



## **SUBMISSION TO JSCNCET RE NORFOLK ISLAND**

**The following is a brief statement of points that I would like to discuss in more detail at the committee hearing.**

There are copious reports, inquiries, studies and consultancies investigating Norfolk Island and what is required for its' sustainability. I do not intend going over those documents, but instead prof-fering my observations after my more than two years living and working on solutions for the Island in my capacity as Administrator from 1 April 2012 to 30 June 2014.

There is little point in merely bringing in the Australian taxation and benefit scheme, without a change in the governance arrangements, as this in itself will not make Norfolk sustainable. Any in-troduction of taxation must have a reasonable roll out time as there are so many complexities. In fact the list that follows is an ambitious plan that should be done over a one to five year timeframe. However some should be embarked upon in the short term, such as dissolving the Norfolk Island Assembly, improved port facilities, improving the internet, fostering tourist promotion events for a younger tourist and promoting immigration.

- Repealing the Norfolk Island Act of 1979, abolishing the Norfolk Island Assembly and eventually establishing a local government body.
- Initially having an administration team of four or five for a few years before establishing a far more appropriate governance arrangement.
- Transitioning into the Australian taxation and benefit system by 1 July 2016.
- Improving port facilities at Cascade, and developing a third pier on west coast of the Island, preferably with private investment to get regular cruise ships visiting Norfolk.
- Promoting immigration to lead to a population of 2,500.
- Adoption of Australian legislation.
- Divesting and establishing management contracts for many of the Government Business En-terprises.
- Improving internet capabilities.
- Developing KAVHA into a far greater and exciting tourist attraction.
- Fostering tourist attractions to get a younger tourist, e.g. Outrigger regatta.

Self Government in 1979 was ill conceived. To have an Island of approximately 1600 permanent residents electing a Parliament of nine members and a Government of a Chief Minister and three Ministers, who have carriage of all three levels of Government responsibility, that is Federal, State and Local, is ludicrous. I believe the evidence you received from Julian Yates is an excellent de-scription of the need for governance change:

Mr Yates: "I would like to make a very brief statement. The critical thing for me with Nor-folk Island is that it has been an experiment in self-government that has been running for

several decades. Frankly, the experiment has failed; that is my personal view. The expectation for a community of around 2,000 people to have the governance, the financial, and the skills base to run a semi sovereign state, more or less, just is not practical. It cannot be done. They probably have not been financially viable from day one. There have been periods when they have been able to cover their operational costs, but I do not see any evidence that they really have been able to cover their capital investment or replacement costs. This is why we see the poor condition of roads, the difficulties they have with the new hospital building, their inability to repay the runway refurbishment loans and the continual Commonwealth bailing out. I do not see that changing, frankly. You could do everything to try to build the economy locally, and that needs to be done, but I do not see how a community of that size will ever be remotely self-sufficient in a funding sense, which is what the current governance model requires. Unless change is made, we will continue down the current path of degrading infrastructure, Commonwealth bailouts and no certainty for the community. That is where, from an economic viewpoint, things need to change. Business needs certainty to be comfortable to invest, and the current arrangements do not have a lot of certainty.”

Mr Yates also made an extremely valid point on changing self government when he said:

“.....that the argument that changing self-government will lead to the destruction of the Norfolk Island culture is not actually valid. I think the reverse is true; if you have a stronger economy and a more appropriate governance structure for the community, you will have a better chance of retaining your culture.”

The Island’s infrastructure and intellectual capacity leaves a lot to be desired. However the biggest drawback is the lack of trust, and vested interests on the Island feeding that lack of trust. Of course some of the wealthier people on the Island do not want any taxation introduced for their own selfish means, whilst in the meantime those less fortunate have little access to the benefits that the rest of Australia take for granted.

Initially what is required is the dissolution of the Norfolk Island Assembly and to bring in a team of professionals which would include the following skill sets: finance, economic development, legal, contract management, health/community services, project management. Preferably they would come from State Government ranks. They would work to the Administrator and the Administration of Norfolk Island would in turn report to this team. Dissolving the Assembly and getting rid of the Legal Services Unit would save in excess of \$1.2million. Eventually after all the reforms were in place you would allow an election for a local government type body.

Too often on the Island I would hear people say the politicians and bureaucrats in Canberra want to take us over. Nothing could be further from the truth. Norfolk Island is already part of Australia. Politicians and bureaucrats would rather not know there is an economic depression on Norfolk. They would prefer not to have to find the tens of millions of dollars to bring in the tax and benefits schemes. According to very optimistic figures I have seen the taxation recovery is \$45 million over four years.

