

SENATE SELECT COMMITTEE ON STATE GOVERNMENT FINANCIAL MANAGEMENT
ATTORNEY-GENERAL'S DEPARTMENT

The Committee asked for the following additional information at the hearing on 25 July 2008:

Details on the movement in Norfolk Island's cash reserves over past 5 years

The response to the Committee's request is as follows:

Norfolk Island Government cash reserves:

	30 June 2003	30 June 2004	30 June 2005	30 June 2006	30 June 2007
Cash at Bank	\$10,183,173	\$10,938,068	\$11,841,767	\$19,091,478	\$11,228,718

The Norfolk Island Government's cash reserves are made up of cash held in both the Norfolk Island Government revenue fund, cash held by the government business enterprises and cash held in trust for a variety of purposes, such as a legal aid fund and environmental matters.

The apparent spike in cash reserves held by the Norfolk Island Government at 30 June 2006 relates to cash received in that year for the subsequent projects to resurface the Norfolk Island Airport runway (\$5.7m) and to refurbish the Kingston Pier (\$3.4m). These projects were funded by a Commonwealth interest-free loan and grant respectively.

For the Committee's reference, the Department has also provided information on the Norfolk Island Government's liabilities across the same time series.

	30 June 2003	30 June 2004	30 June 2005	30 June 2006	30 June 2007
Total liabilities	\$5,034,651	\$5,019,511	\$6,747,241	\$25,892,084	\$19,359,394

The increase in liabilities at 30 June 2006 relates to the recognition of the \$12 million loan from the Commonwealth for the airport runway resurfacing project and the establishment of Norfolk Air as a government owned entity in 2006-07, where future ticket sales are recorded as liabilities (\$2.5m at 30 June 2007).

Similar to the cash reserves, these liabilities relate to the Norfolk Island Government's revenue fund as well as their government business enterprises. These liabilities do not, however, include accumulated depreciation on assets, which at 30 June 2007 was \$31.5 million.

This information was taken from the Norfolk Island Government's audited financial statements. Complete copies of the financial statements are available at <http://www.info.gov.nf/reports/Reports/>

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Senator McDonald asked the following question at the hearing on 25 July 2008:

“I think Mr Tambling indicated to us – and perhaps you could confirm this – that you have no detail and are not able to get detail of how many Norfolk Islanders are actually accessing the Australian health system.”

The response to the honourable Senator's question is as follows:

The Department of Health and Ageing have provided the Attorney-General's Department with the following information with respect to Norfolk Island residents' access to Medicare:

Medicare is the national health scheme primarily for permanent residents of Australia. Eligibility for Medicare and the Pharmaceutical Benefits Scheme is generally restricted to an "Australian resident" as defined in Section 3(1) of the *Health Insurance Act 1973 (the Act)*. The definition encompasses people who permanently reside in Australia and are Australian citizens, permanent visa holders, New Zealand citizens, or in certain circumstances, applicants for permanent residence visas. Norfolk Island is not covered by Australian legislation in respect of health, therefore, it is not governed by the laws relating to these issues. As a result, residing on Norfolk Island does not qualify as residing in Australia under the definition of "Australian resident".

There is, however, a legislative provision that allows Australian citizens absent from Australia (including residing on Norfolk Island) to retain their Medicare entitlements for any return visits to the mainland for a period of up to five years from when they were last resident in Australia for Medicare purposes. In situations where an absence extends past the five year period, Australian citizens must provide documentary proof of their residency status to regain entitlements to Medicare.

As a result of this provision, a person can permanently reside on Norfolk Island, but still be legally entitled to access Medicare services on the mainland for up to five years from when they were last resident.

There are other circumstances where a person may be a resident of Norfolk Island, but still legally be entitled to access Medicare. They include:

- a person who maintains a residence on both the mainland and Norfolk Island, and spends their time between the two on a reasonably equitable basis;
- a family who, as Mr Tambling referred to, normally reside on Norfolk Island, but chose to move to the mainland for the years of their children's education, with the intention of returning to Norfolk Island.

These people would be able to demonstrate that they reside in Australia, and as a result, meet the "Australian resident" criteria.

There is some anecdotal evidence of people who permanently reside on Norfolk Island, but provide Medicare Australia with a residential address in Australia (such as that of an investment property or a relative but do not ever actually reside there), to access health

services under Medicare. These people, where they access the system, would be doing so without entitlement and therefore subject to activities under Medicare Australia's compliance program.