

Norfolk Island - Forward From 2014

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Synopsis

1. The Roadmap process over the past four years has been a practical failure and a bureaucratic disaster.
2. The premise that – “Norfolk Island without a vibrant economy is not a good place to be” - has not been really heeded in the Roadmap process or resultant Funding Agreements.
3. Much has been made of the funding provided to the island in the past four years and whilst the funding has been appreciated, some has been poorly directed, other has been directed to areas of no real value to the island and there is no evidence of the main aim being to revitalise the economy and thus really provide for a “sustainable future”, although this has been widely espoused.
4. Norfolk Island is rapidly becoming yet another example of – “an isolated community discarded to the scrap heap of welfare dependency”. That is not a sustainable future to be desired by either the Norfolk Island or Australian communities.
5. There are practical solutions which can be introduced fairly easily which will help to create a robust economy for the island. However, the Commonwealth will need to be a major and enthusiastic supporter.
6. The current position of the Norfolk Island economy is quite critical and it requires a new direction. It would be hoped that this document will contribute to the determination of an acceptable go forward strategy for both the Norfolk Island community and the Australian Government.

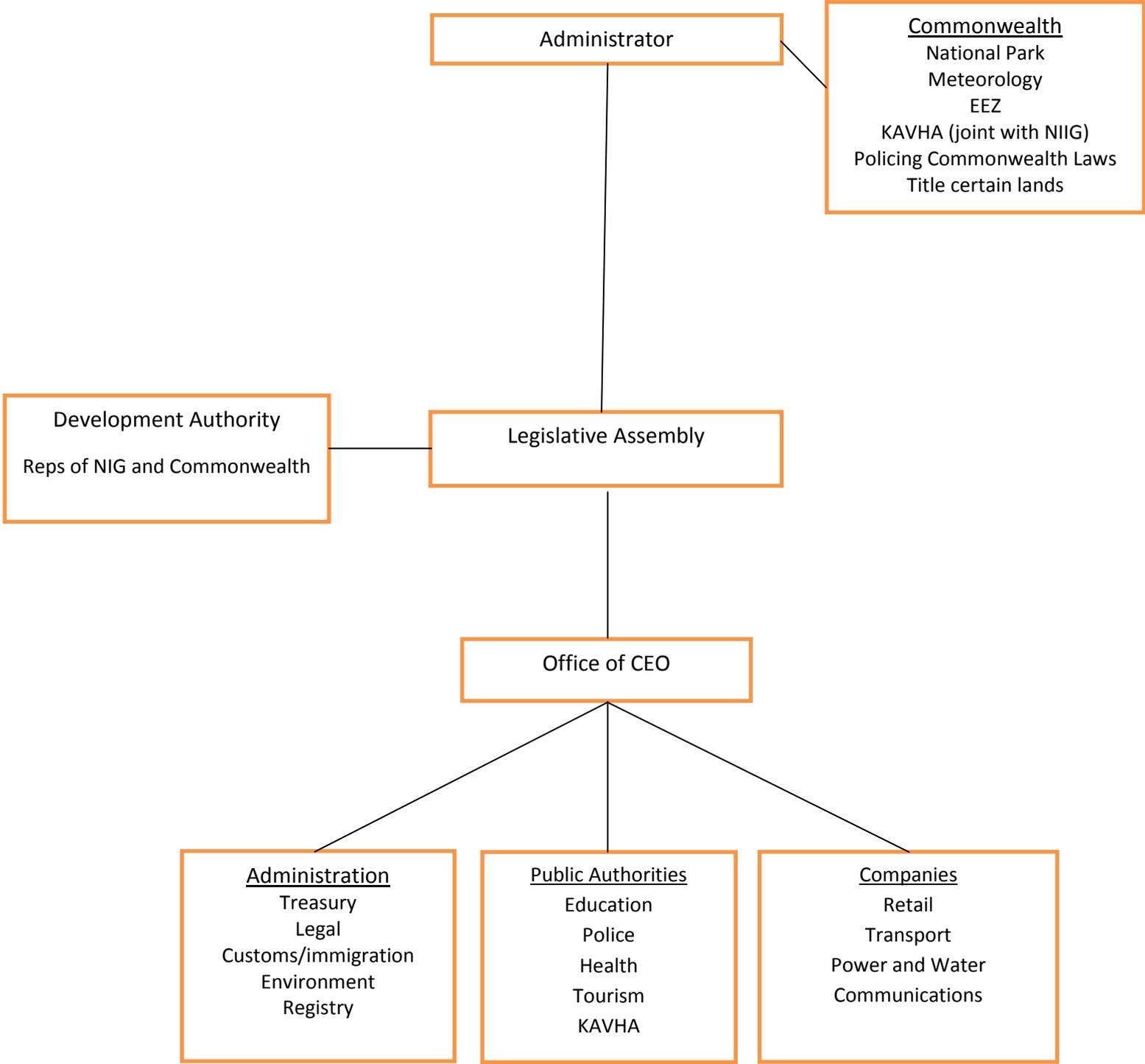
Background

1. Norfolk Island, not dissimilar to the worlds developed countries, has a long history of economic booms followed by an inevitable downturn. Whilst each failure was as a result of a variety of issues it is important to note that the subsequent recovery was as a result of action largely taken from within the community. It is anticipated that recovery from the current economic demise will also only be reversed by actions largely emanating from the community and to which both the Commonwealth and Norfolk Island Governments must demonstrate positive support, particularly in their areas of responsibility.
2. Recovery of the Norfolk Island economy will be made easier by co-operation from the Commonwealth Government. Such cooperation is not confined to provision of funding.
3. Norfolk Island has for the past 158 years survived largely on the establishment and maintenance of its own economy. It is unfortunate and must be acknowledged that actions by island community representatives' post 2007 have been less than satisfactory from a financial and governance perspective. This has activated a reliance on the Commonwealth to financially assist the island's budget. This assistance has manifest itself by way of support directed to the island's social demands.
4. There have been a significant number of commissioned reports related to various aspects of Norfolk Island life. These reports appear to be largely discarded to history and replaced by new consultancies and more reports.
5. There is a need now to find some practical solutions. We are past academic and/or social/administrative type solutions (they should only be considered as reference documents, where relevant).
6. The aim of this submission is to secure for the island a sustainable future respecting and maintaining its cultural heritage.
