

## MAIN FINDINGS

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1. Norfolk Island is unique. In judging the services, infrastructure needs and revenue raising on the Island, account must be taken of the demographic, social and cultural aspects of the community, the location and physical characteristics of the Island and its economic and financial capacities. (Chapter 2, para 19)

### *The Economy*

2. The Norfolk Island economy is vulnerable and exposed to external influences. (Chapter 4, para 3)
3. The output of Norfolk Island's economy is estimated at about \$80 million a year, though this may be conservative. (Chapter 4, para 11 and Table 4-1)
4. The main prospect for developing Norfolk Island's economy seems to be further development and diversification of the tourist industry, although there are environmental limits to this. (Chapter 4, paras 39 to 42)

### *Public Finance*

5. For the three years ending 1995-96, the Norfolk Island Government operated at an average annual surplus of over \$850 000. (Table 5-11)
6. Over the same period, the value of the Norfolk Island Government's assets decreased by ten per cent in real terms, indicating that the level of investment is not maintaining its capital stock. (Chapter 5, para 35 to 37)
7. Norfolk Island's public finances are heavily reliant on income from government business enterprises. (Chapter 5, para 53 and Table 5-9)
8. The Commonwealth's net subsidy to services on or relating to Norfolk Island averaged \$3 million per annum over the three years to 1995-96. (Table 5-15)
9. Norfolk Island's financial dependence on the Commonwealth is comparatively low. (Chapter 5, para 72 and Table 5-17)

## *Main Findings*

### ***Services and Infrastructure***

10. Many services on Norfolk Island are at a standard comparable with those found on the mainland and two, Police and National Parks, are provided above the mainland standard. (Table 6-11)
11. Some services provided by the Norfolk Island Government are below mainland standards. (Table 6-12)
12. Vocational Education and Training is at a much lower level than on the mainland and this is a threat to the long term viability of the Island's economy. (Chapter 6, para 31)
13. Health Insurance and social security are at much lower levels than found on the mainland, and we believe this to be inappropriate. (Chapter 6, paras 94-96 and 110-112; Chapter 10, para 6)
14. Waste disposal on Norfolk is very much below the standard expected by the rest of Australia and the international community. (Chapter 6, para 261)
15. There are some areas, such as the harbour, the airport terminal and the electricity supply, where the condition of the infrastructure is below that found on the mainland or will become inadequate in the short term. (Chapter 6, para 396)

### **Taxes and Charges**

16. Norfolk Island imposes a more limited range of taxes and charges than governments on the mainland. (Table 7-1)
17. The taxation system on Norfolk Island is regressive, generally does not tax wealth or income, and falls disproportionately on tourists. (Chapter 7, paras 22 to 25)
18. In the areas that Norfolk Island does tax, its tax rates are high and indicate a revenue raising effort more than twice that found on the mainland. (Chapter 7, para 38)
19. For those taxes not imposed, Norfolk Island has a very large untapped revenue capacity. (Chapter 7, paras 41 to 46)
20. Overall, Norfolk Island is assessed to have a revenue raising capacity about 60 per cent higher than what is actually being raised. (Chapter 7, para 67)

### ***Financial Capacity***

21. For several reasons, including the ageing of the population and the deterioration of its infrastructure, the Norfolk Island Government is

- likely to face increased expenditures in the future. (Chapter 8, para 14)
22. For the Norfolk Island Government to bring all its recurrent services up to mainland standards would, on our estimates, require additional annual expenditures of around \$2.5 million. (Table 8-2)
  23. To bring Norfolk's infrastructure up to mainland standards would require expenditures or provisions of perhaps \$5.5 million for each of the next ten years. (Chapter 8, para 23 and Table 8-3)
  24. All mainland service and infrastructure standards could be met by revenue raising efforts at mainland levels. (Table 8-4)
  25. Taking over additional powers suggested during the inquiry should be within the financial capacity of the Norfolk Island Government, provided it increased its revenue raising effort. (Chapter 8, para 49)
  26. Given its present range of revenue sources, Norfolk Island is most unlikely to be eligible for recurrent general revenue grants from the Commonwealth. (Chapter 8, para 56)
  27. There is some justification for the Commonwealth making a contribution to overcome safety problems or to improve items of infrastructure that were known to be inadequate before self government, such as the Cascade Cliff and the harbour. (Chapter 8, para 60)
  28. The Norfolk Island Government has an ability to borrow and can afford to do so. Decisions on whether to finance infrastructure through loans should have regard to the costs and benefits. (Chapter 8, para 64 to 68)

### ***Administrative Capacity***

29. Administrative capacity is the main factor limiting the Norfolk Island Government's ability to deliver services. (Chapter 9, para 106)
30. Conflict of interest guidelines should be developed for the Legislative Assembly, the Executive and the Public Service. (Chapter 10, para 40)
31. The Norfolk Island machinery of government needs to be reviewed and clearer lines of responsibility drawn between the Ministers, the Chief Administrative Officer, the Public Service and government enterprises. (Chapter 9, para 108 to 111)
32. A new Public Service Act should be put in place, the skills of the public service upgraded and the structure of the public sector reviewed. (Chapter 9, para 109)

## *Main Findings*

33. A system of forward estimates would facilitate long term planning of recurrent and capital needs and cash flows. (Chapter 9, para 110)
34. There should be regular and timely (annual) reports of the Norfolk Island Administration, covering all service delivery agencies. (Chapter 9, para 111)

## *Other Matters*

35. There is a need for improved communication between the Commonwealth and Norfolk Island Governments. (Chapter 9, para 107)
36. It is essential for the Norfolk Island Government to push on with its proposal to develop a long term strategic plan. (Chapter 10, para 31)
37. A review of the *Norfolk Island Act 1979* is needed to clarify responsibilities, make the Act more administratively useful and strengthen accountability and conflict of interest requirements. (Chapter 10, para 34)