

Responses to inaccurate statements in the *On the Brink of Disaster* report by Chris Nobbs – 18 November 2017

Reference	Page	Statement	Response
Title		Independent report	The report is anything but independent, it has not been peer reviewed and is the work of a disgruntled resident.
Preface	5	Disbanding of the public service	The Administration of Norfolk Island (ANI, the public service) was continued in law on 1 July 2016, becoming the Norfolk Island Regional Council.
Exec summary	6	Economy in a state of crisis	<p>The Norfolk Island Economy is not in crisis.</p> <p>Tourism is the main industry on Norfolk Island and it experienced its best year in over a decade in 2016-17.</p> <p>The Council has advised there were an unprecedented number of Development Applications received in the past year, and there have been more new cars delivered to the island than ever before.</p> <p>This is in contrast with the economic situation prior to 2015 when most available indicators of Norfolk Island's economic performance revealed a long term decline in the economy.</p> <ul style="list-style-type: none"> • Estimates of nominal gross territory product (GTP) concluded that the economy had contracted by around 4 per cent between 2003-04- 2015/16. As prices rose since 2003-04, the contraction in real GTP would be even larger. • In 2015-16 Norfolk Island's nominal GTP was estimated to be \$66 million, which equates to an average of \$37 781 per capita. In comparison, Australian GDP per capita was \$68 587. • Other available indicators also show a fall in economic activity, including hours worked, total sales, population and visitor days on-island had all fallen. • Approximately 40% of shops had closed between 2011 and 2015; • Approximately 25% of the male population aged 25-50 left the island between August 2011 and March 2015 • Overall population dropped by 9.4% between August 2011 and March 2015.
1.1 (i)	7	Minimum wage increases	Nobbs states NI minimum wage was \$13 per hour prior to reforms, it was \$10.70 per hour.

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			Transitioned approach at 85% for first 12 months to reduce impact on employers. Policy recognised need to balance interests of employees previously on very low wages. Parity with mainland from 1 July 2017.
1.1 (iv)	8	Superannuation and little need to for retirement planning due to simple lifestyle and supportive community	Superannuation was practically non-existent outside the ANI. A significant number of residents were working well past the Australian age pension eligibility age as they could not afford to cease work (well into their 70s). The Provident fund was wound up prior to 1 July 2016 as it was not deemed a complying super fund under Australian law. Around 85 members were distributed their holdings, nearly \$8.5 million in total.
1.1 (v)	8	Cost of compliance with employment and taxation laws	All costs incurred by business from 1 July 2016 are now tax-deductible, where previously they were not. Businesses also have access to Small Business Accelerated Depreciation, allowing small businesses to claim an immediate deduction for assets they start to use – or have installed ready for use – provided each depreciable asset costs less than \$20,000. The measure was available for three years commencing at 7.30pm (AEST) 12 May 2015 and ending on 30 June 2017.
1.1(viii)	9	No Regional Sponsored Migration Scheme body responsible for Norfolk Island	Any applications are handled through mainland arrangements.
1.1(viii)	9	Individuals taking a second job are penalised by withholding tax out of secondary pay	The ATO went to great effort to communicate the arrangements for multiple jobs to the community. If a worker is sure their total income for the year from all sources will be less than the tax-free threshold), they can claim the threshold from all of their employers. This means no tax will be deducted from their pay. If their total income for the year from all sources will be more than the tax-free threshold, they can only claim the threshold from one employer at a time. Workers can arrange a withholding variation with the Australian Taxation Office to ensure they receive extra pay throughout the year rather than a larger tax refund at the end of the year.
1.2	10	Concept of Regional Council does not exist in NSW.	Incorrect, there are a number of them, eg Armidale Regional Council, Mid-Western Regional Council, Queanbeyan-Palerang Regional Council, Snowy-Monaro Regional Council https://www.lgnsw.org.au/about-us/council-links