7. Whilst "sustainable future" has been used with gay abandon in the past 4 or 5 years nothing instituted to date or really proposed by the Commonwealth or Norfolk Island governments has the potential to achieve the basic requirement of a diverse vibrant economy on which such a hypothesis is dependent. Nothing other than a diverse vibrant economy can create anything more than an ongoing dependence on Australian aid.

8. Norfolk Island is an extremely isolated, small island (only 8,528 acres/3,454ha) with limitations on population (example natural water). In the past on a number of occasions following a fall in the island's economy, life has been "difficult" with a resultant fall in population. The past few years has shown history repeating itself.
9. Much has been made of "growing of the islands population to fix our woes". With targeted criticism from some within the community and some outside it. Certainly it is recognised that population increases are theoretically good for local business but without major job creation the economic value would not be optimised. There are certainly advantages for the island's real estate agents, lawyers and others as well as those who wish to depart, be it more likely at rock bottom prices. These comments are not part of some form of elitism or wishing to retain Norfolk Island "for us", as claimed by some. The reality in such isolated areas is that positive economic activity on a variety of fronts will create opportunities to grow the population. Growing the population without such economic stability will result in an ever dependence on welfare with an economy unable to pay for it.
10. Norfolk Islanders Pay No Tax – This is simply incorrect. The island economy operates under a system where there is no tax on income earned on the island by its residents but that does not say there is no effective tax impost on Norfolk Island citizens. Wage levels were initially set at an Australian equivalent less tax payable. Whilst over the years this has not been so definitive as the basis for wage claims it is a fact that following commencement at such a low salary rate the significant difference between wages and resultant fees and charges in Australia and Norfolk Island has been retained. There are those in the community whose salaries are established by Australian Commonwealth or State regulation. These persons residing on Norfolk Island are excluded from provisions of the Australian Taxation Act and this is considered inequitable. However, for other residents it is appropriate that they do in fact "pay" a form of income tax for which they receive no benefit. Thus prior to self-government when the Commonwealth was directly responsible for the island Administration, there was a significant wage saving. The same principle is evident today with wages far lower than in the equivalent Australian environment. The islands actual taxing regime provides for a 12% Goods and Services Tax with a very limited ability to claim input credits on capital goods. Goods imported not for sale attract import duty which varies but is 18% for the majority of goods. There are also a number of levies such as waste management, fuel and there is a land tax payable by absentee land owners.
11. There are options for the island to adopt self-imposed additional tax arrangements which could take the form of income and business taxation, land tax, services levy etc. However, given the wage structure and the current state of the islands economy we need to move cautiously in the timing of the introduction of a new tax regime.

