo and a lot of others that, although they do not have the same constitutional status as Norfolk Island, do have similar day-to-day problems. Let me tell you, your hospital is well behind the pack. I say that not by way of criticism but by way of concern.

My question about the targeting of funds was to get some lead from you, as a person who has been associated with this continuum, of where the Commonwealth should be aiming its funds. Four things have occurred to me in the time we have been on this inquiry: (1) the hospital; (2) certain roads; (3) some form of assistance with domestic violence; and perhaps (4) the necessity for long-term wharfage or a jetty to engage you with an appropriate form of transport, whether that be bringing barges or shipping to the island or whether it perhaps should extend to cruise

ships being able to bring people here as part of tourism. I want to get from you a feeling of what would be appropriate there.

**Mr Bennett**—I will just pre-empt what I am about to say with the comment that all the things you have identified as being perhaps broken down and in need of fixing and attention are no different to what is happening in a lot of Australian outback towns. There are hospitals in the outback that are equal to if not worse than ours. There are hospitals there that do not even have a doctor now. We are a little bit better off than that. But, sure, the building is old and I can see that we need to rebuild.

I go back to your question. My belief is that, if we fix it up from the beginning, the island's resources will probably be sufficient to maintain the infrastructure from then on. We certainly do not have the capacity to put \$30 million up tomorrow to deal with the Grants Commission's list of outstanding infrastructure improvements. We would like to do it, but we simply do not have the capacity. Together we have to work out whether there is a way of getting it right from the beginning and then making sure—and bully us if you must—that our revenue is focused from here on in to ensure that our infrastructure is maintained and improved as the years go on. We are behind the eight ball now, and I do not think there is a single mechanism that would allow us to jump over that \$30 million hurdle and tear off; I do not think that is possible.

**Mr CAMERON THOMPSON**—Does the island have a plan to do something about the hospital?

**Mr Bennett**—Over various times in the last decade there has been a focus on it and then plans have been drawn up, and I think it has fallen off the perch when the guesstimated price ticket has come in. There has been no way of being able to look at a funding mechanism of that ilk—\$7 million to \$10 million—and other people have said today that it might even be more: \$15 million or \$20 million.

**Mr CAMERON THOMPSON**—At what point will something have to be done about it?

**Mr Bennett**—The hospital is not desperately bad, for goodness sake. Have you been up there?

**Mr CAMERON THOMPSON**—Yes, I have, and I am not happy with it. If it were in my electorate, I would be freaking out. I am not pulling your leg—and I am not the guy who has called it a Third World facility.

**Mr Bennett**—Can you specify the things that are wrong with it? People are a bit amazed at what you are saying. I think you need to specify the serious things that are wrong with the hospital. We know a few of the basics, that the building is wooden and whatever.

**Mr CAMERON THOMPSON**—Reference was made to dialysis machines that break down; an x-ray machine was not working. These are basic things.

**CHAIRMAN**—There was the aged care at the end of the hospital.

**Mr CAMERON THOMPSON**—I am not being critical either. I am saying that I am a federal MP and I would be very concerned if that hospital were in my electorate. If something went wrong there and an inquiry was undertaken, they would say, ‘Look at this. Why isn’t the x-ray machine working? Why isn’t the dialysis machine working?’ and my hide would be hanging on the wall over it. That is my point. At what point does the hospital get fixed?

**Mr Bennett**—Yes, I know. But Norfolk Island is not the only hospital where these things occur. I accept that there are things that are wrong, but I was not aware of those particular items. I am curious to know why we have not fixed them. There would have to be a reason.

**Mr CAMERON THOMPSON**—Lack of funds.

**Mr Bennett**—I do not think any right-minded person on the island would allow a life-saving piece of equipment just to not be fixed. I do not know what the outcome is, but please do not use that as a lever to bash us around the head with. Work with us on it.

**Mr CAMERON THOMPSON**—That is precisely why we are here. You say ‘work with us’, but that is what we are saying to you.

**CHAIRMAN**—We would like to work with you to improve things.

**Mr Bennett**—In 1979 the hospital was a broken-down shack. It had never had a dialysis machine. It had never had a defibrillator. It had never had a whole heap of things. Over 65 years of Commonwealth involvement it was an absolute disgrace. Into the 21st century we would like to get it right, but we do not have the financial capacity to do it tomorrow. My earlier contention was that the hospital was one of those targeted infrastructure jobs that the Commonwealth unfortunately turned its back on. If we can go back and list all the things that are wrong and then get them right, you can get the stick out and beat us from here on in if ever again we fall below the standards.

**Mr CAMERON THOMPSON**—So your argument is that we should look at some sort of targeted funding, as Mr Neville has raised on several occasions, to deal particularly with the hospital?

**Mr Bennett**—Yes, but not—

**Mr CAMERON THOMPSON**—We have also had people saying, ‘No, don’t do that; we want to handle it ourselves.’ This is an impasse, to some degree.

**Mr Bennett**—I do not think it is, because people are answering the question with different parameters in their heads. I am talking about the broken-down infrastructure that we inherited. If you accept there will be no deals on that and then approach the question of what targeted funding we would accept, most of us would probably say, ‘Well, we know that, if we put our hand out, there’s going to be a string attached to it, so we would prefer not to.’ If you look back through the department’s submissions over the last 20 years, that is exactly what has happened. The moment we get some funding it is added to the list of how much it costs the Commonwealth to run Norfolk Island, and so there is a reluctance to put the hand out. We have pride in thinking that we can manage it ourselves. But, from my perspective, my answers are based on the broken-

down infrastructure that we inherited. If we fix that up, we should never need to go cap in hand to you for anything over time, unless some major catastrophe occurs.

**Mr CAMERON THOMPSON**—But, when we toured the hospital with the people responsible for it, the point was made that they had no budget for maintenance, no budget to repair that equipment—no capability to do that. This is not talking about the hospital getting better; this is talking about it maintaining its current level. Those people made a verbal submission to us about these issues as we toured the hospital. That is a source of concern because there are people on the island who require dialysis and those people obviously expect there to be x-ray machines that work.

**Mr Bennett**—It sounds to me like a management issue. If they have not collected their debts, for example, their cash flow would be a bit light on. But I am not involved in the parliament, so I am not sure of the up-to-date reasons for all that happening. I can tell you that I am disturbed by what you have said. Even as private citizens, we will rattle the sabre about it and find out why those things are being let down. There is no need for that. They can take money from some other budget and feed it in there if there is urgency.

**Mr CAMERON THOMPSON**—I will not continue with that. We have heard a lot of discussion today about the Illinois system. That system has its supporters—not so much in the discussions we have had today—but I understand you are critical of it. What system would you prefer?

**Mr Bennett**—First of all we got it dumped on us; we did not want it. It followed the Hare-Clark system which we threw out. I think it has demonstrated a propensity to prevent continuity, because of the big swings that occur. For example, if you have 100 people who gave you four votes and you upset them with some executive decision you made in the parliament and they gave you one vote after that, 300 votes have disappeared—bang. That difference of 300 in our system means that you are no longer going to be in the leading four to be a minister, so you are out. So we have this swinging. I was elected in the seventies under the first-past-the-post system and I can tell you that the seventies were the most stable years in terms of representation in this place or rather in the council chamber at the time. There were only ever one or two spaces that changed in the biennial elections.

I am not an expert in analysing electoral systems but it was not broken, so why have they tried to fix it? The reason was that Bob Ellicott said that he wanted minority groups to have an equal representation in the parliament. Those of you in the House of Representatives would understand that it would be intolerable if you had the Senate electoral system voting for the House of Representatives. We have the same system—we have a disparate group of nine people who stand as individuals and the spectrum of representation has been widened. It is an enormous job to get consensus. If you have an enormous job to get consensus, you are going to have an enormous job to get major decisions made. Help us with that.

**Mr CAMERON THOMPSON**—In your submission—this is a new element to it—you actually say:

... the Illinois Cumulative Voting System providing an ability to 'stack' the outcome.

That is a bit of a worry. Is that—

**Mr Bennett**—I am not an expert on it and I cannot give you a qualified answer but there have been viewpoints around the town at various times that if you were organised enough your team, say the administration, could effectively get three and sometimes more people in, if they were clever enough. I do not know whether they do it but it has the propensity to be done that way.

**Mr CAMERON THOMPSON**—What do you prefer then as a—

**Mr Bennett**—I think the modified first-past-the-post system—

**Mr CAMERON THOMPSON**—The one from 1994-95?

**Mr Bennett**—Yes. The difference between that and the system that applied in the 1970s was that in the 1970s you had nine votes and you had to cast one each for nine people. If you only cast eight, the vote was informal. Modify it so that you still have nine votes but if you only want to exercise two of them, so be it.

**Mr CAMERON THOMPSON**—That was the system that was recommended in 1995 that I referred to earlier.

**Mr Bennett**—At least they should give it a go. They should take a block of time and say, 'Let's try that.' The uncertainty and lack of continuity have to be of concern to a lot of people.

**Senator HOGG**—Briefly, I have heard what you have said and I want to run this past you. Let us just assume that everything can be put back to what you might see as being a pristine situation. In terms of government these days, there is a requirement to be both transparent and accountable to not only the parliament itself but also the constituency. Part of that involves a greater scrutiny of government than might be able to be taken care of here. For example, in terms of the Commonwealth government, there is the independent auditor, the Australian National Audit Office, which not only does financial audits but also does performance audits. So the services that are offered through the various ministries or departments of government are subject to ongoing performance reviews and testing as to whether or not they are meeting the outcomes that parliament desires. Whilst that is in a much bigger model, it might not be as easy to accommodate that sort of thing here. Nonetheless, it would become a necessary part, in my view—if the comments that you have raised are valid, and I am not doubting the goodwill that you bring to this committee—to have ongoing tests and ongoing scrutiny of the actions of government to ensure that the delivery of service and outcomes are there. Would you see that as being interference? It would not be Canberra driven; it would be driven by the Norfolk Island government.

**Mr Bennett**—In many ways, we have checks and balances in place. The electorate here is pretty close. As somebody said this morning, if you are out shopping and the Chief Minister goes by you can grab him by the collar. You can walk straight into his office. You have accessibility that is unheard of elsewhere.

**Senator HOGG**—Accessibility is one thing but a real check and balance in this day and age is the action of an independent auditor looking at the performance of the organisation. Coming

out of our own independent auditor are purchasing guidelines, for example. You get guidelines in terms of best practice in public administration, best practice in terms of how risk should be managed and so on. These are all functions of government properly addressed by government. What I am putting to you is that if your wishes were to be granted fully—and I do not think we have a tooth fairy here today to do this but let us say ‘if’—then there would need to be checks and balances there as well because you cannot have one without the other. One must necessarily put in place an accountability system and a transparency system that ensures that the taxpayer or the constituent is getting value for money.

I have just had the privilege of looking at a number of South Pacific nations. These are two of the key issues that have emerged—the issues of transparency and accountability of government. Where there is not transparency and where there is not accountability of government, there is instability. One finds that there is invariably a degree of intimidation, a degree of violence in the community and a degree of great discontent. I am not saying that any of that applies here but they are some of the products of having that lack of accountability and transparency. It even goes to some of our South-East Asian neighbours. I was only recently talking with our friends in Thailand—the Thai government—about the exact same thing.

The federal parliament has access to an estimates process, which is a fairly rigorous process that challenges and tests the government of the day—it is invariably done by the opposition and being in the opposition in federal parliament I can reasonably say that I am pretty close to the system. It does test the government of the day. Your opportunity to do that here is not so available, because you have a limited assembly of nine—some have suggested to us that it should be as low as seven. You have a difficulty in the way in which the Chief Minister might be selected; you have a difficulty in terms of the separation between the executive of your government and the public service. I can understand that given the environment that you have. But those are issues that must be addressed as well. Further, you do not have open and available to you the likes of the committee that I have served on in the federal parliament—the joint public accounts and audit committee.

**CHAIRMAN**—This is rather a long question and we are well out of time.

**Senator HOGG**—It is a statement. But I want to find out if any of this is appropriate and applicable to the situation going forward. If you want to go forward, you cannot just say, ‘Fix up the damage that has been done.’ There has to be a number of other warts that people might see in the process as well.

**Mr Bennett**—I think what you say has some resonance with me. I think most people in the community would like to see the checks and balances in the governance system working. I think they probably would accept that there is a need to have more quality control, for want of a better term. Decisions have been made in recent times that have left the community aghast. They have been made without a lot of public consultation. But each time that occurs the people involved in the government become a little wiser. There have been periods during the last 21 years where the question of accountability and transparency has never been an issue. Sometimes it goes more to the question of style and perception. Just to give you a quick example: I was part of an assembly in the 1980s where sometimes there were only nine or 10 questions in question time—which is the time when the backbench have a chance to find out whether the ministers are doing anything

untoward—and it would be over in 10 or 12 minutes. If you contrast that with the current assembly, for example, question time can go for as long as two hours.

**Senator HOGG**—They might be better talkers.

**Mr Bennett**—It says to me that there is a lack of transparency, that the ministers are not feeding enough information to the backbench, so that they have more on their plates.

**Senator HOGG**—Could it also be that the workload has increased dramatically?

**Mr Bennett**—That is debatable. I do not know—I have been out of it for a while—but I would not accept that the workload has increased that much. I think it is about style and perception. Perhaps we need a school for people coming into parliaments so that they are aware of some of the fundamental things about passing on information. If a backbencher is not aware of what is going on, his constituents will ask him and he is going to get cranky. If the community are concerned about transparency from that perspective, they push the backbencher to ask more and more questions.

Another assembly can come along and go back to the days of nine or 10 questions. It can feed out all the information, consult the others more and bring them into discussions about issues. I do not accept the view that the whole nine represent the government—I have never held to that view—but I strongly believe they should be kept informed of what the government has in its program and what it is doing. To answer the question in short, yes, I think, just as in business, there can never be enough accountability—checks and balances. We have performance controls in the businesses we operate to check the performance of people at different levels, and it is no different here—but we have to devise the system for ourselves.

**Senator HOGG**—Thank you.

**CHAIRMAN**—Thank you, Mr Bennett, for your attendance here today. If there are any matters on which we might need additional information, the secretary will write to you. You will be sent a copy of the transcript of your evidence, to which you may make editorial corrections.

I would like to clarify one other thing. I have been to the hospital on a number of occasions over a number of years, and I think what Mr Thompson was trying to say was that the machinery there is not in pristine condition, that it is obsolete. Senior staff at the hospital, including the doctors and the specialist who was there at the time, were most alarmed by the rate of deterioration of the machines, including the dialysis machine and the X-ray machines. Some of the lighting equipment was obsolete et cetera, some elderly people were accommodated within the hospital proper and the morgue was also in a substandard and an unacceptable condition.

**Mr Bennett**—I must say that I am aghast to hear that and that I am concerned. I guarantee that most people here would be concerned about that. We will certainly begin asking questions as to why it is happening. It clearly is a management issue. There is no excuse for blowing your budget and then not having enough money to do routine maintenance. If it is in your planning, it should be there. If it means that they are operating some of the other parts such as debt collecting at a lower level than they should, then it can be fixed. I know members of the hospital board are in this room today, and I hope they take on board that concern and your concern in particular. I

am sure that every member of this community would be aghast to know that, somehow, we have let it slip.

**CHAIRMAN**—Could I also add for everyone's benefit that our idea of bringing this up as a criticism is to assist. The criticism was not just to criticise; it was to try to find a solution together to what would be totally unacceptable on the mainland. We want you to have the same conditions that exist on the mainland.

**Mr Bennett**—That should not be a prerequisite, though. That was not part of the deal with Bob Ellicott, and I hope that, when you get to him, he reinforces that for you. There was an acceptance that things in Norfolk Island would be and could be different from those in Australia. That was one of the foundations stones on which self-government was built. If you knock that down then you create the greatest lot of uncertainty ever. I accept what you say about not being critical of the hospital, but you have to agree that one of the members of your committee spoke to a reporter in the *Australian* newspaper last week and said that our health system was of Third World status. I would hope that you—

**CHAIRMAN**—We have 12 committee members.

**Senator HOGG**—There are 12 members of the committee, so I am darned if I know if it is true.

**Mr NEVILLE**—I did not speak to the *Australian*.

**Senator HOGG**—And I do not speak to journalists.

**Mr Bennett**—But, you see, that is outrageous from our perspective, because it is completely untrue: it is not Third World. We have a little bit of patching up to do, but so have a whole lot of hospitals in outback Australia. There are towns much bigger than ours that do not have a dentist. Have you looked at our dentist facility? Sure, the government did not build it, but the community was interested enough to find a benefactor who got a world-class dentistry operation up there. We are not the only place that has a hospital that needs attention. It should not be used as a weapon to try to—

**CHAIRMAN**—It was not intended to be used as a weapon; it was intended that we should deliver services on your island that are commensurate with those on the mainland. That is what we are charged with and that is what every one of the committee members wishes to achieve.

**Mr Bennett**—But that is outside the parameters of the deal that was done in 1979—that is what I am saying.

**CHAIRMAN**—That is another issue, but it would not affect the goal and the vision that we have to assist the Norfolk Islanders to have—

**Mr Bennett**—The goalposts are being shifted, and when we have shifting goalposts it is very difficult for us to be able to try to aim our defence—



**CHAIRMAN**—We are getting late, but let me finish on this if I may: the 1979 Norfolk Island Act provides for a committee and provides for the federal government to continue to oversee certain aspects that make sure that good governance is delivered to Norfolk Island. That is in the act.

**Mr Bennett**—It does not provide for the committee, with respect.

**CHAIRMAN**—It provides for the Commonwealth, which in turn charges the committee with that aspect of it. We will have to agree to disagree.

