



Submission No. 10
Norfolk Island Economy
Date: 17/04/14

Submission to the Joint
Standing Committee on the
National Capital and
External Territories
on the inquiry into
economic development on
Norfolk Island.

Preamble.

Norfolk Island's greatest asset for the attraction of economic development is its low tax and low regulatory environment.

Changes to the current governance model will have consequential changes to the local tax regime, creating another layer of taxes to be met by businesses and individuals. The additional taxes will cause a period of hyper-inflation within the Norfolk Island economy, reinforcing and accelerating the current downward spiral, an example of "the cure being worse than the disease".

Norfolk's current tourism industry will become less competitive due to a combination of income tax, compliance costs, higher wages (plus the superannuation surcharge), OH&S regulations, and the cumulative costs of goods and services.

Economic Development in a high-tax, high-regulation economy is a myth in such an isolated community, where the high cost of living is already crippling the community.

Economic Development Opportunities.

The single greatest economic potential for assisting Norfolk Island's economic downturn is to tap into the growing cruise-ship market.

Commonwealth Government Assistance.

The Commonwealth Government can best assist Norfolk Island by a one-off grant for the construction of a third landing-place at either Headstone Point or (preferably) at Jacob's Rock, on the western side of the island. This additional landing-place is guaranteed to provide the following socio-economic benefits to Norfolk Island:

- an increase in the "strike rate" of cruise ship passenger-unloading
- an increase in the potential for commercial fishing/cruising charters
- an increase in opportunities for local commercial and recreational fishermen
- a reduction in demurrage fees for delays in unloading ship cargo
- the provision of a third option for the emergency launching of vessels for ocean search-and-rescue

Additionally, the construction of a third landing-place at either Headstone Point or at Jacob's Rock, will yield substantial quantities of much-needed basalt rock for future capital works, road maintenance, and the domestic construction industry.

The JSC are asked to seriously question the rationale behind the

imposition of the Australian tax regime on Norfolk Island, which has the potential to be an Economic Disaster Strategy, causing Norfolk Island to become a contingent liability upon the Australian taxpayer of a scale similar to the Indian Ocean Territories. The key to economic survival lies in the exploitation of Norfolk's current "tax-free" and low-regulation economy.

Members of the JSC are urged to make a recommendation that any Commonwealth proposal to change the governance arrangements for Norfolk Island be referred to a Parliamentary Impact of Bills Committee, because of the inflationary effect of taxation on business activity and the cost of living, and because of the consequential social impacts on the island community.