

## CHAPTER 3

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### UNIQUENESS OF NORFOLK ISLAND

1. Norfolk Island is the oldest of the Australian external Territories, and has a history of European occupation as old as that of mainland Australia. It supports a population of up to 2000, and is a popular destination for Australian tourists.

### PHYSICAL CHARACTERISTICS

2. Norfolk Island is located in the South Pacific Ocean, roughly half way along a submarine ridge between New Caledonia and New Zealand, and some 1500 kilometres from the eastern Australian coast.

3. The Island is a small, isolated, fertile volcanic outcrop of about 34.5 square kilometres. Two small uninhabited islands, Nepean and Phillip, lie close to the south. The coastline of 32 kilometres consists largely of precipitous cliffs, except near Kingston in the south where there is a jetty and a coral reef. There is another jetty at Cascade Cliff in the north. There is no harbour. Most of the Island exceeds 100 metres in elevation and twin peaks, Pitt and Bates, rise to 320 metres in the north west. Several creeks drain to the north and south coasts. There are no lakes or natural reservoirs.

4. The climate is sub-tropical, with an average morning temperature ranging from 16°C in July to 22°C in February, and an average annual rainfall of 1328 mm. The original dense rainforest has gone except in some of the National Park, but parts of the Island are still well wooded, with the Norfolk Island pine predominating.

5. Settlement is scattered throughout the Island but more densely in the centre, with the site of an historical penal colony on the south coast, and an international airport in the west.

## HISTORY

### *Settlement*

6. There is evidence of a Polynesian or Melanesian presence on Norfolk Island long before its settlement by Europeans. However, it was uninhabited at the time of its discovery by Captain Cook in 1774. The Island was first occupied by the British in 1788, and from then until 1814, and again from 1825 to 1855, it was used as a penal colony. The remains of the second such occupation are a major tourist attraction.

7. In 1856, by agreement with the British Government, the then population of Pitcairn Island — descended from the mutineers on the *Bounty* and their Polynesian associates — relocated to Norfolk Island. From then until the end of the nineteenth century, they formed the whole population of the Island, apart from a Church of England college for the education and training of missionaries for Melanesia. In this period, the settlement was the responsibility of the Governor of New South Wales as a ‘separate and distinct colony’. In practice, the Islanders looked after most of their own affairs and lived a self sufficient, largely subsistence existence.

8. In 1897, the Island was placed by the British Government under the administration of the colony of New South Wales, with provision for its annexation to any federal body of which New South Wales might form a part. In 1901, this status was continued under the new State of New South Wales. In 1914, King George V ordered ‘that Norfolk Island be placed under the authority of the Commonwealth of Australia’<sup>1</sup>. From then until 1979, the local affairs of the Island were governed by an Administrator appointed by the Commonwealth of Australia, supported by an advisory Council.

9. Norfolk Island played a significant role in World War II. It served as a base for anti-submarine patrols and for emergency aircraft landings, and as a staging post for flights between Australia, New Zealand and the South Pacific islands. Many Islanders joined the armed forces and, in proportion to its population, the Norfolk Island contribution to the war effort was very big. However, the absence of many Islanders overseas, the Island’s support of the garrison and military activities, and the wartime difficulties of transport led to a serious decline in local and export industries.

10. The Island’s population remained mostly people of Pitcairn descent until the early 1960s when what is sometimes referred to as the fourth settlement of Norfolk Island began. New settlers began to move to Norfolk to take advantage of the Island’s beauty, life style and low tax status.

11. In 1975, the Commonwealth asked a Royal Commission headed by Sir John Nimmo to make recommendations on the Island’s future status, its constitutional

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<sup>1</sup> *Norfolk Island Act 1979*, p3.

relationship to Australia and the most appropriate form of administration for it. The key recommendations of the Nimmo Report<sup>2</sup> were to:

- give full Commonwealth voting rights to Norfolk Island residents;
- replace the advisory Council with an elected Assembly;
- extend mainland services and obligations to Norfolk residents; and
- apply all Commonwealth legislation to Norfolk Island.

The Government response to the report led to the enactment of the *Norfolk Island Act 1979* which granted a greater degree of self government than Nimmo had recommended.

12. The Island has been governed under the provisions of the 1979 Act since then. As a result, the Norfolk Island community, through its Legislative Assembly, has had control over settlement patterns through its immigration legislation.

