

ATTACHMENT F

FEDERAL ASSISTANCE PROVIDED TO NORFOLK ISLAND

[Extract from DOTARS website]

Notwithstanding the long-standing agreement that Norfolk Island should be exempt from federal taxation and be largely financially self-sufficient, Norfolk Island does receive assistance and funding from the Federal Government.

Assistance provided through the Administrator's Office

The Administrator's Office on Norfolk Island acts as a point of contact for Norfolk Ministers, officials and residents dealing with or seeking information from Federal Government agencies. Most days see office staff speaking to officials in Canberra and elsewhere seeking information, advice or inquiring about possible assistance on behalf of the Norfolk Island Government, Administration officials or residents. The topics can range from intergovernmental matters - such as loans or grants from the Federal Government - through to helping a resident with a pension or social security matter.

Funding by federal agencies operating on Norfolk Island

- There is the annual Federal Government contribution to Norfolk Island provided through the annual budget allocations for those Federal Government agencies that operate on Norfolk Island.

These amount to between \$3 and \$4 million per year (eg, funding for the Bureau of Meteorology, the Civil Aviation Safety Authority, Environment Australia and the Department of Transport and Regional Services).

- There is the funding provided by the Federal Government for federal capital works projects on Norfolk Island.

Current examples of such projects include the construction of a new weather station on Norfolk Island by the Bureau of Meteorology (\$2.2M) and the proposed road works by Environment Australia to restore the collapsed Mt Pitt Road and repair the Duncombe Bay Road - both popular tourist routes on-island (which will cost approximately \$3M).

- There is also the annual Federal Government financial contribution to the maintenance and conservation of the Kingston and Arthur's Vale Historic Area (KAVHA). This is approximately \$500,000 each year.

In total, the Federal Government has invested over \$10,000,000 in KAVHA. This amount does not include funding provided to Norfolk Island under grant programs (such as the Australian Bicentennial Programs) or under special funding arrangements. The Federal Government takes no revenue and receives no financial return from KAVHA.

All the above have spin-offs for the Island's economy and employment through the use of Norfolk Island employees, contractors, or service providers and reliance on local businesses and enterprises.

Assistance provided under national grant programs

As Norfolk Island is an Australian Territory, the Norfolk Island Government and community are also eligible to apply for funding under various national grant programs. Examples include:

- the Regional Solutions Program (which provides grants between \$5000 - \$500,000 to assist regional and remote communities build their capacity);

- the Regional Assistance Program (which is aimed at encouraging local community action to boost business growth and create sustainable jobs);
- the Regional Tourism Grants Program; and
- Agriculture and Farm Innovation Programs.

Examples of Federal Government grants that the Norfolk Island Government has successfully applied for in recent times include:

- A \$80,000 grant under the Federal Government's Remote and Isolated Communities Fund to help the Norfolk Island Government develop and conduct telecommunications related tenders.
- A \$250,000 grant under the Coast and Clean Seas component of the Natural Heritage Trust to assist the Norfolk Island Government implement an Island wide waste management strategy.
- A \$15,000 grant from AFMA for research into the Norfolk Island Inshore Fishery.
- A \$774,000 grant from the Federal Government's Networking the Nation program to fund the replacement of the Island's telecommunications billing system, the establishment of an optic fibre backbone and a wide internet network and an upgrade of the customer access network.

This follows the \$750,000 Networking the Nation grant provided to fund the construction of a new satellite station on Norfolk Island. An additional \$56,000 Networking the Nation grant was provided to fund a tele-health pilot project for Norfolk Island.

