

Subject: Norfolk Island: CGC draft Submission

Deficient Terms of Reference

Mr. Morris, your terms of reference are still in draft form even on the eve of the submission deadline. In addition, they are deficient in several areas including the concept of comparable community and the clear fragmentation in approach.

Mr. Morris, when you visited Norfolk Island, you proudly claimed to a large Chamber of Commerce audience to be personally responsible for adding “comparable community” to the CGC’s terms of reference (which one day prior to the deadline for submissions, is mysteriously still in draft form – why is this the case?). You say that the Grants Commission will provide the Australian Government with information about Norfolk Island calculated on needs and costs in other **comparable** communities. With regard to Norfolk Island, there is no such thing as a comparable community.

Comparable Community - unsound approach

Islanders fear that they will be left with a lesser outcome if they were to be compared with other remote mainland communities, which have fewer services and facilities. You have a very limited understanding of Norfolk Island if you propose to use other “similar” communities in Australia as a basis for comparison.

This approach also assumes we desire similar outcomes to other communities (e.g. street lights, or guttered roads, fences to keep cows off the roads, Australian-compliant motor vehicles, etc. These are outcomes not desired by Norfolk Islanders. We like the dark streets which provides a brighter night sky to view the stars, we enjoy the relatively cheaper importation of Japanese-compliant vehicles (these would not be allowed to be registered under Australia’s vehicle importation laws), we do not want highways which would allow higher speeds on our roads, etc. The list goes on – the point is we are not like other communities in Australia and your commission is not qualified to make these judgments and decisions on our behalf.

If the final terms of reference still contain this notion of comparable community, you will have lost all credibility in the eyes of the majority of the community, as this notion of comparability forms the basis of your assignment. It undermines the outcome of your task, and makes the work of the commission a mockery and a farce.

A comparison with King Island illustrates this point. King Island has education to grade 10, Norfolk educates to grade 12. King Island has 2 general practitioners and no surgeons while Norfolk Island has 3 doctors including two surgeons and a

fully equipped and functioning hospital; maternity: King Island expectant mothers are required to travel to the mainland at 36 months gestation. Norfolk Island has full facilities including caesarian section. Physiotherapy: King Island has one every fortnight; Norfolk Island has a fulltime physiotherapist. The list goes on.

Substitute Cocos (Keeling) or Christmas Island for King Island, with a similar result. You mentioned several examples of comparable communities, none of which is even close to Norfolk Island since Norfolk Island is unlike any small community within Australia.

What the island needs is to maintain some comparative advantage (lower wages and taxes balancing high import and utilities costs) not to be compared with theoretical statistical clumpings of "comparable communities". It would also have been good if your Commission had been tasked to do a comprehensive comparative analysis, updating your 1996/97 baseline data (seen by all parties as a sound approach and reasonable analysis) rather than the current limited task you have been given to do on Norfolk.

Your terms of reference make as much sense as the Cole commission's terms of reference in seeking Australian Government liability for the Australian Wheat Board bribery scandal – in both cases, the terms of reference are deficient.

Lack of Wholistic Approach

With the terms of reference of the Grants Commission Inquiry narrowly scoped around taxes and services for State and Local Government only, the merging of this information with taxes and services for Federal Government will be incredibly difficult. At this stage Mr. Morris does not know how this will be achieved effectively. This is a major concern, and is evidence of a fragmented approach and deficient CGC terms of reference.

Islanders have no affinity with Australia

The Federal Government claims it wants to provide equal services to all Australians, including Norfolk Islanders. Norfolk Island's population consists of a **majority of people who have no affinity with Australia** (approx. 1/3 of Pitcairn Descent who do not identify themselves as Australian, 1/3 New Zealanders, and 1/3 Australian immigrants to Norfolk). Of the 1/3 Australian immigrants, most moved to Norfolk Island to escape the bureaucracy and regulations of the Australian Government, and they **fully support the existing status quo with regard to Norfolk Island self-government.**

Current Government Services

We are happy with our roads, hospitals, schools, etc. We do not need \$86 million for Roads as indicated in the Acumen Report. Or \$40 million for a new hospital. We can raise our own taxes and decide how to spend it wisely, and **we do not need Australian Grant Commission members to make these judgments on our behalf.** This goes to the fundamental core of democracy. Norfolk Island residents can decide for themselves how much tax needs to be raised and can also decide its own spending priorities. We do not need the paternalistic approach of the Australian Government and its commissions.