13. Nimmo noted in his report that:

The post-war development of the Island, ... has so changed life on the Island that its inhabitants can be accurately described as a modern society with a relatively high standard of living. ... it is a far cry indeed from the simple communal subsistence style of living to which [the Pitcairn descendants] had been previously accustomed.<sup>3</sup>

### ***Constitutional Background***

14. The constitutional background of Norfolk Island is complex.

15. As noted above, Norfolk remained a separate British Crown colony administered by its own Governor, who was also the Governor of New South Wales, from 1856 until 1897. In 1897, by Order in Council, the British Crown transferred the Island to the administration of the Governor of the colony of New South Wales. A further Order in Council in 1900 continued this arrangement with the Governor of the new State of New South Wales. By the *Norfolk Island Act 1913* and corresponding British Order in Council of 1914, the Island was accepted as a Territory 'under the authority of' the Commonwealth of Australia<sup>4</sup>.

16. Australia has full sovereign power over the Territory of Norfolk Island, exercised under the power of the Queen as sovereign of Australia. Norfolk Island is not part of Australia in the same sense as any part of the mainland because the Commonwealth has not chosen to extend to Norfolk Island some of the laws that regulate the mainland. It is not part of 'metropolitan' Australia in the way that New Caledonia, for example, is part of France. However, the Island is Australian territory in the same sense as any part of the

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<sup>2</sup> J. Nimmo, *Report of the Royal Commission into Matters Relating to Norfolk Island, October 1976*, AGPS, Canberra, 1976.

<sup>3</sup> *ibid*, p62.

<sup>4</sup> *Norfolk Island Act 1979*, p3.

mainland, and the sovereign authority of Australia over Norfolk Island has not been questioned, in the United Nations or elsewhere, by any other government.

17. The Commonwealth law making power in regard to Norfolk Island under the relevant sections of the Constitution (s51 and s122) is not legally constrained. The principal basis for local legislation and administration on Norfolk Island is the Commonwealth's *Norfolk Island Act 1979*. Commonwealth legislation does not extend to Norfolk Island unless:

- it is expressed to so extend;
- the Act amends another Act which already extends; or
- the terms of a particular Act specify the Parliament's intention to extend its provisions either to Norfolk Island specifically or to the external Territories in general.

If it is so extended, it overrides local law.

18. In addition the Governor-General can disallow any legislation passed by the Assembly.

### ***Commonwealth Policy on Norfolk Island Since 1979***

19. In 1979, the then Minister for Home Affairs, the Hon. R.J. Ellicott QC MP, rejected one of the main recommendations of the Nimmo Report that, except in special cases, all laws which applied to other parts of Australia generally should also apply to Norfolk Island.<sup>5</sup> He noted that:

although Norfolk Island is part of Australia and will remain so, this does not require Norfolk Island to be regulated by the same laws as regulate other parts of Australia.

20. At self government, the functions and revenue raising powers that were transferred to the new Norfolk Island Legislative Assembly were those that had been exercised by the Island Administration until then. In this, the Commonwealth followed the recommendations of the Nimmo Royal Commission.

The Commission envisages the transfer to the Assembly of most of the present sources of revenue in the Island. It is admittedly a unique method of providing revenue for a local government body, but the Island's unique and individualistic character warrants it. There is no sense in disturbing a revenue raising system that is efficient and effective and a colourful feature of the history of one of Australia's territories by dividing the sources of revenue between the Assembly and the Commonwealth.<sup>6</sup>

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<sup>5</sup> News release *Policy on Norfolk Island*, Minister for Home Affairs, 8 May 1978.

<sup>6</sup> J. Nimmo, *op cit*, p357.

21. The preamble to the Act states that it was the Commonwealth Parliament's intention that Norfolk Island achieve, over a period of time, internal self government as a Territory under the authority of the Commonwealth. It also states that the Act should be reviewed after five years to decide whether self government should be further extended.

22. No such review was undertaken, but in 1981, 1985, 1989 and 1992 various powers were transferred to the Norfolk Island Government. These powers are those normally exercised by State and local governments, including powers over the Public Service of the Territory, public works and regulation of industry. Most notably, the Island assumed responsibility for the airport in 1992 under the Commonwealth's Airport Local Ownership Program.

23. Quarantine and social security, Commonwealth responsibilities on the mainland, were added in 1989 to the list of powers in relation to which the Commonwealth Minister had a veto.