- The Australian Bicentennial Authority grants for: the establishment of a visitor information centre in Kingston; the establishment of Norfolk Island's four museums including a display of material from HMS Sirius; the creation of walking paths, sign posting and landscaping in the historic Kingston area. The Norfolk Island Government had applied in 1986 for funding from the Australian Bicentennial Authority to pay for the above.
- Grants under Environment Australia's Historic Shipwrecks Program to assist the Norfolk Island Museum undertake surveys of the Sirius wreck off Kingston.
- Funding for a Report to the Norfolk Island Government on the Impact of Climate Change on Norfolk Island and possible remedial measures.
- Funding in 2002 from the Australian Greenhouse Office under the Federal Government's National Renewable Energy Demonstration Program to conduct a feasibility study use on Norfolk Island of renewable energy (such as solar, wind, tidal generated power).

The aim of the study is to assess whether the Island's dependence on diesel generated electricity can be reduced. It is envisaged that the feasibility study report will be used as a basis for a subsequent application for a grant under National Renewable Energy Demonstration Program to fund the development of alternative energy generation systems for Norfolk Island.

Assistance provided as part of the Federal Government's responsibilities to the Australian community

As with other Australian State or Territory Governments, the Norfolk Island Government is eligible to apply to the Federal Government for specific purpose loans or grants to fund infrastructure related and other developments on Norfolk Island.

In 1998, for example, the Federal Government provided Norfolk Island with a \$3M interest free loan to carry out the Cascade Cliff Safety Project (which was designed to stabilise a dangerous cliff face overlooking one of the Island's two piers). The Federal Government recently announced its in-principle approval on an application by Norfolk Island for a \$5.8M federal interest free loan to fund the upgrade of the Norfolk Island's only airport.

Other federal assistance is provided directly to the Norfolk Island Government or community as part of the Federal Government's ongoing programs for the Australian community.

Examples include:

- Assistance and funding by the Department of Transport and Regional Services (eg, provision of funding and personnel in the development of Territory land, planning and heritage laws, funding for legal aid, civil aviation and air safety regulatory services).
- Assistance and funding by the Department of Veterans Affairs for aged care on Norfolk Island (eg, payment of pensions and benefits to veterans residing on Norfolk Island, studies for on-Island aged care, seeding funding for provision of specialist health services to veterans and the wider community).
- Assistance by federal immigration, customs and quarantine officials to their Norfolk Island counterparts.
- Provision by the Australian Federal Police of personnel, funding and other assistance to the Norfolk Island Police Service.
- Assistance by the Department of Defence and Emergency Management Australia (eg, through Norfolk Island's participation in the Federal Government's National Disaster and Emergency Management and Recovery Arrangements, emergency management planning studies and seminars on-Island, emergency medical evacuations of residents by the Royal Australian Air Force).
- Advice and assistance by the Federal Departments of Treasury and Finance to Norfolk Island officials as part of the Norfolk Island Government's 2001/2002 budget review.
- Norfolk Island's inclusion in the Federal Government's medical indemnity insurance guarantee. The guarantee was a national response to the crisis in the medical indemnity insurance market and underpins policies issued by medical indemnity providers to doctors and medical specialists, including those on Norfolk Island.

There is also the continuing federal assistance available to those Norfolk Islanders who move to the Australian mainland for reasons associated with work, education, health etc and who are entitled to apply for Federal Government social security, health and other benefits (eg, Medicare, Austudy).

Federal Assistance provided previously

The above follows on from assistance provided since self-government. Noteworthy examples are:

- The upgrading of the Norfolk Island Airport to medium jet standard in 1981.

The upgrade cost the Federal Government \$7,400,000 and saw the construction of two new and longer sealed runways, improved landing aids, pavement strengthening and the enlargement of terminal buildings. The decision to upgrade the Airport was taken at a time when the number of tourists visiting Norfolk Island tourist - and the Norfolk Island Government's revenues - had slumped markedly. The airport upgrade provided a capital stimulus for the Island economy and provided work for Island contractors and labour. It also helped lay the foundation for the significant growth in tourist numbers during the 1990s (eg, through the use of jet aircraft which allowed shorter flying times and doubled seat capacity).