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1.2 (i)	10	NSW regulatory compliance (Public Health Act)	<p>The introduction of the Public Health Act 2010 (NSW) and the Public Health Regulations 2012 will assist in ensuring a safe drinking water supply for both residents and visitors and prevent public health risks.</p> <p>Commonwealth working closely with NIRC to alleviate the burden water testing could place on local businesses. NIRC has been carrying out an extensive programme of consultation with local businesses and tourist organisations over the past 12 months to explain the changes and provide adequate time for them to prepare and assist in making sure they comply with the Regulations. Part of this programme was to carry out some initial water testing to develop a baseline for water quality across the island.</p> <p>A further 12 month transition period has been built into to the public health legislation to allow time for water providers to with NIRC and the Department to develop a compliant water management plan. Given the common water source on the island and to mitigate costs for local business the Department and NIRC agreed to introduce quarterly testing of water samples instead of monthly as is required in the rest of NSW.</p>
1.2 (ii)	10	Increasing tradesperson rates	Rates have increased due to market demand for services.
1.2 (iv)	11	Commonwealth and NIRC Airport Charges	<p>The council increased the passenger movement charge for air services on Norfolk Island to ensure the airport can operate sustainably. The new charge of \$45.60 is still below the \$60.00 charged prior to 2011 before it was reduced to its current level. Reducing the landing fee did not reverse the decline in passenger arrivals to Norfolk Island after 2011.</p> <p>The current landing charge is comparable to that charged by other airports and reflects the cost of proving the service.</p>
1.2 (vii)	12	Property rates	<p>In 2015 the Norfolk Island Finance Minister indicated that Norfolk Island needed to explore changes the local tax raising base through the introduction of municipal rates as it could not otherwise sustain itself financially.</p> <p>As a transition measure, the minimum rates collection for the first year of the reforms was set at \$500,000, increasing to \$1,000,000 this financial year. Rates are below mainland levels.</p>
1.3	12	Wage cost increases	This is a selective statement that fails to recognise the commensurate boost to economic activity from higher take-home incomes across the community.

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2.1 (i)	14	Tourism Promotion and budget	<p>Norfolk Island experienced its best year for tourism in over a decade in 2016/17. The Australian Government’s contract for underwriting of air services by Air New Zealand was awarded through a competitive process and has provided a stable, reliable and professional service.</p> <p>Under the terms of the contract Air New Zealand is required to develop a Memorandum of Understanding (MOU) with the Norfolk Island Regional Council for destination marketing support. The airline and the council’s tourism agent meet regularly to discuss progress of the MOU.</p> <p>Reducing passport requirements to Norfolk Island has meant that Norfolk Island is now a more attractive destination for the 45 per cent of Australian s without a passport.</p> <p>The Norfolk Island tourism industry identified the removal of passport requirements as a key enabler for economic development (2015 Joint Standing Committee on the National Capital and External Territories <i>Same country: different world – the future of Norfolk Island</i> (JSCNCET Report)</p> <p>Norfolk Island is now promoted on tourism Australia Website and businesses on Norfolk Island can now list on Australia’s national platform for digital tourism information: the Australian Tourism Data Warehouse.</p> <p>The Australian Government will provide the council with \$100,000 for tourism promotion this year, matching their contribution.</p>
2.1 (ii)	14	Airline Service Reduction	<p>In December 2016 Air New Zealand announced it would cease operating its Auckland-Norfolk Island air service from May 2017 due to several years of this service not being financially viable, including the period well before the introduction of the departure tax.</p> <p>Patronage on the Norfolk Island Airline’s service which commenced shortly after the cessation of the Air New Zealand service has been very low, despite the Australian Government agreeing to providing funding for a joint destination marketing campaign with the regional Council.</p> <p>The Australian Government does not underwrite international air services</p>
2.1 (iii)	14	Reduced multiplier effects	<p>The 2015 JSCNCET report concluded Norfolk Island’s ability to diversify economically and attract new investment was limited by the closed culture and monopolistic role of the Norfolk Island economy and the associated protectionist legislation that supported this role. Despite several adverse audit reports over many years the former</p>