**Proceedings suspended from 12.38 p.m. to 1.59 p.m.**

**COOK, Hon. Adrian George Hingston, QC (Private capacity)**

**CHAIRMAN**—I welcome Hon. Adrian Cook, QC. It is most pleasant to see you at our committee hearing again. Do you have any comments to make on the capacity in which you appear before us today?

**Mr Cook**—I am one of Her Majesty's Queen's Counsels for the state of New South Wales and for the Australian Capital Territory.

**CHAIRMAN**—The committee has not received a submission from you. Do you now wish to lodge a submission?

**Mr Cook**—What I have chosen to do—and I hope it has not inconvenienced the committee—is to provide quite a body of material for the committee's consideration. I wish to speak to that very briefly and refer to various points within that material. I believe that this would be the most appropriate fashion in which I could help the committee to carry out its important functions.

**CHAIRMAN**—If you wished to, you could seek leave to table that at the end of your contribution.

**Mr Cook**—If I might, I will seek leave to table all the material which I furnished to the committee, only because I would like it to be part of the record as it does contain considerable material for thought.

**CHAIRMAN**—There being no objection, that is so ordered. The committee prefers that evidence be taken in public, but, if you wish to give confidential evidence to the committee, you may request that the hearing be held in camera and the committee will consider your particular request. Before we ask you some questions, do you wish to make an opening statement?

**Mr Cook**—Yes. I wish to say very briefly that I am grateful for the opportunity to come again before the committee. I have accumulated a deal of material which I would like the committee to take into consideration and which, with respect, I think ought to be on the record as it relates to a number of issues which the committee is going to consider. It contains, I believe, a great deal of food for thought. I am particularly concerned in my submissions this afternoon to do what I can to assist the committee to determine in its report such measures that might improve the operations and organisation of the territory ministry and legislature on Norfolk Island and also refer generally to some matters of what I will briefly call 'good governance' for consideration by the committee. I have chosen not to deal with any matters of financial sustainability or other accountable systems of government. I believe that others who have come before the committee would no doubt be able to perform far more adequately than I in those fields.

The reasons I believe changes should occur in the good governance of Norfolk Island come from my own personal experience. Going back in time—I have had a long association with the law—I was an alderman in a large Sydney council, the Ku-ring-gai Council, which operates on the North Shore. I served a term on that council. There were 12 independents serving on that council and it was quite an experience for some three years, during which I was primarily on the

development committee, to be involved in that level of local government and see the manner in which the affairs of local government were conducted. It appeared with the body of independents that there was little or no cohesion or groups which operated within that number of 12 independents. The meetings of council would unfortunately go on frequently until three and four in the morning and became really quite exhausting for that reason. I served only one term, largely because my practice in the law was growing and I had also a growing family, so I had to make those decisions. I certainly did have the experience of what it was like to operate in the area of a number of independent persons attempting to deal with important issues.

I have also had the opportunity and the privilege here on Norfolk Island to be a minister or executive member responsible for immigration and community services for a period of approximately a year and also to have served as an ordinary member of the legislative assembly for another six or seven months. I took certain stands in the time that I was in government which eventually led to my no longer being a minister within the government and eventually to me resigning from the government as a member of the legislative assembly. I took these courses for reasons which appeared to me to be very cogent, and I have not regretted that I took those measures.

I am concerned that the system of government on Norfolk Island has brought about a position where there seems little opportunity for what might be described as real consensus government. In my experience—I live on the island and am a member of the community; I am married to an islander, so I do have an idea of the aspirations of people who live on the island and who have lived here all their lives—there appears to be a deal of what one might describe as disquiet or unhappiness within the community with the way the government operates. I did want to come forward here today not to compel the committee to listen to my ideas about what sort of government ought to be here on Norfolk Island but simply to sow some seeds that might lead to consideration of changes which I believe should come about. The form of those changes, how they should operate and when they should start to operate will obviously require most careful and considerable consideration.

I would like to start my submission by referring to a copy of the *Norfolk Islander*. It will now of course be part of the record of this committee. I furnished the committee with a copy of the *Norfolk Islander* of 28 September 2002. On the front page is the announcement of the visit of Minister Tuckey—a very important person, of course, in this whole situation. He has required the committee to examine the various matters which have brought us here today and for other days of hearing. In that *Norfolk Islander* the minister referred to the federal government's interest in and obligations to Norfolk Island. He has fairly clearly stated in that article the attitude of the federal government towards Norfolk Island, what its obligations are and what is required by way of mutual interaction between Australia and Norfolk Island.

There is much in that article in the *Norfolk Islander*—I take it that these are the very words of the minister—which would provide a considerable degree of assurance to those who may consider that the Australian government has ideas of in some way taking away what has already been given to Norfolk Island, namely the opportunities for self-government and development of that self-government to the highest possible level.

I wish to say immediately here and now that it is my personal, passionate conviction and determination to do whatever I can to bring about the highest possible levels of self-government

in Norfolk Island. I dedicate and have committed myself to that goal. I regard it as a very essential element in the opportunities for Norfolk Island to grow and develop as it should, with its unique cultures, its heritage and its rather unusual opportunities for tourism and so forth. Its history, I think, compels the opportunity for its uniqueness to be given full measure and full recognition.

It seems that the honourable minister in his statement has recognised this. In that article—and I will refer very briefly to it—he has stated the issues that he sees confronting Australia and Norfolk Island in their future relationships. On the second page of his article, he states:

Reciprocal obligations arise out of the fact that the Federal Parliament devolved legislative and executive power to Norfolk Island under the Norfolk Island Act 1979. The Federal Government retains residual responsibilities for the Territory's good government and proper financial management. It therefore has an obligation to ensure political stability and efficient, honest and accountable government and to facilitate economic and social development.

That seems to be a pretty clear statement, and I accept it as being a genuine statement, intending, in due course, to be fulfilled to the highest possible levels. It is to that end that I would address my own personal satisfaction that, if that could be achieved, obviously Australia's relationship with Norfolk Island appears to me—if I might say so, with the greatest respect—to be entirely taken into account in a proper way. He deals later in the article with the responsibilities of Norfolk Island to ensure that it plays its part too. I do not wish to repeat those matters but it is important, I believe, for the community to have this statement of the minister put on record as part of these proceedings so that it can be examined at any time and not forgotten as one of the weekly copies of the *Norfolk Islander*. His article concludes:

Meeting these obligations—

which are mutual obligations between Australia and Norfolk Island—

is ... dependent on cooperation—based on mutual understanding, respect and trust.

I endorse those feelings of the minister; that seems to be the situation. I believe that, when people in this community feel that what Australia is endeavouring to do to assist them is something which is genuinely in their interest, then a considerable degree of what appears to be either misunderstanding or mistrust has an opportunity to disappear. But it is going to take, I believe, some considerable effort from both parties to bring about the situation that the minister adverts to. I endorse that attitude as being most important if we are going to proceed to achieve the status that I believe we should achieve in due course.

The general attitude of the Department of Transport and Regional Services, which is so clearly involved in the affairs here on Norfolk Island, was contained—and, again, I put this before the committee—in its annual report of 2001-02. The department refers in material I have supplied to the committee to key resolve 4. I have just taken this out of the report; I do not believe it is out of context. Under the heading 'Territories which provide for their residents the same opportunities and responsibilities as other Australians enjoy in comparable communities' it deals with certain matters. It deals, under the heading 'Territory residents receiving appropriate and effective governance', with the key strategy which is described as to:

Develop effective and appropriate governance for each Territory.

It is interesting that under Norfolk Island it says that self-governance has been 'substantially achieved'. If you look further on, you see that it says it has been achieved for the Australian Capital Territory and the Northern Territory, Jervis Bay territory and the Indian Ocean territories. It troubles me that it simply says under Norfolk Island that it has been 'substantially achieved.' Those words have a connotation to show that Norfolk Island may have gone well along the way but there is still a lot to be done. If, as I am sure the committee will, you read the report about that substantial achievement of self-governance, you see items such as:

The Department provided \$75,000 to the Norfolk Island Legal Aid Fund to ensure all Norfolk Islanders have access to appropriate legal representation.

I am aware that there is something close to \$300,000 in the legal aid fund that has just been sitting there for years, because the Commonwealth has regularly provided funds—and assisting in that is a very important thing for the Commonwealth to have done. But I think in the last year there were four claims which totalled \$5,000. It would appear on my assessment of it—and I was involved in this when I was in government—that the qualifications for achieving legal aid are so strict and so severe that they virtually prevent anybody who might otherwise have achieved such assistance from achieving it. The report says:

The Department has committed to providing assistance to the Norfolk Island Government's Focus 2002 Financial Review.

I do not know how much is involved there. It also says:

... \$496,000 in funding was provided to the Kingston and Arthur's Vale Historic Area (KAVHA) for restoration works.

I think the minister, in the article in the *Norfolk Islander* which I referred to, referred to the need for the Commonwealth to preserve historic sites. While it might of course be very important for the Commonwealth to feel that it has protected that site, it seems that a tremendous amount of money has been spent just on preserving this particular area. In one sense, Norfolk Island has the advantage of that in attracting tourists. Obviously, it is a bit of a two-edged sword: if the restored works in Kingston were not in the state that they are now, one imagines that it would not be so attractive for tourists to come to this island. The report also refers to the progress of the crown land initiative. Finally, in the summary about the substantial achievement of self-government, the report says:

The effect of the abovementioned activities was to bring Norfolk Island closer to the arrangements prevailing in other Australian communities.

It seems to me that that does not really provide very much satisfaction in the substantial achievement of effective and appropriate governance for each territory. It seems to fall considerably short of that. That is my comment and I pass from that.

In the minister's article that I have placed before the committee, he referred to the international obligations of Australia and the requirements that Australia undoubtedly has to honour those obligations to which it has been a signatory. The International Covenant on Civil

and Political Rights is probably one of the most important of those. I refer the committee to article 2.1. It says:

Each State Party to the present Covenant undertakes to respect and to ensure to all individuals within its territory and subject to its jurisdiction ...

I am leaving aside any arguments which might be advanced as to whether Norfolk Island is in the territory of Australia but it certainly seems subject to its jurisdiction. The article goes on:

... the rights recognized in the present Covenant, without distinction of any kind, such as race, colour, sex, language, religion ...

and so forth. According to this covenant, residents of Norfolk Island should be entitled to the same rights and privileges that apply to those on the mainland. That is something which I think has to be at the forefront of Australia's considerations about what it can do for Norfolk Island. It cannot fail to have regard to that important article. Under article 2.2, states have to provide necessary steps to adopt such measures as will bring about those situations.

The international covenant is fairly lengthy. It has been criticised for being too airy-fairy but it does have some pretty sound ideas about how good governance should take place. Article 25 says:

Every citizen shall have the right and the opportunity, without any of the distinctions mentioned in article 2 and without unreasonable restrictions:

- (a) To take part in the conduct of public affairs, directly or through freely chosen representatives;
- (b) To vote and to be elected at genuine periodic elections which shall be by universal and equal suffrage and shall be held by secret ballot, guaranteeing the free expression of the will of the electors;
- (c) To have access, on general terms of equality, to public service in his country.

What is meant by 'universal equal suffrage' at 25(b) has concerned me. 'Suffrage' is the casting of a vote; 'equality' means equal in size, intensity or scope. I ask you to consider proposals for changes to what I consider to be an inappropriate system of unequal voting levels which we as all know are based on the Illinois voting system. I will come to that in due course. I refer the committee to it because I know that they will be aware of it but I think it should be part of the record.

I have also furnished to the committee—because I thought it could say a great deal of what I would like to say about the need for reforming, changing or doing something different to the legislature on Norfolk Island—the address at the National Press Club on 24 April 2002 by Mr Harry Evans, who is very highly respected for his involvement in the government in Australia. In his address he dealt with a lot of aspects of why reformation was necessary and what should be considered. Again, I provide it as material for the committee and I ask them to accept whatever might be relevant to their functions here today. I ask them to take on board what Harry Evans has very wisely said in that address. I would like to leave the committee with what he said:

What is needed is not 'reform' of parliament but reformation. The latter term connotes a reform which is designed to return an institution to its original purpose, from which it has fallen away. We do not have parliaments so that they can be rubber stamps. We have parliaments to represent the voters properly, so equipped that the holders of the executive power cannot legislate by decree like absolute monarchs and can be made to account for their actions between elections. Any changes to the institution of parliament should be designed to assist those ends.

I simply say that anything that I endeavour to ask the committee to consider as being suitable for Norfolk Island, or which could be taken into account in any proposals or changes, should be centred around considerations of that kind.

I again put before the committee that the Seventh Legislative Assembly here undertook through a select committee the onerous task of reporting on electoral and constitutional matters. I believe that a number of matters in that select committee's report could be worthy of some close attention. One of the matters in the report—which I have already furnished to the committee—that appeared to find favour with the select committee was the code of ethical conduct for members of the legislative assembly.

I am not entirely certain whether this committee has had such a report before it in any earlier considerations, but I believe it is important. In a sense it is a home-grown report. It has a lot of material in it. One of the aspects which I felt I could support at earlier times was that it reduced the number of persons who were in the assembly. For reasons which I will state later, I have changed my approach in relation to that situation.

I ask the committee to take into account the report of the select committee of the Seventh Legislative Assembly. I am aware that a further select committee report is currently being undertaken—I am certain with complete dedication and commitment—on a very large range of issues which are important to this island. I am certain that in due course the committee will have that before it for consideration. I ask that, as a home-grown report from our own legislative assembly, the committee give considerable attention and weight to all the matters raised in this intended report of the current select committee.

I have previously advocated the changes that I intend to ask the committee to accept today. I have provided the committee with material from the *Norfolk Islander* of 20 January 2001. On the front page there is a brief press statement by me about a notice of a motion that I intended to move at the next sittings of the legislative assembly—which indeed I did move. The material also included the charter of the Isle of Man government and the code of ethics of the Canadian provincial government, which I have also referred to.

I put those forward at that time and in that manner because I felt it was important, having had 12 months experience, for some stand to be taken. Norfolk Island was lacking in a very particular way and was finding difficulty in going forward. The way that I believed it should have gone forward was for real opportunities for consensual government. Fairly clear situations were developing where there was dissension and difficulty. To me, it appeared that something needed to be done to bring about a change and, if necessary, that had to be brought about by a fairly dramatic sort of statement or situation developing. In that way it was not just a good idea that was brought forward and then immediately shelved but had some impact because of the circumstances in which it was brought forward. Therefore, I am grateful, as I said earlier today,

to come again to a situation where I feel I can put forward this material for the consideration of this committee.

I have put forward certain material which I have obtained from the Internet which seems to be an extraordinary tool in this day and age for obtaining information. This material relates to an article dealing with the constitution, parliament and government of the Isle of Man. It deals with the charter that is in place on the Isle of Man. I have put this material forward as being something that the government legislature of Norfolk Island should very seriously consider taking as a statement of its aims and objectives for good governance. If it were put forward in good faith and adhered to, I believe that it would considerably encourage the relationship, which should be mutual, between Australia and Norfolk Island. It would preserve to a very high level the independence of Norfolk Island and the opportunities for its advancement through self-government. The Isle of Man's relationship with Great Britain is very similar to that which Norfolk Island has with Australia. It constantly comes back to the development—and the fullest possible development—of self-government and essential independence. Some such charter, written document or statement of the true objectives of what is good governance would be a starting point of considerable importance in the development of what I consider is required, namely good governance and progress towards full self-government.

The covering article in the material I have put forward refers to the fact that the majority of the members of the House of Keys and the Legislative Council sit as Independents and the virtual absence of party politics encourages a high degree of consensus. This has contributed to the remarkable stability of the Manx system. That system has been in place for a very long time and, in view of its success and the obvious way that it works effectively and efficiently, it gives encouragement to considering that there is some model by which something can be done to ensure that Norfolk Island has the best and highest levels of good governance.

The community of the Isle of Man is considerably greater than that of Norfolk Island. This is probably reflected in the fact that there are 24 members in the House of Keys. They are elected every five years and they are the active members of the house. From them comes what is called a council of ministers, who are in a sense the executive; I suppose you could best describe them as like a cabinet. There are also the members of the Legislative Council, which acts as a house of review and is similar to the Senate here in Australia. All that has achieved what I believe is and what has been reported on as being a considerably successful government and one that is somewhat tried and true.

I would refer the committee to one interesting matter in the material that I have put forward, and that deals with the electoral situation on the Isle of Man. After having flirted for a little while with proportional representation, it appears they then passed away from that form of voting and operated on the first-past-the-post system, as it were, for quite a number of years. I will make some brief submissions to the committee that that should be the situation obtaining here on Norfolk Island. Proportional representation was used as a method of voting until, in 1991, it reverted to the first-past-the-post system. I do find it interesting that proportional representation was tried. It seems that here, after the 1979 coming into effect of self-government, there was a first-past-the-post situation. Then about four or five years later it was changed to the Illinois system, in which form it has remained ever since. So there has been no essential change.



I have also put forward the code of ethical conduct for members of the Legislative Assembly of the Province of Saskatchewan, Canada. I believe that is a succinct and solid statement which, well adhered to, could only provide good and appropriate governance in Norfolk Island. I am somewhat supported in my views by the fact that the Seventh Legislative Assembly's select committee also felt that that was quite important.

In considering what would be an appropriate voting system for Norfolk Island, I have also taken—again from the Internet—from the University of Illinois an executive summary and examination of the so-called Illinois voting system with all the material for and against. I ask the committee to take that into account. I hope it is valuable and of assistance to the committee. On a careful examination it appears that it does not have the merit to be considered as the system of voting for Norfolk Island.

It has always concerned me, just to take an instance—and I suppose legal training makes you think along these lines—that, if you had 1,000 people on the Norfolk Island roll and they had to elect nine people to the assembly, if they all chose to think that three particular persons were the very best and wanted to give them votes of 4, 3 and 2, effectively only three people would be elected. That might be considered an extreme example, but, on the other hand, if a system allows such a possibility to occur, some examination is required to see whether it is serving an effective purpose. There seems to be no relationship whatsoever between that system and what is needed here on Norfolk Island when one examines the reasons for it being introduced in Illinois.

