

Submission to the Joint Standing Committee on the National Capital and External Territories

Inquiry into local governance on Norfolk Island.

From: No to Land Rates Group

22nd March 2023

Introduction:

This submission has been compiled by a group of long-term Norfolk Island residents who, since the 2014-2016 Commonwealth takeover of Norfolk Island have been working to expose the inequity and inappropriateness of Land Rates as a Local government revenue raising system in Norfolk Island.

Firstly, may we thank you for recognising the damaging impact Rates are having upon Norfolk Island and for the opportunity to make submission on this serious issue. While we acknowledge that Rates are an integral part of local governance in many jurisdictions, we submit that Norfolk Island's small size and small number of real properties necessitates a different approach to revenue raising.

Being aware of the negative impact rates would cause in Norfolk Island, the last elected Norfolk Island Government voted 6-3 against the introduction of Land Rates into Norfolk Island and subsequently the 1st Regional Council held an inquiry into the issue but were precluded from furthering the issue by their dismissal from office.

Norfolk Island differs from typical local government areas in that it cannot readily draw upon services and supplies from adjacent areas and is responsible for many services not normally associated with local government. Within NIRC there has been a move away from prioritising the use of local businesses and local labour while expecting the local populace to service an ever-increasing rates burden. Both the island population and the delivery of local government services are subject to very high import and export costs due to distance-imposed isolation and poor economies of scale as compared to larger populated places.

Land Rates in Norfolk Island are an inequitable revenue raising system forcing people to divest themselves of lands beyond their most immediate needs and, as such are negatively impacting land usage and the long-held tradition of hereditary acquisition or succession of family lands through the generations. This tradition not only ensures future generations a place in their homeland but serves to protect the island's rural amenity and environment from the effects of overuse and over-population.

It should be noted that many Norfolk Island residents are reticent to submit to inquiries such as this or to commit their thoughts and concerns to written form. While requests for written submissions may elicit a limited response, a poll seeking residents views would leave no doubt as to the community concerns on the issue of Land Rates in Norfolk Island. Such a poll should be a component of the reform package going forward.

Inquiry Terms of Reference:

1. Alternative approaches to property-based taxation revenue collection ('land rates') that are appropriate and equitable for the Norfolk Island community;

As a substantial portion of Norfolk Island Regional Council's revenue is directed to waste management processing, an alternative to this inequitable form of taxing needs to be consumer based. While builders waste fees are yet to be set, a user pays system of revenue collection that does not cause or motivate illicit dumping of waste to avoid tip fees. Setting a goods and services levy (GSL) or an import duty on all imported goods and materials are possible revenue raising mechanisms.

Being geographically distinct and physically separate from any other local government area allows and facilitates this different form of taxing to work without detriment to other areas or to the Australian economy.

All goods imported by sea or air freight already require documentation and are easily manageable for the purpose of collecting this revenue and there is capacity to exempt certain forms of business or products if it is deemed appropriate or necessary to do so.

2. Whether the categorisation of the Norfolk Island Regional Council as a 'Rural Council', for the purposes of the Local Government Act 1993 (NSW)(NI) results in an appropriate quantum of funding given the geographic remoteness and population density of Norfolk Island;

The wide variation in the relevant circumstances of Local Government Areas (LGAs) makes direct comparisons difficult. However, the Commonwealth Government has defined how waste management should be managed in Norfolk Island and they should be supporting the implementation of these measures they have prescribed or instigated. Any failure to recognise and respond to the high cost of processing and freighting waste out of Norfolk Island will serve to worsen waste management issues. The lifting of immigration controls to Australian citizens has worsened the situation as many such migrants tend to build new homes and infrastructure or renovate existing ones they have bought. Currently many of these new settlers are being subsidised by long-term landholding locals who are effectively being penalised for retaining their lands.

3. The impact of limiting access to state-partner grants on the financial sustainability of the Norfolk Island Regional Council

As Norfolk Island is not a part of any state there is no reason for any state to be supporting or including it in their programs.

4. The relationship between property-based taxation and the delivery of commensurate local government services;

The Norfolk Island Regional Council (NIRC), delivers no services to properties on the island other than electricity and telephone services, both of which are a landholder's choice to subscribe to and are paid for directly by the landholder to the relevant NIRC business undertaking/ service provider.

