



Supplementary remarks— Ms Sophie Panopoulos, MP

In 1997, the Commonwealth Grants Commission (CGC) noted that Norfolk Island's financial dependence on the Commonwealth was "comparatively low".¹ Norfolk Island's adoption of the taxation and welfare system of the Commonwealth of Australia, however, will invariably lead to increasing dependency and over reliance on the Commonwealth purse, and may not necessarily lead to better outcomes for the people of the Island. Recommendation 1 of this report is therefore not supported.

These supplementary remarks point to the ability of the Norfolk Island Government to:

- raise sufficient resources internally;
- provide adequate standards of service delivery and infrastructure on the Island; and
- maintain the cultural uniqueness of the Island.

While there is a role for the Commonwealth Government to play, this ultimately needs to be determined by the people of Norfolk Island.

Sufficient internal revenue resources

One of the most significant findings of the CGC Report was that Norfolk Island had strong revenue raising capacity. In line with this finding, a number of submissions to the inquiry noted that Norfolk Island could manage with the resources available on-Island, and that incorporation into the taxation and welfare

1 Commonwealth Grants Commission, 1997, *Report on Norfolk Island*, p. 74.

system of the Commonwealth would have a series of negative impacts.² Mr Michael Zande, for example, submitted that:

... Norfolk can manage with “what we have”. By this I mean that financially, we can manage our day to day financial commitments either from our existing taxation base or from any revision thereof ... Refinements, adjustments or modifications to that financial base is possible with our present system of internal Government.³

The Norfolk Action Group reported the findings of a recent survey of businesses on Norfolk Island, concerning possible options for increased internal revenue raising on Norfolk Island. The Group submitted that the top five responses to the survey were:

- Improving tourism;
- Making money by saving money in the public sector. Both measures – leasing of GBEs, and improving work practices – rated well;
- Retaining existing taxes. Departure taxes should be retained;
- A spread of revenue earners, including land, resources and services taxes; and
- Long-term possibilities, for example, Norfolk becoming an offshore training centre for other Pacific nations.⁴

The Norfolk Action Group remarked that businesses appeared to be more interested in a “smorgasbord” of internal revenue raising options and taxes, as opposed to a single “magic bullet” (such as the adoption of the Commonwealth’s taxation regime).⁵ Moreover, the Group asserted that:

...there was wide acceptance that more needed to be done to ensure we ‘paid our way’ through current or alternative revenue raising measures.⁶

Submissions arguing against the adoption of the Commonwealth taxation system also cited increased compliance and implementation costs,⁷ a negative impact on tourism,⁸ and the potential decrease in the Island’s strong work ethic.⁹

2 See Mr W. Sanders (Submission No. 1), Mr B. Griffiths (Submission No. 2), the Hon. I. Buffett (Submission No. 4), Mr J. Kelly (Submission No. 9), Mr M. Zande (Submission No. 21), and Norfolk Action Group (Submission No. 24).

3 Mr M. Zande (Submission No. 21), p. 2.

4 Norfolk Action Group (Submission No. 24), p. 6.

5 Norfolk Action Group (Submission No. 24), p. 6.

6 Norfolk Action Group (Submission No. 24), p. 6.

7 Mr. W. Sanders (Submission No. 1), p. 1.

8 Mr J. Kelly (Submission No. 9), p. 1.

9 Mr B. Griffiths (Submission No. 2), p. 2.

It would indeed be a curious outcome of this inquiry to suggest that Norfolk Island be incorporated into Australia's taxation regime. At a time when both major political parties in Australia are engaging in constructive debate on the current architecture of Australia's taxation system, it seems something of a ruse to suggest Australia should impose its taxation system – with the associated negative impacts on incentive and investment – onto the citizens of Norfolk Island.

Moreover, any revenues gained from taxing Norfolk Island residents would nowhere near cover outgoing costs.

Finally, to include Norfolk Island in the Australian taxation system without the consent of the people of Norfolk Island is ill-conceived annexation by stealth. Regrettably, Recommendation 1 does not even include consultation with inhabitants – surely an inadequate proposal for such broad-scale social and economic change.

