

Attn: Committee Secretary
Joint Standing Committee on National Capital & External Territories:
Norfolk Island Governance.
Department of House of Representatives
Parliament House
Canberra.

Further to the Joint Standing Committee's published discussions of 4 August last.

Please make the following opinion available to The Committee to use and refer as they see fit.

Please see above PDF attachment on the subject of the Norfolk Sustainability Levy and its highly inflationary consequences for Norfolk Island. A copy of the above attachment will be published in this weeks *Norfolk Islander* newspaper with the authority of the Norfolk Island Chamber of Commerce.

Further, I need not point out that given its isolation and total dependence on petroleum products for freight and electricity generation, Norfolk Island already faces significant inflationary pressures. The introduction of the NSL (even at the 1% trial rate) would only make inflation more extreme and result in a greater exodus of families and a further reduction in tourist numbers and spending.

The real economic situation on Norfolk Island is deteriorating very quickly. The position of the Norfolk Island Government in attempting to fund the burden of self government is increasingly untenable. The Norfolk Island Legislative Assembly must be made to recognise that beyond an Island referendum on the NSL proposal, what is really required to properly define the way ahead is an urgent referendum on the future of self government itself. The residents of Norfolk Island must be given all the evidence to show that internal self government on an isolated island of 1700 people is a financial nonsense. The unsustainability of the current model, even in the short term, is a mathematical certainty.

Please do what you have to do, but do it quickly.

Yours faithfully.

Mitchell Dickens
General Manager - Continental Imports Pty Ltd.

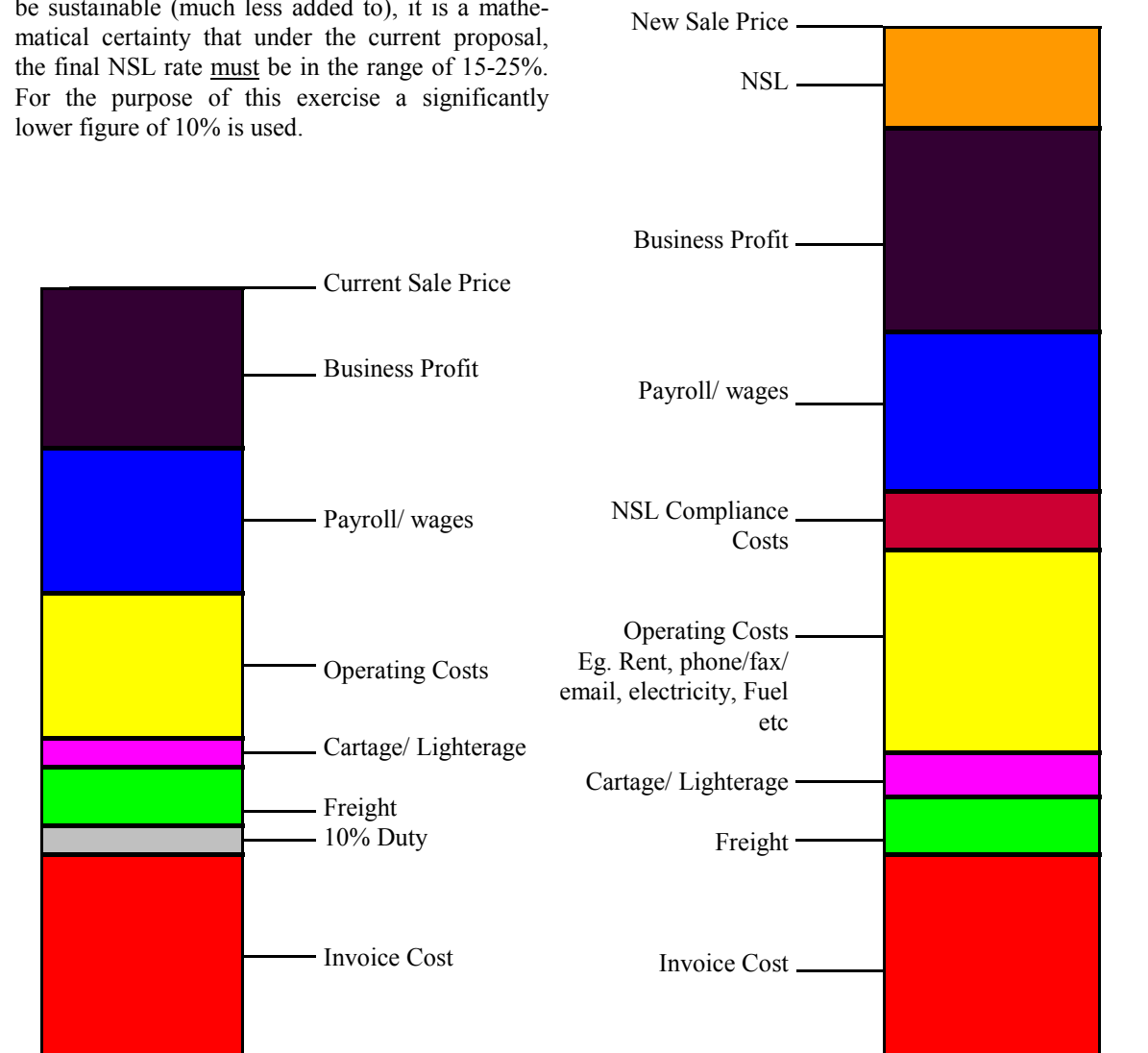
Attachment A

True Inflationary Effect of Proposed NSL

For Direct Import Retail Sales in One Year.

***Note:** For other Island businesses such as Cafes/ Restaurants/ Builders/ auto repairers/ tradesmen etc. where imported & local goods are value added and change hands several times, the inflationary effect would be significantly increased. Currently there is no tax on local goods, so local manufacturing and industry would suffer greatly under the NSL proposal.

** Note: For the current level of self government to be sustainable (much less added to), it is a mathematical certainty that under the current proposal, the final NSL rate must be in the range of 15-25%. For the purpose of this exercise a significantly lower figure of 10% is used.



Cost of Goods
No NSL

*** NOTE: A conservative allowance of 4% pa has been made for upward pressure on wages. No allowance has been made for certain upward revisions of the NSL Rate to maintain Govt cash flow from ever reducing economic activity & population.

New Cost of Goods
with Compounding
NSL