12. This submission supports an implementable practical strategy to ensure the islands future, not confined to dependency on welfare handouts from the Commonwealth. This strategy is reliant on co-operative arrangements between the Governments of the Commonwealth and Norfolk Island and the communities of both places.
13. This Strategy is presented in three phases.
14. **Phase A** – To 30 June 2015. It is proposed to:-
1. Establish a DEVELOPMENT CORPORATION to oversight an infrastructure development program. The legislation to support this will stipulate the appointment, functions, roles and responsibilities of its Board comprising representatives of both the Commonwealth and Norfolk Island Governments. This Authority would :
 - . Report to the Norfolk Island Legislative Assembly.
 - . Have appropriate delegated powers to cut red tape.
 - . Negotiate appropriate financial arrangements.
 - . Have a sunset tenure of 7 years
 2. Restructure the existing amalgamated Norfolk Island Government Businesses (referred to as GBE) into CORPORATIZED ENTITIES with appropriate commercial Boards and management. The four entities would be Retail, Transport, Power and Water and Communications.
 3. Establish PUBLIC AUTHORITIES for Education, Policing, Health, Tourism
 4. Establish new structural arrangements for the operation and management of KAVHA, the airport and the remaining functions of the former Norfolk Island Administration.
15. Phase A would also see the further development of the economic based concepts as proposed for implementation in Phase B through the preparation of plans, establishing time lines, Budget development and where appropriate funding sought.
16. **Phase B** – Period for 7 years from 1 July 2015. The phase is dedicated to implementing appropriate development strategies and to make appropriate adjustment to the Administrative framework including the gradual implementation of variation to the islands taxing regime, to permit a more equitable system as well as servicing the island's needs.
17. **Phase C** - Ongoing. It would be anticipated that with implementation of at least the majority of the proposals in the 7 year Phase B, the island economy would have achieved a level of self-sufficiency.

PROPOSED STRUCTURE



The Strategy

Phase A – Restructure to 30 June 2015

1. Establish a DEVELOPMENT CORPORATION in the form of a Statutory Authority under Norfolk Island legislation with appropriate experienced representatives nominated by the Norfolk Island and the Commonwealth Governments. There would need to be clear and concise directions provided to such a body. Legislative controls particularly related to the role and responsibilities of its Board of Management, financial management, appointment and responsibilities of Members and Officers. This Corporation will be empowered to undertake appropriate infrastructure initiatives which are deemed to be needed to bring the Island to a state of self-sufficiency.

It is proposed that this Corporation will be disbanded after 7 years.

2. It is proposed to make the following changes to the structure of what is now loosely referred to as 'Admin' (the Norfolk Island Administration):-

- i) CORPORATISING GOVERNMENT OWNED BUSINESS

- a) All current Government Business Enterprises (GBE) and other sections, as seen as appropriate, would be corporatized within 4 companies under Norfolk Island legislation, managed by individual Management Boards. Legislation would be drafted to reflect current trends in corporate management and the new companies would be managed within strict commercial parameters. The Companies would be responsible to the Assembly but there would be strict controls placed on the responsible Minister appointed by the Assembly. Governance arrangements for the Companies would provide that the Responsible Minister nor any other Minister could not participate directly in management issues. Whilst there has been a draft report provided by the consultants Deloitte Access Economics their proposals and identified short comings suggests the path proposed at this stage is appropriate.
- b) The companies would be managed by an experienced management team supported by a Board of Directors appointed jointly by the Norfolk Island and Commonwealth governments. The companies would report to the Norfolk Island Legislative Assembly (Assembly) via the office of the Chief Executive Officer (Office of CEO). Administrative arrangements required by the companies would be organised under a contract for service agreement. Proposed establishment of Companies would see position transfers from the current Norfolk Island Administration. Dividend policy would be determined by the Assembly and strictly administered.