24. The Commonwealth's present objectives, as set out in the Program Statement of the Department of the Environment, Sport and Territories 1996-97, Territories Office, are:

- to establish an appropriate level of self government on Norfolk Island, consistent with ensuring that its residents enjoy rights, opportunities and responsibilities equal to those of their fellow Australians;
- to protect the Territory's natural and cultural heritage; and
- to discharge Commonwealth responsibilities under Territory legislation efficiently, effectively and equitably.

25. During the conferences on the Island there was some comment that the Commonwealth's objectives signalled a move away from the intention of the 1979 Act, embodied in the preamble, to 'achieve, over a period of time, internal self government'. There was a perception that the Commonwealth was changing the ground rules in the direction of more control.

26. The issue seems to rest on what is understood by 'internal self government' and perhaps by 'rights, opportunities and responsibilities equal to those of their fellow Australians'. Commonwealth governments of both political persuasions have taken the position that Norfolk Island is Australian sovereign territory and will remain so. 'Internal self government' seems to have been interpreted, in relation to State and local government type powers, as giving the Norfolk Island Government a range of powers similar to the Northern Territory and the ACT. The attitude towards Commonwealth type powers is less clear. While none have been resumed, Commonwealth control over some of these powers has been tightened and devolution of others resisted. There has never been any intention that the range of powers of the Norfolk Island Government be extended to all matters other than foreign affairs, defence and coinage, along the lines of the 'free association' arrangement the Cook Islands and Niue have with New Zealand. On the other hand, there are indications, including the terms of reference for this inquiry, that the Commonwealth Government is prepared to consider the transfer of further functions.

27. However, whether or not the Commonwealth's policy towards Norfolk has changed since 1979 is not an issue which we have seen as relevant to this inquiry.

### ***Desire for Independence***

28. Notwithstanding the constitutional background set out above and the strong belief of many people living on Norfolk Island that they are entitled to all the rights and responsibilities of Australian citizenship, some others dispute Australia's sovereign position on a variety of grounds. Their principal argument is that the instruments of transfer from Britain were defective. There remains a strong and repeatedly declared opposition, particularly among some Norfolk Islanders of Pitcairn descent, to the transfer away from the British Crown, and to any abrogation of the Islanders' perceived rights to self government as they understand them to have existed prior to 1896. Some grievances on self government and land ownership date back to the original Pitcairn resettlement in 1856.

29. Some Norfolk Islanders of Pitcairn descent have sought to have the United Nations recognise Norfolk Island as a non self governing territory for which a vote of self determination would be appropriate. They have also sought recognition of their group as an 'indigenous people'. The matter is presently before the Legislative Assembly. However, it would appear that many other Norfolk Island residents see this move as divisive and do not support it, particularly if it gives a group special status in such matters as land or immigration. The Commonwealth is also opposed.

30. Some other residents want to maintain or enhance the Island's independence from Australia. The reasons for this may not be confined to the historical or cultural, but could also be, as suggested by Nimmo<sup>7</sup>, the monetary advantages that the Island presently affords them.

31. In restoring a large measure of self government to the Island through the *Norfolk Island Act 1979*, the Commonwealth's primary purpose was to recognise its particular situation, including the special relationship of the Pitcairn descendants with the Island. Nevertheless, some would like to see Norfolk Island linked to Australia only by free association, under which Australia would provide only for foreign affairs and defence matters. Again, this view is by not universal and others would prefer closer ties with Australia.

## **POLITICAL AND ADMINISTRATIVE SYSTEM**

32. Norfolk Island has a modified Westminster style parliamentary government, incorporating many of the recommendations of the Nimmo Report. Under these arrangements, introduced by the *Norfolk Island Act 1979*, the nine member Norfolk Island Assembly may 'make laws for the peace, order and good governance of the Territory'. The Executive Council, consisting of Ministers drawn from the Assembly, and chaired by the Administrator, has a role similar to the Federal Executive Council and is responsible for the

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<sup>7</sup> J. Nimmo, *op cit*, p71.

formal business of government. The Administrator's role is somewhat analogous to that of a State Governor.

33. The powers of the Norfolk Island Government are very wide ranging. They cover all the functions that are local or State functions elsewhere in Australia, as well as a range of functions that are elsewhere exclusively exercised by the Commonwealth. For example, the Island Government raises its own customs duties and a departure tax, and is fully responsible for health and education without Commonwealth financial support. The Commonwealth retains a power of advice and can veto some legislation. These issues are discussed in Chapter 9. The Norfolk Island Assembly may enact legislation outside the boundaries specified in the Act, but such action is subject to assent by the Governor-General.

