



Australian Government

Commonwealth Grants Commission

Review of the financial capacity of Norfolk Island 2006

CONSULTATION CONFERENCE 17 AND 18 AUGUST 2006

Venue: Sirius Room, The Colonial, Queen Elizabeth Avenue

AGENDA

THURSDAY 17 AUGUST – 9AM TO 4.30PM

9.00am Welcome and introductory addresses

The Commission's terms of reference and approach to the Review

Mr Alan Morris, Chairman, Commonwealth Grants Commission

9.15am Opening remarks by the Norfolk Island Government

9.30am Other opening remarks (*tba*)

10.00am The 'comparable communities' concept

General issues of methodology – any issues of concern?

- matters covered by Chapter 1 in the Commission's Staff Paper

10.30am Morning tea

11.00am The circumstances of Norfolk Island

- i. How adequately have Commission staff described special circumstances of Norfolk Island?
- ii. How adequately have allowances been made in the assessments? Any general concerns?

Freight costs

Waste management

- matters covered by Chapter 2 of the Commission's Staff Paper

11.45am Responsibilities of the Norfolk Island Government

- i. Are Commission staff decisions about classification of revenue and expense items to State and local government levels reasonable?
The following have been classified to the local government sector, although not solely a local responsibility in the States. Commission staff considered that it would make sense for a Norfolk Island Government to retain full responsibility for these.
Alternatively, no information was available to facilitate an allocation between sectors.
 - Roads
 - Culture and recreation
 - Tourism expenses and Airport departure fees
 - Other services to industry
 - Interest revenue
- ii. Are Commission staff decisions about the classification of Government Business Enterprises to different levels of government reasonable?
 - State — Gaming Enterprise, Electricity Service and NI Hospital Enterprise;
and
 - Local — Liquor Supply Service, NI Airport, Norfolk Telecom, Lighterage Service and Tanalith Plant.

- matters covered by Chapter 3 of the Commission's Staff Paper

12.30pm Lunch/Private Commission meeting

1.30pm State-type revenue raising capacity of Norfolk Island

- i. Tax by tax measures – are the assumptions Commission staff have made in estimating Norfolk Island's revenue raising capacity realistic?
 - Payroll taxes – group control of businesses
 - Land taxes – indicative values of land, particularly commercial land
 - Transfer tax – value distribution of properties transferred without price
 - Gambling tax – propensity of tourists to gamble
 - Insurance tax – premiums for household insurance and CTP
 - Other – mining royalty and financial tax revenue capacity
- ii. Have relevant special circumstances been taken into account in estimating taxable capacity?
- iii. Whole of economy measure – any comments on:
 - ABS business survey data
 - Commission staff estimate of the size of the Norfolk Island economy?

- matters covered by Chapter 4 of the Commission's Staff Paper

2.45pm Afternoon tea

3.00pm State service delivery requirements

- i. Are the assumptions staff have made about what Norfolk Island need to spend on each service realistic? Do they produce realistic results?
- ii. Are there any special circumstances for specific expenses that have not been taken into account?
- iii. Commission staff have not made special additions to an Australian average expense for freight, travel or other isolation costs. Nor have reductions been factored in to take into account lower salary levels prevailing on Norfolk Island. Would these adjustments be off-setting?

Education

Health – distribution of care types at the Norfolk Island hospital

Welfare and public housing – effect of absence of unemployment

Law and order

Public safety and emergency services

Water, sanitation and protection of the environment

Transport

General public services – adjustment for wider range of services

- matters covered by Chapter 5 of the Commission's Staff Paper

Note that education expense issues will be held till later in the session to enable persons involved with the Norfolk Island school to attend

4.30pm Close of session

FRIDAY 18 AUGUST – 9.00AM TO 12.30PM

9.00am Local government revenues and services

- i. Revenue raising capacity – How realistic are the assumptions staff have made?
Are there relevant special circumstances not taken into account?
 - Grants and subsidies from other levels of government
 - Municipal rates – Norfolk Island land values
 - Sales of goods and services – waste management levy
 - Interest income and other
- ii. Local government type service expenses – How realistic are the assumptions staff have made? Are there relevant special circumstances not taken into account?
 - General public services – comparability assumptions
 - Public order, education, health and welfare – pre-school
 - Housing and community amenities
 - Water supply and sewerage
 - Waste management
 - Protection of the environment and planning
 - Culture and recreation
 - Services to industry and other economic affairs - tourism
 - Transport and communication

10.30am Morning tea

11.00am Assets and debt

- i. Depreciation – any comments on approach to depreciation of built assets and infrastructure?
- ii. Is the staff's understanding of the cost of servicing loans accurate and the conclusions drawn reasonable?
- iii. Debt charges – any comments on the staff's approach to estimating Norfolk Island's required expenses?
- matters covered by Chapter 7 of the Commission's Staff Paper

Note that additional information on depreciation of built assets and infrastructure will be provided, as foreshadowed in the Staff Paper

11.30am General discussion

12.15pm Closing comments by the Chairman

12.30pm Close of conference