

## COMMONWEALTH GRANTS COMMISSION

Submission – April 2006

Thank you for the opportunity to provide input into the assessment of Norfolk Island's Financial Capacity. Although the terms of reference are directed at one of the two "Governance options" being thrust undemocratically upon Norfolk Island, I note the inclusion of point 47 in the Issues Paper CGC 2006/1 – "*The Commission would welcome submissions by 7 April 2006. The submission should address the issues outlined in this paper, as well as any other issues pertinent to the enquiry*".

**Most pertinent to this enquiry is the democratic right of Norfolk Islands Government and Community to have a decision making role in any changes to Norfolk Islands self determining/self governing status.**

Norfolk Island has managed services and budgets and with current reforms, has the ability to deliver services to the Norfolk community as described in point 8 of Issues Paper CGC 2006/1 – "*In 1997, the Commonwealth Grants Commission concluded that the Norfolk Island Government had the capacity to meet all mainland service and infrastructure standards (Australian, State and local government) if it made revenue raising efforts at mainland levels. .... It also found that, provided the Norfolk Island Government increased its revenue raising effort, it had the capacity to take over additional services.*"

Norfolk Island has been self-governing for over twenty years, maintaining budgets and an ever-expanding array of services.

**A considerable achievement considering the negative aspects caused by:**

**The Commonwealth handover of inadequately serviced, and in some cases unsafe infrastructure** – See point 16 of Box 2 "Selected main findings, Norfolk Island Inquiry 1997"

**Norfolk Islands reliance upon Tourism as the main revenue earner**, as recognized by point 12 of Issues Paper CGC 2006/1, documenting the Acumen Alliance Assessment of "*high revenue dependency on tourism*" **Quite simply the dependency on this revenue stream is dictated by the restrictions placed upon Norfolk Island by the Commonwealth.** Many of the revenue streams that we are geographically entitled to, have been restricted or blocked by the Commonwealth.

## **Norfolk Island Government**

The Norfolk Island Government in recent times has had to face the harsh reality of fiscal responsibility and areas of inadequate forward planning. This is not a new scenario for any community or country. Expectations of health services, education and vocational facilities and many other areas have risen, planning for infrastructure replacement has required prioritization and in some cases management of Government enterprises has been slow to evolve. Given the Commonwealth's restrictions to alternative revenue earning and the low taxable population base, the Norfolk Island Government has managed a great deal, with very few financial resources. Statistically this would indicate that with several revenue streams and the Norfolk Island Governments current and proposed reforms and expenditure controls, Norfolk Island would be financially sustainable.

## **Comparable community - Where?**

Norfolk Island is unique, not a romantic statement, but one which is based upon our isolation, our sense of community, our work ethic, our respect and care for family – including support of our aged, our sources of revenue, our determination and pride to be individual, our dedication to the finite amount of land we have here and in the case of the indigenous community – our attachment to land that has passed from generation to generation specifically cared for and improved for the next generation.

We proudly have no dole, and although we may be partially exempt from the Australian Taxation system we most definitely are not utilizing Australian taxpayers monies for benefits such as the dole, when we can provide for ourselves.

## **Health services**

We have competent staff, no two year waiting lists, babies can be born on Norfolk Island, (as opposed to Indian Ocean Territories), no Dr Death's, no golden staph or MRS. The hospital facility is due for replacement/refurbishment but is of a higher standard than some I have witnessed within Australian communities that are larger than Norfolk Island.

**The fact that the Chair of the Commission recognized the lack of a comparable community, as a factor of some concern should highlight the issues listed above.**

## **Estimation of Norfolk Island's revenue raising capacity**

Point 31 of Issues Paper CGC 2006/1 "*We would estimate the amount of financial assistance needed from the Australian Government by subtracting Norfolk Island's revenue raising capacity from what it needs to spend to deliver services at Australian average levels (plus an adjustment for any differences between Australian average debt charges and the actual cost of servicing its loan agreements)*".

By holding the loan over Norfolk Island's head in the new governance models, **we will effectively be in a lose-lose situation. This should be accounted for within your revenue raising data, considering we will no longer control customs – one of our main GBE income streams, in addition to funding the range of services dictated by Australia, will mean more financial trouble than we ever considered possible.**

This fact may be underlined in point 32 of Issues Paper CGC 2006/1.

**Reform**

Norfolk Island is in the process of Government, Public Sector and in some cases private sector reforms. The time has come to assess and evolve, (to develop an equitable system). A system, that will require the relinquishing of Australian impediments to the establishment of alternative revenues for our Island community. Norfolk Island is footing the bill for many Commonwealth owned fixtures (e.g. infrastructure Point 16 Box 2), and negotiations should be commenced to establish fair contribution on both sides within these areas.

**The Australian Taxpayer**

I would imagine that the responsibilities of the Grants Commission are not taken lightly, hence I would suggest Point 47 of Issues Paper CGC 2006/1, be a significant point of reference to establish what is best culturally and financially, for Norfolk Island and what is fair to the Australian Taxpayer who will see a potential \$60million per annum fed into an Island that would quite feasibly operate with very little cost to the taxpayer.

Professional assistance and relinquishing of some Australian financial restrictions would be a great start.

The community of Norfolk Island has no hesitation in paying its way, whether by our own local taxes, infrastructure and levies or by community input to support our families and culture.

Yours Sincerely

Andre Nobbs