ii) ESTABLISHING FOUR PUBLIC AUTHORITIES

- a) It is proposed that four Public Authorities would be established under a revised management arrangement and basic legislation. Each Authority would be required to operate under a Board of Management with full, not advisory, management powers. The Boards would report to the Legislative Assembly. The Office of CEO would act as the conduit between Government and the body established, as for a corporatized GBE. Whilst there is proposed strict controls to be placed on the role of the responsible Minister, involvement of the Commonwealth could be encouraged in the first 3 years although it is proposed that provision of services by each Authority would be under a policy developed in consultation with the community. The Authorities are proposed as:-

Health – Includes Hospital, Age care, Healthcare, Medivac and Social Services

Education – Central School, post school assistance

Police – Off shore and local Officers, Custodial Service and Rescue Service

Tourism – Current Bureau, tourist accommodation and other tourism services

iii) PROPOSED OTHER STRUCTURAL CHANGES

- a) Kingston and Arthurs Vale Historic Area (KAVHA), a prime area for real economic activity, which is currently not exploited. KAVHA needs changes such as new governance arrangements and also removal of the total barrier to even considering reconstruction of former buildings on the site, utilising their original plans, which incidentally are all available. It is important to understand that a number of World Heritage sites elsewhere have been destroyed but subsequently rebuilt and then listed on the World Heritage list, as has KAVHA. It is proposed that the site would continue to be jointly managed by the Commonwealth and Norfolk Island Governments which was proposed from the outset. Governance would involve creation of a Statutory Authority, if not a corporatized entity, under Norfolk Island legislation. It is important to note that despite the role of the Commonwealth the proposed governance arrangement could be easily catered for. Incidentally, at its inception in the late 1970s it was promised that KAVHA management would be established under Norfolk Island legislation. The latest Memorandum of Understanding for the area repeats this requirement. Whilst retaining a focus on conservation, KAVHA must also embrace a more commercial approach. Currently the site is providing little to the island economy, despite promises made by both the Commonwealth and Norfolk Island Governments as they sought community support for the area being placed on the World Heritage List. These promises have never been delivered.

- b) There are efficiencies to be gained by amalgamating all Norfolk Island Airport operations and reunite management of the airport flight operations and the Fire Service. There are potentially significant efficiency and particularly cost savings for the two units to operate under one head, the Airport Manager. There is a suggestion that the Fire Service should be transferred from the Administration to the Commonwealth's Air Services Australia. The argument is that Air Services cannot provide the required training which appears incorrect given the service provided in the past and also there are apparently no members of the Norfolk Island Fire Service who are not adequately trained for the roles they currently undertake. The major issue at the airport relates not only to current inefficiencies created by the management structure but also the current inability to establish an appropriate fee schedule. It is proposed that an aircraft fee be imposed, particularly to cover day to day costs of the airport fire service but return on investment should also be considered. Unfortunately, it is understood, the Commonwealth has expressed concerns and has indicated it will not support such a cost recovery proposal at the airport. It appears the Commonwealth is against such a proposal as it is committed to supporting any losses in the Air NZ Contract until June 2016 and it is claimed such a change may impact negatively on visitor numbers. If there is an issue with Air Services Australia it should be noted that Norfolk Island is actually in New Zealand air space. Airways New Zealand provides flight inspection services for airports in the South Pacific and its inspectors fly past Norfolk Island to attend to their duties at other airports in the region.
- c) Remaining sections within the Administration, after corporatisation and other proposals, would be re-organised appropriately to deal solely with Administrative type services.
- d) New definitive functions such as treasury and business management must be included in the new structure and appropriately staffed. The revised Norfolk Island Administration shall comprise:-
- Office of CEO – CEO, Deputy, Assistants (2)
 - Treasury Office – Head, Economist, Accountant, Legal Advisor, Assistants (3)
 - Customs – Head, Customs (4.5), Immigration (1.5), Quarantine (1)
 - Registry Office – Registrar, Assistants (3)
 - Legal services – Lawyers (2), Assistants (2)
 - Environment – Planner, Environmental Officer, Assistants (3)