34. The business of government is carried out by the Norfolk Island Public Service under the direction of a Chief Administrative Officer appointed by the relevant Executive Member on the advice of the Assembly. Executive members are responsible for portfolios and are known as Ministers. There are no separate departments of State. The Norfolk Island Public Service has about 190 staff. There are about 20 staff in the Hospital Enterprise and eight in the Tourist Bureau who are not employed under the Public Service Act. Three officers from the Australian Federal Police provide Commonwealth and State type policing services and 19 teachers from the New South Wales Department of Education make up most of the staff of the school.

35. Government enterprises provide most of the Island services, including telephone, post, electricity, health services and the airport. These enterprises are effectively government monopolies that provide both a service to the community and, where possible, a source of revenue for the government.

## **ECONOMY**

36. Since it evolved from a subsistence economy in the early twentieth century, Norfolk Island has experienced fluctuating fortunes with a range of items of produce and with tourism. Because of its isolation and small size, the Island is vulnerable to the downturn of markets elsewhere, with trends following those on the mainland and in New Zealand, but often with greater impact.

37. Cattle and sheep farming were staples in the nineteenth century, along with wheat, maize and rye. More recently, other foodstuffs such as bananas, lemons and passionfruit, as well as bean seed and tung oil nuts, have been produced. Historically, both fish and whales were plentiful, but stocks have been depleted.

38. Despite the Island's fertility, primary produce for export has proven a fickle proposition. The only export of any size at present is *Kentia* palm seeds which, because of price fluctuations, provide a variable source of export income.

39. Norfolk Island's public sector is essentially a single industry economy based on tourism. Visitor numbers reached almost 30 000 in 1995-96 and, as shown in Table 3-1,

have grown steadily since the 1960s. The average stay of tourists on the Island was 7.74 days in 1995-96, representing more than 230 000 bed nights. This has increased from 7.57 days and 206 000 bed nights in 1993-94, but has reduced since 1981, when it was 9.08 days. Visitor numbers and bed nights can be heavily influenced by factors beyond the control of the Island. The domestic pilots' strike in 1989 was a notable example.

**Table 3-1** NORFOLK ISLAND VISITORS

	1964-65	1969-70	1974-75	1979-80	1984-85	1990-91	1995-96
Number of visitors	4 610	9 696	18 807	23 200	23 797	28 712	29 787

Sources: M.L. Treadgold, *op cit*, and Norfolk Island Government Tourist Bureau, *Marketing Strategy Progress Report*, September 1996.

40. Norfolk Island is heavily dependent on imports, with most primary produce and all manufactured goods being sourced overseas. There is limited maintenance and support capacity on the Island. Water is a limiting resource as there is no dam or similar catchment. Fuel must be imported and is generally obtained from Singapore.

### THE NORFOLK COMMUNITY<sup>8</sup>

41. As shown in Table 3-2, the permanent population of Norfolk Island has remained stable at around 1460 since 1986, after a considerable increase from a long term average of under 1000 before 1970. The temporary population, or itinerant work force, has varied greatly over the years, the 1996 number of 302 being the lowest recorded since 1971.

**Table 3-2** NORFOLK ISLAND POPULATION, 1961 TO 1996

Census	1961	1966	1971	1976	1981	1986	1991	1996
Permanent residents								
Born on Norfolk Is	n.a.	n.a.	509	n.a.	616	656	551	541
Born elsewhere	n.a.	n.a.	691	n.a.	764	772	927	929
Sub Total	719	897	1200	n.a.	1380	1428	1478	1470
Temporary residents	45	100	222	n.a.	469	549	434	302
Total <sup>(a)</sup>	764	997	1422	1635	1849	1967	1912	1772

(a) No Census was conducted in 1976. The estimate for that year is from *The Past, Present and Future Population of Norfolk Island*, Norfolk Island Legislative Assembly Select Committee on Population, 1987.

<sup>8</sup> Unless otherwise indicated, all statistics in this section are sourced from the Norfolk Island Censuses of Population and Housing, 1991 and 1996.