Land rates revenue is allegedly used to fund the operation of the island's waste management centre and maintenance of public lands. In Norfolk Island there is little if any requirement or demand for the kerbside collection of rubbish, or for concrete kerbing as typically provided by local government bodies in Australia. Given that operating the waste management centre has been identified as a significant cost impost in NIRC's operations the following actions are needed:

- a. A user pays system of revenue collection that does not cause or induce illicit dumping of waste to avoid tip fees. Charging a goods and services levy or an import duty or levy on all imported goods and materials is one such revenue raising method.
- b. Enhanced focus and facilitation of recycling to be led by a reformed model of local government. The soon to be implemented recycling methods for domestic waste should be supported and expanded to builders waste.
- c. Implement revised policies to motivate people to use all imported resources to their maximum potential to slow and reduce the volume of materials being disposed of and to promote incentives to recycle all useable items and materials.
- d. Reduce the acceptance of vegetation (green waste) to the acceptance of tree stumps and logs that cannot be wood chipped. Charging a fee that reflects the cost of processing such accepted material would be worthy of consideration. All other vegetation can be processed by controlled incineration, private enterprise land clearance operators or wood chipping contractors hired directly by property owners.

5. The resilience and sustainability of current and alternative revenue approaches, noting the impact of COVID-19 on Norfolk Island's economy;

The impact of an event such as the Covid 19 pandemic would ultimately be similar irrespective of what revenue raising system is in place, however, in times of widespread economic distress it would be reasonable to assume business activity and consumerism would also be slowed and therefore operating costs reduced. Responses to such disruptions must be managed according to the dictates and circumstances of the time.

6. The current governance model that supports the Norfolk Island Regional Council under the Local Government Act 1993 (NSW)(NI);

The failure and dismissal of the 1st Norfolk Island Regional Council is a reflection that the model of governance is not a suitable or effective system for the island. The appointment of General Managers and administrators who have no long-term connection with the island does not appear to have achieved any benefit to the island but does appear to have added to the cost of service delivery and contributed to a range of poor decisions being made:

- Poor prioritisation of civil works
- Inappropriate placement of new public buildings
- Failure to attract best value when disposing of public assets
- Failure to respond to correspondence
- Lack of transparency by senior NIRC Management – for example discontinuation of publication of government gazettes and reliance on electronic media that is easy to miss.

7. Alternative approaches to local government and local representation utilised across Australia;

While there is merit in observing and learning from successful components of other regions governance, Norfolk Island requires the development of a governance system designed specifically for Norfolk Island circumstances, conditions and culture with opportunity given to the population to have real and meaningful input into each aspect of the new governance structure.

This group supports the Proposal jointly put forward to the Norfolk Island community by the Norfolk Island Council of Elders and Norfolk Island People for Democracy (March 2022) calling upon the Commonwealth of Australia to:

- Modernise Norfolk Island's governance consistent with the needs and aspirations of its people; and
- Establish a mutually agreed and sustainable funding model for Norfolk Island

The proposal, funding framework, methodology and time-frame put forward in that document are clear, sensible and achievable.

8. Whether alternative approaches sustainably achieve the key outcomes of local government;

See response to criteria 7 above

9. Whether alternative approaches equitably increase local representation and decision-making;

A new governance model that restores executive authority to an elected body is essential. Reliance upon senior administrative executives who are not locally based and invested in the island can never achieve an acceptable system of governance. Prior to dismissal, the present model facilitated a situation where elected Councillors were constantly denied information they requested by administrative officers claiming such information to be “an administrative matter”. This appears to be supported by the current system but leaves the elected policy makers without essential knowledge needed for effective management.

10. Whether alternative approaches would appropriately support the additional functions the Norfolk Island Regional Council provide on behalf of the Commonwealth.

Norfolk Island has managed all of the functions NIRC now delivers on behalf of the Commonwealth Government in an effective and professional manner and there is the skill and capacity to continue to deliver such services into the future. There has however been a lack of information regarding recent restructuring of some Commonwealth contracted services, these are very basic details such as failure to adequately announce the restructuring, where the restructured services are now based and contact details for them. These issues are easily resolvable and need to be done irrespective of which governance model is in place.

It should be noted that most Norfolk Islanders are not averse to paying their way including fair and reasonable community responsibilities, but the burgeoning costs imposed by people who were never elected to represent them must cease and a more equitable method of raising these taxes has to be developed

There have already been a number of revisions to the rating model – we submit that there is no correct model of rates for Norfolk Island.

Taxation Without Representation is Tyranny (Saying attributed to James Otis 1716)

With Regards,

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