



Submission No. 12
Norfolk Island Economy
Date: 17/04/14

16th April 2014

Joint Standing Committee on the National Capital and External Territories
Parliament House,
Canberra, ACT 2600
e: jscncet@aph.gov.au

RE: New inquiry into economic development on Norfolk Island

Thankyou for the opportunity to comment on the new Norfolk inquiry. I am Australian and have been a resident on the island for the past 17 years, self-employed for that time. I am a business owner in partnership and operate an art gallery and the Cyclorama panoramic painting which is a tourist attraction.

I think Norfolk is a very appealing island and has huge potential for economic opportunity. There are many factors with imminent changes which will affect this. I would like to comment on the areas which I think are important at this time - Tourism, New Business Opportunity, Immigration and Taxation.

TOURISM

Although there are many ideas that have been floated about alternative revenue streams for the island, Tourism is currently the main economy here and what we are set up for, so I think it's one of the quickest ways to implement some economic recovery in the immediate future.

Since the global financial crisis all of our incomes have been dramatically reduced, both the NI government and local business, for my business by around 30% with the reduced numbers of visitors. I don't think Norfolk needs enormous tourism numbers to make a considerable difference to the economy here. When I first moved here we had around 15,000 more visitors per year than now and that number made quite a difference in terms of money coming to the island and circulating in a flow on effect through the community and government. We only need numbers in the tens of thousands, not hundreds of thousands.

If Australia is to provide any assistance to Norfolk, then prioritising to aid Tourism will help all on Norfolk directly and indirectly. The tourism businesses here are operating at under capacity and could easily handle more trade. To me the most important quick-fix to boost an existing industry here in the short term is if Australia provided funding support to offer cheap airfares to Norfolk. Some other thoughts...

Flights:

The assistance to subsidise the airline is a great reassurance for the island, Air NZ is a great operator and we hope this may continue. Comments on flights....

- The cost of Air tickets. I think this is one of the biggest deterrents to people visiting Norfolk. I think Norfolk being able to provide cheaper airfares would increase the tourism numbers. If the Australian government is to assist Norfolk financially it would be money well spent, which would quickly land more people on the ground on Norfolk bringing money to the community.

Currently air ticket prices are expensive and inconsistent, anything from around \$ 400 to over \$ 1,000 for a return flight, making it very hard to compete with other island markets. I've heard discussions about the subsidising of the airline being setup in a way which doesn't create incentives for the airline fully selling the flights....once they are over a certain capacity, they just increase their seat prices. It's cheapest to buy far ahead of when you fly and very expensive if you decide to fly last minute. This needs to be addressed.

- Reinstating the direct flight to/from Melbourne would regain the high financial yield tourists we used to have from there.

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- The 'Norfolk Stopover' is not currently utilised, where Norfolk becomes a bonus stopover on the way to somewhere else • from New Zealand and Australia through to other islands in the Pacific (this may be limited by CASA restrictions?)
 - the triangle route to fly Aust-Norfolk-NZ (in any direction). This is not promoted because there are different agents for the NZ and the Australian routes. If promoted properly this could generate bonus visitation.
- Two flights a week between Norfolk and NZ instead of just once a week would encourage people to come for short stays or alternatively be able to stay a bit longer than a week. People comment on this regularly.
- Making the airport a domestic Australian airport may encourage more visitation if a passport was not required. However younger generations now are more travelled and have passports these days so it may not be the issue that it has been in the past.

Cruise ships:

The funding to assist with the pier extension which will help to land a greater percentage of cruise ship visitors will be good for additional revenue, but is not the total answer. This provides employment for only a handful of days of the year rather than creating full time work and on those days tourism services to the visitors who are already on island are considerably effected.

Where is Norfolk?

A big issue facing tourism promotion of Norfolk is that many Australians don't realise the island exists or if they've heard of it, don't know where it is. This is a very a difficult thing for Norfolk to promote with such a small budget, so assistance with the marketing budget from the Australian government would be beneficial. The profile of the island needs to be raised...what about Norfolk Island to be shown on the ABC weather map, as Lord Howe Island is?

Iconic Norfolk elements:

Lighterage, Roads, NI stamps are all important Norfolk elements...while some of these things may be seen from the outside as merely infrastructure or outdated, these parts of Norfolk offer a point of difference from Australia and all add to the visitor experience on the island. I remember when I first visited the island what a novel experience they were. If these are all changed too much or removed completely, then it detracts from the unique experience here.

Lighterage-

Although seen by many as outmoded and expensive, this is the number one tourist attraction on the island. On the days the ship unloads, people swarm to the pier to watch the unloading for hours and the shops are essentially empty. People are fascinated with the process, they love to talk about it, and it is something they're unable to experience elsewhere.

Roads-

Removing the cows from the roads has been discussed at times in relation to insurance issues. I hope this never happens as this is another thing which tourists love about the island. They stop to photograph them on the road and enjoy seeing cattle up close as for many city people this is the closest they will ever be to them.

The state of the roads many find appalling but I don't have an issue with them. This isn't the middle of the city and they don't need to be perfectly smooth with kerb & gutter.

Stamps-

Norfolk has been producing its own stamps since the 1940's and are another point of difference and interest for visitors. The stamps document aspects of the island and it would be a shame to lose them.

