

Framework for new economic opportunities

- 5.1 The Norfolk Island Finance Minister calls for certainty on governance into the future, for the sake of the economy:

The main item that would see the economy of Norfolk Island enhanced would be certainty around the governance model that is intended for Norfolk Island. This is vital for industry and prospective investors to know the sort of economic environment they are investing in. At the moment, there is a reluctance for any major investment in Norfolk Island due to this unknown factor and, in particular, the financial taxation arrangements that will be introduced over a period of time.¹

- 5.2 Placing Norfolk Island into administration and replacing self-governance with an alternative form of governance can provide a new framework for moving forward, and a number of opportunities for economic growth.

Benefits of being in the Australian system

Taxation, social security, and access to grants

- 5.3 The advantages of introducing social security together with, or ahead of taxation were outlined in chapter three.
- 5.4 Once Norfolk Island is part of the Australian system and contributing taxes it will be eligible for a range of grants that it is not otherwise entitled to.
- 5.5 Mr Yates referred to the benefit of 'simply normalising' the island's tax arrangements thereby [giving] the community access to significant

1 The Hon Tim Sheridan MLA, Minister for Finance, Norfolk Island Legislative Assembly, *Committee Hansard*, Norfolk Island, 29 April 2014, p. 4.

funding streams', either through the obligation on the Australian Government to maintain capital assets to mainland standards (as is the case in the Indian Ocean Territories) or being able to access the many grants run by the [Commonwealth] Government.²

- 5.6 Ms Sue Draper, owner operator of the Gallery Guava and tourist attraction Fletcher's Mutiny Cyclorama, said there is potential to stimulate the local economy with building projects that are funded by grants:

Access for Norfolk Island into Australian Grant funding schemes would certainly provide stimulus to the economy while creating long-term amenities for the island which would be used for locals and visitors alike.³

- 5.7 Ms Draper described a project she has been working on for the last five years, that she says could be assisted with a grant. Ms Draper spoke of establishing a cultural centre on the Island which could be 'a vibrant hub' for residents, students and visitors to engage with local culture:⁴

This project would create a wide range of opportunities for the community as we have observed in other parts of Australia where these centres are established. Grant funding would enable this project to happen.⁵

Committee comment

- 5.8 The Committee notes that the Commonwealth Government has committed to the introduction of taxation and social security on Norfolk Island as part of ongoing reforms. The Committee supports the introduction of taxation and social security on Norfolk Island, as soon as practicable.

- 5.9 It is essential that Norfolk Island be able to access a range of Commonwealth and state grants and programs, as equivalent remote communities around Australia can.

Retirement amenity, accessing retirement benefits and superannuation portability

- 5.10 The Park Land Estate Villas submission described delays experienced with the planning approvals needed to progress their building of a retirement

2 Mr Julian Yates, *Submission 3*, p. 4.

3 Ms Sue Draper, Gallery Guava and Fletcher's Mutiny Cyclorama, *Submission 12*, p. 4.

4 Ms Sue Draper, Gallery Guava and Fletcher's Mutiny Cyclorama, *Submission 12*, p. 3.

5 Ms Sue Draper, Gallery Guava and Fletcher's Mutiny Cyclorama, *Submission 12*, p. 3.

home (planning issues being something discussed later in this chapter), and a need on Norfolk Island for a dedicated retirement village facility.⁶

- 5.11 Mr Craig Anderson, Vice President, Norfolk Island Chamber of Commerce also advocated for investment in a retirement industry on Norfolk Island:

... for the progression, into retirement homes right through to full care. I think there is a lot of opportunity there and it is something that is worth looking into. It is obviously going to be non-government investment, but the government could assist in making it attractive to one of the large groups on the mainland to investigate its possibilities here. It is certainly the right place, the right type of environment for retirees- and it would obviously have all the services required to support that industry.⁷

- 5.12 Ms Charisse Clarke, President, Norfolk Liberals similarly called for 'further Australian and overseas retiree investment, accommodation and supporting services.'⁸

- 5.13 Local businessman, Mr Dick Massicks agreed that there is potential for retirees to move from New Zealand and the Australian mainland to Norfolk Island, and for that to boost the Norfolk Island economy, particularly if benefits are transferable:

One of the things that would assist is self-funded retirees who could guarantee that they would get their Australian pensions and benefits if they moved over here. That in itself would stimulate the economy.⁹

- 5.14 Mr Massicks raised the issue of his pension entitlement from the New Zealand Government not necessarily being transferable to Norfolk Island in the same way that it would be, had he moved to mainland Australia instead.¹⁰

Committee comment

- 5.15 More will be said below on encouraging immigration more generally to Norfolk Island, in order to boost the population and economic output. What is not clear is the extent to which New Zealand and Australian citizens who move to Norfolk Island to retire can claim their retirement or

6 Park Land Estate Villas, *Submission 1*.

7 Mr Ian Anderson, Vice President, Norfolk Island Chamber of Commerce, *Committee Hansard*, Norfolk Island, 29 April 2014, p. 20.

