

**Norfolk Island Public Enquiry by the Joint Standing Committee into local governance on Norfolk Island. Closing date March 2023**

**In respect of the terms of Reference the following is provided:**

1. In respect of alternative approaches to property-based taxation revenue collection ('land rates') that are appropriate and equitable for the Norfolk Island community includes the reintroduction of GST which the Norfolk Island Government (NIG) had which raised approximately \$6m and was operated by less than two persons. By having this it would not be counter to the culture that the land rates are in that the land is held for the future generations. As there are a number of persons on the island who are asset rich but cash poor this has come about as a result of generations holding onto their land for their children and not selling it off. Also the NIG did not take this into account when considering social service benefits which is what now happens under the Australian taxation laws. It also means that the tourist who visit the island would be contributing to the cost of services and utilities which they are also using. Current income from the land rates raises about \$1.2m. Previously the NIG also had their own Customs, immigration, fuel importation and distribution, operated the airline under charter from Air Nauru, philatelic bureau, absentee landowners levy, waste management fee, departure fee, medevac levy, healthcare levy, tourist accommodation levy, workers compensation scheme and postal service which were able to contribute to the costs of the operation of the island. Most of these sources of income have been removed since the removal of self-government of the island in 2015.
2. The categorisation of the Norfolk Island Regional Council (NIRC) as a "Regional Council" for the purposes of the Local Government Act 1993 (NSW)(NI) is a misnomer in that there is no other council in Australia that deals with the issues that are presented in the Norfolk Island context in that they do not operate a liquor bond store and liquor licensing, Telecom, an electricity undertaking, an airport, a business transaction levy, as well as State registry functions such as land title registration, registration of births, deaths and marriages, registration of powers of attorney and motor vehicle registration and licensing. As the current system of government is one that has been developed by the Commonwealth the onus is on them to maintain the standards with the appropriate funding since they have determined what standards are now required.
3. Prior to the introduction of the changes to Government the public were advised that they would be eligible for grants for community betterment. However, it has transpired that the island was not eligible for the State grants as it was not part of the State like Lord Howe Island which is part of the Sydney suburb of Vaucluse. Furthermore, NSW Government has refused to provide any further assistance to the island and a Cabinet decision was that these were concluded with effect from 31 December 2021. This decision meant that there would be no more services provided to the island including education, health and transfer of prisoners.
4. Property-based taxation has been detrimental to the families who have held onto their land for future generations and is accordingly counter to the culture to the island. It has also been financially difficult for many families in that some of the land did not generate much if any income and the land became a liability to them. The delivery of commensurate local government services is hard to quantify in that most if not all of the services for the island were already provided for prior to the introduction of the property-based rating system and

were fully funded by the NIG. In the Commonwealth Grants Report of November 2019 it is noted at page 45 that all States, other than the Northern Territory impose a land tax so if Norfolk Island did not have land tax it would not be the only Territory where this did not apply and accordingly there would be no precedent occurring.

5. As the island is very dependent on the visitation of tourism the impact of Covid -19 on the economy was offset by the support provided to the island by the Commonwealth Government. Since there has been a regular airline provided to the island with the support of a Commonwealth subsidy the tourism numbers in the absence of any real data appears to have recovered relatively well and that the island continues to receive a considerable number of visitors compared to other destinations on the mainland.
6. The current governance model that supports the NIRC under the Local Government Act 1993(NSW)(NI) is cumbersome, in a large part not relevant and too complex for the island. It also includes reference to other NSW legislation which is not applied to the island as it has not been extended by the Commonwealth as applied law.
7. The Terms of Reference for concerning alternative approaches to local government and local representation utilised across Australia does nothing to enhance the governance of the island which the writer considers to be not applicable due to a number of unique functions that have developed over a number of years such as ownership of the electricity undertaking, Telecom and the liquor bond to mention a few which are operated as an essential service to the island with the provision of the service being paramount to the community and that it is not subject to price gouging if it were in private ownership with a monopoly. The option of local government with ability to provide legislation that is relevant to the circumstances of the island not being included in the Terms of Reference is a failure on the part of the Commonwealth especially when one considers the results of the referendum prior to the removal of self-government in 2015 which reported that 69% of the population wanted to retain that form of self-government.
8. It is clear from a reading of the final report of the 2019 Norfolk Island Inquiry and the Grassroots Connections Report dated 15 November 2020 for the Commonwealth Department of Infrastructure, Transport, Regional Development and Communications that the Norfolk Island Regional Council will require considerable ongoing financial support from the Commonwealth due to the lack of economies of scale and limited ability to raise revenue which is referred to in Figure 2 of the SWOT analysis of NIRC.
9. Until such time that it is recognised by the Commonwealth that alternative approaches will be no different in the funding requirements for the Norfolk Island Regional Council as what the Norfolk Island Government faced despite the Schedule 2 and 3 of the Norfolk Island Act 1979 which the Commonwealth have repealed from the Act. The Schedule 3 items that were in the Act referred to the responsibilities of the Commonwealth which were supposed to be funded by them but in the absence of any proof to the contrary this did not happen. Furthermore the island has now been included in the Australian taxation scheme so should be entitled to receive funding that is not provided to other councils which is provided by the respective State Government.
10. Both the former Norfolk Island Government and the Norfolk Island Regional Council had, and continue to have, the capacity to provide the support on behalf of the Commonwealth despite poor financial management due to unreliable and inaccurate data as highlighted in the Grassroots Connections report referred to above.

## **Summary**

Until such time as the Commonwealth agree to allow for the island to have capacity to elect their own parliament, decide their own legislation and make their own laws, to maintain their culture and traditions, and have the preamble reinstated to the Norfolk Island Act, then there will be continued agitation and resentment within the community to the activities of the Commonwealth in their administration of the island. The removal of the immigration system that was approved by Australia, and the imposition of land tax are two of the major issues that have been contrary to the culture of the island. This is further compounded with the suspension of the Norfolk Island Regional Council and the disenfranchisement of the community in matters that impact on the community. The appointment of a Council Administrator has had a detrimental effect in that they are not personally affected with the decisions being made for the island especially when there are issues impacting the island with cost of living including the increasing cost of land tax, freight charges and waste management fees.

Allen Bataille

8 March 2023