THE SENATE

BILLS

Senator PAYNE (New South Wales—Minister for Human Services) (17:40): I move:

That these bills be now read a second time.

I seek leave to have the second reading speeches incorporated in Hansard.

Leave granted.

The speeches read as follows—

NORFOLK ISLAND LEGISLATION AMENDMENT BILL 2015

Almost a year ago today, I provided a statement in this House on the critical issues facing Norfolk Island.

Today, I introduce a Bill that seeks to resolve these issues through a range of significant changes.

Norfolk Island is a small and remote community with a population of around 1,800 people.

Like any remote community, Norfolk Island has challenges in terms of service delivery, infrastructure maintenance and economic growth.

However, on Norfolk Island these challenges have only been magnified by a unique set of governance arrangements.

Under arrangements established in 1979, the Norfolk Island government is required to deliver all local, state and many federal services—more than any other government in Australia.

It is not reasonable to expect such a small and remote community to deliver these responsibilities effectively.

It is no surprise that services on Norfolk Island are well below the standard Australians typically expect.

In fact, there is almost a complete absence of the health and social services most Australians take for granted.

For instance, Norfolk Island is the only place in Australia where Australian citizens do not receive social security benefits and do not fully participate in the Australian taxation system.

Norfolk Island's problems are not new, but they are now critical.

There has been no significant infrastructure investment since the 1970s, and the Norfolk Island government has not had the capacity to maintain what was built then, or earlier.

The Island's Hospital is outdated.

The roads are deteriorating.

And the Island's electricity network is at risk of collapse.

The financial position of the Norfolk Island government is also dire.

The Australian government has provided in excess of $40 million in assistance since 2010 to keep essential services going.

But this assistance has not dealt with the underlying problems.
The Bills introduced today provide the structural reform needed to strengthen Norfolk Island and ensure its sustainability.

From 1 July 2016, the Norfolk Island community will have access to social security payments.

Older Australians will be able to access the age pension.

Families will be able to access a range of support payments such as family tax benefits.

The community will also have access to Medicare and the Pharmaceutical Benefits Scheme and will no longer pay a separate Norfolk Island healthcare levy, which unfairly targets low income earners.

In line with our election commitment, these benefits will be introduced with the taxation system.

From 1 July 2016, Norfolk Island residents will pay income tax and other direct federal taxes on all of their income, not just their income sourced from the mainland.

Federal taxes will replace a range of inefficient taxes and charges currently levied by the Norfolk Island government.

This includes a local goods and services tax and punitive customs charges. Both of these will be removed.

The Australian government will also extend the superannuation guarantee to Norfolk Island, to allow future generations to save for their retirement.

To minimise the impact on business, the guarantee will be phased in over the next twelve years.

Economic modelling has shown that the long term impact of these changes will be overwhelmingly positive.

According to the Centre of International Economics, Gross Territory Product is projected to increase by around 25 per cent, and household consumption will go up by 52 per cent.

However, the full application of Australia's social security and taxation system alone does not address the long-standing need for governance reform.

The need for governance reform is well recognised and has been the subject of numerous reports, inquiries and submissions over the last four decades.

Most recently, the Joint Standing Committee on the National Capital and External Territories concluded that governance and economic reform must occur together to give the community the greatest chance of recovery.

The Committee's strong and bipartisan recommendation was that the Norfolk Island Legislative Assembly be transitioned to a Regional Council.

The Bill I am introducing today will achieve this.

Following the Bill's commencement, the Norfolk Island Legislative Assembly and Executive Council will be dissolved, and a Local Advisory Council appointed to represent community views.

From 1 July 2016, a Norfolk Island Regional Council will be established to deliver an extended range of local services.

This Council will be elected by Islanders to represent Islanders.

Under this model local issues will be driven at the local level wherever possible, without placing unreasonable expectations on this small and remote community.

From 1 July 2016, New South Wales laws will gradually be applied on Norfolk Island to provide a modern body of state law.
The Australian government will also negotiate with the New South Wales government to expand the range of services it currently provides.

Other federal services will also be extended.

From 1 July 2016, the Australian migration system will replace the immigration arrangements currently maintained by the Norfolk Island government.

This will remove a key barrier to tourism and trade, and simplify travel arrangements significantly.

Customs and biosecurity services will also be provided by Australian government agencies.