8 Ms Charisse Clarke, President, Norfolk Liberals, *Submission 15*, p. 3.

9 Mr Dick Massicks, *Committee Hansard*, Norfolk Island, 29 April 2014, p. 32.

10 Mr Dick Massicks, *Submission 17*, p. 5.

superannuation benefits – given the alternative tax regime on Norfolk Island. It appears to be highly dependent on individual circumstances. Once Australian taxation and social security comes into force on the Island these issues may be resolved for Australians and New Zealand citizens too, through the usual arrangements that are in place for New Zealanders living in Australia.

- 5.16 The Committee has reservations about the opportunity for retirees to move to Norfolk Island without additional supports in place. In addition to retirement benefits not necessarily being portable at this time, there are other pertinent issues to consider such as access to adequate health care in a small remote community. Norfolk Island's government-run hospital service has been the subject of review and there is concern about its financial viability. Furthermore, Medicare does not yet extend to the Island.

Immigration

- 5.17 Witnesses spoke about the need to open up to more immigration on Norfolk Island. The Department of Infrastructure and Regional Development (DIRD) explained:

Previously, Norfolk Island's immigration policy was to ensure that Norfolk Island is closed and difficult for potential migrants to live and work on the island. The 2011 Norfolk Island Census found that the permanent population had fallen by 12% and 4% since 2001 and 2006. The population decline exacerbates the economic situation as it reduces spending, decreases the tax base, lowers house prices and worsens skill shortages. The 2012 Economic Development Report highlighted the need for open immigration to support innovation and economic growth on the island.¹¹

- 5.18 Mr Yates stated that for many years Norfolk Island had significant restrictions on residency requirements, making it difficult for Australian citizens to move there and to invest in innovative industries:

The residency and tax systems resulted in behaviour distortions: high worth people in Australia seeking to reduce their tax liability could buy a business on Norfolk Island and so gain residency and go outside the Australian tax system, but have no particular incentive to make the business viable. Once residency was obtained, the business could be sold to the next applicant or just allowed to wither on the vine. The key factor was the requirement to buy an existing business, with new businesses being discouraged or

11 DIRD, *Submission 30*, p. 7.

prevented (an example was the restriction on new tourist accommodation). The effect was to stymie innovation and competition.¹²

5.19 DIRD and Mr Yates acknowledged that some progress has been made. Mr Yates stated:

It must be acknowledged that the Island has or is removing many of these [immigration] restrictions ...¹³

5.20 Norfolk Island has amended its immigration legislation to remove restrictions on Australian and New Zealand citizens residing and operating businesses on Norfolk Island, with a view to reversing population loss. DIRD also noted that the Commonwealth Government has funded an Investment and Immigration Promotional Strategy as a complementary measure.¹⁴

5.21 These reforms are a start. However, DIRD points to the Norfolk Island Government's apparent ongoing reluctance to implement robust mechanisms to effectively support immigration reform:

Changes to legislation aimed at enhancing immigration and investment is only partially successful due to ongoing issues with the Norfolk Island Administration's interpretation and management of the Norfolk Island Immigration Act.¹⁵

5.22 Mr Dick Massicks agreed:

... the Minister and her department here consistently only give lip service to the changes and still make it difficult for new residents.¹⁶

5.23 Former Norfolk Island Administrator, Mr Neil Pope concurred:

The changes to immigration have been vitally important, but unfortunately have only occurred through the various funding agreements, not by the initiative of the present government on Norfolk Island. However the implementation of those changes are still being stymied by those opposed to opening up Norfolk to mainland Australians.¹⁷