As for some other material that I wish to put before the committee, I would say immediately that in absolutely no possible way do I seek to assert that there is any corruption as such in the government of Norfolk Island. I completely and utterly accept that the situation here is of the members of the government doing their utmost to fulfil, honestly and with integrity, their roles and their functions. But it seems that the possibility of corruption, in its widest sense—dealing with things like conflicts of interest, codes of conduct, behaviours of members and such things and not necessarily related in any way to receipt of money for favours, bribery and corruption or anything of that blatant kind—has concerned those who are responsible for considering what is good governance and how it can be achieved. Therefore, I have chosen to simply put this material together and place it before the committee for the committee's consideration overall with all other factors. But again I repeat, and I want to make it absolutely clear, that I am not in any way suggesting that there is any basis for any application of the matters particularly that appear in those reports, but they are matters for consideration in determining how good governance can be achieved.

*Corruption Resistance Strategies—Researching risks in local government*, the research findings summary of the Independent Commission Against Corruption, speaks for itself. I do not wish to refer to it at any length, but I consider it has important significant aspects that are required to be considered. There was also *Preserving Paradise: Good governance guidance for small communities*, which was undertaken by the Independent Commission Against Corruption on Lord Howe Island. Again I simply refer to this as being an example of an examination of a particular small community. I am not suggesting that Norfolk Island is identical in any way to Lord Howe Island, but there are a number of matters which might arise for consideration when one considers that investigation or examination which was undertaken.

I have been led to believe that the Independent Commission Against Corruption has very recently updated or revisited the situation on Lord Howe Island to comment on matters which appeared in its earlier report. I have not had the opportunity to obtain that material. If the committee has received such an update or report, I would very much appreciate the committee considering adding it to the report which I have put before it so a more complete picture might emerge—and not only for the committee’s consideration but also for those who may read the material which obviously will form part of the select committee’s report.

The only other thing that I want to refer to in the material that I am putting before the committee is the *Global corruption report*; in particular, the references to the Pacific and Pacific Islands. There are a number of matters in that which seem to be apposite for consideration on the question of good governance. I simply refer the committee to those particular matters. I note also that in the report there is a reference to the situation in Australia which says:

... Australia would be judged as open and accountable. Federally, and in the states and territories, FOI and review provisions are detailed and comprehensive.

We do not have freedom of information legislation here on Norfolk Island, although it has been on the books and has been considered by a number of different legislative assemblies.

It is my view that one of the major opportunities for advancement in self-government in Norfolk Island would be the introduction of a charter which sets out the principles of good governance which the community wishes to have itself governed by and to put in place codes of conduct acceptable to the community. It is my submission that there should be a change in the form and structure of the legislative assembly. There should be, without changing the essential number of nine members, a council of ministers—akin to that which operates in the Isle of Man—of four members, of which the Chief Minister would be the head. These members would be akin to the executive directors of a large corporation and would be involved in preparing and bringing forward legislation or changes in policy—matters of that kind—which are significant and important in Norfolk Island.

There should also be a council of review of some five members of which the head would be the Speaker of the house—the Speaker being elected at a joint meeting of the members of the legislative assembly, both the council of ministers and the house of review. That house of review should be able, as it operates in the Isle of Man, to consider legislation, to bring forward, if necessary, its own ideas that will assist in the governance of the island but most of all to act as a house of review—to consider the legislation. Once a month, as happens in the Isle of Man, there would be a joint sitting of the council of ministers and the council of review. Question time would take place, as it normally does, to call ministers to account for their actions or inactions and to deal with various other matters which would be able to be dealt with to the satisfaction of the public listening to such broadcasts, enabling them to be fully acquainted with what is happening in the government. This would provide, as occurs in the Isle of Man, opportunities for a consensus form of government, seeing that it would appear—and I hope it remains that way—that party politics will not intrude into Norfolk Island and we will always have a measure of independent minds working together at all times for the good of the island and for the advancement of the essential elements of self-government, which I am sure every one of the members of the government of Norfolk Island is committed to, as I myself am.

I think it is appropriate that there be a change in the voting system. The council of ministers would be those who put themselves forward as being prepared to engage in the arduous and fairly full-time work of preparing legislation and working in their various areas of responsibility, which really are quite numerous on the island. They would make an undertaking to the community that, if they were elected to that council of ministers, they would engage in full-time work as a minister. They may possibly retain some interest in business, but they would not be able to be engaged in a full-time occupation in that business.

Those are all matters which could be the subject of appropriate consideration as to the degree of involvement that would be required from a minister who stands in that capacity. There should be a separate election for the council of ministers, and that should be one man, one vote, in which the community would cast its vote for each of the four members who it considers should be elected. The Chief Minister should be the one who records the highest vote of any of the members of that council. If there is a tie or, if by any chance, there was no election so that all those who nominated were deemed to be elected, it should be resolved, as is traditional, by lot. That would take care of the unlikely eventually of a tie or a non-actual elective process.

In the council review there should be an opportunity for persons who continue to be engaged in their businesses to some extent to still be engaged in or to offer their services and skills to the government on a far less onerous or far more part-time basis. Obviously, that would generally mean that they would not, as so happens now with backbenchers as they are called here in government, receive anywhere near as high a salary as those who are committed to a full-time engagement as a minister. The situation will of course occur that, in any joint meeting of both the council of ministers and the house of review—the council review—the Speaker would have a casting vote in the eventually of any tie in the voting. If one looks at the unlikely event that there was such adamant objection to a legislative measure going forward or some matter of policy being determined, then obviously if it failed it would fail because there was such equal division against it. But there is a real chance in what I am suggesting for consensus government to take place.

It seems to me that persons who might object to the problem of having to vote for nine people might find it a great deal easier to vote for four people for a particular purpose and for five people for another particular purpose. I think most of the people on Norfolk Island are aware of the performance of their ministers. They seem to judge whether they are performing effectively from what they hear on the radio, from the regular meetings and from the dem tull that circulates in the community. They probably have a pretty good idea of who they are going to put in the next time a committee comes to the point of election.

I do not think there is anything further that I want to say. I realise that my opening statement is probably a bit long, but I feel it covered all the material I put forward to the committee and explained why I put that material forward. I would be pleased to answer any questions that the committee might have.

**Mr CAMERON THOMPSON**—The 1995 report of the legislative assembly's select committee proposed a modified, first-past-the-post system and said that a second choice would be a modification of the Illinois system, only with three rather than four. What has progressed with that? Have there been any subsequent efforts by the legislative assembly to prosecute the argument of the first choice, or has it basically been forgotten?

**Mr Cook**—I did mention the fact that I think the select committee which is presently under way, and which I mentioned is doing its utmost to come forward with matters which will guide and could help the legislative assembly, is dealing with matters relating to electoral reform. However, to the best of my understanding, I do not believe anything has actually occurred as a result of the recommendations of the Seventh Legislative Assembly.

**Mr CAMERON THOMPSON**—What is your view of the recommended electoral system put forward under that, which is the modified first-past-the-post system where you have nine candidates, numbered from one to nine, but where you have the opportunity of not using the full nine?

**Mr Cook**—I find that a bit difficult. I think that, if you want to elect nine members to a government, you should be responsible for ensuring that you do have a government of nine. It seems to me that, if you have the choice of electing a lesser number to govern, you are running the risk that you will not get a government elected. The responsibility of the electors is to elect a government. Therefore, they should exercise their vote to ensure that a government is elected.

**Mr CAMERON THOMPSON**—So you would prefer a strict first-past-the-post system?

**Mr Cook**—I believe that that is appropriate and it could be effective on Norfolk Island. In the census report of August 2001—and I have not referred to this in detail; it was generally just to assist the committee, and I am sure that the committee has the material—it is very interesting to see that the number of people of Pitcairn descent on Norfolk Island is virtually equal to those who are not of Pitcairn descent. Whatever may have been the earlier situation, if the basis for introducing the Illinois system was to protect a minority, it does not seem now to have anywhere near the cogency it once might have had. The Illinois system is complicated and the system put forward by the Seventh Legislative Assembly was complicated. There should be a commitment on the part of everybody who votes to ensure that a government of nine members is returned and they should not be satisfied with returning a lesser government. If they vote for nine members, if the nine members vote and it happens to accord with their voting situation then they are responsible: they put those people in.

**Senator HOGG**—I understand your thinking behind the vote for four and the vote for five, but I express the personal fear that it would polarise the vote. It would not matter whether those votes were held at the same time or at different times. You might get people who would vote for the four ministers and then vote from the next five in the same pattern. You would not get the diversity of view that you would have if you had a vote for nine.

**Mr Cook**—I had envisaged that the voting would take place at the same time, but then, in a similar way to the Senate, to ensure continuity in the council of review, you would have, say, two retiring at the end of two years so that there would be a continuity of experience in the government. Those people could no doubt reoffer themselves for election.

**Senator HOGG**—The issue that I raise is not so much one of experience, although I was going to come to that; it is that people would polarise their votes. Because they voted for the four ministers, they might seek to link up, in the next five, people who were either similar to, or of a similar mind to, the top four. If one had a vote for nine, one would have a wider diversity of view elected to the council.

**Mr Cook**—I understand what you are saying. It seems to me that if the community accepts the situation and the real purpose for a council of review the checks and balances situation would come forward and instances such as the creation of bloc voting would be avoided.

**Senator HOGG**—Under those circumstances, if one was to accept your system at face value, there would be a need for FOI, for an ombudsman and for access to an independent crime and corruption committee of some sort.

**Mr Cook**—I believe that there should be access to all these bodies in an appropriate way—

**Senator HOGG**—But there is not access now, is there?

**Mr Cook**—No, there is not access, but I believe there should be. If you have an accountable government, I believe that it has to be an open government and there should be some form of access to those mechanisms, because they are part of the mechanisms of democratic government.

**Senator HOGG**—You touched on the issue that I raised with someone earlier this morning—that is, the election of the ministers and/or the council of review in two pieces, one serving a term for four years, let us say, and the others being elected for two years and then starting a four-year term so that, like the Senate, you have people leaving out of sync so that you have continuity. Would you favour something such as that?

**Mr Cook**—Yes, I feel that that is appropriate because I think that, once the idea is firmly planted in people's minds that the council of review does really function in that appropriate fashion, they accept the value of such a system.

**Senator HOGG**—The other issue then is the length of term. We have had people tell us that they do not want a fixed term as such. What term of office would you see applying? Given that it would be a staggered election period, some have already expressed the view that they do not want to surrender any option to sack a government that they might feel is not serving their purpose.

**Mr Cook**—That is a two-edged sword in a real sense, because there is a question of either stability of government—the government getting on with its job and functioning in the best possible way it can when it has been given a mandate—or, from time to time, if there is a crisis, whether government could be thrown out and so forth. If it is thrown out by popular demand, I suppose it might be different from what sometimes happens with political manoeuvring which we are all familiar with with double dissolutions and matters of that kind. But, if I were asked directly about it, I would favour a four-year term.

**Senator HOGG**—How would one handle sacking the government then? Would one handle it the same as a double dissolution?

**Mr Cook**—If there was sufficient movement in the assembly itself, a recognition that it was no longer functioning effectively, and there was a decision made among the members then they should have the opportunity to say, 'We are no longer functioning as an effective government,' and they should accept that responsibility.

**Mr NEVILLE**—Do I understand it that, assuming we stayed with the current nine, the council of ministers and the house of review would be drawn from those nine people—is that the idea?

**Mr Cook**—No, there would be separate elections for the two bodies and the functions that those persons would perform.

**Mr NEVILLE**—What I cannot quite catch onto in your submission is: are you suggesting that there would be four ministers and five backbenchers, as there are at present?

**Mr Cook**—There would be four ministers doing the executive work of the government in a real sense for preparing legislation, considering all sorts of matters—

**Mr NEVILLE**—But would they sit with the five backbench MLAs or would that—

**Mr Cook**—No, the council of review sit separately. They consider matters, legislation which comes up to them from the ministers for their consideration. So they have the opportunity to consider them.

**Mr NEVILLE**—To follow on from Senator Hogg's question: you would elect a group of four and a group of five?

**Mr Cook**—That is what I was suggesting. The Speaker would be one of the five.

**Mr NEVILLE**—Would he preside over both bodies?

**Mr Cook**—When there was a meeting of both bodies, he would preside as Speaker.

**Mr NEVILLE**—Even though there are only four of them, who would preside over—

**Mr Cook**—The Chief Minister.

**Mr NEVILLE**—The Chief Minister would preside over the ministerial group—

**Mr Cook**—That is correct.

**Mr NEVILLE**—and the Speaker over the other group and over any joint sittings.

**Mr Cook**—And I would imagine, if there was a deadlock, there would have to be consideration as to whether or not the Chief Minister had some form of casting vote.

**Mr NEVILLE**—The Chief Minister or the Speaker?

**Mr Cook**—In the sense of within the meetings or the determinations of the council of ministers.

**Mr NEVILLE**—I see.

**Mr Cook**—I am talking about two separate areas of determination.

**Mr NEVILLE**—So if someone were absent, there would have to be some way of breaking the deadlock.

**Mr Cook**—Absolutely. The Speaker would have a casting vote on the overall meeting.

**Mr NEVILLE**—Under the current system, if a minister were not performing or you reached a decision that the government were not working efficiently, you could remove them by a simple majority. When you look at the constitution of just about any body, club or major organisation that has some dismissal or closing down powers, there is usually the insistence that that occur by a two-thirds majority.

**Mr Cook**—A two-thirds majority, yes.

**Mr NEVILLE**—The idea—and even more so in your model—is that you could not have the five members of the council of review dismissing the ministers by a simple majority. There would need to be a requirement that at least one of the ministers voted with the council.

**Mr Cook**—Yes. I would favour that. It seems to me that that is appropriate. I have not endeavoured to go into every aspect of what I put forward in the submission today—only because we have taken time to talk about other things—but it seems to me that that situation requires attention to ensure stability.

**Mr NEVILLE**—The purpose of all this would be that the ministers focus on doing the business. They would be like a cabinet and they would be doing the business of government. The others would periodically review that.

**Mr Cook**—Yes, they would be reviewing it—and they themselves could contribute in their own way to suggestions and put forward material, or there could be meetings of the committees or both, as it were. Still, that could apply here if necessary.

**Mr NEVILLE**—How would question time function in such a set-up?

**Mr Cook**—I have provided that in the material about the Isle of Man, where they have a question time and the same thing applies.

**Mr NEVILLE**—It is a much bigger body—about 24 in one house and 11 in the other.

**Mr Cook**—That is true, but on the other hand we are somewhat at a disadvantage—probably a real advantage, if we are looking at it, is the rather small numbers in the community.

**Senator HOGG**—Paul, could I just intervene? I am sorry.

**Mr NEVILLE**—Sure.

**Senator HOGG**—It is your question time, but there is an important issue, and that is the separation of powers between the executive and the public service. I assume that is taken as read in this instance?

**Mr Cook**—Indeed, very much so.

**Senator HOGG**—Because I do understand that here now—it is not a criticism—there is some blurring as to whether there is a proper separation. I am not suggesting there is any impropriety; it is just that we heard evidence from one person this morning that they went out and did the computer sheets and then handed those across to the public service. But there really needs to be a separation of powers, doesn't there?

**Mr Cook**—I would strongly adhere to that because my legal training as such makes it quite clear to me that that is absolutely essential.

**Senator HOGG**—All right.

**Mr NEVILLE**—We have heard evidence that the Commonwealth should do more and we have heard people saying, 'We should be totally self-sufficient and try to work our way through our own problems.' Moving from this constitutional angle that we have been talking about to more practical matters, where do you think the responsibility of the Commonwealth lies in terms of specific targeting of areas of financial concern here?

**Mr Cook**—I think there has to be a determination by the Commonwealth and by committees such as yours to examine the situation and enter into very close dialogue with those responsible—the government here in Norfolk Island—and for there to be a—

**Mr NEVILLE**—It is not so much about the process but about the areas. For example, do you think it is appropriate for the federal government, in consultation with the Norfolk Island government, to target specific areas such as the hospital, roadworks, the provision of a domestic violence counsellor and some of the other things we have heard in both these inquiries that seem to be missing from the fabric of your society here? We heard very interesting evidence this morning—I was not aware of it, so it was interesting to hear—from I think it was Mr Bennett that, when the Commonwealth ceded most constitutional powers to the Norfolk Island government, it was on the understanding that certain public facilities would be brought up to scratch, and that was never done. There has been this never catching up process going on ever since. I want you to try to identify for me the areas where that you see that catching up as being necessary.

**Mr Cook**—I find that a bit difficult, with respect. I am trying to identify these various areas. I really do believe that it is the responsibility of the Commonwealth to ensure that everybody is treated fairly and equally, that everybody has the same sorts of opportunities, the same advantages and the same physical opportunities to have a good standard of living, as it appears on the mainland. I would think that the Commonwealth has a definite obligation to ensure that the infrastructures—if I could use that word—and coping with all the various aspects that you have touched upon and including them all in that word, are right up to scratch. I think it must take considerable determination by the Commonwealth to ensure that that happens and that Norfolk is not left, as it were, scratching all the time in trying to make its way.



**Mr NEVILLE**—You are not really answering the question.

**Mr Cook**—I find it difficult, sir. I am not trying to avoid answering your question but I find it difficult to identify all the various areas. I know what it is like to find yourself living here with the lack of satisfaction and the problems that arise out of quite inferior infrastructure situations. If you ask me to label them all and put a name to them all, I would be here a long time.

**Senator HOGG**—Paul, in the interests of time may I suggest that Mr Cook take that question on notice, give it some consideration and, maybe after musing over it for a couple of days, give us an answer. That might be the simplest way.

