



Submission No. 17
Norfolk Island Economy
Date: 20/04/14

R.G.(Dick) Massicks

20th April 2014

Joint Standing Committee on External Territories

Dear Members

Thank you for the opportunity to write to you to express my ideas for the future of Norfolk Island.

Firstly I need to introduce myself.

My wife and I are New Zealand citizens who holidayed here for many years before coming to live permanently in 2007. We were attracted by the lifestyle, freedom from taxation, and the opportunity to have a comfortable life. Unfortunately we were unaware of the incompetence, corruption, and nepotism of the Norfolk Island Government.

We have become fully involved in the local community, my wife was in the volunteer ambulance service for some years and now organises quilting tours here as a non-profit situation to help improve the economy. I am involved in Lions, and Landcare; and because of my previous experience in dispute resolution and employment law I have for the past 6 years been Chairman of the Employment Conciliation Board; a Statutory Board which handles all employment disputes on the Island. This position is unpaid and voluntary. We are now permanent residents of Norfolk Island and are in the process of applying for Australian Citizenship, as we can do under the arrangements between Australia and Norfolk Island.

1) Norfolk Island Government

As I have already stated, I have become aware since living here of the appalling performance of successive Norfolk Island Governments (NIG). In theory this Island could exist as an independent territory without taxation and many of the imposts of Australian Government charges. It would need to have a lean and mean public sector and competent management.

Unfortunately this is not possible because of the nature of many of the systems and long term residents, as it is regarded as perfectly normal to have a bloated administration with family members automatically offered jobs and perks. This was OK when we had in excess of 30 000 tourists here annually, and our retail stores did well out of cheaper prices than Australia and New Zealand. We now have about 20-25 000 tourists and little opportunities to retail cheap goods.

The NIG is not a truly democratic government, the election process is flawed and favours the huge Administration workforce and their dependents. We vote for nine members (far too many for our population base) and electors have 9 votes and must vote for at least 5

candidates with no more than two per candidate. This means that many voters have to vote for people they do not want as any less than 9 votes is counted as invalid. It is estimated that 4-5 members are controlled by public servant vote. About 25% of the population are New Zealand citizens and they do not have a vote. With possible full integration into Australia there needs to be encouragement for these people to become Citizens of Australia; they would mostly be eligible, but at present except for voting there is no advantage in changing.

Norfolk Island has a permanent population of about 1300, plus about 100 permit holders. About 300 of the population are children, say about 100 parenting, and another 300 are old age pensioners or beneficiaries; leaving about 700 people. When it is considered that about 250 people are employed by the NIG, we have 450 workers in the private sector funding them. A recipe for disaster as you would be well aware.

Many people on Norfolk Island are unhappy that Canberra has failed in its duty of care to look after this territory and its people, and feel that no substantial changes are occurring. Even now with the funding packages the NIG is failing to perform and Canberra keeps paying; occasionally delaying a payment, but still paying. We have often hoped that you would refuse payments entirely, forcing the public servants to be laid off and the NIG to resign giving Canberra a great opportunity to have the Island come in under your own rules. The NIG is continually increasing charges to an embattled and impoverished community. Winston Churchill once said that to try and tax yourself into prosperity was like a man trying to pick up a bucket while he had one foot in it. A lesson our Ministers fail to understand.

It does not matter what initiatives are given to this Island to get out of the mire; they will not succeed if it is left to the NIG to implement them, they will be incompetent in the implementation and management, and corrupt in who gets the benefits out of it.

2) Ideas for the way forward

Norfolk Island needs certainty.

Investment decisions are being delayed, our work force and population is dwindling and we are going in ever decreasing circles. At this stage most of us don't care what happens as long as something does and we have certainty.

a) Governance

Canberra dishes out about \$5million annually, which is doing nothing for the future, but is in effect maintaining a failed government system. These payments must stop, the NIG needs to be totally reformed and reduced to a Council equivalent. This needs removal of the Norfolk Island Act 1979, and I believe that under that Act you have the ability to do this where finance problems are an issue.

The NIG needs to immediately sell off or move to Australian Control all business units including:

Liquor Bond

Post Office

Tourism Bureau
Electricity
Energy Company
Telecom
Works Department
Health Care Insurance
Workers Compensation
Customs and Immigration
Quarantine
Hospital

The governance of Norfolk Island should become the responsibility of an Australian Territory or State eg. either ACT or NSW.

b) Infrastructure

Instead of wasting \$5million annually on failure it would be better for both Norfolk and Australia to have the Island receive funding for some infrastructure projects which will improve our future opportunities and allow us to become self-sustaining without the need for constant hand-outs. The Cascade Pier project is an example of this, and we can only hope that the NIG does not ruin this project with inefficient management. All projects must be managed by the Commonwealth.

i) Convention/Cultural Centre

Some initial planning has gone into this project to be sited at Middlegate with magnificent views and with modification of the original ideas could become a Convention Centre for about 300 to 500 participants. There is a huge demand for conference facilities to cater for organisations in the Pacific, New Zealand, and Australia. We do not have the ability to tap into that market because we do not have the centre. Rawson Hall, our current community centre is tired and old and is not of a sufficient standard. The building needs demolishing. I am in the process of organising another Lions Convention here and we are aiming for 200-300 attendees and are going to have to use a big marquee as the Lions District of Sydney has refused to allow us to use Rawson Hall. This will be our Clubs 7th Convention here since 1974.