12 Mr Julian Yates, *Submission 3*, p. 3.

13 Mr Julian Yates, *Submission 3*, p. 3.

14 DIRD, *Submission 30*, p. 7.

15 DIRD, *Submission 30*, p. 8.

16 Mr Dick Massicks, *Submission 17*, p. 5.

17 Mr Neil Pope, *Submission 34*, p. 4.

- 5.24 Austrade said that Norfolk Island's restrictions on immigration have the effect of making it harder to attract the kind of skilled workers who can manage and staff high-end tourism industry, and foreign investment.¹⁸
- 5.25 Mr Yates argued that removing restrictions on residency and business ownership (apart from those found in all Australian jurisdictions) needs to continue until Norfolk Island is no different to any other comparable community, and one:
- ... where everyone is welcome, and all are subject to laws common to the whole of Australia.¹⁹
- 5.26 Austrade questions whether, even with the immigration reforms to date, the investment climate is sufficiently welcoming and flexible enough for global investors – and not just Australians and New Zealanders. Mr Nicholas Dowie, Assistant General Manager said:
- ... I am not quite sure how far those reforms have gone through to residents of other nations ... [and] tourism is a global industry [with] global investors. You need to have an investment regime that is appropriately welcoming of that investment and facilitate some of the influx of that capital, but also the influx of the skilled labour that you would need to develop a product to give the investor confidence that they will get a return on their investment.²⁰
- 5.27 Mr Massicks made a case for a larger permanent population of between 3 000 and 5 000 people on Norfolk Island. In his view, this would stimulate the economy:
- If we could get 1 000 people to move here they would soak up all the empty houses and give work to trades people as our housing stock is in poor shape and the owners would renovate. This would have a magnifier in that local tradespeople who have left would have a reason to return.²¹
- 5.28 Mr Pope agrees that Norfolk Island should aim to increase its population to around 2 500, and would benefit from strengthening intellectual capacity.²²
- 5.29 Ms Draper calls for incentives that encourages people to move to Norfolk Island and create new businesses:
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18 Mr Nicholas Dowie, Assistant General Manager, Austrade, *Committee Hansard*, Canberra, 26 June 2014, p. 1.

19 Mr Julian Yates, *Submission 3*, p. 4.

20 Mr Nicholas Dowie, Assistant General Manager, Austrade, *Committee Hansard*, Canberra, 26 June 2014, p. 6.

21 Mr Dick Massicks, *Submission 17*, p. 5.

22 Mr Neil Pope, *Submission 34*, p. 1.

There are so many potential opportunities for new businesses on Norfolk. The range of what we have on offer here has expanded to the limits, finances and abilities of its small population We need new people with new ideas and skills to create and run businesses that have a wider range than what we currently have in tourism, and other areas. It would be great if... a funded assistance scheme could enable business operators with a proven track record to relocate here.²³

Committee comment

- 5.30 Having the same immigration and investment laws on Norfolk Island as in the rest of Australia will potentially bring new people and ideas into the community and generate economic activity.

Investment

- 5.31 Several ideas were put forward for ways to stimulate economic growth through greater foreign investment.
- 5.32 Austrade said Norfolk Island could move into developing and operating a six-star eco-lodge. This would play to one of the Island's strengths, namely its beautiful natural environment. It could also attract high-yielding visitors – that is visitors who spend more than average.²⁴ This is something that the NIG itself says it wishes to pursue. According to the Norfolk Island Minister for the Environment:
- Norfolk Island is not suited to ... hordes of low-yield visitors. I believe that as a government we need to focus on ... developing key infrastructure that will encourage private sector investment, particularly to attract investment in the higher yield areas: conference facilities, five-star accommodation etc.²⁵
- 5.33 Mrs Louise Tavener spoke on behalf of the Norfolk Island Convention, Entertainment and Sports Centre (NICESC) Working Group that advocates for a new multi-purpose building to:
- ... accommodate conventions, entertainment needs, school utilisation and events, indoor sports capability and community

23 Ms Sue Draper, Gallery Guava and Fletcher's Mutiny Cyclorama, *Submission 12*, pp. 2-3.

24 Mr Nicholas Dowie, Assistant General Manager, Austrade, *Committee Hansard*, Canberra, 26 June 2014, pp. 2-3. See page 3 of the transcript for more about what constitutes a high-yielding tourist.

25 The Hon Ron Ward MLA, Norfolk Island Minister for the Environment, *Committee Hansard*, Norfolk Island, 29 April 2014, p. 4.

needs [and] ... allow for bigger festivals, conferences and corporate events.²⁶

- 5.34 Austrade indicated that the conference market is another potential avenue for Norfolk Island to pursue, to attract high-yielding visitors:

Evidence shows us that conference attendees spend more than the average tourist, partially because their attendance is paid for by someone else. They tend to actually eat at the more expensive restaurants and they tend to do more leisure activities on the side of the formal business of the conference.²⁷

- 5.35 Austrade advised that it is important to 'build the right facility to do that,' and to target the market:

... ensuring it is in the right position and then marketing that to those who determine where conferences are located, particularly with the size of it and the size of the conference that Norfolk Island would be seeking to target. By definition, you would imagine that Norfolk Island would not be seeking the large conferences that Melbourne and Sydney get, where there are the likes of 14, 000 people coming, but a much smaller and more refined one that could be targeted to a range of Australian businesses and executives looking for an off-site retreat.²⁸

- 5.36 Austrade emphasised that the Norfolk Island Government and Norfolk Island industry need to define their tourist market. Austrade can provide advice to help them do that, 'but that is a decision [Norfolk Island] needs to lead,' and this is not something that Austrade had been invited to advise on to-date.²⁹

