



Australian Government

BUILDING OUR FUTURE

NORFOLK ISLAND reform update

Message from Administrator

There has been much achieved over the past five months and I'll be pleased to welcome Paul Fletcher MP, Minister for Territories, Local Government and Major Projects who intends to visit the Island on 28 and 29 January next year.

Mr Fletcher has indicated his desire to meet with businesses and the community, to better understand planned opportunities for growth and see achievements being made.

I look forward to our new Minister seeing progress made towards the establishment of an elected Regional Council and the integration of mainland tax and social security systems, including access to Medicare and the Pharmaceutical Benefits Scheme, as well as the extension of immigration, customs and quarantine services.

Living on an Island means we will always need to be more resourceful. Recent reports I have released to the community highlight a range of opportunities for economic growth and improvements in governance, as well as the opportunity for high quality of service by the Administration of Norfolk Island to meet the needs of the community within a sustainable budget setting.

I will continue to engage with businesses and the community about the implementation of the reforms which commence from 1 July 2016 and the benefits of change. I encourage you to also engage with the Advisory Council and the Executive Director about your ideas for growth and provide feedback about the framework and functions of your future Regional Council.

I anticipate great benefit from the seminars being provided by Australian Taxation Office this week to help you prepare for 1 July 2016.

The Hon Gary Hardgrave

Identifying improvements – Norfolk Island telecommunications

Earlier this month I released the GQI Consulting Norfolk Island Mobile Network review.

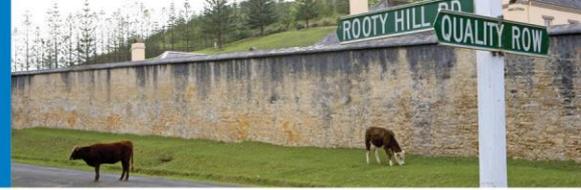
This report reviews the telecommunications infrastructure, cost and likely timeframe required to provide 3G/4G mobile services on the Island to support modern requirements - important for residents and also for visitors to the Island.

The current 2G mobile network on Norfolk Island uses out-dated technology and is likely to need upgrading in the next 2 to 3 years to prevent the incidence of a major loss of service.

The report found an upgrade to a 4G network, estimated at \$3.7 million, would be more cost and technologically effective than to a 3G network and could be implemented within a 10-12 month timeframe.

Telecommunications on Norfolk Island is provided by Norfolk Telecom, a Government Business Enterprise of the Administration of Norfolk Island





Mt Pitt Antennae image provided by GQI Consulting.

(ANI). For the immediate future, the model of telecommunications being provided by ANI and the successor Regional Council from 1 July 2016 is practical to continue. Accordingly, the ANI will consider and action the report as appropriate.

I encourage residents to review the report which can be found at www.infrastructure.gov.au/territories/publications

Roads report identifies improvements in user safety, road conditions and designs

The Roads Audit and Strategy report, which was released in early November, has identified some priority areas for upgrade and redesign, as well as the importance of road user and pedestrian safety. The findings of the Audit and Strategy report are consistent with the Norfolk Island Development

Strategy which identified the importance of improving key infrastructure on the Island's economic development, including the roads servicing the airport, Burnt Pine, Kingston and Cascade Pier.



Watermill dam barrier in need of strengthening before improvements made



Completed Armco barrier at Watermill dam

The report also includes indicative costs, as well as outlining the ongoing maintenance requirements for the roads on the Island.

The report addresses Recommendation 5 of the Joint Standing Committee on the National Capital and External Territories report, *Same country: different world – The future of Norfolk Island*. This recommended the Australian Government ensure, as part of the new governance arrangements, the public road infrastructure on Norfolk Island is assessed against current Australia-wide design, building and engineering standards and, where needed, work is undertaken to remedy deficiencies.

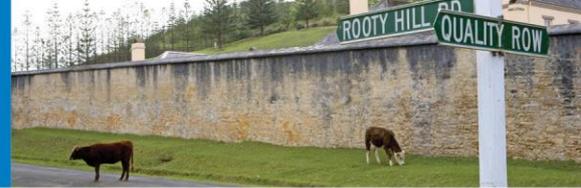
The Australian Government Department of Infrastructure and Regional Development will continue to work with the ANI on delivering priority road projects within available funding.

To date, planning, survey and design works have commenced prior to the construction of a shared pathway from the intersection of Taylor's Road and Queen Elizabeth Avenue to the town centre.

Once constructed, the new pathway will improve pedestrian safety and amenity between the Norfolk Island School and the shopping village.

The Norfolk Island Roads Audit and Strategy report, developed by WorleyParsons, can be found at www.infrastructure.gov.au/territories/publications





Small business seminars



The Australian Taxation Office (Tax Office) is holding business seminars this week.

There is also an opportunity for one-on-one appointments to answer your questions about business taxation (including superannuation).

For further information please contact the Information Centre on 23465.



Australian Government Department of Employment image
Photo by Mark Mohell

Report informs introduction of Commonwealth biosecurity and quarantine services

The Norfolk Island Quarantine Survey 2012-2014 provides a baseline set of data on Norfolk Island's plant and animal health status.

