



econorfolk

FOUNDATION INC. LIMITED

ASSISTING IN ADVANCING THE SCIENCE OF SUSTAINABILITY

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To Joint Standing Committee
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Senator Brown Vice Chair
Ms Brodtmann MP
Senator Back
Mr Scott MP
Mr Vasta MP
Ms Griggs MP

Submission No. 16

Norfolk Island Economy

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Introduction

Islands have neither space nor natural resources to cope with unsustainable growth (Lenzen, 2008)¹. We feel that Norfolk Island needs further intervention by the Commonwealth for these issues to help Norfolk Island cope with the increase of population. We recognize that tourism is an integral part of the Island's social, environmental and economic life (Triple Bottom Line – TBL) and that the wise use of the land is a vital resource of tourism.

Rebounds are likely to be more severe on Islands, because in contrast to continental communities, islands have neither space nor natural resources to cope with unsustainable growth.²

Principles

Norfolk Island is a finite and complex ecosystem that deserves the best protection of its unique natural resources. We acknowledge that the environment is fundamental

¹ Lenzen, M. (2008) Sustainable island businesses: a case study of Norfolk. Island. Journal of Cleaner Production 16, 2018-2035

² Ibid

to all facets of life on Norfolk Island, and we endorse the concept of ecological sustainability for future generations.

We recognize that the purity and integrity of the life-support systems of the soil, air, water and ocean are vital to the ecological sustainability of Norfolk Island.

Vegetation communities, seabird habitat, plants, animals and micro organisms are important to the biodiversity of the Island.

Other segments of the environment are the major land use zones, namely the National Park, Public Reserves and KAVHA. Protection of coastal areas and the cultural Landscapes of the rural zone are important in retaining the natural and scenic character of the Island.

We recognize that tourism is an integral part of the Island's social and economic life and that the wise use of the land is a vital resource of tourism.

It is important that the community develop an ethic – a conservation or eco philosophy and strategies, otherwise short term economic considerations will dominate policy decisions – quantity not quality will be the outcome.

We would like to see an Environment Policy which gives central recognition to the Australian National Strategy for Ecologically Sustainable Development. We recognise that policy development needs to be integrated and consistent with the implementation of ESD principles, the context and framework of which is provided by the Australian National Strategy.

Central to the ecological sustainability of the island is a system of calculating the island's carbon, ecological and social footprinting, (TBL) to provide a user pay process to complement the planning and development of the island for future generations. We refer to Lenzen sustainable island.

Our aspirational goals for Economic Development are ideas that complement tourism, agriculture and small-medium enterprises as well as proposals and opportunities for niche industries such as:

1. **The Great Norfolk Walk (GNW)** proposal suggests the development of a pedestrian walking track, which circumnavigates the coastline of Norfolk Island. Originally suggested in the *Conservation of Norfolk Island* in 1968³ and later recommended *Island on the Brink: A Conservation Strategy for Norfolk Island* in 2001⁴, this walking track would facilitate access to a number

³ Turner, J. S., Smithers C. N., Hoogland R. D. (1968). *The Conservation of Norfolk Island*. Melbourne, Victoria: Australian Conservation Foundation, Inc.

⁴ Mosley, G. (2001). *Island on the brink: A conservation strategy for Norfolk Island*. Norfolk Island Conservation Society.

of the Island's unique coastal features to both local community members and tourists alike.

EcoNorfolk Foundation Inc Limited is the lead local NGO for the Project and has endorsements from the Australian Conservation Foundation, Australian Committee of the International Union for Conservation of Nature and the Australian Director of National Parks. Partnerships have been forged with a research arm from the University Of Washington, USA and we are currently working within the local community to assess public opinion of the Project. We feel that Norfolk Island needs further financial intervention by the Commonwealth for this Project, in order to help Norfolk Island develop a comprehensive strategy for the integration of tourist development with TBL initiatives as listed below:

Economic Benefits of GNW:

- Generate increased national and international tourism spending
- Employment opportunities for Norfolk Islanders in trail development, maintenance, and guiding tours
- Opportunities for guided tours in which a fee may be charged
- Enhancement of local businesses opportunities i.e. home industry along the walking track
- Potential for a handbook, in which track advice and information about natural and historic features would be provided
- Participation in trail activities improves local community health and reduces health expenditures

Environmental Benefits of GNW:

- Protect biodiversity by localizing impacts and managing visitor effects
- Increase environmental and cultural awareness and appreciation
- Decrease the use of motorized vehicles used for transportation in recreation
- Opportunity for community participation in conservation work

Social Benefits of GNW:

- Free for all to use, as with the National Park and Public Reserves
- Educational and Interpretative opportunity
- Connect people, places and grow community pride

Recommendation:

Presently there is a need for the development of a GNW Plan and Strategy.