Partnerships with Tourism Australia and state tourism organisations—marketing

- 5.37 In chapter two, Norfolk Island Tourism and others cite Norfolk's inaccessibility to Commonwealth tourism grants and the Australian Tourism Data Warehouse as significant barriers to tourism growth.³⁰
- 5.38 Ms Charisse Clarke, Secretary, Norfolk Island Liberals raised Norfolk Island's exclusion from Tourism Australia as a concern. She said:

26 Mrs Louise Tavener, *Committee Hansard*, Norfolk Island, 29 April 2014, p. 31.

27 Mr Nicholas Dowie, Assistant General Manager, Austrade, *Committee Hansard*, Canberra, 26 June 2014, pp. 4.

28 Austrade, *Committee Hansard*, Canberra, 26 June 2014, p. 4.

29 Austrade, *Committee Hansard*, Canberra, 26 June 2014, p. 4.

30 Norfolk Island Tourism, *Submission 6*, p. 5.

... our destination is not showcased on the Tourism Australia website. We can neither attend nor participate in any of their promotional activities, nor gain access to their resources.³¹

5.39 Austrade acknowledged that Norfolk Island is the only territory with its particular self-governing status and that this has placed them 'in a different place from other areas in the country.'³²

5.40 However, Austrade emphasised that there are supports available to Norfolk Island under the current model – as outlined in chapter two – namely, observer access to ASCOT and TMM meetings- and free resources on their website. Norfolk Island Tourism could also choose to buy-in support from the private sector. Austrade repeated that Norfolk Island has not attended ASCOT meetings for several years but that assistance was available on request:

All that work that has been going on under Tourism 2020 is available to them and we are happy to engage more directly with them if they have any questions on anything we are doing under Tourism 2020.³³

5.41 Mr Tim Mahony, Government and Media Relations Manager, Tourism Australia said he thought Norfolk Island Tourism becoming part of an State Tourism Organisation (STO) or reaching an agreement with a STO would be beneficial because it would:

... give them access to some of the things they are looking for in terms of representational websites and the Australian Tourism Data Warehouse.³⁴

5.42 Mr Glen Buffett, General Manager, Norfolk Island Tourism stated that he thought the Commonwealth Government could better assist them and play a bigger role in marketing the Kingston-Arthur's Vale Historic area (KAVHA) and the national park on Norfolk Island.³⁵

31 Ms Charisse Clarke, Secretary, Norfolk Island Liberals, *Committee Hansard*, Norfolk Island, 29 April 2014, p. 20.

32 Mr Nicholas Dowie, Assistant General Manager, Austrade, *Committee Hansard*, Canberra, 26 June 2014, p. 7.

33 Austrade, *Committee Hansard*, Canberra, 26 June 2014, p. 8.

34 Mr Tim Mahony, Government and Media Relations Manager, Tourism Australia, *Committee Hansard*, Canberra, 26 June 2014, p. 9.

35 Mr Glen Buffett, General Manager, Norfolk Island Tourism, *Committee Hansard*, Norfolk Island, 29 April 2014, p. 17.

Improving the quality and diversity of the tourist product

- 5.43 Austrade pointed out that as much as marketing a destination is important, it is equally important to have a high quality product to sell:

You have to have the high quality product that consumers are looking for and that engenders that sort of word-of-mouth discussion and advocacy, which I think is the strongest thing that influences people in their holiday decision-making ... social media ... products like Trip Advisor. It is pretty much a network of advocacy of people's experiences, and you want that to be good, positive experiences and value-for-money experiences.³⁶

- 5.44 This view was shared by others who claimed that Norfolk Island's tourist offering has shortcomings (some of which have already been documented in chapter two). Mr Yates summarised:

... a contemporary visitor is left with the impression that Norfolk Island's tourism industry has not moved beyond a cottage industry focused on honeymooners and retired couples. Unfortunately, too many of the retired couples appear to have passed on and no longer visit whilst the newly wed market has moved to cheaper and more exotic venues in Asia and beyond. Little effort has been made to access the growing experience seeker market ... the market demands value for money and quality in the accommodation and experiences.³⁷

- 5.45 Mr Yates emphasised the potential for new tourist offerings:

Norfolk Island has enormous potential here but a major change is needed in the offer made to the market.³⁸

Kingston and Arthur's Vale Historic Area

- 5.46 Submitters proposed that more be made of Norfolk's major tourist attraction and world-heritage listed convict settlement site, the Kingston and Arthur's Vale Historic Area (KAVHA).³⁹

- 5.47 Norfolk Island Tourism suggested establishing a dedicated website to foster linkages to other heritage programs and groups and developing