This island has evolved over 150 years to provide a mix of community support and businesses - this has served the island well, providing superior services in almost every area when compared with other remote Australian communities. This includes more than quarter of a century of developing their own manageable level of self-governing regulation and revenue-raising, suitable for a community where daily costs of living for ordinary families are high because of their remoteness.

Australia's Undemocratic and Paternalistic Approach

It is ill advised for the Australian Government to take away self-governing powers from Norfolk, without real consultation, as well as seek to put in place a wide range of rates and taxes, designed for larger rather than smaller governance and populations. The experience of the Cocos (Keeling) and Christmas Islanders in receiving assistance from Australia has been dismal, with unemployment still languishing at 60%, and a lack of doctor services. This is despite \$60 to \$80 million per annum of Australian taxpayers money being provided to these communities. We do not want Australian to decide our destiny, or to shape our lives. The price of Australian's proposed "assistance" is way too high, and will cause an immense burden on our freedoms, way of life and democracy.

Small businesses and island-based families already have high costs to bear. Adding to this burden by imposing a 'normalisation' policy of applying mainland rates and taxes could see half the businesses and families have to leave this remote island community.

Impact on Small Businesses

An optometrist requires a community of 10,000 people to be viable. Introducing additional State and Federal type taxes will cause the departure of this business. There are many other businesses in similar situations.

Many of the 65 Accommodation businesses on Norfolk Island are already struggling with low tourist numbers to the island. Any substantial increase in taxes and the cost of compliance will further exacerbate the dire financial situation of this sector by causing costs to be passed onto tourists, reducing tourist numbers further as they seek cheaper destinations elsewhere. The value of these businesses will also decline as profits plummet further. Also, accommodation owner funds earmarked for capital improvements to accommodation properties will be used instead for running expenses. This will reduce the value of these properties further and cause a downward spiral in the local economy as the velocity of money slows. The whole economy will feel the burden as tradespeople will no longer be working on improvements to the 65 accommodation properties, and many will be forced to leave the island, reducing the tax base further. Purchases on capital improvement items will grind to a halt.

Widespread Island Opposition to Federal Proposals

The Australian Government is suddenly claiming an urgent need to bring the same services to Norfolk Islanders as it does to mainland Australians – the majority of the local population are not asking for this type of Federal help – the price of losing its existing self-government status and adopting Australian laws is way too high for the majority of the community. At a recent meeting dated 4/4/06 of the Accommodation and Tourism Association (ATA) of Norfolk Island, every single member (there are 65 accommodation houses) voiced serious opposition to the CGC, ABS, ATO, Treasury, and all the other Federal Government processes that are leading to the proposed option 1 or 2 put forward by Jim Lloyd, Federal Minister for Territories.

Lack of Commitment to Democracy

I would like to know why the Australian Federal Government is providing just two options to the Norfolk Island residents, and appears to not even be willing to consider any third option put forward by the Norfolk Island community and its democratically elected government.

In addition, please indicate whether the Federal Government is willing to either conduct a referendum on Norfolk Island or accept the results of a local referendum on whether the community wants to accept either of the two Federal proposals and Australian law, or a third Norfolk Island option and Norfolk Laws. Did the Norfolk Island community have any say developing these flawed terms of reference of this Grants Commission enquiry? I fear democracy is being ignored here with an imperial federal government pursuing its own agenda.

In addition, please explain why Australian laws need to apply to Norfolk Island – what has this to do with financial sustainability? Australian Laws for Australians, and Norfolk Laws for Norfolk.

The general thrust of a third option is that it will be driven by the democratically elected Norfolk Island Government and Norfolk community, and not by distant Canberra, and consist of a possible broadbased consumption tax, additional indirect taxes, etc.

I trust that the points within this submission will be addressed, and that this is not just an exercise of going through the motions of community consultation.

Rael Donde

Norfolk Island Resident