The people of Norfolk Island might be better served through the Committee revisiting the comprehensive discussion in the CGC Report and giving due consideration to alternative avenues of financial stability for the people of Norfolk Island.

Adequate and appropriate standards of service delivery and infrastructure

A number of submissions pointed to the success of the Norfolk Island Government and Administration in delivering adequate and appropriate levels of service delivery, notwithstanding the challenges of living on a small, remote island.¹⁰ These submissions pointed to the ability of local governments to better understand their local communities and more effectively meet their needs, than larger, more centralised governments.

It was submitted that the Norfolk Island Government has been able to deliver a range of government services, including quality education and health services. For example, on a visit to the Island, the former Minister for Territories, Senator the Hon. Ian Campbell, noted the high matriculation rates and strong academic achievements of school students.¹¹

In relation to health services, Professor Maev O'Collins noted that:

¹⁰ See Mr B. Griffiths (Submission No. 2), the Hon. I. Buffett (Submission No. 4), Professor R. Wettenhall and Mr P. Grundy (Submission No. 11), Professor M. O'Collins (Submission No. 15), and Mr M. Zande (Submission No. 21).

¹¹ Reported in Mr B. Griffiths (Submission No. 2), p. 1. See also Mr M. Zande (Submission No. 21), p. 1.

basic health services are caring and adequate, particularly when measured against the overall requirements and capabilities of a small community.¹²

Professor O'Collins stressed that Norfolk Island should only be expected to provide an appropriate level of health service. Professor O'Collins reported the view held on-Island that the local hospital did not necessarily need state-of-the-art equipment (requiring continuous upgrade and maintenance), when such facilities were available in other Australian States and Territories. Referring to the debate concerning the purchase of a Breast Screening Unit, for example, Professor O'Collins submitted "that it would be more cost-effective to cover the expenses involved for Norfolk Island women to receive periodic screening in Brisbane or Sydney."¹³

On the subject of health infrastructure, it is also worth pointing out that in the late 1960s – when Norfolk Island was totally under the authority of the Administrator – the Commonwealth Government drew up plans for the hospital's rebuilding and expansion and called for tenders for the project. No contracts were let. In the proceeding years, the Norfolk Island Government has spent significant sums in ongoing upgrades. Past Commonwealth inquiries have also highlighted this point to no avail.

Other existing infrastructure also appears to meet the needs of the Island adequately. In relation to electricity supply and the ongoing debate surrounding an open sea wharf, Mr Michael Zande submitted that:

We have an electricity generating system in place which although still oil fired, is in the current economic climate, the most efficient and cost effective available for a remote location such as Norfolk Island ...

Importers of freight and goods to the Island seem to be of the view that the existing lighterage service is still the best for Norfolk Island in that even if an extended wharf is built to allow for containerization (but one still exposed to the open sea), adverse weather conditions will continue to affect discharge of cargo as is the case with the lighterage service. The cost of the lighterage service is not the problem, it is the adverse effect of inclement weather which prevents or delays discharge of cargo.¹⁴

12 See Professor M. O'Collins (Submission No. 15), p. 4.

13 See Professor M. O'Collins (Submission No. 15), p. 4. See also Mr M. Zande (Submission No. 21), p. 1.

14 Mr M. Zande (Submission No. 21), p. 1.

Maintaining Norfolk Island's cultural uniqueness

The constitutional background of Norfolk Island is generally described as complex.¹⁵ With this in mind, we should be sensitive to local culture and people when discussing what action the Commonwealth might take to provide support to Norfolk Island as part of this Committee's report.