36 Mr Nicholas Dowie, Assistant General Manager, Austrade, *Committee Hansard*, Canberra, 6 June 2014, p. 5.

37 Mr Julian Yates, *Submission 3*, p. 2.

38 Mr Julian Yates, *Submission 3*, p. 2.

39 For more information see: <http://www.environment.gov.au/heritage/places/national/kavha>.

unique experiences, including food and beverage, accommodation, leisure and touring options.⁴⁰

- 5.48 Local business owner, Ms Draper said KAVHA is much under-utilised for business opportunities. She said that the museums were excellent but other buildings on the site could be 'put to better use than they are now:'

There are so many possibilities for them to be opened up for lease, allowing locals and visitors much more access to experience the historic area, as occurs in tourism destinations throughout the world. Having accommodation, dining and functions opportunities in these areas would be an excellent use of these resources.⁴¹

- 5.49 DIRD indicated that a cultural tourism strategy and site master plan will be developed with a view to improve the tourism experience and explore commercial opportunities. DIRD also noted that there is currently a review underway of the KAVHA Conservation Management Plan.⁴²

Ecotourism — the Great Norfolk Walk

- 5.50 EcoNorfolk Foundation made a case for instigating ecotourism on Norfolk Island and specifically, establishing a Great Norfolk Walk, which would comprise a walking track that circumnavigates the coastline of Norfolk Island.⁴³

- 5.51 Ms Megan Resler of EcoNorfolk alluded to the various economic, social and environmental benefits that could ensue from the establishment of the Great Walk:

... [It] has the potential to add significantly to the ecotourist attractions of Norfolk Island. If implemented, this project would facilitate visitor enjoyment and understanding of the island's unique natural endowments, would be free for all to use and would generate employment opportunities for Norfolk Islanders and attract development, ongoing maintenance and tour guiding. Lastly, this type of destination has the potential to attract an entirely unrepresented tourist demographic: young people - namely, discovery seekers.⁴⁴

40 Mr Glen Buffett, General Manager, Norfolk Island Tourism, *Committee Hansard*, Norfolk Island, 29 April 2014, p. 4.

41 Ms Sue Draper, Gallery Guava and Fletcher's Mutiny Cyclorama, *Submission 12*, p. 4.

42 DIRD, *Submission 30*, p. 9.

43 EcoNorfolk Foundation Inc, *Submission 16*, p. 2.

44 Ms Megan Resler, EcoNorfolk Foundation Inc, *Committee Hansard*, Norfolk Island, 29 April 2014, p. 26.

Improving the supply chain

- 5.52 In Austrade's assessment 'more marketing is likely to be of limited use unless the supply side issues relating to product development are addressed.' Mr Dowie referred to the zoning system on Norfolk Island as one example. Norfolk Island land is zoned as rural or rural-residential and may not even allow for a mixed-use development such as an eco-lodge or convention centre.⁴⁵
- 5.53 The Tourism Action Group indicated that planning requirements and approvals are an issue:
- We would like to see a review of some of the planning requirements for changing residential dwellings into accommodation and tourist accommodation properties.
- We would like to see a more level playing field in relation to this and fewer barriers for people who have not been able to enter this market before to do so.⁴⁶
- 5.54 In the context of a discussion on infrastructure improvements and a possible increase in population, Mr Yates emphasised the importance of Norfolk Island needing a good town planning scheme. Such a scheme he emphasises is something that local governments typically do all around Australia, with 'heaps of expertise available [on how to achieve that].'⁴⁷

Committee comment

- 5.55 Realistically, Norfolk Island Tourism does not have the financial resources to commission global consultancies to assist with its tourist strategy. It has not attended the aforementioned tourism meetings in the last three years, nor proactively sought assistance available from Austrade and Tourism Australia. Arguably, it has been slow to fully embrace online and social media.
- 5.56 Unlike the states and territories, Norfolk Island does not make a financial contribution to Tourism Australia. Mr Tim Mahony says Tourism Australia considers itself 'a partnerships marketing organisation.'⁴⁸ Norfolk Island needs to actively partner with Tourism Australia in order for the partnership to work.
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45 Mr Nicholas Dowie, Assistant General Manager, Austrade, *Committee Hansard*, Canberra, 6 June 2014, p. 6.

46 Mr Stephen Brooks, Member, Tourism Action Group, *Committee Hansard*, Norfolk Island, 29 April 2014, p. 27.

47 Mr Julian Yates, *Committee Hansard*, Canberra, 6 June 2014, p. 11.

48 Mr Tim Mahony, Government and Media Relations Manager, Tourism Australia, *Committee Hansard*, Canberra, 26 June 2014, p. 8.

