

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Resources, Energy and Tourism Portfolio

Budget Senate Estimates

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Question: BR14
Topic: Tax – Tourism (Norfolk Island)
Proof Hansard Page: 33

Senator Pratt asked:

Senator PRATT: I do not expect necessarily that you will have this, but in the process of looking at what reform means for Norfolk Island, it means that they need to come into our tax system. That means that all of the small-scale tourism operators really have no idea what that looks like for them. I would like to know whether that is on your radar yet and really whether you might have to do some quite unique work with them to educate them about, for example, what paying company tax means, on one hand, and how you can actually use tax deductions to invest in your tourism product—one of the problems being that some of the tourism product is quite tired and, in part, that is because their economy has fallen away, they have not had the incentives to reinvest and, in part, they do not have structural tax advantages to fix those problems.

Senator Sherry: As I understand from my representational responsibilities with Minister Crean and the discussion that we had in estimates last week, that tax mix is currently under discussion and debate on the island itself about whether to introduce a range of taxes.

Senator PRATT: Yes, that is very much the case.

Senator Sherry: Certainly, the department and Tourism Australia, I am sure, are very willing to provide advice on tourism related issues. But ultimately the tax issues, the tax base and the future of Norfolk Island will be determined separately. It will obviously have some impact. Once that is determined or there is a direction and a

Senator PRATT: I largely agree with you, apart from the fact that, because so much of their economy is defined by tourism, in order to come to terms with the bigger picture questions of what their tax system looks like, they need to have an understanding of what tax means to tourism, in a sense.

Mr Clarke: Just on that, I guess that in Australia, when those issues arise for Australian industry, it is often the industry groups like the Australian Tourism Export Council, the National Tourism Alliance and even the Tourism and Transport Forum that provide that sort of advice in an industry-to-industry peer way. It might be something that we can again—as the senator said—provide some advice around where they might get that sort of engagement.

Answer

The possible inclusion of Norfolk Island in the Australian tax system is a matter for the Australian Government.

The Department understands that officers from the Department of Regional Australia, Regional Development and Local Government plan to consult with our Department and Norfolk Island officials to ensure appropriate community education is available to all residents and businesses if the Australian tax system is rolled out on Norfolk Island.