- The transfer of the Airport to the Norfolk Island Government in 1991, which provided the Norfolk Island Government with a significant revenue stream (ie, through the collection of landing charges). The Federal Government upgraded the facilities at the Airport again prior to its transfer. A federal grant of \$2,500,000 was also provided in 1991 to the Norfolk Island Government to meet costs associated with the next reseal of the runway. The Federal Government also agreed not to recover the \$2.5M by imposing charges on the airline industry and, thereby, avoided any adverse impact on tourism and the Norfolk Island economy.

Prior to the Airport's transfer, the Federal Government also funded feasibility studies that confirmed that the Norfolk Island Government's funding and operation of the Airport would be economically viable and self supporting.

As mentioned above, the Federal Government recently announced its in-principle approval of a \$5.8M interest free loan to Norfolk Island Government to pay for the next reseal of the Norfolk Island airport.

- In 1984, the Federal Government agreed to a Norfolk Island Government request to provide a grant of up to \$2,000,000 to help establish a reticulated water and sewerage system (a project to improve community public health and assist the tourist trade). This was on the basis that the Norfolk Island Government making an equivalent contribution. The Norfolk Island Government was operating surplus budgets at that time. The new system sought to ensure the safe disposal of sewerage from highly populated areas of the Island and thereby reduce concerns over possible contamination of the Island's underground water supply.

In 1990, the Federal Government provided a further \$100,000 grant in response to a Norfolk Island Government request for federal assistance in the extension of the reticulated water and sewerage system to the Norfolk Island Central School.

- A \$60,000 federal grant in 1990 from the National Rainforest Conservation Program for the protection of stands of remnant rainforest in the Mission Road area of Norfolk Island.
- The Federal Government provided \$384,000 and departmental advice and assistance in 1996-1997 to assist the development and introduction by the Norfolk Island Government of a comprehensive planning and land use and management regime for Norfolk Island.

Prior to Norfolk Island's self-government in 1979, the Federal Government provided annual grants to the Island (as well as special grants and capital loans). The annual federal grants constituted 40% of Norfolk Island total public revenue in 1960, falling to 6.3% in 1979 as the Island economy and public sector finances improved with the considerable growth in tourism on Norfolk Island.

For further information on the above, see ML Treadgold, "Bounteous bestowal. The economic history of Norfolk Island" Pacific Research Monograph, National Centre for Development Studies, Research School of Pacific Studies, ANU 1988.

for unacceptable activities such as drug trafficking, people smuggling, financial and corporate abuses etc. It is also inevitable that national issues will arise which require a coordinated national response. The joint approach taken to the introduction of gun controls on Norfolk as part of the introduction of nation wide firearm controls is an example.

6. The above converge in what could be considered an interest or responsibility in relation to good governance on the Island. The Federal Government retains an interest in how government is delivered to Norfolk Island's 2000 residents and in the Island's economic development. The Federal Government also retains residual responsibilities for the Territory's good government and proper financial management. These stem from the Federal Parliament having conferred legislative and executive powers on Norfolk, to elect its own government, and be responsible for raising its own revenue. These also stem from the Federal Government's guarantee given in 1976 that it would continue to accept responsibility for maintaining Norfolk Island as a viable community. It therefore has an obligation to ensure political stability and efficient, honest and accountable government, and to facilitate economic and social development. The Federal Government also remains responsible for ensuring that activities on Norfolk Island comply with national obligations under international law.
7. There is the important issue of management of the Federal Government's contingent responsibilities in Norfolk Island.

As with other Australian States and Territories in the Federation, federal assistance may be required should Norfolk Island's resources ever prove insufficient. As in the past, sudden economic or natural 'shocks' can devastate the Island, creating relatively massive resource demands (eg, for clean-up or economic recovery). The causes of the latter may be beyond the Island's influence, seriously reducing Norfolk Island's Government's options and ability to react. The Federal Government recognises that Norfolk Island faces unique constraints arising from its small size, remoteness, and relative economic and environmental vulnerability. As noted earlier, the Island currently remains dependent on outside and remote markets and reliant on its one main industry, tourism.

