

Submission No. 19
Norfolk Island Economy
Date: 24/04/14

Tourism Action Group

We thank you for the opportunity to submit the following suggestions for the Joint Standing Committee's perusal. We would like to cover the following items including some simple solutions to assist the Norfolk Island's economic growth:

- Reviewing planning requirements for change of use of residential dwelling to registered tourist accommodation - reducing barriers to encourage investors
- Have Virgin Australia show code share flights with Air New Zealand on their website so the travelling public can easily find and book their flights to NI
- Accelerate the removal of passport requirement to travel to NI for Australians
- Align capital expenditure GST returns to Australia's system and rules and reduce the current NI GST rate from 12% to 10%
- Review the recent import duty increase from 12% to 18% to find a more equitable and reasonable charge rate
- Ensure the new 03b Internet agreement is available to the NI public at an affordable rate in line with carriers in Australia and for the NI Administration not to take advantage in setting more barriers by viewing this move as a revenue raising opportunity.
- Install a 3G network island wide
- Include NI in the Australian phone number plan so that we do not have a separate country code
- Immediately table Strata Title to legislation to stimulate investment and give financial relief to those in a position to apply this opportunity
- Reduce staff levels temporarily at the NIG Tourist Bureau to put more money into destination marketing to stimulate tourism
- Tourism Australia should be made to include Norfolk Island on their Australia.com website, and international marketing of Norfolk Island especially in New Zealand

About Us

The Tourism Action Group (TAG) is a small group of accommodation owner/operators who work together to increase visitors to our own accommodation properties and as a consequence, increasing tourist numbers to the Island.

In the past 12 months we have been successful in raising the profile of Norfolk Island with Online Travel Agents, such as Wotif.com, Booking.com & Quickbeds.com

The members of the group either own or operate the following tourist accommodation properties on Norfolk Island:

Anson Bay Lodge
Channers On Norfolk
Dii Elduu
Endeavour Lodge
Fe'awa – Forever
Haydanblair House
Norfolk Island Holiday Homes
Panorama Seaside Apartments
Shearwater Scenic Villas
Tau Gardens
The Tin Sheds

Tourist Accommodation Quota

We fully support the removal of the tourist accommodation quota restrictions (licensing) that previously were in force on Norfolk Island. The removal of this quota has created opportunities for new tourist accommodation on the Island and will also encourage further investment and renovation on-flow to other island businesses. Members of the Tourism Action Group have taken advantage of these opportunities to licence holiday houses.

Planning Rules

As part of opening up Immigration to the Island, and removal of the tourist accommodation quota it was said by both the Norfolk Island and Australian governments that Immigration and tourist accommodation would be controlled by planning rules. However, there are a number of planning requirements that impose an unreasonable burden on new tourist accommodation that are not imposed on either private or other types of commercial buildings, such as water storage requirements and electricity transformer upgrades. This is a barrier to further investment and acts as a mechanism of protection similar to the former licensing regime.

Air New Zealand

The current Air New Zealand services from Australia have proven to be extremely reliable and have resulted in some lower airfares. We hope that the Commonwealth Government will continue to underwrite the Air New Zealand services. Additionally, we believe it would make access to online bookings much wider if Virgin Australia was able to code-share on the Air New Zealand flights, just as they do on many other Air NZ flights. The travelling public would not generally associate Air New Zealand to be the carrier and would logically search a domestic carrier, such as Virgin Australia, to book flights.

Passport Requirements

The requirement to have a passport to travel to Norfolk Island does restrict our potential market from Australia. We would urge the Australian government to allow the same system as used for travel to the Indian Ocean Territories to be extended to travel to Norfolk Island. That is passports and visas would not be required when travelling to Norfolk Island from the Australian mainland. Rather, photographic identification, such as an Australian Drivers License, would need to be produced for clearance through Customs and Immigration.

GST

The current Norfolk Island Government GST is charged at the rate of 12% compared to the Australian rate of 10%. However, in Australia, a business can claim as input credit all GST they have paid including capital expenditure. Currently on Norfolk Island we are unable to claim as an input credit any capital expenditure over \$500 in value. This means that the procurement of even small items such as televisions or beds means we are penalised by 22% compared to an equivalent business in Australia. The threshold for capital expenditure needs to be raised considerably.

The Norfolk Island GST is extremely regressive and we urge the Australian government to replace the local 12% GST with the Australian 10% GST as a matter of priority.

Import Duty

Unless imported goods are for sale, exchange or trade the Norfolk Island government charges Import Duty when the goods arrive on the Island. This was previously levied at the rate of 12% but has just been increased to 18%. The Import Duty is nothing more than a tax on capital investment on the Island and to have a 50% increase in the rate this year is yet another barrier that restricts opportunities for investment, especially building works. It would be advisable to review this decision and select a more appropriate amount or to remove this duty for capital expenditure.

Internet

Visitors to the Island consistently ask for two things:

1. Reliable, affordable internet at a reasonable speed; and
2. 3G mobile phone access.

While we fully support the new arrangement that Norfolk Telecom has entered into with O3b networks to provide the internet service to the Island, the Norfolk Island Government has consistently shown that they will over-price this service. We need the Commonwealth to oversee the pricing policy creation for this service to ensure it is not used by the NIG as a revenue raising opportunity.

3G Mobile phone network

Funds need to be made available to replace our ageing 2G mobile phone network with a 3G network. It would also be advantageous if we were included in the Australian number plan rather than having our own/separate country code of +6723 (part of the Antarctic codes).

Strata Title

The Tourism Action Group fully supports the passing of strata title legislation as a matter of urgency. The benefits of Strata Title are too many to list but it is clear that many businesses that are currently for sale could find financial relief this way. Chiefly, however, it is seen as a great way to stimulate investment in an industry that is currently overly cost prohibitive to enter.

Tourist Bureau

It seems every time the NIG is short of money they cut funds from the tourist bureau's marketing budget to the detriment of the Island's destination marketing. The economy of this Island is built on tourism. It beggars belief that we could maintain tourist numbers by cutting marketing. The clear result of this policy is a reduction in tourism from 40,000 visitors a year to 24,000 visitors a year. Yet despite these cuts to the bureau's marketing, there have been no cuts to the bureau's on-island activities even though there has been a 45% reduction in visitors.

We support a reduction in the Bureau staff numbers and operating hours until such time as their budget can be increased and normal functions renewed or expanded upon.

Tourism Australia/ATDW

As a matter of urgency, Tourism Australia should be made to include Norfolk Island on their Australia.com website and international marketing of Norfolk Island especially in New Zealand. Also, local tourism businesses should be given access to the Australian Tourism Data Warehouse.

We need the experience and assistance of Tourism Australia to help profile Norfolk Island as a destination choice. Currently, we do not receive any recognition or assistance in any way from this extremely important part of Australia's marketing group.

Thank you to the Joint Standing Committee for taking the time to read this submission and we trust you will agree there are some simple solutions within these paragraphs that would be straight forward to implement for a gain to Norfolk Island.