The survey sampled for pests and disease across Norfolk Island's flora and fauna including plants

(introduced crops, amenity plants and native), domesticated mammals and birds (feral and wild).

The survey identified quarantine barriers between Norfolk Island, the Australian mainland and New Zealand should be maintained or strengthened.

There are several species of concern present on the Island which are not recorded on the Australian mainland.

It also determined that Norfolk Island is free from many pests present on the Australian mainland including the Queensland Fruit Fly which could devastate crop production and those from New Zealand such as the varroa mite, which could similarly devastate Norfolk Island's and mainland Australia's honey industries.

Implementation of the findings of the survey are largely a matter for the ANI, however the Australian Government Department of Agriculture will maintain an interest in the report as it provides a baseline to inform the introduction of national biosecurity and quarantine services to Norfolk Island from 1 July 2016.



Did you know...

Small business depreciation

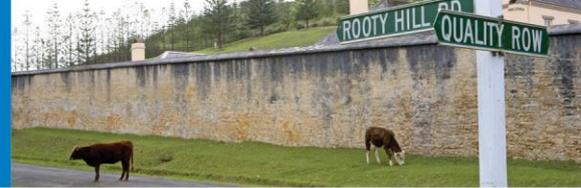
A common question asked in relation to the Minister's announcement on small business tax concessions has been "can I purchase an asset now (which costs less than \$20,000) and be able to claim this in my 2016-17 tax return?"

The answer to this is yes, but in order for you to claim a deduction for the full cost you must not use the asset or even install it before 1 July 2016.

If you do, your deduction will be reduced to the depreciated value.

It is also important to remember this concession reduces the income on which you pay tax - it is not a refund of the cost of the asset.





You can apply for a Tax File Number (TFN) now if you are leaving school

Finishing school is a milestone achievement and often marks the entry to further tertiary education or the workforce. If you do not already have a Tax File Number (TFN) you should apply for one now.

If you are a student who is going to the mainland and you are eligible to use the HECS-HELP scheme you will need to submit your TFN to access this Australian Government support.

If you are going to work on the mainland you will need to provide your TFN to your employer to ensure you do not pay too much tax.

On 1 July 2016 everyone on Norfolk Island in paid employment including students who work part time, unless they are under 18 and do not earn enough to pay tax, will need a TFN.

An application for a TFN can be made at the Office of the Administrator.

Application of Commonwealth versus New South Wales workplace relations laws

Between 17 and 21 August 2015, officials from the Australian Government Department of Employment and the Fair Work Ombudsman visited Norfolk Island for discussions with employers on current workplace relations practices on the Island.

The focus of these discussions was to help identify arrangements to best facilitate a smooth transition to the federal workplace relations system.

The Department of Employment has provided the following information with regard to recent statements in the Norfolk Islander newspaper wrongly suggesting NSW workplace relations law will be imposed on Norfolk Island.

While some NSW employment laws (for example those governing workplace health and safety and public holidays) will eventually apply to Norfolk

Island, it is the national workplace relations framework, as contained in the provisions of the *Fair Work Act 2009*, which will be extended to Norfolk Island under the new administrative arrangements.

As such, it is the national minimum wage and modern awards which will be used to set most wages and conditions on Norfolk Island once the *Fair Work Act 2009* is introduced.

The final details on the exact process and timing for extending the provisions of the *Fair Work Act 2009* to Norfolk Island are still being determined.

Similarly, it has not yet been determined whether the federal modern awards under the *Fair Work Act 2009* will be extended to Norfolk Island from 1 July 2016.

Superannuation

What you need to know ...

The following information has been provided by the Tax Office about superannuation to assist businesses and residents to prepare for changes which commence from 1 July 2016.

What is superannuation?

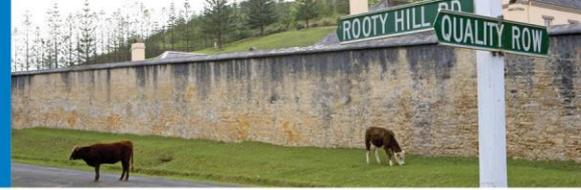
Superannuation (super) is Australia's name for retirement savings.

From 1 July 2016, if you are an employee, your employer must generally pay superannuation contributions for you. If you're a contractor, you may also be entitled to employer super.

If you're self-employed, you can choose whether to contribute super for yourself.

You will also need to provide your tax file number (TFN) to your employer and/or super fund.





What is the Superannuation Guarantee?

The Superannuation Guarantee is the name for compulsory superannuation contributions made by employers on behalf of their employees.

From 1 July 2016, if you are entitled, your employer will be required to contribute at the transitional rate of 1 per cent of your ordinary earnings, on top of your salary and wages, into a super account for you.

You will generally have a choice of the fund you use.

You will need to provide your super fund details to your employer.

If you do not choose a fund, your employer will choose a fund for you.

Generally, you're entitled to super guarantee contributions from an employer if you're:

- 18 years old or over, and
- paid \$450 or more (before tax) in a calendar month.