NEW BUSINESS OPPORTUNITIES

New businesses:

There are so many potential opportunities for new businesses on Norfolk. The range of what is on offer here has expanded to the limits, finances and abilities of its small population. With the absence of any large scale industry on the island, the economy is based on the small business.

We need new people with new ideas and skills to create and run businesses that have a wider range than what we

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currently have, in Tourism and other areas. There are so many possibilities...what about people who could operate a nursing home, or adventure tourism activities that appeal to younger people, or a retreat/spa centre...the list goes on. It would be great if there were an incentive scheme in place encouraging business people to relocate to Norfolk. A funded assistance scheme could enable business operators with a proven track record to relocate here.

Opportunities in KAHVA:

The historic heritage area of Kingston is much under-utilized for business opportunities. The Museums are an excellent part of the area but many of the other buildings could be put to much 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.

There has been a recent Review of the KAVHA Management Plan and I gave my comments in an interview with the Review Team and in an online survey.

Facilitating change:

I think Norfolk needs professional assistance, perhaps from Commonwealth staff, in implementing and facilitating new systems and schemes. I don't think there are enough people with expertise in these areas on island. So much of the work of Boards and groups is done in a voluntary capacity by people who are not experts in the field.

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.

One project that I have been directly involved with for the past 5 years is a plan to build a Cultural Centre for the island. Our group is the Cultural Development Association of Norfolk Island (CDANI) which began this project in response to a funding program extended to the island by the previous Australian government. It has progressed to the stage of having conceptual architects drawings prepared for a building on Commonwealth approved land. The centre aims to provide a vibrant hub where the culture of the island is practised by locals and students, and where visitors can engage with the local culture. This project would create a wide range of opportunities for the community as we have observed in parts of Australia where these centres are established. Grant funding would enable this project to happen.

IMMIGRATION

The opening up of Immigration is a good thing as the community needs re-invigorating with new people. I think another 500 – 1,000 people resident on island would help the economy in itself. New residents put money and time into the community and also bring their own set of new visitors to the island as well. People who run businesses or who bring work skills would be the most desirable new residents, but will there be any sort of controls on who moves here? There is limited space and capacity of current infrastructure to cope with large numbers moving here in a short period of time and in an ideal world you would want people who will help boost the economy, not be a further drain on it.

At this stage new Immigration policy seems to interest mostly retirees, and this would be likely to increase if the Australian pension became available here. Creating a mostly ageing community on the island wouldn't be ideal as it creates an unbalanced community and also brings with it a whole range of issues, in particular the distance factor for medical issues. It would be good to encourage family migration as well.

If unemployment benefits are extended to the island, another range of problems could be created. It would be unfortunate to create a 'welfare state' on the island and change the hard working ethics of the island. Enabling people to move here when there are limited job opportunities and unemployment benefits available for them, could easily encourage a dole mentality.

Perhaps considerations need to be given to limiting these opportunistic situations and some sort of controls put in place to prevent them. It would be a shame if Australian benefits are introduced with good intentions, but create a negative effect on the community.

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TAXATION IMPLEMENTATION

The implementation of more taxes, particularly Income Tax and Superannuation will place stress on existing businesses and their introduction needs to be gradual and carefully considered. It must go hand in hand with economic growth or otherwise there will be an exodus of people to the mainland, particularly business people who just can't afford to live here or operate a business anymore. I hope there will be suitable impact studies done to aid the process. There are so many things which are more challenging when you live in a remote island location that if the pressure of business becomes too great, then people will elect to go to the mainland to run their businesses where you don't have the extra issues to deal with.

Income Tax:

Will impact heavily on business and has the potential to create unemployment. We run a 7 day a week business, we work full time and employ 1 full time and 2 or 3 part time staff for busier times and in staff holiday periods. Income tax will mean we need to find the additional money to pay increased wages to cover staff taxes so they can maintain their current level of living standard. Alternatively we would have to make them take tax out of their current pay and reduce their living standards and consequently they may earn more money on the dole.

Taxation will no doubt increase the cost of living for everyone as it did when local GST was introduced making it more challenging all around. In addition to funding extra wages we will also have to find the money to pay our own Income Tax. I realise that there are tax deductions, but without an increased revenue stream from more tourism, we will have no choice but to put people off as this is the quickest way for us to reduce expenses if we don't want to have our standard of living impacted any further than it already has been since the global financial crisis

Social Security being introduced at the same time as taxation will help the unemployed stay afloat while looking for work, but it doesn't actually create any more jobs for them to find, nor will it do anything to help the business owners afford to employ them.

MISCELLANEOUS

Postcode/postal issues:

This can be a barrier for ordering goods. Ordering online is a way of life now and there are many sites that will not send to our postcode. Because we are essentially 'international' in terms of postal costs and yet 'Australia' with address, this makes things difficult as even for sites who have access by telephone to discuss this with as they will only post to an address within Australia.

Here's an example for our business: 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 Aust GST because it's not being exported, then pay air 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. Maybe there can be some solution from the Australia Post end, perhaps an address that goods can be sent via would help this situation.

This is certainly a challenging time with many issues to be addressed, I hope that a solution can be found to help the island be sustainable while introducing major changes. Thankyou for your consideration of my comments,

Yours faithfully,

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