Rotary had a similar problem when it ran a New Zealand /Pacific Convention here last year.

The Island has all the other facilities to run conferences, with good air service and ample accommodation. The economic spin-offs of conferences would be great for the Island.

ii) Tourism Growth

Tourism is our only industry and numbers have fallen away because of a combination of factors:

Government incompetence eg. Norfolk Air and bad Tourism Bureau decisions
Global financial crisis
Little being spent on marketing
Local economy downturn causing a falloff in investment

Our tourism bureau is trying to do its best but suffers from a lack of funding and the inability to market effectively. Tourists that do come love the place and give us a huge repeat business in referrals and themselves returning. They all comment that we don't promote ourselves well, and that Travel Agents try to talk people out of coming and suggesting alternatives such as Bali, Fiji, and so on. A lot of this is because of better promotion and kick-

backs being paid by more popular destinations. Some investment in marketing would improve our tourism numbers closer to former levels.

Another problem is our service provider. It is great that we now have a reliable airline providing the service, thanks to the Australian Government, but Air New Zealand has little incentive to market the run, they are protected financially by Australia and so will not get involved in any marketing or assistance to improve numbers. For instance we used to get good numbers out of Melbourne when a direct service was available. Now this business has fallen away and Air NZ (or Canberra?) are refusing to give us a direct flight again.

iii) Port Facilities

The improvements to Cascade Pier are overdue as this facility is in a dangerous state with a big hole underneath and one day the crane will vanish from sight. This project will be pointless however without the extra spending on barges. To successfully unload freight or cruise-ship passengers we need barges which can ferry from calm waters to Cascade for unloading. It is to be hoped that this project will be of huge benefit to the economy.

This Island has done many studies on port facilities and these all have vanished into some shelf down town with no result. We need funding for experienced marine engineers to survey the surrounding ocean and come up with suggestions for a port. Locals constantly argue over this and no one has come up with a solution that will work. If the Navy could base the Sirius here and we could have maritime businesses established it would be a tremendous boost to the economy.

iv) Reliable and Fast Internet

Many internet based businesses and individuals who could work from Norfolk via the internet have tried to establish themselves here with huge problems over service. Selling off our Government Telecom business would be a great start to improving service as they always hinder progress. We need satellite or cable access to give us more broadband width and new opportunities to progress. Any improvements in our current service seem to get soaked up straight away by our school which is going more and more digital.

v) Roading

The roads on Norfolk have deteriorated to the point that it is adding huge costs to our people with vehicle maintenance of suspensions, brakes, and tyres.

The state of our roads can be directly linked to three major issues:

Lack of funding

Poor maintenance and rebuilding decisions by the Works Department

Cattle contamination from dung and urine which breaks up tar-seal

vi) Hospital and Health Services

As already mentioned I feel that the hospital needs handing over to an Australian Hospital Organisation. This is because of the disgraceful management of our health services. Our current Minister has continually stymied all attempts to modernise our health services. She consistently undermined the efforts of the temporary director brought in from Sydney when attempts were made to bring our hospital up to standard. With the Director's departure the Minister has reappointed the old Director who had proved his incompetence over many years. Old and poorly trained nurses control the hospital and refuse all efforts of dragging the hospital into the 20th Century let alone the 21st.

The building is old but is serviceable, the emphasis on funding must be in the area of improved service, not a new hospital.

c) Immigration

The Australian Government has forced the NIG to accept freeing up immigration, but the Minister and her department here consistently only give lip service to the changes and still make it difficult for new residents. If we could get 1000 people to move here they would soak up all the empty houses and give work to trades people as our housing stock is in poor shape and new owners would renovate. This would have a magnifier in that local trades people who have left would have a reason to return.

Norfolk Island needs a permanent population in excess of 3000 people and maybe as much as 5000. This would fill all existing houses and have new ones built on vacant land without needing any planning changes, or greatly affect the open vistas and beauty of the Island.

d) Taxation and Social Security

I think that it is important that Australian systems be brought in here as soon as possible so as to provide stability and certainty.

Delays in this implementation dating back to Jim Lloyd from the Howard Government in 2006 have been caused by Canberra bureaucrats who produce astounding figures that this would be an expensive option. In 2006 Treasury said that Jim Lloyd's plan would cost \$80million. I would like to see this justified, it was probably padded extensively in more public servants in Canberra and all sorts of worst case scenarios – typical bureaucratic nonsense. It also could have been costs spread over many years. Australia has already spent close to half that on the alternative over the last 4 years – the inefficient status quo.

This would also assist immigration as retirees could move here from both Australia and New Zealand meaning they could continue to receive their benefits. For example the New Zealand Government have cancelled my superannuation because I live on Norfolk Island. If I lived in any other Pacific Island or Australia this Super would continue. I understand from correspondence with NZ Government MPs that this because of the uncertainty of the relationship between Australia and Norfolk Island.

Thank you Members for your interest in Norfolk Island and we hope that you can reach consensus with your colleagues for implementation of the changes necessary. This is a wonderful slice of paradise and it has been ruined by incompetent Government locally and neglect from Canberra.

Finally I leave you with one suggestion for immediate improvement. Have an emergency sitting of the house, remove the Norfolk Island Act, sack the NIG, and appoint an independent commissioner/administrator to take over implementation of changes.

Yours faithfully

Dick Massicks