These changes will bring Norfolk Island in line with other Australian communities and ensure services are delivered to a modern standard by the appropriate level of government.

Although common-sense, these reforms represent significant change for the local community.

Ultimately, our goal is to put Norfolk Island on a more sustainable footing.

It is about delivering growth and prosperity and protecting Norfolk Island’s cultural identity and rich heritage for generations to come.

I would like to thank the community for its active engagement to date and for showing such strong support for the reforms being implemented today.

The Australian government will continue to engage closely with the community during this process and into the future.

We are committed to doing what is needed to deliver a better future for all Australians, regardless of where they live.

**TAX AND SUPERANNUATION LAWS AMENDMENT (NORFOLK ISLAND REFORMS) BILL 2015**

The Tax and Superannuation Laws Amendment (Norfolk Island Reforms) Bill 2015 amends taxation and superannuation legislation to fully apply Australia’s income tax, Medicare Levy and superannuation guarantee system to Norfolk Island.

The Bill will see the taxation system apply to Norfolk Island in the same way it currently applies to mainland Australia, with the exception of indirect taxes including the GST, customs duty and excise duties.

This Bill will establish transitional arrangements which phase in the superannuation guarantee over the next twelve years.

This Bill also establishes transitional arrangements in respect of capital gains tax. This will ensure that Norfolk Islanders are only taxed on capital gains that accrue from 1 July 2016.

**A NEW TAX SYSTEM (MEDICARE LEVY SURCHARGE—FRINGE BENEFITS) AMENDMENT BILL 2015**


These amendments support the repeal of the Medicare Levy exemptions provided for by the Tax and Superannuation Laws Amendment (Norfolk Island Reforms) Bill 2015.
HEALTH AND OTHER SERVICES (COMPENSATION) CARE CHARGES AMENDMENT (NORFOLK ISLAND) BILL 2015

The Health and Other Services (Compensation) Care Charges Amendment (Norfolk Island) Bill 2015 supports the extension of the Health and Other Services (Compensation) Act 1995 to Norfolk Island.

The Bill ensures that Medicare benefits, nursing home benefits or residential care subsidies are recoverable from persons on Norfolk Island who receive compensation or damages through a judgement or settlement.

HEALTH INSURANCE (APPROVED PATHOLOGY SPECIMEN COLLECTION CENTRES) TAX AMENDMENT (NORFOLK ISLAND) BILL 2015

The Health Insurance (Approved Pathology Specimen Collection Centres) Tax Amendment (Norfolk Island) Bill 2015 will ensure that the tax on the grant of an approval for a specimen collection centre under the Health Insurance Act 1973 and, for related purposes, also applies to persons who reside on Norfolk Island.

HEALTH INSURANCE (PATHOLOGY) (FEES) AMENDMENT (NORFOLK ISLAND) BILL 2015

The Health Insurance (Pathology) (Fees) Amendment (Norfolk Island) Bill 2015 works with the Health Insurance Act 1973, which is being amended in the Norfolk Island Legislation Reform Bill 2015.

This Bill relates to the fees payable for certain purposes of the Health Insurance Act 1973, such as the acceptance of an approved pathology authority undertaking and the approval of premises as an accredited pathology laboratory.

AGED CARE (ACCOMMODATION PAYMENT SECURITY) LEVY AMENDMENT (NORFOLK ISLAND) BILL 2015

The Aged Care (Accommodation Payment Security) Levy Amendment (Norfolk Island) Bill 2015 relates to the imposition of levies in respect of certain obligations to refund accommodation payment balances, and for related purposes.

This Bill is part of the broader Norfolk Island reform package, which implements the government's election commitment to fully apply mainland taxation and social security to Norfolk Island.

PRIVATE HEALTH INSURANCE (RISK EQUALISATION LEVY) AMENDMENT (NORFOLK ISLAND) BILL 2015

The Private Health Insurance (Risk Equalisation Levy) Amendment (Norfolk Island) Bill 2015 relates to the broader Norfolk Island reform legislative package which is being implemented through the Norfolk Island Legislation Reform Bill 2015.

The Private Health Insurance (Risk Equalisation Levy) Act imposes a risk equalisation levy on private health insurers, and for related purposes.

The Act is part of the Private Health Insurance arrangements which exist on mainland Australia which are to be extended to Norfolk Island through the Norfolk Island Legislation Reform Bill 2015.

Debate adjourned.