**Mr Cook**—Yes, I would certainly do that. I am very conscious of the time and so forth, and I do not want to spend all the time talking. I am happy to do whatever the committee asks. If the committee asks me and directs questions to me, I will answer those questions.

**Senator HOGG**—Do not be so compliant!

**Mr Cook**—That is all right. I do not mind; I am committed to making what efforts I can.

**Senator HOGG**—We understand.

**CHAIRMAN**—Thank you. Hansard will give you copies of those questions on notice.

**Mr Cook**—Thank you.

**CHAIRMAN**—Judge, I thank you for your attendance here today. If there are any matters on which we may need additional information, the secretary will write to you. You will be sent a copy of the transcript of your evidence, to which you can make editorial corrections. On behalf of the committee, I again thank you most sincerely for your contribution today.

**Mr Cook**—Thank you, Mr Chairman. May I make one correction: I do not think I am entitled any longer to the appellation of ‘judge’, but it is very kind of you to refer to me in that way. I am just plain ‘Mr’.

**CHAIRMAN**—Thank you—old habits die hard.

[3.06 p.m.]

**BUFFETT, Mr Ivens Francois (Private Capacity)**

**CHAIRMAN**—Welcome. These hearings are legal proceedings of the parliament and warrant the same respect as parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as contempt of parliament. The committee has received a submission from you. Do you wish to make any corrections or additions to that, Mr Buffett?

**Mr Buffett**—I do not wish to make any formal corrections or additions to the submission that I have placed there, but simply to make some preliminary remarks before answering any questions that I have been invited to attend to answer.

**CHAIRMAN**—Before you do, I have more of this to read out. It is rather tedious at times but I nonetheless have a statutory obligation to read it out. The committee prefers that evidence be taken in public but if you wish to give confidential evidence to the committee you may request that the hearings be held in camera and the committee will consider your particular request. Now before we ask you some questions, do you wish to make an opening statement?

**Mr Buffett**—I prefer that the matter be dealt with in the open sittings of this committee. The brief opening statement that I wish to make is this: I had, as an Independent, prepared my submission and filed it with the committee prior to the finalisation of what is now being filed with the committee as the Norfolk Island government's submission to the joint standing committee. Being part of the Norfolk Island government, I am cognisant with what is included in the government's submission and support that submission. Having said that, I am more than prepared to answer any reasonable questions and to take on notice any that may arise out of the submission that I have made as an Independent member of the legislative assembly.

**CHAIRMAN**—Are you ready for questions now then, Mr Buffett?

**Mr Buffett**—Certainly.

**Senator HOGG**—I asked the last witness about the issues of FOI and the Ombudsman and the independent crime or corruption committee; what is your view on these in this environment?

**Mr Buffett**—If we are to pursue the progression of self-government, they are critical things that we must embrace. My understanding is that they have all been on the *Notice Paper* and some are currently being discussed and that in due course the legislation to provide for those issues will be prepared on the clear understanding that we have one legislative draftsman and a limited legal section. These matters can become significant issues when dealing within our normal legislative program. But yes, I would embrace those issues for Norfolk.

**Senator HOGG**—I accept what you are saying. It is very helpful indeed. Is there a need for some outside assistance to accelerate consideration of these matters? I understand that your resources are limited. In the interests of good governance and ensuring transparency and accountability, there may be justification for seeking some outside assistance. I am not

necessarily advocating the Commonwealth government, by the way. I am speaking in the broadest of terms.

**Mr Buffett**—As the committee will know, in my submission I have advocated the possibility of cooperation in achieving some of the issues that are currently before us. From an independent member's point of view, I would certainly welcome the additional resources to achieve that. My understanding also is that there has been some preliminary offer from the Commonwealth on the question of the ombudsman's role. My understanding is that the Chief Minister was going to pursue that after discussing it with the members of the assembly. I would have no objection whatsoever, as an independent, for that assistance to be given, on the basis that it is a cooperative effort to achieve what the Norfolk Island Legislative Assembly believes is the appropriate legislation for Norfolk Island.

**Senator HOGG**—With your experience of the assembly and general government processes on the island, can you advise me whether there has been an independent audit process other than for financial auditing? In other words, has there been a process for performance audits of the various functions of the legislative assembly and the government?

**Mr Buffett**—I am not personally aware that there has been an independent audit.

**Senator HOGG**—If you are heading down the path of transparency and accountability of government—and, as people have heard me say here today, I have spent a bit of time in the Pacific, PNG and Thailand recently on this very issue—it seems to me that, unless there are performance audits which make an evaluation of how an individual portfolio or the business of that portfolio is operating, there is not necessarily going to be any transparency of government. That is the context in which I say that. Did you hear the previous witness put forward the idea of a council of ministers and a council of review?

**Mr Buffett**—I partially heard the evidence. I wish to make a comment on that. Perhaps, if you would pose a question, I will take it on notice and come back to you after listening to the evidence.

**Senator HOGG**—I am interested because the concept of a council of review raises the spectre that we would be dealing with something more akin to an estimates process in scrutinising what the executive of government was doing. It seems to me that, if good governance is to prevail, there needs to be a fairly robust and rigorous scrutiny of the actions of government. That is easy to say in a legislature which has a reasonable number of members, but it becomes very difficult in a legislature with a limited number of members, such as the one you have here. So I would be interested in your view on the concept that was put to us. I am not asking you to sign off on it, because a lot of thought would need to be given to that particular process.

**Mr Buffett**—I would certainly wish to make some comments on that. I will take note of that and supply some information to the committee.

**Mr NEVILLE**—Mr Buffett, what is your view on having separate elections for the ministry and the five backbenchers, albeit at the same time or in a rotational system? Let me put it to you another way: would it free up the ministry to act more like a cabinet and get through the work

and make the preliminary decisions if it were done on a two-tiered system, as Mr Cook has suggested?

**Mr Buffett**—Let me first make a comment about having separate elections for the ministries. One of the difficulties I see with that is that we are dealing with three levels of government—and the ministers effectively deal with those three levels here on Norfolk Island and there are only four ministers—and, when you look at the wide range of issues that are spread across the executive authority of the four ministers, I am not too sure how a person puts themselves up for the portfolio or the executive authority that he wishes to stand for, because at any one time one single person could have executive authority over up to half-a-dozen different issues and, therefore, on which one of those issues is the community electing him to be really—

**Mr NEVILLE**—That was not my question. We have heard here informally that sometimes the elections here reflect the popularity of a person but not necessarily their capacity for a cabinet role, and there has been a tradition—but not always—of the ones at the top of popularity poll getting the cabinet posts. So sometimes you end up with a person who is very popular and probably a very good backbencher ending up as a minister, which perhaps may not have been his original intent. It says to the community: here are seven, eight or nine people offering themselves for the ministry; here are another 13 who are offering themselves for the five backbencher positions. It tells the community what is going to be required of the minister, as it does the candidates, and similarly with the backbencher positions. In allowing the backbench to review the decisions of the cabinet, the ministerial council or whatever you like to call it, everyone is aware of those roles at the time the election occurs, and you might get two more focused groups of people operating within their capacity. That is what I wanted you to comment on.

**Mr Buffett**—I would have no real objections to that, providing that when a person puts themselves up for election to executive office they are very careful that they are not nominating or specifically targeting an executive office, or they may in fact do that. The community has to fully understand that we do not have the luxury of dealing with the one issue, so it gets back to what I was saying before. Perhaps that that is a way of clearly defining from the community's point of view who they wish to be the executive government. I personally have no real difficulty with that.

At the commencement of this 10th assembly that very issue was discussed amongst the membership of the assembly. In fact, wide-ranging discussions took place amongst the group of nine who were elected regarding who we, as the elected representatives, believed had the greatest ability to take on the duties of executive office. So that process went on in the last one and that is certainly something the select committee of the 10th assembly has touched on and hopefully it will be expanded on and explored during that process.

**Mr NEVILLE**—Looking at your submission, you say that DOTARS has got the bull by the tail with direct election. Can you just flesh that out a bit for me?

**Mr Buffett**—That is in respect of—

**Mr NEVILLE**—The direct election of chief minister.

**Mr Buffett**—I mention that because, if what DOTARS mentioned in their submission was indicating that there were five people with executive authority and that would produce a majority in the assembly, that is absolutely not correct.

**Mr NEVILLE**—Which means they have not been across the process here.

**Mr Buffett**—I suggested that they may not have been across the process because, in fact, if you had the five then you could really govern, as you would have the majority at any one time. That is why I raised that—to clarify the information and the evidence that DOTARS had put in their submission.

**Mr NEVILLE**—We have also heard some evidence about pecuniary interest registers and so on, which are now throughout the rest of the Commonwealth. Senators, MHRs, MLAs and MLCs all have to complete them. Would that be onerous in a small community like this?

**Mr Buffett**—I do not personally believe it would be onerous. I believe a pecuniary interest register was in place or still is in place, and I had the occasion to declare an interest in a matter with the Chief Minister as recently as yesterday. So I do not see it—

**Mr NEVILLE**—But there is quite a difference between a pecuniary interest register listing all your major investments—all your major property holdings, all your boards of directors, all organisations in which you have influence and all the shares and trusts you hold—and individual declarations of pecuniary interest at the time of a vote or a debate in the House. Do you think at the beginning of each term there should be a declaration by all members that is reviewed at—

**Mr Buffett**—I have no difficulty with that concept.

**Mr NEVILLE**—You have probably picked up from my questioning that we have heard a wide range of views. We have heard the view that the Commonwealth should stay right out of giving financial assistance here, the view that the Commonwealth has been miserly and the view that the Commonwealth should come in on targeted areas. Where do you stand in that spectrum?

**Mr Buffett**—Probably a little astride most of it. Let me explain. I believe, and I specifically put in the submission that I made, that we are at a stage of Norfolk's development of self-government where the question of the constitutional issue should not be the central focus of what we are discussing.

**Mr NEVILLE**—There is room for more practical things.

**Mr Buffett**—I personally believe that there are more practical issues that we need to address at this stage of our development. In terms of whether we should totally say to the Commonwealth to not give any financial assistance, I personally do not believe we have got to the situation where we can legitimately say that for the following reason. The 1997 Commonwealth Grants Commission report was a joint document made at the request of the then Norfolk Island government and the Commonwealth. That was, I believe, a document to make some assessments as to what our capacities were and what the real situation was in respect of what we are pursuing. The unfortunate part that we have arrived at at the moment is that, whilst there has been a range of recommendations made by the Commonwealth Grants Commission,

neither the Commonwealth nor the Norfolk Island government have really sat down, listed those issues and said, 'Yes, they're easily dealt with and this is how we'll deal with them, but these ones are beyond our capability.' And we need to be honest in this exercise, having asked for it.

**Mr NEVILLE**—I think a number of the recommendations are right over the top and probably excessive. I was more interested in the targeted ones. You obviously have problems with the hospital and you obviously have problems with roads.

**Mr Buffett**—With regard to the targeted ones, I also made the point in my submission that I believe there may have been some slight haste in July of 1979, after the royal commission findings, when we proceeded to develop and elect a legislative assembly. At that particular time there should have been an inventory taken by both of the parties to see where we all stood in this exercise. The financial arrangements in those days were, basically, that the island raised the revenues to the best of its capacity and the hole that was left between what was capable of being done here and what we could not afford was topped up by a grant from the Commonwealth.

That changed dramatically in 1979. I believe that, in 1979, there should have been a proper accounting of what assets the island had at that time, what condition they were in, how depreciated they were, whether there should have been a payment for the depreciated state of those assets and how we should manage that over a given period. I think that was fully contemplated at the time. However, because of other issues, that was put to one side.

Attached to the paper that I filed with this committee is a document which deals with the question of infrastructure. At that stage I hoped that there would be substantial discussion and comment on that at the last intergovernmental meeting. In fact, it did not receive much comment from the Commonwealth or from the Norfolk Island government. But that document sets out some of the attempts which were, in my view, clearly made to arrive at that position but which were never completed.

**Mr NEVILLE**—Do you share Mr Bennett's view given in evidence before lunch today that there was a tacit understanding that there would be a catch-up at the time of full self-government and that that has never occurred?

**Mr Buffett**—I do, and I believe that is supported by the document called 'Norfolk Island infrastructure at self-government 1979', which is attached to my submission. When you look at the dot points on the processes that were gone through at that particular time you will see that we come to a sudden halt and some of those matters were never finalised.

**Mr NEVILLE**—So you have been trying to catch up since?

**Mr Buffett**—I believe there was a clear indication that it was to be on the agenda for two reasons—firstly, we were to have a review of the Norfolk Island Act five years after 1979.

**Mr NEVILLE**—And that never happened.

**Mr Buffett**—We were supposed to have review. I think that review was not simply to look at the semantics and wording in the act but at how well the whole thing was going and where the bits that we had missed out on in 1979 were. To date that has not happened. I believe it is still

not too late for that to happen. In fact, the Commonwealth Grants Commission and the request by the two governments has clearly put that agenda right back on the board when that particular document and the main findings were arrived at. I refer in particular in that document to the findings that were made regarding infrastructure.

**Mr NEVILLE**—I see the dot points here. It is a very good submission, I might add. I take it, then, that you would support, as part of this process, some targeted funding of special things like health and roads?

**Mr Buffett**—I would support that. I do not see it as detracting from the formal self-government that we have worked at over the last 24 years. I think it would be an excellent idea. I would make the submission that we should work to having that completed 12 months from this August, because that would be the 25th anniversary of the 1979 act.

**Mr NEVILLE**—You have been a member of the government for some time. Do you believe that, if there was a catch-up by the Commonwealth on those things that had been neglected, Norfolk Island would then be genuinely self-sufficient, or do you think there would still need to be top-ups?

**Mr Buffett**—My personal view is that we would go very close to being self-sufficient. Looking at what we are capable of raising and at the evidence that was presented to the Commonwealth Grants Commission, I believe that we may need to take a slightly changed view in terms of how we tax. My firm view is that, if there is a top-up and we have the assets and the infrastructure up to a stage where we are not continually going backwards to pick up on things that hang over, we would go fairly close to being self-sufficient. There would always be some matters that the Commonwealth will charge us for, in a book sense. For example, they charge us for having the met office—they put that as a debit against us. You could reshuffle tables 5-12 and 5-13, or whatever they were, in the Commonwealth Grants Commission report to show that, in fact, Norfolk is an asset to the Commonwealth, given the premise that I put in my submission that we are strategically and economically an asset to Australia.

**Mr NEVILLE**—I am sympathetic to that point of view. I understand where you are coming from. Thank you for that.

**Senator HOGG**—On the issue of raising tax, there have been views expressed to the committee that the assembly does not do enough to raise revenue itself from sources that are available on the island. What is your comment on that, because that links directly in with what you were just saying?

**Mr Buffett**—I will make a personal comment. As an individual, an independent member of the assembly, I believe that for the last 24 years the forms of taxation that have been implemented in Norfolk have been the easy options. Let me put that—

**Senator HOGG**—Does that have something to do with the instability of government?

**Mr Buffett**—It has nothing to do with the instability of government—nothing whatsoever. But I believe that there are a couple of issues that have been fundamental to how Norfolk was looked at and described prior to the 1979 act and how it has been seen ever since. They are that

there would be no income tax and no land rates—these sorts of issues. Hence, I believe that successive Norfolk Island governments have used what might be called easy options: easy, targeted tax regimes. I personally believe that we are in the situation now where we really have to once again take an inventory of all of those and ask, ‘Is there any more of that that we can do?’ and, if there is not, I think we have to change our philosophy on how we tax.

Once again, whilst successive treasurers may have felt that was the easy option and it fitted neatly in with the type of accounting and finance regime that we have within the public service or the administration of this particular government, I think two things need to happen. Firstly, there needs to be a rethink of the philosophy of governments. Secondly, we need to ensure that the finance mechanisms in the public service have the ability to cope with any new taxation regime that we put in place. So that is sort of a double banger issue.

**Mr CAMERON THOMPSON**—A line that is bandied around from time to time is that the Norfolk Island treasury is broke, and that sort of thing. What is your understanding—how do you think things are really travelling?

**Mr Buffett**—To run around and say that the island is broke is, I think, not correct. That particular comment mainly arises from one mistake that quite a number of people who run around saying that make—that is, the principal document that presents the financial position of Norfolk Island is derived from what we call the revenue fund; the revenue fund deals with all of the administrative type issues but does not touch on or include any of what we might call Norfolk’s assets.

The real assets that Norfolk has are the electricity section, the water assurance schemes and the telecommunications company. Others that are classified for the purposes of accounting are government business enterprises. With the assets we have in those, the revenues generated and what is being done in those areas, I do not for one minute believe that Norfolk is broke. And with the capacity within those government business enterprises and how well they are run, my personal view is that we cannot aspire to that comment that Norfolk is broke.

**Mr CAMERON THOMPSON**—You were previously chief administration officer or something like that?

**Mr Buffett**—In a previous life, yes.

**Mr CAMERON THOMPSON**—Without wanting to be too pejorative, is that a senior bureaucrat?

**Mr Buffett**—It is a senior public servant.

**Mr CAMERON THOMPSON**—What is your take on the size of the bureaucracy here? Do you think that the government is running as tight a ship as it possibly can in its costs and expenditure? If you were here earlier you would have heard submissions from a couple of people on this. One said that privatisation was the way to go. We have heard various sorts of spins on it—saying that we have either too many public servants or not enough public servants. What is your view?



**Mr Buffett**—With public service size et cetera, one of the real difficulties is that some of the views expressed are quite often expressed by people who have never been involved—people who see Norfolk as it certainly used to be prior to 1979. If you look at the physical numbers in the public service you will see that they have not changed much over 25 years. What has changed in the public service is that prior to 1979 we had neither of the other two levels of government that have had to be comprehended or dealt with.

