

**NADIA LOZZI-CUTHBERTSON OAM, JP**



22nd March, 2023.

The Chairperson,

Joint Standing Committee on the Australian Capital Territory & External Territories,

Canberra, A.C.T. 2600.

**RETURNING DEMOCRACY TO NOROLK ISLAND**

Relevant Background History

1. In 1979 following the recommendations of the Justice Nimmo Royal Commission the Fraser Government granted limited self-government to Norfolk Island but did not extend the Income Tax Act to it thus not becoming responsible for such matters as Social Services, Medicare, support for Education etc - thus saving itself millions as the income tax take would have been minimal from the mainly agrarian society at the time. Australia was going through a recession at the time and the savings would have been welcome. This continued the practice of the Commonwealth government not treating Norfolk Island like the rest of Australia.
2. In time, as tourism increased revenues & industry the Norfolk Island Legislative Assembly developed its own range of social service, health care insurance, completely funded the school system on the island etc. Ownership of the local Liquor Bond, Telecom, the electricity enterprise, import duties etc. funded these public services as well as irregular targeted grants from the Commonwealth. In time The Assembly did away with import duties in favour of establishing its own GST.
3. In 2004 shortly after Ansett closed its operations Flight West also ceased its services to the Island and as no other airline was prepared to take up the route the N.I. Assembly rented an aircraft from Nauru and established Norfolk Air – which was profitable till the Global Financial Crisis in 2008, which seriously affected the island main source of tourists – self funded retirees. Norfolk Island did not benefit by the measures the Rudd Government employed in keeping the rest of Australia out of recession.
4. Until then the N.I. Assembly had managed its finances without going into debt. As required by the 1979 Act of the Australian Parliament it was now required to ask for financial assistance from the Commonwealth, which they provided to the tune of some \$5 to 6 million p.a. They also paid off the contract with Nauru and entered

into a contract to provide air services to the Island with Air New Zealand, which ensured them against making a loss on the route.

5. It must be noted that at no time was there any suggestion that the N.I. Legislative Assembly was corrupt, incompetent or inefficient. Regular external auditors' reports confirm this. And as late as 1999 the Australian Government handed responsibility and control of all matters relating to the management and control of private and public land on the Island to the N.I. Legislative Assembly.
6. Earlier, in 1993, the Department of Civil Aviation handed ownership and responsibility for the N.I. International Airport to the N.I. Legislative Assembly.
7. Throughout the life of the N.I. Assembly the Australian Government maintained an oversight of its operations through the local office of The Administrator, as well as retaining a range of powers including Defence, Foreign Affairs, International Finance etc.
8. In the Annual Report of the N.I. Legislative Assembly for 2014-2015 (the last released by that body before it was disbanded by Act of the Australian Parliament) the independent auditor noted that the Administration was currently experiencing financial difficulty associated with a continuing decline in tourism and that funding of up to \$7.5 million had been allocated by the Commonwealth for that purpose.
9. At that time the N.I. Legislative Assembly was responsible for expenses of over \$.5 million to operate the hospital and health services; social services accounted for an expenditure of over \$2.4 million and the cost of operating the school approached \$3 million. For these responsibilities and other expenses normally subsidised by the Commonwealth elsewhere in Australia, Norfolk Island did not directly receive specific input. Nor did it at that stage pay income tax.
10. One must speculate how different would the financial situation of Norfolk Island have been on 30<sup>th</sup> June 2015 if its residents have been subject to the Income Tax Act and the Assembly been thus relieved of financing those expenses no other state or territory of Australia had to fund.

## Recommendations

It is my strong recommendation that the Joint Standing Committee should take this background history into account in considering how the Norfolk Island Assembly continued to be in deficit some years after the Global Financial Crisis and while tourism continued to be depressed.

It is evident that the Legislative Assembly did remarkably well in managing its finances between 1979 and 2008, while providing its residents with modern services, until world events affected it more severely than the rest of the Commonwealth.

Now that the Commonwealth has assumed responsibility for the type of services it funds elsewhere and N.I. residents pay income tax, there is no real reason for not re-enacting

the recommendations of the Nimmo Royal Commission and returning real democracy to the residents of Norfolk Island.

The whole history of the way subsequent Australian Governments have discriminated against the residents of Norfolk Island in implementing the responsibilities they accepted in taking over the authority over the Island from Britain in 1924 is regrettable.

It is time to accord the residents of Norfolk Island equal respect as is afforded to other Australian citizens. Return real democracy to the people of Norfolk Island.

Thank you for considering this submission

Nadia Lozzi-Cuthbertson

██

#### Relevant Personal History

M.A. in Psychology Sydney & NSW Universities

1966-1975 Probation & Parole Officer, NSW Dept. of Corrective Services

1972 Churchill Fellow, travelled to the USA, UK, Denmark & Israel

1975-1985 Executive Officer, Ethnic Affairs Commission of NSW

1985 Awarded the O.A.M. for services to the ethnic community

1994-1997 Minister in the N.I. Legislative Assembly – responsible for Justice, Health, Education, the Public Service, Police & Immigration

2004 Named as one of the 50 Great Australians by the Australian Human Rights Commission at its 50<sup>th</sup> anniversary

2006-2015 Presiding Member of the N.I. Public Service Board