- 5.57 The sooner Norfolk Island Tourism is part of a state tourism organisation and making a financial contribution like everyone else – the sooner it can fully leverage the support services of Australia’s peak tourist body. This should happen as soon as Norfolk Island is aligned with a state as part of the new governance model (as recommended in chapter three).
- 5.58 In the meantime, the Committee is of the view that consideration be given to placing officers from Commonwealth departments and agencies like Tourism Australia and Austrade into any transitional administration. Their purpose would be to offer in-house specialist advice and capacity-building with regard to market definition, tourist product development and the promotion and the marketing of tourist and other products and services on Norfolk Island, including new ones.
- 5.59 Other experts may also be required: for instance town planners such as zoning specialists.

Recommendation 6

The Committee recommends that the Commonwealth Government appoint officers in the transitional administration to strengthen Norfolk Island’s economic and human resource capacity. Officers from Commonwealth agencies like Tourism Australia and Austrade should be tasked to provide advice and support to define the tourist market, develop the tourist product and promote and market tourist and other products and services, including new ones.

Complementary and emerging export and niche industries

- 5.60 Chapter four referred to the potential for Norfolk Island to export products once containerisation is introduced, thereby complementing tourism with export and niche industries.
- 5.61 Local resident, Mr Peter Wilson suggested that a number of cottage industries could be pursued and products produced ‘organically with ease’:
- Some of the industries could include pure bees honey, tung oil, coffee, avocado oil, olive oil, environmentally friendly palm sugar, macadamia nuts and products from yellow-red guavas to name a few.⁴⁹

49 Mr Peter Wilson, *Committee Hansard*, Norfolk Island, 29 April 2014, p. 33.

- 5.62 Kentia Propagation Nursery is an example of a successful business which, over the years, has managed to develop a sustainable export market, with palm seed seeds sent to Europe. It also provides employment for a small number of Norfolk Island residents.
- 5.63 Brad and Lorraine Forrester's businesses, Norfolk Liqueurs and Cascade Soft Drink Factory is another local employer, that mails products off-island.

Committee comment

- 5.64 As part of its cottage industry tour (see Appendix C for the full itinerary) the Committee visited Doug Clarke at the Kentia Propagation Nursery, the Forresters and other businesses including Farmer Lou's fruit and vegetables farm and piggery, and the Norfolk Blue restaurant and cattle farm.
- 5.65 The Committee also visited the Hilli goat farm which is being established to produce goat's milk, and ultimately goat's cheese.
- 5.66 The Committee tasted an array of locally made chocolate, guava and coffee and soft drink products as well as locally grown fruits such as feijoas, bananas and strawberries. The quality of the products was excellent and there certainly seems potential to expand businesses, with product development, marketing and promotion assistance.
- 5.67 Apart from the kentia palm seeds, liqueurs and soft drinks all the other products are made to be distributed and sold locally. These products are not especially visible to visitors moving around town.
- 5.68 In addition to deploying tourism and marketing experts as part of the transitional administration for the purpose of capacity building, it would be very useful to place an officer on the ground specifically to help locals form a cooperative. As noted in chapter one the Committee was very impressed with the knowledge and enthusiasm of the local resident who conducted a tour of the cottage industries on Island. Having a dedicated officer with expertise in brand building, distribution and promotional abilities, work with the local producers could really help them to come together and, in time, build a strategic Norfolk brand, for marketing on Norfolk, the mainland and perhaps beyond.
- 5.69 There may also be some lessons to be learnt through comparisons with other broadly comparable communities like King Island, which has built a brand around its cheese production and Lord Howe Island, which has built a brand around its natural environment.

Recommendation 7

The Committee recommends that the Commonwealth Government provide a dedicated officer to assist Norfolk Island cottage industry owners and operators to brand their products, set up a cooperative shopfront, and look at ways to market and export their products.

- 5.70 There are a number of factors to consider before exporting goods from Norfolk Island can even be considered. These include supply, distribution and storage, capital investment capability, and a pest and disease-free environment.
- 5.71 The Committee was told that residents enjoy the locally grown seasonal fruit and vegetables and meat as a supplement to the often expensive, imported goods, but that often, supply does not match demand.
- 5.72 Distribution can be hampered because of supply issues but also a lack of cool-storage facilities, to extend their shelf-life. According to the Norfolk Island Environment Minister, the Hon Ronald Ward MLA:
- This delivers a range and standard way below that enjoyed by our mainland based visitors.⁵⁰
- 5.73 A significant amount of money would also be required to invest in any export ventures. Minister Ward observed this is something also in shortage:
- ... again, limited development capital precludes progression at this time.⁵¹

Pest and quarantine control

- 5.74 Norfolk Island's ability to manage matters normally dealt with by the appropriate state and commonwealth authorities elsewhere in Australia is brought into question with the emergence of the psyllid problem. The psyllid is a small sap sucking insect that has been discovered on Norfolk Island, with the potential to wreak havoc on plant crops. DIRD described the potential impact on Norfolk Island, Australia and the region:
- ... [It] could have significant ramifications on the Norfolk Island agricultural industry and also the broader Norfolk Island food supply and economy.⁵²

50 The Hon Ronald Ward MLA, Minister for Environment, Norfolk Island Legislative Assembly, *Committee Hansard*, Norfolk Island, 29 April 2014, p. 4.