Let me give you an example. Prior to 1979, the then council or anybody on Norfolk who managed to get a legal problem up to the council or whatever had the entire resources of the Attorney-General's Department of Australia to provide advice. We probably had about 4,000 people providing legal advice for a solution on Norfolk Island. What happened after 1979? We decided: 'We're not going to do that. We're going to employ one solicitor or two solicitors'—it got up to three at one point—and a draughtsperson.' Prior to 1979, all the acts were drafted by the Attorney-General's Department with a fleet of another 4,000 solicitors doing all the drafting.

We have come along and accepted this new form of government and we have put one person on to do these things. Sure, the program is not horrendous, but you can have up to 12 or 13 pieces of legislation in any one period. We have ongoing things. We are fully administering the Court of Petty Sessions, the Supreme Court and the Administrative Review Tribunal, and we are doing it with two people. So I do not believe the public service is grossly overstaffed.

The process that commenced in 2000 to look at reforms within the public service has taken a bit longer than I would have wished, but I believe it is bearing some fruit. There are a number of things to be considered. Parts of the Commonwealth Public Service review that commenced in 1982 are still going on, and there is talk of revisiting how well that review went. Norfolk Island has been attempting to review the public service for only two years. My personal view is that we have a good public service. It is a public service that needs to be multiskilled, because of all the things we do. We do not have the luxury of staffing it so that people become specialists, as in most other public services, in what they have to handle. All up, I believe we have a reasonably good public service that is not overstaffed.

**Mr CAMERON THOMPSON**—What about the criticism we have picked up around the place as well about lack of separation of powers between the ministers and the bureaucracy—about micromanaging, getting involved too much in the activities of the department. Is that a necessity, given the size of the place and the lack of manpower, or does it not happen?

**Mr Buffett**—Firstly, I do not believe there is that much crossing of the two powers. Secondly, I believe that when you have executive government and members of the legislative assembly so close to the community it becomes inevitable. It is extremely difficult for you as a minister sitting in the front room of an historic building in Kingston and the community knowing you, because if they have made some inquiry in the public service sector and they get no action, you know damn well they are going to come busting through your front door.

So, to a great degree, I do not believe there is a managed interference. I believe we are trying to manage it to keep it separate but there are other forces in a small community that make it a little bit difficult to separate. As a minister you are not going to tell Aunty Ruby, 'Look Aunty Ruby, I am not going to deal with your particular issue or your pothole. You go back to the public service and see them there.' That is a fact of life in a small community. I do not believe

we should be punished because that happens nor do I believe that there are any favours or people getting preferential treatment by coming straight to the ministers because, in the long run, the work gets delivered and has to be done by the public service.

**Mr CAMERON THOMPSON**—Earlier on today we were talking about the hospital and, amongst the other aspects that came up, there was the issue of provision being made for maintenance. I want to branch out into other areas, like roads, lighterage, works equipment, electricity infrastructure and the water infrastructure—those sorts of things. Is there a forward plan for an allocation of money to keep up with maintenance in each of those areas?

**Mr Buffett**—The short answer is there are probably some brief plans but no long-term forward plan. That is one of the issues that is currently being discussed—I think it was touched on by the focus group at one point. Certainly it has been discussed in recent times by the government and the acting CEO.

**Mr CAMERON THOMPSON**—So, as things stand at the moment, what sort of concept do you as MLAs have of the big items that are coming up for replacement down the track? We have heard about issues in the hospital area, but it would also apply to graders or to whatever you might have in your road plant as well as to water mains, electricity lines and those sorts of things. If, for example, you need or know you will soon need a new transformer for your electricity lines, are you aware that that is going to be a big lump for the next budget?

**Mr Buffett**—Yes, because the major capital expenditures are normally identified in each of the budgets that are prepared for the various government business enterprises. The stuff that needs to be expended out of the revenue fund, which is some of the roads type stuff, is identified there and they are all considered as part of the budget process.

**Mr CAMERON THOMPSON**—When you do a budget, do you have forward projections of four years like they do for the federal budget? Does it say: this is our projected expenditure and likely surplus over those periods?

**Mr Buffett**—At the moment, in terms of the revenue fund, the answer is no. It has not got to that stage but, as I mentioned earlier, that is one of the aims and objectives.

**Mr CAMERON THOMPSON**—Is there any real hurdle to achieving that?

**Mr Buffett**—I do not believe there is a hurdle to achieving it. I believe one of the issues we need to look at is how we put the forward budgeting process together. As I said, it is being looked at at the moment. But, in terms of the GBEs, there have been forward work programs prepared and, once again, it comes back to the particular assembly and how they allocate the funds that they have. Getting back to the status of some of that infrastructure, I do not believe the Norfolk Island government is capable of drawing a line in the sand at the moment and saying, ‘We shall upgrade all of the roads over the next four years,’ and allocate \$6 million or \$7 million or whatever it costs. A lot of work has been done in the roads area, and we could provide you with that information of what capital works have been done over the last 10 to 25 years. There has been significant work done. I do not believe, right at the moment, that the island has the capability of upgrading everything instantly, but certainly over a four-year period and with some assistance that can be achieved.

**Mr CAMERON THOMPSON**—Given the remarks you made to Mr Neville before, I understand what you mean about infrastructure and targeted assistance from the Commonwealth, in your view, being welcomed or certainly having a part to play in all of that. If from day one we had been running a system of doing this forward planning, do you believe we would still be in this situation now where we do have a lack of comprehension about what planning needs to be done and what items are ahead of us? These items have gradually accumulated over time as well—24 years is a long time. If there was a shortfall then, are we sure that we have not gone backwards in the provision of that infrastructure and maintenance over that time?

**Mr Buffett**—I personally do not believe that we have gone backwards, but I think we have marked time for a while.

**Senator HOGG**—I want to raise an issue that I am sure concerns my other colleagues as well. We on the committee have had expressed to us, obviously privately—and this gets to a governance issue—that there is an element of fear in the lives of a number of people on the island about appearing before committees such as this and in dealing with the legislative assembly. Would you like to comment on that? I think that is a reasonable way in which to describe the view that has been expressed to us.

**Mr Buffett**—If that view has been expressed to you, one thing I would say right up-front is that I am really disappointed that that view has been expressed. Perhaps I do not need to make any further comment.

**Senator HOGG**—By the way, the comment is not directed at you.

**Mr Buffett**—No. Whoever it is directed at, I am disappointed.

**Senator HOGG**—It is not directed at anyone; it is just a general remark that has been made to us.

**Mr Buffett**—I am really disappointed that, in a community with the sophistication that we enjoy, as you are indicating, people might be intimidated by coming forward and expressing a personal point of view about issues. I find that really disappointing.

**Senator HOGG**—I have served on a number of committees with the parliament and, with the exception of the defence area, where sometimes it is absolutely necessary for security reasons to go in camera and behind closed doors, very few committees receive a request to take evidence in private. My own personal preferred position is to have evidence in public and on the public record, and then the evidence can be dealt with by either disposing of it or corroborating it and the appropriate action can be taken. It would be wrong of me not to raise this with you, and I will probably raise it with the next witness, John Brown, and get him to comment on it as well. It seems to me that a number of people have expressed a view that they would not want their views known here in public for fear of reprisal. I think those words have been used as well. Your comment is welcome.

**Mr Buffett**—As I said, I am really disappointed because, if they wish to do everything in camera, how on earth do they expect us as a government to try to improve the issues that they are concerned about? It clearly is a problem.

**Senator HOGG**—It is a governance issue and that is why I raise it with you. It really gets to the issue of governance. I know you are an independent member on the legislative assembly, and from the forthright discussion that we had last night—not on this issue but on other issues—while it was not that I did not think that others would express a view, I thought it was appropriate to raise it with you.

**Mr Buffett**—I am not too sure how we can overcome this problem, except to perform and to give people the confidence to come and talk to us as a government.

**Senator HOGG**—Are these views expressed privately to any of the members of the assembly that you know of?

**Mr Buffett**—I am not aware of what may have been expressed to other members along those lines. But certainly since I have been a member of the assembly nobody has come to me and said, ‘I would like to tell you this but don’t tell anyone else because I don’t want them to know what my views are.’ Certainly nobody has come to me, and I would discourage it.

**Senator HOGG**—What also alerted us to this was the fact that there was a letter addressed to the Chief Minister in the *Norfolk Islander*. I cannot think of the date, but one of my colleagues might have a copy of it. I think it was after our last visit here, which was in February, so I think it was somewhere around March. This issue surfaced on the front page of the *Norfolk Islander*. I cannot find it.

**CHAIRMAN**—Is it important? We can find it if it is important.

**Senator HOGG**—No, it is not important. But it is not something that we have sat back and dreamt up; it is something that seems to have arisen.

**CHAIRMAN**—Thank you, Senator Hogg. Mr Buffett, thank you for your attendance here today. If there are any other matters on which we might need additional information, the secretary will write you. You will be sent a copy of the transcript of your evidence, to which you may make editorial corrections. On behalf of the committee, I thank you again for your contribution today.

**Mr Buffett**—Thank you for the opportunity.

**CHAIRMAN**—It has been a pleasure.

[3.52 p.m.]

**BROWN, Mr John Terence, MLA (Private capacity); and Chairman, Norfolk Island Legislative Assembly Select Committee into Electoral and Governance Issues**

**CHAIRMAN**—Welcome. Do you have any comments to make on the capacity in which you appear?

**Mr Brown**—I appear in two capacities. I am the Chairman of the Norfolk Island Legislative Assembly Select Committee into Electoral and Governance Issues and I appear in order to respond to any queries that the joint standing committee may have in that regard. I also appear in my personal capacity.

**CHAIRMAN**—These hearings are legal proceedings of the parliament and warrant the same respect as proceedings of the parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as contempt of parliament. The committee has not received a submission from you. Do you wish to lodge a submission now?

**Mr Brown**—I do not have a written submission at this stage, but I do have a brief oral submission.

**CHAIRMAN**—That will be fine. The committee prefers that evidence be taken in public, but if you wish to give confidential evidence to the committee you may request that the hearings be held in camera and the committee will consider your particular request. Before we ask you some questions, do you wish to make an opening statement?

**Mr Brown**—Yes. Firstly, I am more than happy to provide my submission as a public submission. As I said, I am here in two capacities. I am the Chairman of the Norfolk Island Legislative Assembly Select Committee into Electoral and Governance Issues, and I am here personally. In my personal situation I have been a member of the Legislative Assembly of Norfolk Island for all but three years of the period from January 1982 to date. During that time, I have held the position of President—the terminology has now been changed to Speaker—and I have held executive office and I have served as a backbench member. At present I am a backbench member.

I understand that your committee has been provided with a copy of the terms of reference of our Select Committee into Legislative and Governance Issues. Our committee has sought submissions from our community and from others and it has held public hearings. This week we will distribute a questionnaire to our community. Members of the community will be invited to respond to that questionnaire by 30 July. The responses to that questionnaire may cause more public hearings to be held or they may result in the completion of a draft report during the month of August. The draft report would be circulated to the community and an invitation would be issued for any further comment on the basis of that report. At present, we intend to submit our final report to our legislative assembly during October. There are no conclusions from our committee at this stage. I am happy to provide this committee with a copy of the questionnaire

when it is issued this week. It may be in postboxes by the time you leave tomorrow, but, if that is not the case, we will certainly be able to provide it before the end of this week.

**Senator HOGG**—Could you provide it by email?

**Mr Brown**—We would be happy to provide it in that form. In my personal capacity, I have a number of views which might be relevant to your committee's deliberations. I should stress that they are my views and they are not necessarily supported by the majority of my legislative assembly colleagues or by any substantial part of our community. I will deal with some of them.

The first issue is the appointment of ministers. As is the case in other jurisdictions, the smell of ministerial leather is a powerful aphrodisiac on Norfolk Island. No matter what may be said, on the evening of an election the voting is completed early and, by about nine o'clock, the counting is completed and the results are generally known. By about 10 o'clock, those who achieved the top four or five votes have normally met, either in person or by telephone, and distributed the ministerial portfolios. There follows a charade in which everyone pretends that they are selecting ministers on the basis of ability and the best person for the best job and, by absolute coincidence, those normally include the four with the top votes.

Over a period of many years there has been only one notable exception to this, which was in the case of a member of our public service. In those times, that person would have had to resign from the public service in order to accept an appointment to executive office. For many years that person chose to seek the role of Speaker, which did not require a resignation, rather than suffer the uncertainty—

**Mr NEVILLE**—Are you saying that someone elected as a backbencher is not considered to be receiving remuneration under the Crown, whereas a minister is?

**Mr Brown**—Yes. We have a specific provision requiring a minister to resign from the public service.

**Mr NEVILLE**—But not a backbencher?

**Mr Brown**—No, and not the Speaker.

**Mr NEVILLE**—So the Speaker could not also be a minister, as is currently the case, if he were a public servant?

**Mr Brown**—That is correct.

**Senator HOGG**—Why do the top four, after the votes have all been counted, automatically assume they have the right to the top positions?

**Mr Brown**—They have always been able to portray themselves as the community's chosen people.

**Senator HOGG**—But it is not enshrined in legislation, is it?

**Mr Brown**—No.

**Senator HOGG**—That is my point. It is a perception of theirs that they have won the popular vote and therefore should be given access to the top four positions.

**Mr Brown**—That is correct, and you could perhaps go to the extent of saying that it has existed for so long that it has even become a local convention. But there is no legislative support for that proposition.

**CHAIRMAN**—Mr Brown, have you finished your contribution as you wished to?

**Mr Brown**—No, I have not finished. I will do that as quickly as I can. In my view, the appointment of ministers is not handled correctly at present. In particular, the appointment of the Chief Minister is not handled correctly at present. It is one thing for a person to have substantial local popularity; it is a very different thing for him to have the ability to gather around him a team of ministers who are able and prepared to work together and who are able to achieve results. In my view, the Chief Minister should be far more accountable than he is at present—and this is not a criticism of the present Chief Minister. However, in my view the Chief Minister should be popularly elected. He should then have the ability, through whatever mechanism, to choose his own ministry and to dismiss persons from among his own ministry. The legislative assembly should have the power to pass a vote of no confidence in the Chief Minister. That, as is the case in other jurisdictions, would mean an end to that government and the ability for a different government to be formed. In a Norfolk government environment with only nine members, that different government may comprise some members of the government which had just lost office. But in my view that is the fashion in which accountability can be inserted into our system.

Some have suggested that moving to the local government system may be a sound concept. As I understand it, that system, at least along the east coast of Australia, is one in which some councils—notably the larger councils such as the City of Sydney and the City of Brisbane—have a mayor who is elected in a separate election on the same date. However, one who chooses to stand for election as the Lord Mayor of Brisbane cannot at the same time stand for election as a councillor in Brisbane. It is said that the streets of Brisbane are littered with failed lord mayoral candidates, and I am sure the streets of Sydney are somewhat similar, as would be the streets of those other local government areas which elect their mayor in that fashion.

In the areas which I have had the opportunity to look at, a popularly elected mayor has generally been elected for a four-year period. There is another system that is available for many councils, and that is for the council to elect the mayor. In that situation, in those areas that I have been able to look at, the mayor is elected for one year. I am not suggesting that we should have a chief minister elected for one year, but I do believe that that provides some form of precedent for the suggestion that you can have a popularly elected chief minister who can be there for a reasonably lengthy period. I do not support fixed terms. Presently, in Norfolk Island elections must be held within three years of the previous election. The average is a little over two years, and in my view that is a satisfactory situation, particularly given examples such as the Second Legislative Assembly resigning in order to allow a new election immediately after the voting system changed. That assembly took the view that, in light of having a new voting system, it was

appropriate that the community be able to elect the new assembly. Other assemblies simply have not worked.

I can give you an example of the difficulty that is faced when the top four vote getters more or less immediately become ministers. Although we do not have political parties, we all have particular leanings. One might find that a Liberal, a Labor, a Democrat, a Green or perhaps a Graeme Campbell or Bob Katter—former party members who became Independents—get the top votes. This is a real possibility. You are guaranteed of ending up with very different personalities with very different views. Bear in mind that in the Norfolk Island situation candidates do not grow up through a party system. You do not start handing out how-to-vote cards on elections days, attending party meetings and getting to understand the system, or attending state conferences and understanding how policies are developed. There is little understanding of that among many of the candidates here, and there is little education of candidates either before they stand or once they are members.

I have strongly urged and I continue to strongly urge that a potential candidate should undertake some form of education. The University of Southern Queensland used to run an Australian political studies course. They actually did a special Norfolk Island version of that course, which was topped and tailed with Norfolk Island chapters. They also did a special version of their public administration course for members of our public service and people wishing to obtain employment in the public service. In my view, education in that form would far better equip people for participation in the legislative assembly and our public service.

There has been insufficient understanding of issues such as pecuniary interests. I have previously given evidence of my practice, perhaps ad nauseam, of declaring my own interests. I am one of the few people who have completed and signed a declaration of pecuniary interests, and I have provided a copy of that to the committee on a previous occasion. I have urged successive legislative assemblies to either adopt a written policy or pass legislation. But one of the real difficulties here has been that, while it is one thing for a government to eventually agree upon a legislative program, it is a very different thing for a government to carry that out. Again in my view, that is partly because of the lack of understanding of many who achieve ministerial office, and it is very substantially due to the lack of performance of parts of our public service, particularly the senior parts of our public service.

I think that it is important to address the voting system. At present, as members of the joint standing committee are aware, we have a system in which each of us at a full election has nine votes. We must use all nine votes, but we can give up to four to any individual candidate. Some have expressed a view that that undesirably slants the results of elections. I do not know whether that is the result or not. In my own case, I generally receive a substantial number of four votes. However I am not able to say, if that were restricted to one vote, whether I would receive one vote from a lot more people. I do not know the answer to that. But one person, one vote is in my view a far more appropriate system, and I believe it is a system which would be preferred by the Norfolk Island community, whatever may be the result at the end of the day.