The Norfolk Island Government is clearly better placed to maintain and foster the Island's cultural uniqueness. As the Norfolk Action Group submitted, it is precisely Norfolk Island's remoteness and independence which has ensured the survival of the Island's heritage and culture.¹⁶

For many years, Professor Roger Wettenhall and Mr Philip Grundy have cautioned that "efforts to absorb Norfolk Island into the general governance arrangements of mainstream Australia were inappropriate" because "the political, social and economic position of Norfolk Island [is] vastly different from that of mainstream Australia".¹⁷

At a time when Australia promotes the preservation of the uniqueness of Aboriginal culture, it is a somewhat perverse notion that we should impose an Australian-style taxation system on Norfolk Island which could have dire consequences on the local economy and community, relegating Norfolk Island to a helpless welfare state. If Commonwealth taxes and welfare were to apply to Norfolk Island, then instead of near full employment, there would be a significant influx of welfare-dependency from afar who would simply want to move to an idyllic sanctuary.

Lessons from the Indian Ocean Territories

It is a regrettable fact of history that once prosperous island states on Australia's doorstep have become economic and social basket cases due to the removal of self-governance and total incorporation into Australia from too much interference from the Commonwealth at the expense of the Australian taxpayer.

A case worth mentioning is that of the Cocos (Keeling) Islands.

Where there was once full employment, there is now significant unemployment – an unemployment rate of 60%, and a raft of social ills.

15 Joint Standing Committee on the National Capital and External Territories, *Island to Islands: Communications with Australia's External Territories*, Chapter Three: Norfolk Island, paragraph 3.1.

16 Norfolk Action Group (Submission No. 24), p. 2.

17 Professor R. Wettenhall and Mr P. Grundy (Submission No. 11), p. 1.

Demonstrating the Commonwealth's inability to understand and meet local community needs, the Christmas Island Shire has submitted that:

The Commonwealth struggles to deliver efficient and effective community services, makes costly and ineffective arrangements with the State of Western Australia, has no clear planning about service provision and excludes the community from decision making. As a result, the Commonwealth has failed to acknowledge its greatest asset: the community. If the Commonwealth was committed to effective community service provision, and to developing community capacity to take initiative and be involved in decision making, tangible benefits would flow.

Community service delivery and community development are at the heart of the issue of better governance arrangements. Decision making about community service provision is a key place to start. Decisions in community hands about the best way to solve issues of community need in culturally appropriate and locally effective ways will create the best outcomes while developing community capacity in other ways. It would also engender much needed confidence that the community's future is in its own hands.¹⁸

Putting the Commonwealth's role in perspective

Despite the Norfolk Island Government's ability, and desire, to provide for its own community, it is clear that some assistance is required from the Commonwealth Government. Submissions noted the need for Commonwealth Government assistance in the form of grants or loans for capital works and infrastructure replacement.¹⁹

The Hon. Ivens 'Toon' Buffett also suggested that there be more collaboration between the Norfolk Island and Commonwealth governments. He submitted that:

Since the finalisation of the [CGC] Report, successive Federal Ministers responsible for the Island have stated that they believe the Report to be the most definitive in respect of the Island. Whilst there have been comments by both Legislative Assemblies and Commonwealth Governments that they must examine the Main Findings, this has not happened ...²⁰

18 Christmas Island Shire, Submission No. 10 to the JSCNCET Inquiry into current and future governance arrangements for the Indian Ocean Territories, pp. 154-155.

19 See Mr B. Griffiths (Submission No. 2), p. 2 and Mr M. Zande (Submission No. 21), p. 2.

20 The Hon. I. Buffett, (Submission No. 4), p. 1.

Mr Buffett further submitted that:

Having examined the Main Findings 7 years on, I am personally of the view that substantial progress has been achieved and that what now remains is for the Norfolk Island and Commonwealth governments to sit down and discuss the 'outstanding matters'.²¹

An efficient and co-operative approach that the Committee and the Commonwealth should take is to revisit the 1997 CGC outcomes that have not yet been acted on. Healthy scepticism towards the numerous Commonwealth inquiries from some parts of the Norfolk Island community is likely to continue if a co-operative approach which acknowledges Norfolk Island's uniqueness is not adopted.

21 The Hon. I. Buffett, (Submission No. 4), p. 3.