Limited resources and reserves, isolation and the current dependence on one industry also mean that an emergency or economic downturn can have a relatively disproportionate impact on Norfolk Island as opposed to communities elsewhere. As such, ongoing federal assistance may be required on Island (eg, for clean-up and then recovery) and on the mainland in the event of significant emigration from the Island.

The Federal Government's underlying interest and obligation is therefore to provide a "safety net" and continue to accept responsibility for maintaining Norfolk Island as a viable community. However, to avoid the need for intervention, the Federal Government retains an interest in ensuring Norfolk Island remains as resilient as possible: for example, by maintaining a sound financial system, effective public accountability and appropriate risk management and disaster preparedness and planning.

In summary, the relationship between the Federal Government and the Norfolk Island Government is one of partnership and mutual obligation. Among other things, the Federal Government is committed to defend the Territory, protect the individual rights of its residents, encourage its sustainable development, ensure that its environment and cultural heritage are preserved and protected and to look after its interests locally and internationally. In return, the Federal Government looks to the Norfolk Island Government for good governance, probity, law and order, appropriate standards of corporate and financial regulation, consumer protection and compliance with international obligations.

ATTACHMENT G

[Extract from DOTARS website - taken from a policy statement issued by the Minister for Regional Services, Territories and Local Government in 2002]

FEDERAL GOVERNMENT'S ROLE

An all-encompassing list of the Federal Government's role and responsibilities for the Norfolk Island community is not possible. However, there are a number of broad categories. These are as follows.

1. Norfolk Island is both a Territory and an Australian community for which the Federal Government retains responsibilities for under the National Constitution. From this flows a natural obligation to oversee and contribute to the wellbeing of the community. This interest is also an extension of the Federal Government's obligation to assist remote and regional areas throughout Australia. For example, the need to develop or improve telecommunications nationwide has resulted in an ongoing commitment from the Federal Government to regional programmes such as *Networking the Nation*.
2. There are strong connections between Norfolk Island and the rest of the Australian Federation stemming from a shared history of discovery and settlement.

Norfolk Island is one of Australia's oldest Territories, with a history of European occupation as old as that of mainland Australia. The Island was first occupied and settled by the British in 1788 by a party from the settlement at Sydney, then itself only 5 weeks old. The settlement on Norfolk Island played an important role in supplying Sydney until it became self-supporting. At various times in its history, Norfolk Island has formed part of the Australian States of Tasmania and New South Wales.

The Federal Government shares with the Norfolk Island Government an interest in the sustainable management and conservation of the Norfolk Island's unique environmental, cultural and heritage assets. For example, the Island's rich convict history and the Pitcairn heritage and traditions acknowledged by the Norfolk Island Act are both an important part of Australia's national heritage and culture. The Kingston and Arthur's Vale Historic Area - containing the remains of Norfolk's colonial settlements and the site of the arrival and first homes of the Pitcairn Islanders on Norfolk - is also one of the foremost national examples of a cultural landscape, with exceptional heritage values. The Federal Government has an ongoing interest in, and commitment to, the protection and conservation of the site.

3. There is the national interest in ensuring the sustainable management and conservation of the marine resources around Norfolk Island for future generations of Australians, including Norfolk Islanders.
4. There are future defence requirements and national emergency assistance and disaster relief arrangements which hopefully will never be invoked. As an Australian Territory, Norfolk Island is included in Australia's national emergency and disaster relief plans and arrangements.
5. Another significant national interest is law enforcement.

The Federal Government has an obligation to ensure that appropriate laws are enacted and effectively enforced to protect the residents and reputation of Norfolk Island, and Australia as a whole. The Federal Government's interest in the Island's immigration, customs and quarantine regimes is an example. It is important that the Island's laws complement the federal or mainland regime to ensure that Australia's borders, environment and flora and fauna are protected, and that there are significant deterrents