If you're under 18, you must:

- be paid \$450 or more (before tax) in a calendar month, and
- work more than 30 hours per week to be entitled to super contributions.

It doesn't matter whether you're full time, part time or casual, or if you're a temporary resident of Australia.

Your employer is not required, amongst other things, to make super contributions if you're paid to do work of a private or domestic nature for 30 hours or less each week.

To work out if you're eligible for super guarantee contributions visit www.ato.gov.au/calculators-and-tools



Where can I go to for information about choosing a super fund?

You can find out more about how to compare and choose super funds by visiting the MoneySmart website www.moneysmart.gov.au or calling 1300 300 630.

MoneySmart is a great place to find information about income sources and planning in retirement and how to decide what's best for you.

When choosing a super fund it is a good idea to check whether the super fund accepts both personal contributions and super co-contributions (both contribution types are explained on the following pages), in case you want to boost your super savings in the future.

You should also check your super fund's product disclosure statement. This is a document which sets out the details of your policy, including whether you have any insurance cover, how much the premiums are and any entry or exit fees which may apply.

Superannuation Guarantee transitional rate

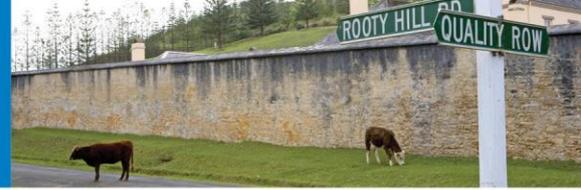
A transitional Superannuation Guarantee rate will apply to Norfolk Island to reduce the impact on employers.

From 1 July 2016 the rate will be 1 per cent which will be increased by 1 per cent each year until it reaches 12 per cent in 2028.

What are the superannuation contribution limits?

You can put as much money as you like into your super, but there are limits on how much you can contribute before you pay extra tax.





Some residents have requested a temporary increase to the non-concessional cap for superannuation contributions for Norfolk Island residents to \$1 million, citing a similar transitional cap which was in place in Australia between 10 May 2006 and 30 June 2007.

As recently advised in the October edition of the Norfolk Island Update newsletter, there are no plans to change the current policy.

The different limits (known as caps) depend on the type of contributions made into your super fund.

Norfolk Island residents can contribute amounts up to the non-concessional contributions cap without being taxed again in the fund, despite this money coming from a non-taxed environment.

Due to the tax exempt status of earnings on assets used to finance retirement pensions, this may mean money contributed to superannuation by Norfolk Islanders under the non-concessional cap is never subject to taxation.

Concessional (before-tax) contributions

Concessional contributions are contributions made into your super fund before any tax is paid on them.

They can include:

- compulsory super guarantee payments made by your employer
- salary sacrifice contributions
- costs your employer pays on your behalf, such as super administration fees and insurance premiums, and
- some personal contributions, such as super payments you make if you're self-employed – if an income tax deduction is allowed.

Once in your fund, these contributions are taxed at 15 per cent.



Non-concessional (after-tax) contributions

Non-concessional contributions are generally contributions you make into your super fund after tax has been paid on them.

A decision to maintain Australian non-concessional contribution limits was confirmed in the October Norfolk Island Reform Update newsletter.

Contributions include:

- personal contributions you make from your after-tax pay which you are not allowed to claim as an income tax deduction
- contributions your spouse makes to your fund on your behalf
- super co-contributions, and
- low income earner contribution.

Super co-contributions

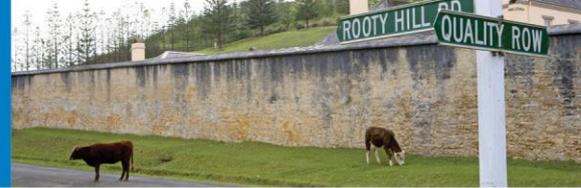
The super co-contribution is designed to assist eligible individuals to save for their retirement.

If you are eligible and make personal super contributions during a financial year, the Australian Government will match your contribution with a super co-contribution up to certain limits.

The limit for 2015-16 is a maximum entitlement of \$500.

Visit www.ato.gov.au for further information.





Information about taxation and superannuation

As always, Norfolk Island residents are encouraged to visit the Australian Government Information Centre in Burnt Pine.

A range of new materials about superannuation and taxation will be available in the Information Centre over the coming weeks.



The Tax Office website, www.ato.gov.au remains a great place to also seek information.

Future editions of this newsletter will include further information to assist businesses and the community.



Self-managed super funds

Self-managed super funds (SMSFs) provide a way of saving for your retirement.

The difference between an SMSF and other types of fund is the members of an SMSF are usually also the trustees.

This means the members of the SMSF run it for their own benefit and are responsible for complying with the super and tax laws.

If you set up an SMSF, you're in charge – you make the investment decisions for the fund and you're responsible for complying with the law.

It's a major financial decision and you need to have the time and skills to do it.

There may be better options for your super savings. Either way you should consider seeking professional advice.

You can find out more about self-managed super funds by visiting the MoneySmart website www.moneysmart.gov.au or calling 1300 300 630.