The Strategy

Phase B - Period from 1 July 2015 to 30 June 2022

1. A new tax system is to be introduced in this phase to complement the island's current taxing regime.
2. The time frame given for restructure of the Norfolk Island Administration is extremely tight and as completion of the new governance framework is essential to the whole plan progression to finality must occur very early in the life of this phase.
3. Some Commonwealth financial support as has occurred in recent years will be requested in this Plan. It is suggested that the type of goals as expressed in past Funding Agreement "milestones" utilised in providing support in the so called "roadmap", should be reviewed. The process surrounding previous "milestones" have generally been inconsistent. Certainly, insert goals but the principle for funding should be project based.
4. The current Funding Agreement 2014/15 to be replaced by an agreement which takes account of a revised Norfolk Island administrative structure and other recommendations within this document. Where the Commonwealth assists in funding specific projects funding agreements would apply solely to each project. It is proposed that the Commonwealth Government's financial commitment to the revised administrative structure in Phase B would relate solely to the provision of each service and would comprise the following commitment:-
 - a) Provision of a subsidy for the annual operational costs of the Norfolk Island Health Authority of 100% of cost in years 1 and 2 and reducing by 10% per year thereafter for the remainder of the Phase.
 - b) Provision of a subsidy on the cost of education of 100% in years 1 and 2 followed by a reduction of 20% per annum in succeeding years.
 - c) Support equivalent to the loss of contribution to the Norfolk Island Administration's Revenue Fund as a result of a proposal (see below) to retain all profits within the proposed corporatized Government Business Enterprises (GBEs). The support will be required for some 4 years
 - d) Funding would be required to provide direct support to the establishment of a small Treasury Unit, including provision of business management expertise and additional legal support. It is proposed the Commonwealth would provide support of 100% of cost for the first 4 years

- e) Funding of the Development Authority at 100% of costs for the first 5 years after which it would be funded on a cost sharing basis by both governments.
5. All elements of the current economy should be immediately and with some vigour re-assessed. The failure of the major component tourism has been dramatic and could not be blamed on the Global Financial Crisis alone, certainly a factor but limited. Mismanagement in both Norfolk Air and Tourism arrangements was obvious. However, simple issues such as the failure to align supply with demand in areas of Norfolk Island tourism have definitely not assisted.
 6. Proposals such as the Cascade Pier Project and the Waste Incinerator, for which Commonwealth funds have been committed, should be progressed with some speed and not see clerical hold ups such as requirements for over the top and petty Funding Agreements or environmental demands interfere with the progression of such proposals. If there is potential for such petty hold ups, the Commonwealth should take the projects over and complete them.
 7. I have described below in no order of priority projects that could be considered in our drive for self-sufficiency by the Development Corporation.
 8. A quarry for the supply of rock is urgently required as current rock supplies are nearly exhausted. The question is where and how? The location has not been finalised and the how really involves whether rock is won as required or won and stored. I guess the economics, based on annual requirements and any future use of the former quarry area are significant decisions to be factored in. Despite this a new quarry site will be required sooner rather than later.
 9. A third landing facility to complement the existing two piers thus alleviating the necessity to establish, at this stage, a harbour which could cost more than an estimated \$0.5b. The facility would be advantageous for ship freight unloading, fishing, other tourism related activities and cruise ships. Sites on the western side of the island at Puppy's Point and Headstone have been identified.
 10. A boat harbour (preferably with potential to expand) with sufficient land to allow the operation of shore based support services is urgently required to allow for a safe anchorage for larger sail and motorised boats and the establishment of small industries that feed off such a facility.