51 The Hon Ronald Ward MLA, Minister for Environment, Norfolk Island Legislative Assembly, *Committee Hansard*, Norfolk Island, 29 April 2014, p. 4.

The pest carries a bacterial disease and has the potential to impact on Norfolk Island's capacity to produce potatoes, tomatoes and capsicums while also posing a biosecurity risk to Australia and the broader Pacific region.⁵³

- 5.75 The NIG acknowledges that it requires help from the Commonwealth Department of Agriculture in order to fund and manage the psyllid eradication effort.⁵⁴
- 5.76 DIRD is of the view that on-island quarantine is a Norfolk Island Government responsibility. As such, it has advised the NIG to consult with New Zealand authorities to find out how to deal with the issue, and will look to offer in-kind professional advice and funding assistance.⁵⁵

Committee comment

- 5.77 It is a real concern that this pest was discovered through the pest and disease survey funded and conducted by the Commonwealth Department of Agriculture earlier this year. The NIG realises it does not itself have the resources to deal adequately with the problem. Not only is this a food security risk and a biosecurity risk, but should the pest get into mainland Australian crops, it could also potentially jeopardise Australian exports and relationships with trading partners. Any suggestion that Norfolk Island has the capacity to export its agricultural goods as a complement to its tourist industry, once containerisation comes into effect is also in jeopardy if this issue is not dealt with appropriately and soon. The Commonwealth Government must take carriage of this matter immediately.

52 DIRD, *Supplementary Submission 30.1*, p. 1.

53 DIRD, *Supplementary Submission 30.1*, p. 1.

54 NIG *Submission 21.2*, p. 3. See also Mr Neil Pope, *Submission 34*, p. 4.

55 DIRD, *Supplementary Submission 30.1*, p. 2.

Recommendation 8

The Committee recommends that the Commonwealth Government take charge of the psyllid eradication effort on Norfolk Island, and that responsibility for quarantine control matters be transferred to the Commonwealth Department of Agriculture, Fisheries and Forestry.

Domestic rather than international destination

5.78 Even though Norfolk Island is a part of Australia it has its own international postal and dialling codes. International travelling arrangements also apply. Travellers to Norfolk Island depart and arrive at international rather than domestic terminals at Sydney and Brisbane airports, require a valid passport for entry and must proceed through Norfolk Island's own immigration and customs.

5.79 Witnesses alluded to how much more cumbersome post, communications and travel logistics are under these circumstances.

5.80 Local business owner, Ms Draper referred to difficulties she faces with postal issues when she tries to order goods online from suppliers that will only post to Australian addresses. She described the complicated and costly lengths to obtain goods:

I want to order merchandise with a company who will only post within Australia so I have to pay them to post to a freight company in Australia, pay Australian GST because it's not being exported, then pay freight to Norfolk which apart from the cost per kg charge carries a considerable freight-forwarding fee, and then apply Norfolk GST when I sell it. When they can post direct to me it's so much less.⁵⁶

5.81 The Tourism Action Group (TAG) advocates removing the passport requirement for Australians to travel to Norfolk Island.⁵⁷ The Norfolk Liberals say that having flights depart and return to Australian domestic terminals rather than international terminal would remove a barrier to tourism and make it much easier for tourist and business travellers alike to travel to and from Norfolk Island.⁵⁸ Tourism Australia agreed:

56 Ms Sue Draper, Gallery Guava and Fletcher's Mutiny Cyclorama, *Submission 12*, p. 4.

57 Tourism Action Group, *Submission 19*, p. 1.

58 Norfolk Liberals, *Submission 15*, p. 2.

Especially for domestic travellers, one of the attractions of a domestic holiday is that you do not have all those administrative hurdles.⁵⁹