42. The stability of the population reflects a careful management of immigration under a system of residency permits controlled by the Norfolk Island Government. The Butland Report<sup>9</sup> of 1974 recommended that a maximum permanent population of 2000 should be reached by 1983, with a growth rate of 2 per cent per annum thereafter. Nimmo recommended that a zero growth rate should be adopted because the Island has a very small land mass, meagre resources and a sensitive ecology, and the need for immigration policy reversal should be avoided<sup>10</sup>.

43. Entry to and residence on Norfolk Island are controlled by the Norfolk Island Immigration Act 1980. Inherent in the Act is 'a desire to preserve the environment of Norfolk Island and the way of life of its permanent residents'. Its primary objective 'is to protect the rights and expectations of Island residents'. The Norfolk Island document, *Immigration into Norfolk Island: A General Guide, 1996*, states that:

In the management of Immigration Policy, the Government and the Administration of Norfolk Island will be guided by the following objectives:

- to bring about a gradual and controlled increase in the population of Norfolk Island (as comprised of residents and persons with a general entry permit) to a level that creates and sustains healthy economic activity for the benefit of all concerned;
- to ensure Immigration policy is appropriate to current economic and population trends, reviews will be conducted on a biennial basis (or more frequently if deemed necessary) and submitted to the scrutiny of the Assembly;
- entry with a view of taking up permanent residence will be controlled in such a manner as to take into account burdens on the public purse;
- conditions imposed on any group of potential entrants will not be more onerous than those imposed on other groups; and
- special conditions will apply to potential entrants who can demonstrate a 'special relationship' to the Island.

44. The Act provides for four categories of persons who are allowed entry to the Island:

- **Visitors** may stay for 30 days without a written permit and may apply for a written permit to stay an additional 30 days (extendible to 120 days maximum from the date of original entry). Written approval is required for visitors to undertake employment beyond seven days from arrival.

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<sup>9</sup> G.J. Butland, *A Long-term Population Study of Norfolk Island*, March 1974 – report to DEST Territories Office.

<sup>10</sup> J. Nimmo, *op cit*, p134.

- **Temporary entry permits (TEPs)** are designed for short term residence, and may be granted subject to conditions for up to one year (extendible to three years, or more in special circumstances). They are usually granted for employment purposes only, and not to the detriment of the locals. TEPs are generally applicable to the itinerant work force and are not normally issued to enable business ventures to be undertaken. TEPs are not subject to a quota.
- **General entry permits (GEPs)** are designed for those wishing to stay indefinitely, or to settle, on Norfolk Island. They are usually granted subject to conditions, remain in force for 5.5 years and may be extended. Other than those granted on the basis of a 'special relationship', new GEPs are subject to a quota which is set annually by the Norfolk Island Legislative Assembly (for the six months ended August 1997 the GEP quota is 42). In 1996, the rules for GEPs were modified to allow their granting to persons who have sufficient financial backing to 'retire' to Norfolk Island.
- **Residents** are not required to hold entry permits under the Act and may, in general, enter and leave the Island as they wish. A person born on the Island, one of whose parents was a resident at that time, is also a resident of the Island and, under the Commonwealth *Citizenship Act 1948*, an Australian by birth, provided that one of the parents is an Australian citizen or a permanent resident of Australia. Further, a person can be declared a resident if that person has been ordinarily resident on the Island under a GEP for a period of at least five years during the seven years immediately preceding the application, and must not be ordinarily resident elsewhere during that time.

45. Although this immigration policy has ensured a relatively stable population and little or no unemployment, it and a complex pattern of population movements to and from the Island have created an unusual population structure (Figure 3-1) which has implications for future economic development and likely demands on the public purse.