Members of the joint standing committee would be well aware that parliaments throughout the world rely heavily on the conventions of government to make the system work. Norfolk Island has few conventions other than that of the top four vote holders becoming ministers. An



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understanding of the conventions of government and the way to apply them to the Norfolk Island situation is an important part of the education process that I mentioned earlier.

The joint standing committee is looking, amongst other things, at Norfolk Island's financial ability. In my view, the financial ability and the willingness of the community to participate would be far better illustrated if the island's finances were more responsibly and more intelligently administered than they are at present. I will give you some examples. We have a financial institutions levy. It started off at 0.15 per cent on bank account deposits, it was increased to 0.25 per cent and then to one per cent. The result of it increasing to one per cent was that people started to look for ways to handle their finances without banking into accounts which incurred the FIL. Some did that by simply dealing in cash; others did it by getting rubber stamps to go on the back of a cheque to endorse the cheque. You would see payments arrive that might be three or four cheques from other people endorsed to a new payee. Others did it by banking offshore, simply posting their cheques to the mainland. Others can do it, as I understand it, through using loan accounts and other devices which enable them to attend to their financial activities without incurring the FIL. They do that because one per cent FIL is a lot of money.

Let us assume that I am a retired person, and I have my \$100,000 IBD. I have previously had it in some other form of investment, and I am about to put it in the bank. I am going to buy another house in four months time, and I am going to get four per cent per annum. Quickly you can see that there is no point my putting it on IBD, because the FIL charge would eat up virtually all of even a four-month deposit, the whole of a three-month deposit and more than the interest earned on a deposit for less than three months. In my view—and I have been urging this for some time—the FIL should be reduced to 0.25 per cent, all exemptions should be removed and everyone should be encouraged to bank locally. The likelihood is that there would be a 50 per cent increase in the amount collected and everyone would be happy.

Let me deal with Internet domain name registration. It is popularly suggested that the Norfolk Island Internet domain name registration earns in excess of \$1 million per year, yet that has for some years now been earned by a private person in an environment where many suggest—and I do not know the answer to this—that it is really a revenue stream which should be flowing to the government rather than to a private person. The suggestion is that an Internet domain name is a community thing rather than something that someone can privately own. I am well aware of the floating of the Internet domain registration that the University of Melbourne ran in some fashion at one stage, but I am also well aware of how the situation is run in other parts of the world. Our government does not seem serious in investigating that but, if it is as remunerative as it is suggested, that would at the moment solve 50 per cent of the government's financial difficulties. I have no difficulty with the private person having earned a dollar from it but, if it is something which should be a government source of funding, it is time that the person was told: 'There is no problem with the past, but the community owns this asset and we have to ensure that the community earns the income from it.'

Privatisation and corporatisation are some other areas that need addressing. Forestry is an area which costs the government a fortune year after year and as to which it is very difficult to see any result other than, admittedly, some nice looking trees in the ground. If you try to buy a pole that can be difficult. If you try to buy some timber or get it tanalised that can be difficult. Forestry could be corporatised, and it could be made to stand on its own two feet. Alternatively, I have little doubt that it could be privatised.

I am sure that others have made suggestions to you about other areas of the government's various businesses which could be privatised. One that stands out is the liquor bond store. Privatisation does not have to amount to a total abandonment of ownership. It might involve leasing or a sale on the basis of an agreed ongoing revenue stream. By looking at issues such as that, there is the potential to get the public service out of areas to which it is not suited. The public service is not suited to an area where a public servant would normally be paid overtime and penalty rates to work on a Saturday morning. That does not happen in the private sector. The bond store would in my view operate far more efficiently if it were run by the private sector.

There are numerous areas to look at which, together with demanding efficiency from the public service, could reduce the size of the public service by as much as a third. One difficulty is the policy that has been allowed to continue of the public service being a pacesetter for wages and conditions. My own belief is that that is inappropriate. There are also difficulties with relativities within the public service. This gets addressed from time to time, but the mechanism by which it is addressed has in my view been a total failure on every occasion. It has generally been done in a band method, whereby he who can write the most pages about his job and make himself sound like the busiest of all public servants is judged to be the person who should be paid the most. The nurse who cannot stand interference and might feel she is too busy for this sort of thing and who just says, 'Well, I'm a registered nurse,' is faced with the suggestion that her job description fits on one line and therefore she is not very successful. And I can tell you that that has happened.

Within the public service there is also the difficulty of some people being paid at mainland or similar rates while others are paid differently. On one occasion in recent weeks there was a series of advertisements in the newspaper. A tradesman-mechanic position was advertised for about \$23,000; various secretarial type positions were advertised in the \$26,000 to \$28,000 range; and positions at the waste management centre were, from recollection, advertised at in excess of \$30,000. This is in an environment where nurses are, if my recollection is correct, on something closer to \$26,000 a year and receive little by way of penalty rates but provide service seven days a week, 365 days a year and 24 hours a day but where schoolteachers receive full New South Wales pay while paying no income tax. The New South Wales Teachers Federation has been a powerful advocate in preventing the teachers' salaries from being localised, but, in my view, unless there is a real effort to address those imbalances, we will soon find that people such as the nurses say: 'Look, if you're going to continue to pay the teachers full mainland pay, we want full mainland pay. We all have to have current mainland registration to hold down our positions and we are no different to nurses in any hospital in mainland Australia.'

There are other parts of the government that in my view charge inappropriately. Telephones are a good example. It costs \$1.50 a minute to call Australia from Norfolk Island and more than that to ring New Zealand, yet you can walk down Albert Street in Brisbane, look in the windows of some of the little 24-hour convenience stores and see advertised brochure after brochure of telephone cards you can use to call England from Australia for 1.8c a minute. In my view Telecom must be urged to adopt a more appropriate charging regime for calls to Norfolk Island—because Telecom is a large part of the problem—but at the same time, as a quid pro quo, Norfolk Telecom needs to substantially reduce its on-charge costs. That is a tax on business in particular but also on communication generally. It makes it very expensive, for example, for a mum who has a kid at school, at university, doing a trade or married and presently living on the mainland to ring that child and talk to them for any length of time.

**Senator HOGG**—When you talk about ‘Telecom’, do you mean Telstra?

**Mr Brown**—I apologise. I should have said Telstra in terms of Australia and Telecom in terms of Norfolk Island.

**Senator HOGG**—Yes. When you said they should look at their charging regime, were you referring to Telstra and Telecom or just Telecom?

**Mr Brown**—Both—Telstra charges for calls to Norfolk Island and then Norfolk Island Telecom puts a mark-up on outgoing calls.

**Senator HOGG**—I just wanted that clear for the record, that is all.

**Mr Brown**—There are areas of waste within the public service. To give one example, staff are paid in cash. A large part of the reason for that is they do not want to pay FIL. Very substantial savings would be achieved if all staff were paid by direct deposit to their bank accounts. For some reason that seems to have been taboo until now, but it is time that it was dealt with. For some reason, ensuring that what the government does spend is actually spent wisely has, no matter what inquiry has been made, been taboo until now. It needs to be faced up to. It is inappropriate to ask the community to pay more taxes if we do not satisfy the community that what we are collecting from them now is being wisely spent.

There certain areas of absolute waste in government spending. At the airport there is a fancy little box near the intersection of the runways—which is painted red and white, from recollection. It contains a satellite landing system which was purchased and installed at a cost not far short of a million dollars some years ago and it has not, to this day, landed a scheduled air service with a passenger on it. It has only been used on a small number of occasions for testing. In my view, it was a ridiculous purchase. It is the only such system, as I understand it, at a public airport in the world. The stupidity has been recognised by it being totally written off in the books of our airport undertaking. By the time you add the lost interest on those funds, it is over a million dollars of absolute waste.

Over \$200,000 has been spent in the last 18 months on removing unsatisfactory staff from the public sector. In the case of the two persons who made up the overwhelming majority of that \$200,000 figure, they should have been sacked for gross incompetency without any form of compensation. But, for some reason, the easy way out was chosen and large amounts of funds were spent.

We have a system where the government continues to purchase equipment such as bobcats, and those same bobcats can be seen being used by staff at home on weekends or on their mates’ properties. It is totally inappropriate that the community is expected to fund the purchase of this equipment when it is available for private use, apparently without charge, by government staff.

Senator Hogg made reference to an ombudsman. If my recollection is correct, I have on at least one occasion had a motion passed by the legislative assembly calling for the responsible executive member to produce a report on the cost and benefit of the introduction of an ombudsman type arrangement. Nothing has been done in that regard by way of response. This all comes back, in my view, to a system which does not have proper accountability, a system

which does not insist that the upper levels of the public service are competent and a system which does not insist that appropriate training is provided to the remainder of the public service in order to enable them to achieve the degrees of competence which I firmly believe they are keen to achieve. They do not have appropriate leadership, they do not have appropriate training and where training is provided it tends to be provided for training's sake.

For example, recently some plant operator training was provided on the island. A trainer was brought across from Hunter Plant Operator Training School at Cessnock, an organisation which has an excellent reputation. But every man and his dog seemed to go and get trained, with perhaps the exception of those who would actually be using the pieces of equipment that they were being trained on. This is just another example of the waste that must be removed before it is sensible for us to be saying to the community, 'Come on fellas, you need to pay out some more money.'

Are there ways to improve things? I believe there are. It is time that the legislative assembly adopted a workable standing committee system. For example, a public works committee and a public accounts committee might be ways of causing some form of accountability to eventually arise. I hope that at least in the next assembly there is support for that suggestion. Within the present assembly that has appeared to be a wishful suggestion, to be wishful frank. The public service and the government have put together a number of inquiries about different things—some of them were clearly doomed to failure from the very first day—but, nevertheless, it was reasonable for backbencher assembly members to take a view that the structure could not stand having two or three inquiries about similar things all happening at once. But it is a direction that needs to be looked at for the future.

I think Senator Hogg made reference to the question of reprisals. I have not in my time had anyone come to me and say, 'I'm scared to have my name put to this story.' I have had people say to me that they are not prepared to stand for election to the legislative assembly for fear that their business would be destroyed if they did so. Many of us from the business community who have served as members of the assembly have experienced that. If a member engages in robust participation in debate about a particular issue and votes according to his conscience, he can be sure that after a few decisions he will have offended more than half of the community. Because people know him and know his business and, understandably, if they resent what he has said and the way he has voted, they can make that known by patronising some other business rather than that person's business.

**CHAIRMAN**—It goes beyond just patronising a business.

**Mr Brown**—Yes. It may well do that.

**CHAIRMAN**—Can you elaborate on that?

**Mr Brown**—I was talking there of businesspeople standing for election and being elected to the legislative assembly. The situation that Senator Hogg referred to is, as I said, unfamiliar to me. It is difficult to respond to, in the absence of knowing the types of issues that people are speaking of. They may be talking of an issue that is extremely private to them—it might be no more than that—and they might feel that they simply do not want anyone local to know what that issue is. But, if they are taking a view that the legislative assembly in some fashion would be

able to punish them for raising an issue, I can think of few occasions when that may have occurred.

**Senator HOGG**—It is a little bit more subtle than that; I do not think it is as blunt an instrument as what you are saying. The view that has been conveyed to us is that someone is not going to come out with a bit of four-by-two and belt you around the head; it is a lot more subtle and it is done within the confines of this being a close community. I do not know whether it happens or not; I can only say that that is the view that has been expressed to us.

**Mr Brown**—There are two difficulties there. One is the difficulty that I am sure committees of the House of Representatives and the Senate experience when they have a confidential submission, because they are unable to really test the submission. We would have a similar difficulty in our select committee if someone came to us on that basis. I feel that it is always regrettable if a complaint of that nature cannot be properly tested.

**Senator HOGG**—Could it be that the environment is fed on by the fact that there is no proper FOI, no proper ombudsman, no proper access to an independent crime or corruption committee and no independent audit process which looks not at the financial audit but at the performance audit, which goes much to what you were speaking about? Could it be that within that environment people feel threatened and that, if these linchpins were put in place, it would give you on the island the transparency and accountability that you and everyone desire?

**Mr Brown**—I think that is a very fair comment. I could not but support the suggestion of an ombudsman type arrangement, however that was put together. I could not but support the need for freedom of information and accountability or the other issues that you have mentioned. One of the difficulties is that, for a long period, our public service has been a renowned black hole. Material going to our public service frequently just disappears. One can write to a minister about a particular issue. The minister might write back and say, 'Dear Mr Brown, I have received your letter and referred it to the public service for comment.' You might write back once a month for the next five months and never receive another response. So FOI, in particular, and an ombudsman to support that, would certainly overcome a lot of that. If those were the types of difficulties that people were talking about, they are correct.

**Senator HOGG**—I do not know. I am just trying to interpret what has been said to us and put in place a series of markers which will assist better governance. This is not just here. As I said, I have just done a route around the Pacific and Thailand on exactly the same issues and the problem is the same, no matter where one goes. I think I made the comment earlier that the fear and apprehension that exists in a place like Honiara is as great as it is in Port Moresby or Bangkok. The problem is not isolated to this place.

**Mr Brown**—Are you speaking of a feeling in relation to government or a feeling as to safety on the streets?

**Senator HOGG**—I am speaking of the safety of a person in dealing with government.

**Mr Brown**—I have been very interested to hear what you have said. I certainly support the things that you have suggested as possible means of resolving that difficulty. Chair, I have taken quite a bit of your time. I do not really wish to say anything else, but I would be more than

happy to respond in a written form to any queries or to provide any further information that your committee may require. Despite all I have said, I believe that self-government in Norfolk Island has been successful. I think it is important to compare us not with a massive jurisdiction which is able to trade with a very substantial deficit and achieve all kinds of socially desirable results but with the remainder of the Pacific and smaller jurisdictions. If you look at the remainder of the Pacific, much of which attained independence in the 1970s, you will see that Norfolk Island has not been marred by the scandals and gross incompetence seen in many of those places.

I firmly believe that, with proper education and the type of goodwill your committee has endeavoured to engender between our legislative assembly and government on the one hand and the Commonwealth on the other, our situation will improve substantially in coming years. But I make no apology for the stage we are at now, because I believe that, on balance, we have done well. I have identified areas where I think we can improve, but I do not want you to think that I feel in any way that self-government in Norfolk Island is a failure or that any part of it should be reversed. It needs to continue and further develop. But there are things that we need to do in order to demonstrate to our community and to onlookers such as the Commonwealth that we understand what is needed. Although we might not be achieving necessary changes as quickly as we or the Commonwealth might like, we are capable of achieving them. We have a commitment to doing that within our own abilities as far as time goes but as quickly as we can.

**CHAIRMAN**—I can only endorse what you say. We have seen changes, and they have been for the good. I have been coming here for some years. I do see changes, and they are positive changes. There are some areas that need improvement, as indeed there are with the mainland jurisdictions of the territories, the states and the Commonwealth. It is those smaller areas—that smaller percentage—of life and governance here that we would like to have improved and perhaps make a contribution to improving. Senator Hogg, do you have any further questions?

**Senator HOGG**—I have a couple. Firstly, Mr Brown, you say you do not support a fixed term. What term do you support? It is currently three years and we have heard argument today as to why it might be four or five or even two years. Do you have a specific reference? Before you answer that, let me say that the other thing we have heard is that, with a small assembly as such, it may well be better to have a system akin to the election of the Senate, where you have half elected now and the other half elected next time such that there is a continuity between them. So there would be two groups. The first time around one would serve four and one would serve two. Then the next time around the two-year group would get a four-year term if they sought re-election and were successful in re-election. In that way you could build up a bit of continuity and not find that for some reason the members of the assembly on one occasion were dumped and completely replaced next time around and you had to go through a whole new learning process. Would you address that, bearing in mind the term?

**Mr Brown**—Yes. The learning curve is certainly a difficulty. It is easy to suggest that a four-year term would have merit, particularly with the scenario that you have just raised of half of the assembly standing for election each two years. The difficulty that I have observed is that it takes some time for a new member with no prior training to get to understand the workings of the legislative assembly, and it is an extremely difficult task for a brand new member to immediately take executive office. In the present assembly we have two brand new members who hold executive office. Fortunately, each of them was a senior public servant in a prior life and they have had an understanding of it, but for someone with no understanding at all it would be

extremely difficult. It generally does take in the vicinity of six to nine months for a member to settle in. Generally, for the six to nine months before an election assemblies do not do much. For whatever reason, members seem keen during those times to not offend anyone. It means that for six to nine months at the beginning and six to nine months at the end—so potentially for as much as 18 months out of a three-year term—not a real lot is happening.

**Senator HOGG**—So wouldn't that be a good reason to go to four years?

**Mr Brown**—It is a reason to go to either four or two. If you went to two, perhaps you could engender a practice of simply getting on with the job from day one to the end, although it would not overcome the difficulty of it taking time to settle in. On balance, I do not have a massive difficulty with the present system but, similarly, I would not have a massive difficulty with the two times two year concept.

**Senator HOGG**—If it were split and there were that ongoing rotation, it would be more likely that the assembly would work through an election period. The only time that the Senate really is suspended from working is when writs have been issued. Then everything ceases for the best part of roughly three months whilst the election is conducted and the government is formed and so on. That may assist.

The other issue that was raised today by Mr Cook is the concept on the Isle of Man of a council of ministers, which is the executive of government, and then a council of review, which is, in effect, the backbenchers. They are separate, but they do come together from time to time for question time and other functions. Are you familiar with that model at all?

**Mr Brown**—I am not familiar with that particular model, but my initial reaction is that it would be very difficult to convince backbench members that they should form a house of review and leave it to the ministers to simply run the government.