In my 27 months as Administrator I oversaw a funding commitment to Norfolk Island of in excess of \$40 million of Australian taxpayers money.

I have mentioned the importance of getting cruise ships to visit Norfolk Island. When they are able to land passengers, on feedback surveys with the cruise ship companies they continually say that Norfolk is one of the best destinations of their cruise. However we are lucky if we can get two or three per year. There is a desire from the cruise ship companies to have Norfolk on their itinerary. In their submission and evidence the cruise ship company Carnival would like to have regular visits to Norfolk, which would deliver 100,000 visitors per annum.

The Cascade project is vital to get the commitment of these cruise ship companies to include Norfolk on their itineraries. However it is not a simple matter of just purchasing 3 barges.

Carnival in their submission to the JSCNCET were incorrect when they stated:

Mr Taylor: "In terms of the hierarchy of needs, it is these vessels (barges) to begin with. The existing pontoon, the existing crane—based on our understanding with discussions with the engineers—would be sufficient. Long-term we see benefit in the upgrade to Cascade jetty, but the most pressing demand is for the vessels so we can actually begin to put Norfolk Island back on the itineraries and see the dollars being injected into the community, and perhaps that can go towards longer-term improvements.

Mr Zimmerman: "I think the bigger point is that you do not need the pier upgrade to operate these tenders."

I have provided material to the Minister responsible for the territories the Honourable Jamie Briggs why the barges cannot operate without the infrastructure upgrade, and suggested that the JSCNCET get evidence from Simon Batt from Worley Parsons.

The problem with the Cascade project is the same as every other proposed major works on the Island, and that is the lack of capability of delivering. There is no capacity within the Norfolk Island Administration to deliver on these projects, and if left to the Norfolk Island Government and Administration they will fail. It will be yet another wasted opportunity for Norfolk Island.

Obviously the larger investment of a port would not only stimulate the economy through the tourist numbers, but would provide a resolution to the problem of getting freight on to the Island. Building a port would be extremely costly, but the investment would be well worth it in the long term. It could also provide the Australian Navy with a strategic base in the South Pacific.

If a port is not financially viable there should at least be a third pier on the west coast, probably at Jacobs Rock.

The speed and availability of accessing the internet on the Island is a huge problem, and a massive disincentive for businesses to relocate to the Island. The National Broadband Network has in mind to service remote communities such as Norfolk via a satellite to be in place supposedly by 2015. This will give a speed of what presently exists on the mainland through an ADSL operation.

There have been numerous propositions put forward to improve the internet and therefore business opportunities, but they are usually beyond the financial ability of the NI Government.

However the recent development of accessing the satellites from O3B will make a dramatic difference to the Island in internet speed and hopefully that will occur later this year.

One of the problems of the isolation of Norfolk Island is the gullibility of many of the residents. Whilst we were on the Island a number of organisations or individuals would come up with some new whizz-bang answer to their problems. This ranged from perpetual motion no cost electricity generation to amateur supposed economic development corporations. All promising the world but delivering nothing.

Possibly the most gullible were some of the politicians and ex politicians. Of course nothing would become of these hair brained schemes.

The recent announcement of the extension of the Air New Zealand contract to 31 July 2016 is of enormous benefit to Norfolk. It gives security to the tourism industry and also a clear indication to potential competitive carriers that an international airline will be in place for the next two years. I am fearful of a recently announced re emergence of an airline service that has previously failed the Norfolk community.

Given the recent discovery of a damaging psyllid to various produce on the Island I believe it is highly unlikely that Norfolk will become a domestic destination for the foreseeable future, thus the continuation of the Air New Zealand service for at least the next 2 years is a great outcome.

At the hearing on Norfolk Island in April this year the Minister for the Environment played down the importance and severity of the discovery of the psyllid, and within a matter of a few weeks was publicly saying it is a “massive threat.” Obviously any potential to export produce from the Island has been given an enormous setback.

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. However the implementation of those changes are still being stymied by those opposed to opening up Norfolk to mainland Australians.

The recent work by Deloitte on the Government Business Enterprises was excellent and the implementation of their recommendations is vital, but will amount to nothing if left to the Norfolk Island Government and Administration to implement.

Can Norfolk Island get out of its present economic depression? That will depend on whether the factors working against them can be overcome, and they are:

- the moribund 14th Assembly.
- the responsibility of having all three tiers of government.
- the lack of capability in the Government and Administration.
- if the Federal Government insists that all departments delivering to Norfolk have to find cost offsets.
- no money to market tourism.

- reluctance of a well positioned minority on the Island to truly open up the the Island and its economy.
- vested interests not wanting the Australian tax system.

Neil Pope