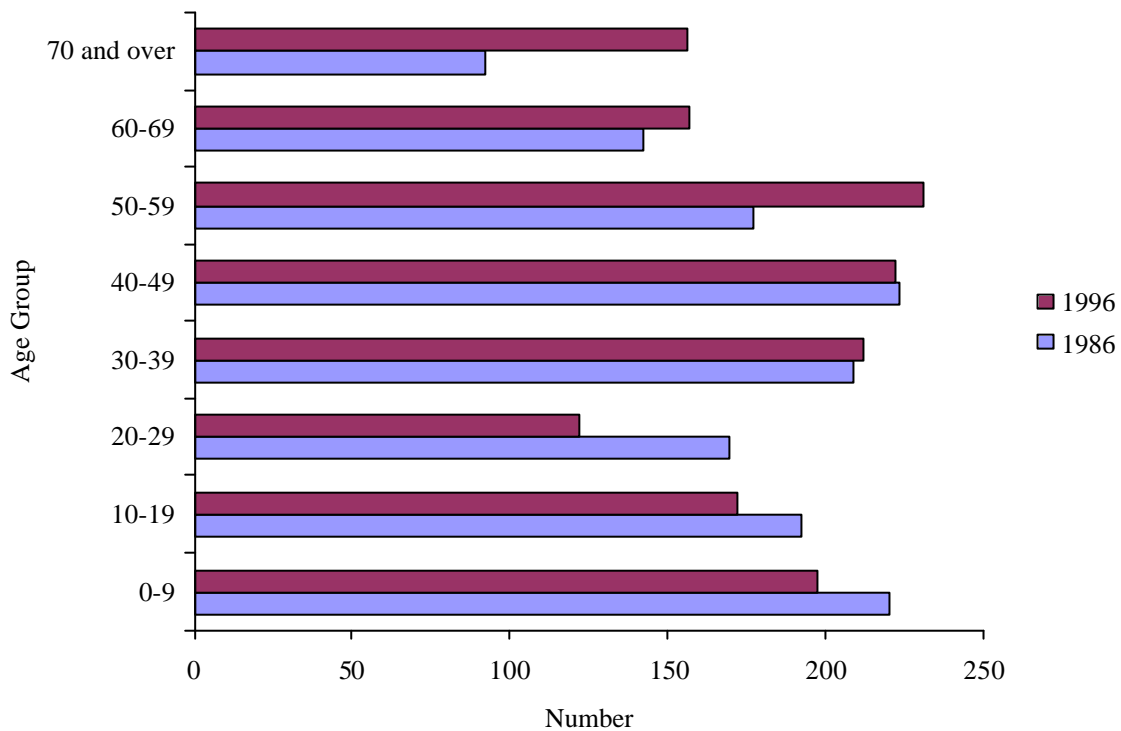
46. The 1986 and 1996 age profiles at Figure 3-1 for the total permanent population show reductions in the numbers of children, teenagers and young adults, a stable population of those aged between 30 and 50 and a large increase in the proportion of people in the age groups over 50.

47. Table 3-2 suggests that the exodus has been by those born on the Island and that the rate of natural increase on the Island has been insufficient to compensate. The number of people born on the Island fell by 18 per cent between 1986 and 1996. There are a number of reasons for this, including:

- for medical reasons, some mothers must go to the mainland to give birth;

- teenagers and young adults go to the mainland for study, training or other reasons and work, marry and have their families there (some return later);
- young couples leave to find employment and have their families on the mainland before returning to the Island; and
- families leave the Island because there is little support for low income families and they are fearful of high medical expenses.

**Figure 3-1** PERMANENT POPULATION AGE PROFILE



48. Table 3-3 shows that the overall population of Norfolk Islanders of Pitcairn descent has remained stable over the last ten years at between 650 and 700. This group's share of the total population under 15 has also remained stable. However, the proportion of those of Pitcairn descent who are under 15 years of age has dropped over the period from 35 per cent to 28 per cent, indicating an aging in the overall population group of Pitcairn descent. This group is not maintaining itself through natural increase but is relying on an inflow of Pitcairners born elsewhere. Tables 3-2 and 3-3, taken together, show that the number of Islanders of Pitcairn descent in 1996 (683) is higher than the permanent population born on the Island (541).

49. The changes in the population characteristics are consistent with two trends:
- the exodus of younger residents, including many of Pitcairn descent, and the return of some of these later in life, perhaps with children born elsewhere; and
  - the intake of older immigrants, not necessarily of Pitcairn descent, to the Island.

**Table 3-3** PERMANENT RESIDENTS OF PITCAIRN DESCENT, 1986 TO 1996

Age Group	1986		1991		1996	
	Number	Proportion of Residents	Number	Proportion of Residents	Number	Proportion of Residents
		%		%		%
Under 15 years	230	66.5	228	67.7	194	65.8
15 years and over	426	39.4	464	40.7	489	41.6
Total	656	45.9	692	46.8	683	46.5

50. The years of arrival of those not born on the Island (Table 3-4) confirm the picture of a population with constant turnover. The number of permanent residents in 1996 who arrived in the previous five years (164) is high at over nine per cent of total population, despite a static total population. Moreover, most of these residents (116) are holders of General Entry Permits, indicating that they have not been exempted from this immigration restriction as those of Pitcairn descent may be by reason of a 'special relationship' with the Island. For the total permanent population to have been stable, the population decrease, whether by emigration or death, must have been equally high.