**Mr NEVILLE**—That is virtually what happens in the cabinet government system, isn't it?

**Senator HOGG**—What is the difficulty—can you explain that to us?

**Mr Brown**—The difference in the cabinet government system is that, firstly, in most jurisdictions, you do have party politics. It might not be by a very large margin, but one party or one coalition of parties holds the balance of power and is able to dictate most of what occurs. What I am talking about could perhaps change in an environment where you had an elected chief minister and your Chief Minister had the power to appoint his own ministry—I would accept that there could be difference there—but my initial reaction is that, in the Norfolk Island system, backbench members of the legislative assembly insist on a substantial degree of consultation by ministers and they become quite upset when that consultation does not occur. Our structure is one in which we have a formal meeting of the house once a month. That is broadcast at the time, the broadcast is repeated a few nights later and a *Hansard* is produced and made available. If *Hansard* is not yet on the Internet, it is in the process of becoming that way.

**CHAIRMAN**—Gentlemen, can I just ask you to be cognisant of the time. I do not want to try and cut this off—

**Mr NEVILLE**—I would like to hear this—this is crucial. Three models have been put to us and I really want to hear Mr Brown's version.

**Mr Brown**—I support the more standard Westminster model. I believe that that is a tried system which is capable of working.

**Mr NEVILLE**—But, if you directly elect the Chief Minister, it is not. To a point, it is presidential and it imbues that person with an authority that is not otherwise available in the Westminster system. Whether that would be a big deal on Norfolk Island or not, I do not know. But, regardless of your views about the republic, one of the arguments that was put up against the direct election of the president was that you give that person a mandate well beyond that of a ceremonial head of state. When you come to a situation where you have elected your own executive and the executive has elected a chief minister, you really change the dynamics quite considerably when you go to a direct election.

**Mr Brown**—But it is still a variation on Westminster.

**Mr NEVILLE**—I suppose it is. If you do not have a party system, I recognise that you have to have other alternatives.

**Mr Brown**—That is the difficulty. But, in the system that I am envisaging, the parliament would have the ability to remove the Chief Minister if he did not perform.

**Mr NEVILLE**—By what majority?

**Mr Brown**—I have not thought about whether that should be a simple majority or something greater. There would be arguments for both.

**CHAIRMAN**—I am thinking of the time. I have taken note of what Mr Neville said, so would you be kind enough to take this on notice, take your time and give us a comprehensive answer?

**Senator HOGG**—Could we supply Mr Brown with a copy of the relevant part of the *Hansard* record of what Mr Cook presented to us so that Mr Brown might respond to us in the fullness of time?

**Mr Brown**—I would be delighted to do that.

**CHAIRMAN**—Are there any other questions?

**Mr NEVILLE**—We will not go into the minutiae—I take your point, Chairman—but I think we need to hear from you in public session, Mr Brown, an answer to this question: whether ministers are chosen by way of direct election or by way of Mr Cook's idea of an elected executive, has the system reached a point where you are not getting the best ministerial input? That seems to be implicit in what everyone is saying to us.

**Mr Brown**—That would be a very subjective judgment. We do not necessarily end up with the best people filling the ministerial positions, but I would not go so far as to say that that



always results in an incompetent government. I believe there have been incompetent ministers but on balance they have not formed a massive proportion of those who have held ministerial office.

**Mr NEVILLE**—Another question I would like to hear answered in public session is this: what is your estimate of the revenue to be returned from the financial institutions levy if it were brought down to a quarter of one per cent?

**Mr Brown**—My estimate is that it would bring in in excess of \$1.2 million. The amount earned from the FIL has slowly reduced over the years and is now in the region of \$800,000.

**Mr NEVILLE**—So you would pick up another \$400,000 from it?

**Mr Brown**—Yes. My belief is that it would increase by 50 per cent on its present figure. It might increase by considerably more. Of course, I am not in a position to guarantee that it would increase by 50 per cent, but I believe it would.

**Mr CAMERON THOMPSON**—You have been fairly critical of the operation of the legislative assembly and the way it has worked, even though it seems from what you said that there have only been three years in the past God knows how many when you have not been involved in it. In that time, when do you think the assembly worked best and why do you think that was the case?

**Mr Brown**—In my view one of the best assemblies was that in which Mr Bennett, who is sitting behind me, was a minister and Mr Ed Howard was a minister—the Fourth Legislative Assembly. Bill Sanders, who I think has appeared before you today, was also a minister. That assembly did not have preconceived ideas to the effect that the public service was perfect. It did not have preconceived ideas that the status quo had to be preserved at all costs. It understood that to some extent development has to be planned for because, if you plan for no development, you are actually planning to go backwards. In my view, it, of perhaps all of the governments, was the one that showed the most ability. Virtually the whole ministry came from the private sector and consisted of people who were either in business on their own account or had been, and some of those ministers had been quite successful in the businesses they had operated. My ideal would be to have a ministry not necessarily from the right wing but with commercial experience—a ministry which had previously made commercial decisions, understood the need when making a decision to weigh up the costs and the benefits and understood the need for fairness to the whole community and not just a small segment of it.

**Mr CAMERON THOMPSON**—Would that be fair? Some people have said in the discussions we have had today that a criticism of the legislative assembly is that it is often too frightened to make tough decisions. It has been said that it is under too much pressure or something; these people are too concerned about their own popularity and maintaining their position, so they are not going to make a tough decision. Is that a position you share?

**Mr Brown**—As a criticism of some, yes. I would not say to you that I would criticise the whole of the present government on that ground, nor would I necessarily criticise the whole of any previous government. But it is a valid criticism of some.

**Mr CAMERON THOMPSON**—What do you think is within the gamut of things that influence the MLAs in the way they perceive their jobs and their readiness to take tough business type decisions? This citizen-initiated referendum, for which we have had one vociferous advocate today, is one feature of the system. Are there any other particular features that may be present in people's minds that cause them to act in the way they do?

**CHAIRMAN**—I remind you that I have one last witness, and I really want to give him a fair go.

**Mr Brown**—I will try to be quite prompt in responding to that and will perhaps provide a more detailed response later. A large part of the problem for many ministers is the lack of competent and timely advice from the public service. That problem cannot be underestimated. Certainly, there is a second problem of some simply not wishing to offend anyone and choosing to make no decision rather than make a decision, but if I were to look for a primary cause in my mind of indecisiveness on the part of ministers it would be the lack of timely and competent advice from the public service.

**Mr NEVILLE**—Should there be a periodic performance audit to guarantee that?

**Mr Brown**—I was fascinated by Senator Hogg's comment about that. I would certainly support that.

**CHAIRMAN**—Thank you, Mr Brown, for your attendance here today.

[4.52 p.m.]

**NOBBS, Mr Ronald Crane (Private capacity)**

**CHAIRMAN**—I welcome you here on behalf of the committee. Do you have any comments to make on the capacity in which you appear?

**Mr Nobbs**—I am a private citizen resident of Norfolk Island.

**CHAIRMAN**—These hearings are legal proceedings of the parliament and warrant the same respect as proceedings of parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The committee has not yet received a submission from you. Do you wish to make or lodge a submission now?

**Mr Nobbs**—I have prepared—and I will just go through them quickly—some misconceptions and perceptions. I want to answer these and place them on record. Before I came here this afternoon I spoke to the Minister for Finance, and he advised me that the Focus 2002 report that was put out, which is in a deep hole somewhere, has actually gone to Canberra. I did one section of that—it was on the legislature—because the committee felt that they could not really comment on the legislative assembly. I have a 12-page screed here—

**CHAIRMAN**—That is your committee?

**Mr Nobbs**—which was put in and accepted by the Focus 2002 committee. I would like to submit it to you.

**CHAIRMAN**—Is it the wish of the committee that the document tabled by Mr Nobbs be accepted? There being no objection, it is so ordered. The committee prefers that evidence be taken in public, but if you wish to give confidential evidence to the committee you may request that the hearings be held in camera and the committee will consider your particular request. Before we ask you some questions, do you wish to make an opening statement?

**Mr Nobbs**—I do.

**CHAIRMAN**—Please proceed.

**Mr Nobbs**—I have put down some misconceptions. The first one you have dealt with, I think, fairly clearly. I was finance minister in the previous legislative assembly. It is a kiss of death position; I do not think any finance minister has served two terms. Geoff might have; he must be a good guy then. You really get assassinated—after less than one term, in our case.

**CHAIRMAN**—You mean that in the metaphorical sense, don't you?

**Mr Nobbs**—It is as good as assassination. There was a lot of bloodletting, I can assure you. The misconception has been put around that Norfolk Island cannot manage itself financially. There is a perception that the Grants Commission were only concerned with financial reform.

However, they actually suggested that management and financial reforms were required. My view from the outset—and I was on the assembly at the time the Grants Commission came forward—has been: how can you have financial management if you do not have management reform in place to deal with it? That is where the assembly started from and that is where it has progressed to.

As far as management issues are concerned—and I know there has been some criticism here today of the administration—I would suggest that, from a management perspective, on the technical side Norfolk Island administration is in a good position and in some areas it is in an excellent position. In terms of senior management, that is not so, because people have not had the training over the years and the exposure to other areas that would have been desirable. It was the view of the last assembly, of which I was Chief Minister, that this should be rectified. We did not last that long, but the point is that it has not been rectified to date. In fact, there has been a loss of positions and, I believe, complete turmoil in the last 12 months or so.

**CHAIRMAN**—Are you able to tell the committee how that could be rectified?

**Mr Nobbs**—Very simply, we were to bring in senior management and they were to pass on the skills—train people and get training going. This started two years ago but it never really got off the ground, because there was considerable turmoil. It took six months to get the full management team in place and then there was chaos and confusion after that. Six months later the CEO went. In the meantime, others had left the senior management positions.

**Senator HOGG**—What was the reason for the chaos and confusion? Was it personalities, systems or a whole range of factors?

**Mr Nobbs**—There were personality clashes and people were anti change. I worked in the public service for years and I know that it is one of the most difficult places to make change.

**Senator HOGG**—Were the anti-change feelings and the personality clashes brought about by the smallness of the population on the island? Is that a major factor? If you are in Sydney or Melbourne, where there are 2 million or 3 million people, people get lost in the system.

**Mr Nobbs**—It does not help. From a financial perspective, there is a perception on the island that Australia does not really want Norfolk Island to succeed. That is the perception. I am sorry, but it is. If you look at the offshore finance centre and gaming and those sorts of issues you see that the historical facts are difficult to refute in some areas. I am being fair. I am an Australian taxpayer, so I know what the game is. I can tell you that this is really difficult, and I will give you some other facts later on.

There is also a perception on the island that Norfolk Island is different and that there is no real need for change. I accept that we are different and I say that we are different—everywhere I have been I have stressed that Norfolk Islanders are different. But I still believe that we are capable of change and of varying the things we do. Although we do a lot of things really well and need not change them, there are other areas where time has overtaken the way that things have been done in the past. That is my personal belief.

We have been through the public service situation. A guy called Howard was brought in a couple of assemblies ago to do a report on it. He was a Commonwealth public servant. I have been a Commonwealth public servant too. The Commonwealth Public Service is a different animal to a state or territory public service, and that is why we have to get involved with the other states. I brought Peter Beattie over here and he offered assistance to us. This is why we have to go interstate, where it is more about operation. Sure, we have three levels of government on Norfolk Island, but the policy side of things, which the Commonwealth rarely does, is different to actual blood, sweat and tears and rolling up your sleeves.

I was in the Territory when self-government came in. It was completely different. I think I have mentioned that to you before, but I want to put it on the public record. It was a completely different situation there. The Northern Territory got self-government in 1978 and, for the four years leading up to that, they worked towards a system where that would be introduced. They had an election in 1974 and they then created a cabinet. The parliament went to an election in 1977. There were changes—all of the ministers were voted out and a new ministry was formed under Everingham. He operated for a year, from 1 July 1977 to 1 July 1978, and then the Territory was given self-government. That is the difference between the Territory and Norfolk Island.

The condition of the roads has been mentioned today. I used to come here on holidays. My family has been fairly involved in politics over the years on the island and, when my father was alive, he kept me well informed about what was going on here. In the Northern Territory, we had the best roads in Australia. Not only that, they were given huge amounts of money to upgrade whatever they wanted to. One of the things they did in the Northern Territory was to build sporting grounds and things like that. The first astroturf outside Melbourne was put in for hockey in the Territory. It was magnificent. Then you come back here and you see that nothing has happened.

There was no inventory done here at the time—we know that. I brought this up with MacDonald when I was Chief Minister. The department laughed at us when we talked about the conditions. They said, ‘You should have talked about it years ago.’ I said, ‘Mate, I wasn’t here years ago, but these are the facts.’ That is an area where I believe the Australian government has to have a commitment, because they had been the sole arbiters here for a number of years before that.

It is really interesting to hear people talking. I was on the council in the 1960s. I came in on the death of a group called the bloc, which was the first political party we had here and I hope it was the last we will have. At that time, the council were fighting for some sort of recognition and responsibility. In the late fifties, Hasluck offered us a local government arrangement and this is what the bloc started on. It was going to cost so much money. They were actually paying for all of the stuff that was going to be handed over at that time. They were actually doing the roads. The money was coming from here to do those sorts of things. If you look back at those old records, you will find that the majority of the funds given in a grant went towards keeping the Administrator going—his office, his offsiders and all the other things that went with it. But I am getting out of sync; I am jumping all over the place.

As far as financial matters are concerned, I think it is a fact and not just a perception that most government business enterprises are community services and therefore the price of electricity

and lighterage should be kept down. The money would then need to be found to pay for a new crane or a new boat and all of those sorts of things. They have had difficulty over the years providing capital equipment, and government business enterprises are what we need to concentrate on. The answer to all of this is the recognition that the viability of the island depends not only on tourists but also on the community itself. The community has to pay as well.

There is a real need to differentiate between businesses and services, including social services and so on, on Norfolk Island. Government business enterprises should be businesses. To say that we could privatise them is a joke. The only ones that you would really get people to privatise are the ones with a real quid in them, such as the liquor bond. They have been staving off a takeover of the liquor bond for years. Everybody wants to buy the liquor bond—it is a licence to print money here. Why shouldn't the community have that?

I have been through a system where you have income tax and it is quite abhorrent. I was paying heaps of income tax, working a lot of hours and doing about three different jobs, and some turkey that I knew who had a business was paying nothing and getting about three times as much as I was for doing half the work. That is where the problem is: income tax. If we have a system that has never had income tax before, why bring it in? Why not pay for everything you use? I am not talking about a GST, because I find that a bit difficult. As far as electricity goes, we are trying to find money now to go underground, do maintenance and get a new cherry picker and all sorts of things, but there is no money in it. We have only been charging 28c. I was the mug who put it up and I got crucified—but that is another matter. This is what happens.

**CHAIRMAN**—Is that 28c a kilowatt hour?

**Mr Nobbs**—Yes. It should be run as a business with a board of directors. It should be a government business, not just a government business enterprise. We have not even seen their budget for this financial year yet. Hopefully it will come out before 30 June.

**CHAIRMAN**—Do you mean July?

**Mr Nobbs**—No, June.

**CHAIRMAN**—Is that June next year?

**Mr Nobbs**—Yes. Those are the areas that are affected—the lighterage and so on. You have to borrow from different places and shunt your money around to pay for that. They should be run as deadset businesses with directors, as they are in New Zealand and places like that, where you have government businesses and the shareholders are the community.

**Mr NEVILLE**—With great respect, the Commonwealth is not interested in those sorts of things. Those are internal matters. How you decide to do those things on the island is your business.

**Senator HOGG**—I think it gets to the governance issue—

**Mr Nobbs**—I am getting to the governance issue.

**Senator HOGG**—and the need to have an independent auditor to do performance audits on them and things like that. That is not our responsibility. That is really what it is about, isn't it?

**Mr Nobbs**—Can I just pick you up on that? What you are saying is perfectly true. When a member comes into the house after an election—and there are people here who have been through all of this before, so they know—there is not really a policy. We are all independents. The main policy that they put out is 'wi can doe good fu Norfolk'—which means 'we are going to do all right for Norfolk'—and that is about it. There might be a page that says, 'We're going to do this,' and 'We're going to do that,' but there are no real policies.

**Senator HOGG**—There is no strategic plan?

**Mr Nobbs**—There is no strategic plan of any consequence, mate. And that is what we needed to get—policies in all areas, and to look at these government business enterprises and get them operating to a strategic plan. We would then have a basis. You say, 'You are doing it with finance.' The only reason we are doing it with finance now is because we have something to go on. They can audit a statement. We cannot really audit anything with the other things, if you know what I mean. Therefore, there is a distinct need for policies in every area. When a member then comes into this house, they will have the ability to go through and look and say, 'This is the policy in that particular area; I don't like it.' They can go to the community and say, 'I'm going to push to change that particular policy.' They will not change them all. But they are the areas that we need some work on.

There is a misconception that tourists are unfairly and disproportionately taxed. It was promoted initially by Access Economics and, to a degree only, by the Grants Commission. May I say to you that the facts are these. In the 1960s when tourism commenced here, the local government at the time, the assembly at the time, deliberately looked at this type of area. The assembly's view at the time was that everybody gets a go at tourism, including Norfolk Island. If it was going to be our industry—bearing in mind that we had come out of a rural type arrangement into this service industry—Norfolk Island would get its cut out of it. And that is all they are doing now. People talk about bed tax of \$1 a night or something. That will not go up until 2014 on the way that things are going, because of the ratio—unless they change how it is calculated. There was a big slug; it should have gone to \$1 in 1997, but the minister at the time would not put it to that. He only put it up to 75c. When the next change came, there was a huge whack because he had to go to the next dollar. It should have gone up to 83c, but you could not go to 83c on the formula; you had to the nearest half-dollar. So that is why it went to \$1. But it will not go to \$1.50 on those calculations till, I think, 2014. Those are the things.