2. **Triple Bottom Lining (TBL)** Norfolk Island commencing with comparative cost-benefit analysis for energy power supply and storage on Norfolk Island.

Norfolk Island is a self-governing external territory with most of the powers of a national government, granted under the *Norfolk Island Act 1979*ⁱ. Norfolk Island is outside of Australia's immigration, social security and taxation systems. "The Norfolk Island Government is facing challenges in delivering an appropriate level of

economic and social services for the community, and has required regular injections of funding from the Australian Government.”ⁱⁱ

After many reviews it would appear that the statement above should include the environmental issues which would mean that the TBL calculation for the island could drive much needed changes in the community. Ensuring reliable and secure, especially cost affordable energy supply, is one of those challenges, as the cost of electricity on Norfolk Island is about 4-5 times higher than those in Australian mainland cities.ⁱⁱⁱ The current problem that Norfolk Island community is facing with is that almost one hundred percent of Norfolk Island’s electricity demand is met by diesel-powered generators.^{iv} Therefore, the dependency on the cost of imported diesel fuel is enormous and this cost directly affects the cost of electricity for domestic and commercial activities. As a solution, a variety of renewable energy solutions could be introduced and supported.

Currently a Project is being undertaken by University of Sydney Capstone Student in partnership with EcoNorfolk in the preparation of a comparative cost-benefit analysis for power supply and storage on Norfolk Island. This Project will examine 3 power supply and storage scenarios for Norfolk Island.

1. Battery bank
2. Compressed air
3. Pumped storage

plus an option for Waste heat recovery unit and building a cold stores. Once we have the calculations we would have a base for which we can start and can move towards achieving 100% renewable energy supply in Norfolk Island.

What is Cost-benefit analysis

“Cost-benefit analysis is a method for organising information to aid decisions about the allocation of resources.”^v The aim of this project is aligned with the CBA’s definition proposed by the Department of Finance, Commonwealth of Australia, as the purpose of doing this cost-benefit analysis is to provide part of the basis for making decisions in regard to the 3 power supply and storage scenarios for Norfolk Island. A comprehensive approach will be taken to insure all relevant costs and benefits are included. While doing the cost-benefit analysis I’ll retain the resource allocation focus, trying to provide information in response to the question, e.g., ‘would the resources allocated to the option 1 have been better used in option 2, or 3?’

Recommendation & Final Report

The final report will be shared with the Norfolk Island Government and ANI including the community and it will present costs and benefits of the 4 scenarios, expressed in money value which would result in quantitative comparisons of options, hence the decision-makers will be able to directly compare the 4 options with each other which in turn will steer policy for achieving 100% renewable energy.

We are committed to work with other groups on a comprehensive and integrated approach to economic, social and environmental planning in order to achieve sustainable development in Norfolk Island.

Simply stated our desires are to maintain and enhance the environmental qualities which make Norfolk Island distinctive, healthy, safe, pleasant and a stimulating place in which to live, so that the full physical and social needs of residents and visitors are met.

ⁱ Norfolk Island Act 1979 available at <http://www.comlaw.gov.au/Series/C2004A02035>

ⁱⁱ http://www.regional.gov.au/territories/norfolk_island/

ⁱⁱⁱ Lenzen, M. (2008) Sustainable island businesses: a case study of Norfolk Island. Journal of Cleaner Production 16, 2018-2035

^{iv} http://www.infrastructureaustralia.gov.au/public_submissions/published/files/Norfolk_Island_Renewable_Energy.pdf.

^v Commonwealth of Australia, *Handbook of Cost Benefit Analysis*, January 2006. pg.11