**Table 3-4** PERMANENT POPULATION NOT BORN ON NORFOLK ISLAND — DATE OF FIRST ARRIVAL ON ISLAND, 1996

Date of first arrival	Number		Total
	Resident	General Entry Permit	
Before 1960	79	0	79
1960-69	181	4	185
1970-79	206	7	213
1980-89	214	51	265
1990-96	48	116	164
Not Stated	21	2	23
Total	749	180	929

51. Over two thirds of the Island’s permanent population were born in Australia (including Norfolk Island), and over 80 per cent are Australian citizens (Table 3-5). This indicates that patterns of population movement into and out of Norfolk Island reflect a high mobility between Norfolk Island and the mainland, rather than with other countries.

**Table 3-5** NORFOLK ISLAND POPULATION — ORIGIN AND CITIZENSHIP, 1996

	Australia <sup>(a)</sup>	New Zealand	Other
	%	%	%
Born in	68.0	22.7	9.3
Citizen of	80.8	16.0	3.2

(a) Includes Norfolk Island.

52. The high mobility between Norfolk and the mainland is among both Norfolk Islanders of Pitcairn descent and others. Total numbers are sustained only by continuing immigration.

53. At the 1996 census, the occupations of the Island population were strongly skewed towards the tourist trade. Among the permanent population, administrative, executive, managerial, sales, clerical, service, sports and recreational occupations comprised almost 60 per cent of the work force, followed by tradesmen and labourers with just under 26 per cent. Farming and primary production accounted for only 3 per cent. These figures confirm that the largely self sufficient subsistence lifestyle of earlier generations of Norfolk Islanders has virtually disappeared.

54. According to the census data, incomes for most of the population are not high (Table 3-6). It is generally accepted that between 40 and 80 very wealthy people live on the Island, though the available income data are inconclusive. Our calculations in Chapter 4 suggest that average incomes on Norfolk are higher than on the mainland.

55. The income ranges are comparable with ‘after tax’ equivalent incomes on the mainland because no income tax is payable on the Island. An income of \$200 per week would be the equivalent of a before tax weekly income of \$220 on the mainland; an income of \$1000 would be the equivalent of approximately \$1300 on the mainland.

56. In our discussions on Norfolk Island, there was no agreement on the relative costs of living on the Island compared to the mainland. Some argued that it was similar because of the low tax regime on the Island and the low level of many charges, including no municipal rates and the low cost of car registration. Others argued that it was higher because of freight costs.

**Table 3-6** NORFOLK ISLAND POPULATION — INCOME RANGES OF PERMANENT POPULATION 15 YEARS AND OVER, 1996

Weekly Income	Persons	Proportion
\$	Number	%
No income	77	5.5
1 to 199	187	13.3
200 to 399	400	28.4
400 to 599	407	28.9
600 to 799	107	7.4
800 to 999	54	3.8
1 000 or more	48	3.4
Not stated	131	9.3
<b>Total</b>	<b>1 411</b>	<b>100</b>

57. As expected, comparison of data from ABS household expenditure surveys for Norfolk Island and New South Wales shows some interesting differences. Table 3-7 suggests that Norfolk households spend nearly five per cent more than those in New South Wales. A greater proportion of Norfolk expenditure is on fuel and power, clothing, medical care and health services, alcoholic beverages and recreation. Norfolk households spend substantially less on housing, transport and tobacco and about the same on food and non-alcoholic beverages, and household furnishings and equipment. Such a pattern is consistent with the high cost of fuel and power and medical services on the Island and the low cost of housing and transport. However, these comparisons are only indicative, as the surveys may have conceptual and technical differences.

**Table 3-7** COMPARISON BETWEEN THE AVERAGE HOUSEHOLD WEEKLY EXPENDITURE IN NEW SOUTH WALES<sup>(a)</sup> AND NORFOLK ISLAND, 1995