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			<p>Government continued to lack transparency and accountability and was not allowing for innovation and new industry to come in.</p> <p>The Australian government had no involvement in awarding the petrol supply contract. This process was entirely driven by the regional Council.</p>
2.1 (iv)	15	Recreational Fishing	<p>There are unlikely to be any changes to long-standing arrangements for fishing access to Norfolk Island. Parks Australia advised fishing stakeholders on Norfolk Island that it was not appropriate for them to identify the Norfolk Island MOU Box on maps of the protected area for waters surrounding Norfolk Island as they were not a party to the MOU. However, they have agreed to discuss options for presenting this information on future zoning maps with the Australian Fisheries Management Agency, and will consult further with the community on this issue.</p>
2.2 (i)	15	Biosecurity and Agriculture	<p>The Australian Government tailored the Biosecurity Act 2015 for implementation on Norfolk Island to recognise the island's unique biosecurity status. The measures are designed to manage the risk of pest and diseases entering Norfolk Island to reduce harm to animals, plants, human health the environment and the economy.</p> <p>Most import conditions have largely remained the same to those in place under the former Norfolk Island Government, but more rigorous scientific assessment of biosecurity risks will be undertaken in respect of good previously not imported to Norfolk Island.</p> <p>The Australian Government considers the measure in place in line with the significant value the Norfolk Island community places on maintaining a high standard of biodiversity protection.</p>
2.2 (II)	16	New Industries – for example Cannabis	<p>The licence to export cannabis issued under Norfolk Island law was undertaken without an established regulatory framework to support the proposal. This put Australia in contravention of its obligations under the United Nations Single Convention on Narcotic Drugs 1961.</p> <p>The proponent licenced by the Norfolk Island Government had not adequately consulted with the Department of Health on their proposal and could not demonstrate it had the approval to export cannabis to the destination country.</p> <p>The 2015 proposal was also inconsistent with Australian Government biosecurity and border control legislation.</p>

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2.2 (iii)	17	Loss of Government Buffer	The Former Norfolk Island Government was unable to generate sufficient general revenues to sustain its operations and relied on emergency payments from the Australian Government for its survival for several years prior to 2016. The Norfolk Island Regional Council is now able to access Financial Assistance-type grants from the Australian Government which provides funding certainty.
2.1 ((iv)	17	Loss of Statistics	Norfolk Island was included in the Australian Census for the first time in 2016. The Department of Immigration and Border Protection routinely provides the Regional Council with passenger arrival statistics.
2.2 (v)	17	Cruise Ships	Cruise ship passenger arrivals are likely to increase once the refurbishment of the Cascade Pier and construction passenger transfer vessels is complete. These initiatives are likely to significantly the percentage of ships able to disembark passengers, but it is not possible to guarantee all cruise ships can successfully land in all weather. Requests from some Norfolk Island residents to construct a break wall to provide safe and dep anchorage are not feasible. The cost would be in excess of \$100 million and there is unlikely to be sufficient local rock available for construction.
2.2 (v)	17	Small Business Mentoring	<p>The Regional Development Australia (RDA) program has been extended to Norfolk Island and a full-time Regional Investment Officer (RIO) will be established on Norfolk Island in early 2018. The RIO will work with the Norfolk Island community to deliver RDA program services, including supporting the local businesses and the community to develop successful grant applications for projects which will drive economic development and investment.</p> <p>The Government's website at www.business.gov.au provides a gateway for small business operators to access information on the services available to support Norfolk Island's small businesses. This includes business planning, advice for employers, taxation and grant and the programs, loans or subsidies which businesses may be eligible to apply.</p> <p>Businesses can also call 13 28 46 to receive personal assistance in identifying the range of measures they may be able to access for the cost of a local call.</p>
2.2 (vi)	18	Community effects – lack of genuine acceptance of community input.	The problems with governance and the sustainability of the current arrangements on model on Norfolk Island have been well canvassed and the community were consulted