There is a perception that only entrepreneurs in the industry should be rewarded. That is a perception here. I say that the community is also an entrepreneur and should get its cut out of the tourist industry. The answer in this particular area is to balance the needs of the island in gaining a good return to the community without killing the goose. That is what we have to do. Instead of fighting amongst ourselves, we have to make sure that not only do we get a good return for the entrepreneurs, the people in the hotels and the shops and so on, but the whole community gets a cut of it. Like all businesses it is based on supply and demand, and the cost-benefit to the consumer is a major issue.

There is a misconception that the relationship with Australia has been poor. I was butted around the head at the last election in relation to this. The perception at the time was, of course, that the previous government was responsible for this. I can assure you that the previous government went out of its way to ensure a good relationship. It had a record number of Commonwealth ministers visit the island in the limited period it was here. It established contact on a personal basis with the office of each of the ministers that had any sort of responsibility for here. We had people who could ring those particular offices. But it did cut across the accepted processes that had been going on for years, which were to use the department of territories and its representatives here. So it got some people off side. I say that with all honesty.

The perception is that the Commonwealth Public Service is the ultimate, and I have dealt with that already. There is a perception that the Commonwealth government is attempting to control the Norfolk Island government, and I would say that a historical case could be made to suggest that if not the government then the department of territories was in that mode. These are perceptions here, okay?

The Grants Commission referred to a lack of trust. There is a perception that the Norfolk Islanders wish for independence—well, that is rubbish. You have heard today that the islanders have been frustrated over the years and, from time to time, have attempted to force this issue purely through frustration. I think the Norfolk Islanders have had for ever—and I am sure it remains today—a wish to run their own affairs. That does not mean independence. But there is no real, clear delineation of responsibilities and I think that is an area that should be looked at very closely.

In answer to that particular misconception, I will put some answers. A direct relationship with Commonwealth ministers and departments should be encouraged and a direct relationship with state premiers and ministers should also be encouraged, no matter who they are—whether they are Labor, Liberal, Greens or whites or whatever you like to call them. I think we need to develop the public service more without using the Commonwealth Public Service as a model, and I think we are moving towards that now. We need a formalised arrangement with the Commonwealth in the form of a constitution. The constitution should be a Norfolk Island act, but the Commonwealth's Norfolk Island Act should recognise it, and that is all it should do. Any changes to that constitution should be by agreement of both parties, not one.

**CHAIRMAN**—Western Australia has a constitution act and a constitution amendment act. We draw our strengths from them and they are the ones we use to try to rebut the Commonwealth move to further encroach into the Western Australian territory. It may be worth the secretariat getting you a copy of it.

**Mr Nobbs**—I have had looked at it—most parliaments have them. I think the Northern Territory had a draft constitution but they have never enacted it.

**CHAIRMAN**—I will ask the secretariat to obtain those and forward them to you in any case.

**Mr Nobbs**—Thank you. My view is that the potential for change must be controlled by both groups; it is not one way or the other. I think the Australian government should give the Norfolk Island government a go in realistic processes. I have put it to previous ministers before that the Australian government should look at Norfolk Island as a real value in the Pacific. John, you



spoke about the problems in the Pacific and I understand where you are coming from in relation to that. I have said to other ministers that we have an opportunity, being an island group within the context of parliaments, to be an influence. I have only been on two parliamentary junkets, and they were both because nobody else wanted to go. One was to Melbourne and one was to Wellington. The Pacific community got together; they were mixing together. That is an area where we should be: we should not be in the Australian regional section of the CPA; we should be in the Pacific region.

**CHAIRMAN**—You could be in both, surely?

**Mr Nobbs**—We could be in both. It does not really matter as long as you pay for it. But the go is that Norfolk Island should be in the Pacific area. When I was in Wellington I spoke to the minister for foreign affairs at the time, Don McKinnon, who is now at the CPA, and I said to him, ‘Why don’t you come to Norfolk, as you’re tripping to all these other isles. Why don’t you call in?’ He said, ‘I can’t go there. I have to go to Canberra before I go there.’ I said, ‘Well, we can invite you.’ ‘No,’ he said, ‘it’s protocol. I’ve got to go to Canberra.’ So I said, ‘Okay, fair enough,’ and that was that. That was the sort of thing. While I am on New Zealand, I would like to say, given the perception in here somewhere, that New Zealand is very important to Norfolk Island. It always has been and it always will be. A lot of our people went to New Zealand and are still there, and we have a relationship there as well as through Pitcairn.

There is a misconception that from an immigration perspective Norfolk Island is the same as Australia. There is a perception that Norfolk Island is just another part of Australia. The facts really are that Norfolk Islanders in the past considered themselves to be Norfolk Islanders, full stop—not Australians and New Zealanders but Norfolk Islanders. It is really interesting to note some research that I was doing on graves in the First World War. There were two sorts. A grave at Gallipoli had on it that this Buffett boy ‘was born on Norfolk Island’, and that was on a special stone that was put in. There was another one. It was a Metcalfe boy, Buffett’s first cousin, who was buried in London and it was the same thing. They went through the parents’ details and said the parents were living in Pine Avenue in Sydney or somewhere but that he was born on Norfolk Island. So it is very important. All residents from Australia and New Zealand agree—and you have heard this from people today, including Bruce and Geoff—how important those sorts of issues are to them as well as to Norfolk Islanders, so it is still here and it is very strong today.

I have seen Australian communities, particularly Indigenous communities, destroying themselves. I do not think we are destroying ourselves; I think we are going along reasonably well. There are some social problems here. As far as counselling is concerned, we had a meeting today, and we will have counsellors here in a month or so. For how long depends on the money here and how much money the government is prepared to div in, but it will be for a three- or four-month period. So those sorts of issues are actually being attended to.

There is a perception, and it sickens me a bit, that Pitcairn descendants here have been bred out. Norfolk Island people have moved to various parts of the world but the ties remain with the family descendants from Pitcairn. That is one of the particular issues that islanders in this assembly have to face, and we face it every day when these sorts of issues come up from your particular kith and kin. What I am saying is that there was immigration not only to Australia but to other parts of the world—including New Zealand, which was a significant one. I believe the

answer to those that say that about immigration is that you must maintain Norfolk Island as a homeland for Pitcairn descendants. That is a key issue. You have heard today that we are up around 48 per cent at the moment and heading up again, I hope—and that is no disrespect to other people, but we have got a history on this island. I believe we should recognise and learn from social collapse where it has occurred in Australia. I will not go into that. We must maintain long-term activities in the relationship and recognise the close ties with New Zealand. The last one that I going to deal with here is the misconception that Norfolk Islanders are a bunch of tax dodgers. I have been thrown that heaps of times, so do not worry about that—not here but over in Australia.

**CHAIRMAN**—'Tax minimisers', I think, is the kind term.

**Mr Nobbs**—'Tax dodgers' were the words. The perception is that nobody on Norfolk Island pays tax. As you know, the Australian tax act extends to Norfolk Island and there are exemptions under that act. There are a number of Norfolk Island residents who pay Australian tax; you must realise that. The estimate was \$0.5 million at the Grants Commission in 1995-96, and I think it would be more than that at this point in time. I have not actually gone into that. There is no reimbursement of any of that money to Norfolk Island. There is no sharing. In reality, Norfolk Island does have a tax regime, but it is indirect taxing, and I believe that is something we should continue.

There is a perception that Australian taxpayers support the Norfolk Island tax dodgers. The question really is what we consider as taxation, because we do pay it. That is what I am saying: we pay tax, but maybe there is a different arrangement to yours. We simply have to accept that we have a different tax system. We have to accept that there was mismanagement here, I believe, before self-government was achieved. There are specific responsibilities on the island which are still retained by the Commonwealth. I do not think we should be accepting the sundry grants that are pushed from time to time here. That is abhorrent to a large number in the community because they feel that we are not contributing to your tax system, so why should we receive that money?

**CHAIRMAN**—Have you ever had a referendum on that issue?

**Mr Nobbs**—We probably have; we have had a referendum on most things, Chairman—

**CHAIRMAN**—That is what I thought. You must have had a referendum on that.

**Mr Nobbs**—but I do not think we have had a referendum on that. Can I just say the last little bit, if I may. Norfolk Islanders, by virtue of self-government, now control their island. There is a perception that the legislative assembly has full self-government powers. The fact is that it has been a major step in the right direction, but in reality Norfolk Island does not control its land, the air above it or the water around it. I rest my case.

**Mr NEVILLE**—The Commonwealth does that for all territories.

**Mr Nobbs**—Yes, I know. I am just saying that I do not believe that we have full self-government. We do not control the land; the Territory control the land. There is some leasehold land and some other land, but they generally control the land situation.

**CHAIRMAN**—They do not. Under the Petroleum (Submerged Lands) Act, Mr Nobbs, the Commonwealth controls that. It controls most of the petroleum that is found outside the territorial or state waters.

**Mr Nobbs**—They have a distance off the shore; I forget what it is now.

**CHAIRMAN**—It is a very short distance, yes.

**Mr Nobbs**—We do not even have that. You step in the water and you are in Commonwealth territory.

**Mr NEVILLE**—You do not have the three-kilometre rule—is that it?

**Mr Nobbs**—The laws of Norfolk Island extend 12 miles. It is a funny set-up. Anyhow, that is all.

**CHAIRMAN**—All right. I think we have time for a couple of questions.

**Mr NEVILLE**—What is this business about your relationship with New Zealand? Do you think the Australian government is making life hard for New Zealanders or do you have some special relationship here in terms of voting—what did you mean?

**Mr Nobbs**—The voting issue was something that really stuck in my craw. I advised the advisers to various politicians that they should back off, but they did not and we are going ahead with it. It has to be brought out that the New Zealanders are important to this island. We trade with them, their planes come here and we have tourists and residents from there.

**Mr NEVILLE**—I understand that. Nobody is arguing about that. What relationship do you want? Do you want them to have voting rights on Norfolk Island?

**Mr Nobbs**—Yes, my word I do—very much so.

**CHAIRMAN**—Did you say that you want the New Zealanders to have voting rights?

**Mr Nobbs**—Yes, after they have been here for the recognised time.

**Mr CAMERON THOMPSON**—The qualifying time?

**Mr Nobbs**—Yes, the 900 days.

**CHAIRMAN**—Yes, of course. That happens with Australians and other nationals, doesn't it, under your 900-day rule?

**Mr Nobbs**—Yes, but they have to be Australian citizens—under yours, not under ours.

**CHAIRMAN**—You were prepared to take anyone, I think, under the 900-day rule.

**Mr Nobbs**—Yes, we are; we are very friendly people.

**CHAIRMAN**—Yes, you are very friendly people indeed, like most Australians!

**Mr NEVILLE**—Which one of the voting systems do you favour, Mr Nobbs? Would you go for first past the post, the simple preferential system or do you like the concept of—

**Mr Nobbs**—I think we should go back to what we had before.

**Mr NEVILLE**—That was the simple first past the post?

**Mr Nobbs**—And a two-year term. That was what they had before and everything was simple. With the system here now—and this is the third assembly I have been in, but I have watched a few before—they get to two years and they are coasting to make sure they survive the third year. I do not care what they say. I am in the assembly now and I believe that our government, with all due respect, is coasting right now, and they are only halfway through. This is to make sure that they get to this magic three-year figure.

My personal view—and I have given a lot of time to it; if you read the document, you will see that there have been three inquiries into this—is that you should have a two-year term with your elections in April and you should have these policies and whatever in place as well, so that the incoming people know exactly what is happening. You set a time then, by 1 July, to finalise your budget and you have a budget for two years. If you are any darn good you can get it.

They say we are broke. I did not want to blow my own trumpet, but, when my government left, we left \$1.6 million in the bank in those two years. I think there was about \$2.9 million all up in reserve at that particular point in time. They can say that we have no money and everything—that is fine. We deliberately did it and kept control of things with the idea that we would have about three million bucks to start putting into infrastructure programs. But we are sitting on the sidelines.

**Senator HOGG**—Mr Brown, in his submission to us, was talking about a navigational aid at the airport.

**Mr Nobbs**—Yes, he was on the assembly when it was—

**Senator HOGG**—Do we know who actually purchased that?

**Mr Nobbs**—Yes, the Norfolk Island government purchased it.

**Senator HOGG**—If you can pinpoint who in the government purchased it, I have a bridge to sell—I thought I might get that on the public record now. If you were prepared to buy that aid, I have a very nice bridge for you!

**Mr CAMERON THOMPSON**—On the major issue of finding additional funding and providing a system that provides sustainability, are you from the mould of people who say that we should be providing additional taxation and getting targeted funding from the

Commonwealth or whatever? What is your view for the long-term sustainability, in a financial sense, of Norfolk Island?

**Mr Nobbs**—I heard that Focus was criticised earlier because they concentrated on expenditure. If you cannot run your expenditure efficiently, how are you going to sell the programs to people for which you need more money? That is what I am saying. I am giving you a document that suggests that you can save \$145,000 a year in the assembly. There are other areas in which you can do it. This means that you would cut the assembly back to seven members. You would have three ministers—that is all you need—with good support, and we have got good support. We just have to get a bit more training and what have you. You could do that. You would have an independent speaker who would be the clerk. The deputy clerk would be the deputy speaker.

**Mr CAMERON THOMPSON**—So you see the initiatives outlined in Focus as being the way ahead, do you?

**Mr Nobbs**—In this document I am suggesting that that is the go. Why wouldn't I, Cameron? I wrote it.

**Mr CAMERON THOMPSON**—No, the whole Focus document.

**Mr Nobbs**—I believe only seven members are required on it. There were only eight on the council before, and the president had the vote.

**Mr CAMERON THOMPSON**—But, Ron, I am not talking purely about the management of the assembly. I am talking about the wider management of funds and financial issues as far as the Norfolk Island government is concerned. Do you believe expenditure cuts are what is required?

**Mr Nobbs**—Without expenditure cuts, with just good control, we ran the island two years ago on \$10 million. Now they are asking for \$13½ million to \$14 million. That is where you have to have stringent controls in place. If you can say, 'We've got those in place, but we need extra dollars to do the things that Geoff mentioned,'—I think he mentioned \$40 million is required for infrastructure—then within 10 years we could fix that up. I put to MacDonald and his compadres that they could assist us with some of that \$40 million—not finance the whole lot, just make a contribution. If you get your infrastructure in place, things will always come up that require additional funding, but I believe the island can afford it.

**CHAIRMAN**—Thank you, Mr Thompson. There will be one last question from the member for Hinkler.

**Mr Nobbs**—The member for Hinkler—nice place.

**Mr NEVILLE**—It is all about getting money in. It is probably a question in two parts. Of that \$45 million you are talking about—

**CHAIRMAN**—One question, but in two parts—okay.

**Mr NEVILLE**—I want to look at both sides of the ledger. What were some of the major items in that \$45 million?

**Mr Nobbs**—Roads was one of the major items—it was quite a significant one. The airport was not included in that, because I thought at the time that we would be able to cover it.

**Mr NEVILLE**—What is the estimate of doing up the roads?

**Mr Nobbs**—I think about \$12 million was the estimate. Off the top of my head I am not sure—it might be more.

**CHAIRMAN**—Will you take that on notice too, Mr Nobbs?

**Mr Nobbs**—Yes. I will give you details of that.

**Mr NEVILLE**—On the other side of the ledger, when did the financial institutions levy get increased to the point that people started to take their cheques offshore?

**Mr Nobbs**—It went up to one per cent in 1991. The financial institutes levy is catching about 30 per cent of the island economy. Therefore we should be getting in about \$2.5 million to \$2.7 million, and we are only getting \$0.8 million to \$0.9 million.

**Mr NEVILLE**—Is that assuming it stays at one per cent?

**Mr Nobbs**—Yes. If it was to stay at one—

**Mr NEVILLE**—Obviously the community have rejected that. They have found ways of taking their cheques offshore, because why would you pay one per cent?

**Mr Nobbs**—That is right. I quite agree with you on that. Why would you pay it?

**Mr NEVILLE**—Is it not better to bring it back to a quarter of one per cent or a third of one per cent so everyone pays and people are discouraged from sending cheques offshore?

**Mr Nobbs**—I appreciate that, but there is a perception that, if we are getting \$800,000 now, leave it alone—we are getting \$800,000 and that is it. That is the perception.

**Mr NEVILLE**—You defeat your own argument.

**Mr Nobbs**—Hang on, I am just saying that that is the perception. But there are other things that need to be considered. We have a huge cash economy here. It is socially unacceptable, I believe, to have such a large cash economy.

**Mr NEVILLE**—Isn't it because they know the government will take one per cent of their turnover?

**Mr Nobbs**—I do not know. I am involved myself. That is the thing. You get paid for various—

**Mr NEVILLE**—Don't you have to have the faith to take the leap?

**Mr Nobbs**—Yes, I agree with you.

**CHAIRMAN**—We had better finish up.

**Senator HOGG**—That was 14 questions! Chairman, I object!

**Mr NEVILLE**—It was a question with 13½ parts.

**Mr Nobbs**—Can I just answer the latter part of it. It was a good finish, but the problem is that I am one of nine. You must remember that we have nine Independents. It is all right in your set-up where your man, Mr Howard, or whoever it may be, will get up and say 'boo' and everybody will go 'boo' with him. Here we have nine Independents, and that is really difficult.

**Senator HOGG**—We should finish with a chorus of *Solidarity Forever*.

**CHAIRMAN**—I am definitely going to finish up on that one. Thank you for your attendance here today, Mr Nobbs. It is always good to have you come and talk to us. If there are any matters on which we might need additional information, the secretary will write to you. You will be sent a copy of the transcript of your evidence to which you may make editorial corrections. I would like, on behalf of the committee, to thank once again all the witnesses who were here today for their redoubtable contributions.

Resolved (on motion by **Senator Hogg**):

That this committee authorises publication, including publication on the parliamentary database, of the proof transcript of the evidence given before it at public hearing this day.

**Committee adjourned at 5.41 p.m.**