Commodity or Service	Average Household Weekly Expenditure			
	Norfolk Island	NSW <sup>(a)</sup>	Norfolk Island	NSW
	\$	\$	%	%
Current housing costs	78.93	106.81	11.42	16.15
Fuel and power	21.58 <sup>(b)(c)</sup>	15.92	3.12	2.41
Food and non-alcoholic beverages	132.29	124.10	19.14	18.76
Alcoholic beverages	25.05 <sup>(b)</sup>	20.29	3.62	3.07
Tobacco	4.59 <sup>(b)</sup>	10.66	0.66	1.61
Clothing and footwear	42.63	35.52	6.17	5.37
Household furnishings and equipment	45.10 <sup>(b)(c)</sup>	43.51	6.52	6.58
Household services and operation	41.92 <sup>(b)</sup>	33.78	6.06	5.11
Medical care and health services	47.35 <sup>(b)</sup>	30.35	6.85	4.59
Transport	70.27	100.56	10.16	15.20
Recreation	110.64 <sup>(b)</sup>	80.22	16.00	12.13
Personal care	7.55 <sup>(b)</sup>	12.05	1.09	1.82
Miscellaneous commodities and services	63.43 <sup>(b)</sup>	47.61	9.18	7.20
<b>Total</b>	<b>691.33</b>	<b>661.38</b>	<b>100.00</b>	<b>100.00</b>

(a) CPI movements between 1993-94 and 1995 for Sydney have been used to inflate the published 1993-94 data for NSW using closest commodity classifications as proxies.

(b) The figures were not directly available from the published survey result and were estimated using the third income quintile published data, inflated using a global adjustment factor.

(c) Where the third income quintile figure was not fully available, the missing data were estimated using the NSW ratio for identical categories.

Source: ABS, *Household Expenditure Survey, Australia, 1993-94* and *Norfolk Island Household Expenditure Survey, 1995*.

58. In 1996, 15 per cent of the permanent population aged 15 and over was receiving social welfare, other government subsistence payments or superannuation payments from Norfolk Island, the Australian mainland or overseas (Table 3-8). Of those receiving such payments, only 27 per cent received them from the Norfolk Island Government.

**Table 3-8** NORFOLK ISLAND PERMANENT RESIDENTS 15 YEARS AND OVER RECEIVING SOCIAL SECURITY OR OTHER BENEFITS, 1996

Payments received from	Recipients	Proportion
	Number	%
Norfolk Island welfare system	49	27.2
Australian Repatriation	64	35.6
Australian welfare system	22	12.2
Superannuation or Annuity	26	14.4
Other sources	9	5.0
More than one source	11	5.5
<b>Total</b>	<b>181</b>	<b>100.0</b>

### SPECIAL CIRCUMSTANCES OF NORFOLK ISLAND

59. Norfolk Island is remote from the Australian mainland. Like the other Australian external Territories (Cocos (Keeling) Islands and Christmas Island), it is heavily dependent on sea and air services and telecommunications for the maintenance of a standard of living higher than subsistence level.

60. The Island offers a special quality of life. The natural environment is attractive and the climate mild all year. As an oceanic island, much of Norfolk's flora and fauna is unique to the Island. There is little pollution, although the water supply is fragile.

61. We were told that there is little crime and no homelessness, although some people struggle to make ends meet with few benefits or safety nets available to assist them. There is a sense of community and strong local support networks, but domestic violence is a concern.

62. Norfolk Island has a rich and unique heritage. Naturally, Norfolk Islanders of Pitcairn descent value their cultural heritage greatly and seek to sustain it in a changing community increasingly involved with the wider world. They are proud of their self reliance and self sufficiency, and extend particular aspects of their social philosophy to the Island government, such as the policy of avoiding debt and spending within their means. They view land as an inheritance and legacy for future generations, not as a commodity for trade and monetary investment. Although English is the language of the Island, they nurture their inherited language which is a blend of English, Polynesian and other elements.

63. Among the Norfolk Islanders of Pitcairn descent and other residents, this background has led to a strong feeling of local community and culture, a strong loyalty to the British crown and a philosophy of self sufficiency and arrangements for governance and administration that are different from those of the mainland and other Territories. Many other residents value their ties with Australia and the associated rights and responsibilities.

64. Norfolk Island is politically and financially more self sufficient than Australia's other Territories or, for that matter, the States. The Commonwealth does not generally provide services to Norfolk Island residents and the Island does not participate in Commonwealth-State revenue sharing arrangements. The Island has a greater degree of self government than State and local governments on the mainland, having powers to raise revenues and provide services usually the responsibility of the Commonwealth. As noted earlier, the Island Government raises its own customs duties and a departure tax, and is fully responsible for health and education without Commonwealth financial support. This self sufficiency is heavily dependent on the tourist trade, which in turn is heavily dependent on the unusual tariff and duty regime.