- 5.82 Another issue for visitors to the island relates to travel insurance. Unlike any other Australian external territory, Norfolk Island has no Medicare, because it has its own health insurance scheme for residents only. This means expensive overseas travel and health insurance cover is a prerequisite for visitors that wish to have this coverage.
- 5.83 If Norfolk is brought into the Australian system, Australian visitors would at least be covered by Medicare throughout their visit, should that be necessary, and they would not need to take out travel insurance.⁶⁰
- 5.84 Transam Argosy said that the requirement for cruise ship passengers who are not Australians or New Zealanders to have a visa to enter Australia before they can come ashore at Norfolk Island and the practice of Norfolk Island Customs checking the visa status of foreign nationals travelling on cruise ships is a 'time consuming and cumbersome process.'
- 5.85 According to Transam, visa requirements and checking of passengers statuses could be made easier if:
- Norfolk Island was included with cruise ship voyages holding 'Round Cruise Status' from the Commonwealth Department of Immigration and Border Protection; and
 - included in the 'Advanced Passenger Processing' system to facilitate the checking of foreign passport holders.⁶¹
- 5.86 There was a suggestion that if Air New Zealand were to code-share its services to Norfolk Island with an Australian airline it might make it easier for travellers to identify Norfolk Island as an Australian travel destination. Tourism Action Group elaborated:
- Currently the travelling public who want to come to Norfolk Island find it very difficult to find an airline travelling here; they look up all the major airlines in Australia first.⁶²
- 5.87 Mr Andre' Nobbs commented that Norfolk Island does not appear on Australian television weather reports.⁶³ Placing Norfolk literally on the

59 Mr Tim Mahony, Government and Media Relations Manager, Tourism Australia, *Committee Hansard*, Canberra, 26 June 2014, p. 3.

60 Mr Nicholas Dowie, Assistant General Manager, Austrade, *Committee Hansard*, Canberra, 26 June 2014, p. 7.

61 Transam Argosy, *Submission 9*, p. 6.

62 Mr Stephen Brooks, Member, Tourism Action Group, *Committee Hansard*, Norfolk Island, 29 April 2014, p. 27.

63 Mr Andre' Nobbs, *Submission 14*, p. 2.

map in this way is another way to promote the island as a domestic travel destination.

Committee comment

- 5.88 The Committee acknowledges the additional preparation, time and costs involved in travelling to and from Norfolk Island when it is treated – to all intents and purposes – as an international rather than domestic travel destination. The Committee appreciates that there are distinct practical and other advantages to Norfolk being treated as a domestic destination, including that Australian passport holders would not need to use their passport to travel to an Australian port. This would extend to overseas visitors who have already cleared immigration into Australia at one of Australia’s international entry points.
- 5.89 Should the Committee’s recommendation to replace self-governance be accepted, there will be no rationale to retain the current immigration system.
- 5.90 In the interim, the Committee restates an important point made in chapter four, namely, that it acknowledges the stability that the Air New Zealand contract – and its extension until 2016 – affords Norfolk Island.

Economic modelling of the impact of reforms

- 5.91 The Norfolk Island Administrator, the Hon Gary Hardgrave, writes in an August edition of *The Norfolk Islander* that the Centre for International Economics has been engaged to work with the Department on determining the economic impact on Norfolk Island of reform options. He also notes that he will soon announce members of a new Administrator’s Business Advisory Group, comprised of local business people with a variety of views:
- ... charged to provide views directly to me on ongoing and new economic development opportunities for Norfolk Island.⁶⁴
- 5.92 DIRD advises that it expects the economic modelling work to be completed in coming weeks.⁶⁵

Concluding comments

- 5.93 The Administrator’s Business Advisory Group is an opportunity for Norfolk Island to develop economic opportunities hand in hand with governance reforms.

64 ‘Experts engaged on Norfolk Island reforms’ in *The Norfolk Islander*, 9 August 2014, p. 1.

65 Personal communication by email, 15 September 2014.

- 5.94 This inquiry has been part of the conversation about extending opportunities for economic development in tourism and complementary industries. It is clear that Norfolk Island has so much going for it already, and so much more potential.
- 5.95 In the words of local resident, Mr Peter Wilson:
- [Norfolk Islanders] have the land, we have the drive and, more importantly, we have the passion to make the island succeed. The time has come for change.⁶⁶
- 5.96 Reform will certainly challenge the community in a number of ways. However, ultimately, the only way to have a strong culture is to have a strong economy. The changes ahead do not threaten Norfolk Island culture. Rather, by strengthening Norfolk Island's economy and making the island more sustainable, the reforms have the potential to bring people together and to keep Norfolk's special and unique culture alive and vibrant for centuries to come.
- 5.97 Some residents might think Norfolk Island is independent because it is ostensibly a 'self-governing territory'. The reality is that it is ever-more dependent on the Commonwealth for financial handouts and other in-kind assistance. Reforms that introduce Australian rights and responsibilities for all residents and appropriate local governance arrangements are imperative. At the same time as the transitional administration works to these ends, capacity must be built and an environment fostered that is conducive to a wide range of economic opportunities which prepare Norfolk Island for a viable and sustainable future as part of Australia.

Mr Luke Simpkins MP
Chair

⁶⁶ Mr Peter Wilson, *Committee Hansard*, Norfolk Island 29 April 2014, p. 33.