			<p>extensively in the lead up to the 2016 reforms and had ample opportunity to contribute their views.</p> <p>Past reviews, reports and audits have been unanimous in recommending significant changes and reforms in governance: these include</p> <ul style="list-style-type: none"> - A Royal Commission conducted in 1976; - 13 separate Parliamentary inquiries, and - The commissioning of more than 20 reports from experts in various fields, including former Administrators. <ul style="list-style-type: none"> • The Minister wrote to Norfolk Island residents following his March 2014 visit noting that almost everyone he met during that visit believed that things need to change. The Minister sought the community’s views on the best ways to deliver real changes that will make a difference, including the identification and promotion of economic opportunities, best delivery of essential services and best governance model for the future <p>The JSCNCET report</p> <ul style="list-style-type: none"> • The Committee visited Norfolk Island from 28-30 April 2014. In Addition to public hearing and community statement sessions, the Committee visited a range of stakeholders including staff at tourist sites, farmers, tourist and retail operators, accommodation providers and boutique producers. • The Committee held a public hearing on Norfolk Island including two community statement sessions which allowed individuals and organisations the opportunity to address any of the inquiry’s terms of reference. • There were 34 written submissions from a range of stakeholders including the Commonwealth and NIG, business owners, community groups, former public servants and Norfolk Island residents
3.1	19	Accommodation sector modelling and net benefits of GST removal offset by rising minimum wages	<p>This is a misleading statement, operators would have lifted the room rates to cover business cost increases.</p> <p>Norfolk Island experienced its best year for tourism in over a decade in 2016/17.</p>
3.2	19	Business Confidence Survey	<p>The members of the Chamber of Commerce and Accommodation and Tourism Association members surveyed do not represent the majority of businesses on Norfolk Island. There were approximately 20 survey response received.</p>

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3.3	20	Australian Government Direct Expenditure – not funding projects considered as a high priority	The Australian government did not agree to spend the estimated \$10.5 million (US) to connect Norfolk Island to the new submarine cable in the absence of a sound business case demonstrating the additional benefits which could not be derived from the Sky Muster satellite service.
4.1	23	Current crisis – Current Australian Government policies crushing NI economy in a vice	<p>The Australian Government believe Australians should be treated the same, no matter where they live. Norfolk Islanders now have access to a social safety net system and with that, the obligations of the Australian taxation system.</p> <p>As at 30 June 2017 - 227 residents are receiving the aged pension, 117 recipients receiving Family Tax Benefit, 50 people receiving other disability, youth, income support or parenting payments. These payments support the most vulnerable so they do not have to leave their support networks and community to move to the mainland. The Norfolk Island community now has access to Medicare and PBS; a sustained and significant increase in residents accessing GP and allied health services since 1 July 2016 indicates this was a much needed reform.</p> <p>The 2015-16 monthly average before the reforms commenced was 509 GP visits; after the reforms commenced, the 2016-17 average jumped to 821 visits per month.</p>
4.1	24	Many changes introduced with no or minimal transitional arrangements	<p>Beneficial changes like Medicare, family payments, PBS and age pension were made available immediately.</p> <p>Transitional arrangements were made for the Superannuation Guarantee, Capital Gains Tax, municipal land rates, the Minimum Wage and the Modern Awards.</p>
4.2 (i)	25	Norfolk Islanders being governed by NSW laws but having no vote in NSW elections.	All laws made via Ordinance, including applied NSW laws are disallowable and are subject to effective scrutiny by the Parliament. Now that Norfolk Island is wholly contained in the Federal Division of Canberra it has representation equal to other external Territories.
Appendix III	33	Business closures since mid 2016	Information from trusted sources on Norfolk Island indicate that at least 12 of those businesses were owned by people over retiring age, some in their mid-to-late 70s. They were able to retire and go on a pension.