11. Support of the Commonwealth will be sought, not necessarily financially, to assist in a proposal to establish a fishing industry. Such an industry would be based on Norfolk Island and operate within the Exclusive Economic Zone around the island (EEZ) but be excluded from the Recreational Fishing Zone, known locally as “the Box”. Agreement to be sought from the Commonwealth to:-

- a) Initiate the establishment, as a first step, of an exploratory fishing program, in years 1 and 2, with boats registered and operators based on Norfolk Island to gather data on which a Fishing Management Plan may be developed. Such a management plan would be compiled prior to the granting of commercial fishing licences.
- b) Exploratory licences would be issued and supervised by a joint Norfolk Island and Commonwealth Government authority established for the process.
- c) Exploratory licence catches would remain the property of the respective boat and export of the catch would be required and permitted after relevant data had been provided.
- d) All fish exported would be processed and if required, packaged on Norfolk Island before export.
- e) All fish exported would not be included in Norfolk Island GST arrangements as it would be classified as an export.
- f) At completion of the exploration period a plan would be developed and approved by both governments to allow a commercial fishing program in the EEZ.
- g) The proposed commercial licensing arrangements would include a licence fee schedule to include provisions to cover cost of establishing licence conditions, issuing of each licence, policing the fishery as well as a return to the community for use of the asset. Whilst it is anticipated the administration of licences issued would be undertaken by the Norfolk Island Government it would be expected Commonwealth Fisheries would retain some supervisory role.

12. It is proposed that an “off shore” finance facility be established on Norfolk Island. This proposal has been promoted in the past with little success due it is understood to management and governance concerns. It has been suggested that such a centre would be of significant importance to Australian business and provide a much needed asset for the Commonwealth. It is accepted that there has always been concern as to actual management and credibility of such facilities, given past experiences with the islands involvement in “Off Shore Company Registrations” and the disastrous “bottom of the harbour” and such schemes. The difference is that in this proposal, the Commonwealth has a significant role. The Commonwealth would act as the regulator as well as possibly, the facilitator, of the finance centre. The benefits to the island economy of establishing such a facility could be substantial.

The degree of value to the local island economy would depend on improved communications to permit the establishment of a business centre on island.

13. A 5/6 star hotel is required for the island. Such a hotel would need to not only provide top class service but must also be an attraction and be I guess you could call it, different. The preferred site is at Kingston, utilising some existing and reconstructed convict buildings within the Kingston and Arthurs Vale Historical Area (KAVHA). The area has been shown to be of great interest to highly accredited hotel development/management groups but there has been no satisfactory response from KAVHA. It is anticipated that funding from the private sector would be available but the Commonwealth, as well as Norfolk Island Government, approval would be required for such a proposal. The New Military Barracks with existing buildings and the need for two others to be reconstructed has been identified as a possible site.

14. Relocation of the Airport Terminal to the site of the first airport terminal, close to the main runway, would provide the ability to establish a more practical facility than the current terminal, save on the maintenance cost of pavement which will not be required (estimate \$2 – 3m during each overlay) and free up the old terminal for other use.
The relocation of the Administrative staff from the New Military Barracks to the old terminal would be possible thus providing better access to the Administration and freeing up the New Military Barracks.

15. Air New Zealand (ANZ), under contract to the Commonwealth and also of its own volition on the Auckland – Norfolk run, provides excellent services to the island, as it has since 1948. However, there appears a need to break away from what is apparently a very controlled contract with the Commonwealth related to the Australian legs of service provided by ANZ. It appears not even the present Norfolk Island Government has been privy to viewing the contract. There is definitely a need for greater flexibility in services. It is considered that a more regional approach in view of the island's location may be possible, even a proposal to base the operation on Norfolk Island. Small and most larger airlines in the past have proven inadequate and the islands own airline (Norfolk Air) after proving profitable in its first three years (to 2008) of operation fell on hard times through various factors, not the least of which was poor management. It was replaced by the current Commonwealth negotiated and funded ANZ contract. Whilst the cost of release of the previous contract between Norfolk Air and its then carrier, Air Nauru, was significant and appeared over the top, the subsequent underwriting payments to ANZ by the Commonwealth as required by the contract are unknown. A possible solution is to establish a consortium of the larger operators in the region, e.g. ANZ, Virgin, Qantas and Emirates. Whilst there has been support among airline advisors with whom the proposal has been discussed there is really a significant amount of work remaining to

be done. However, the proposal should not be discounted out of hand and the Commonwealth needs to be a willing inclusion in negotiations.

16. The initial tourists who came to Norfolk Island from about the mid-1890s were attracted to the island for health reasons as it was claimed by these visitors that Norfolk Island was some sort of a health Mecca. No facilities were provided for these tourists other than that available to tourists who were considered, healthy. There was in fact no public hospital and only one doctor. Regardless of that, the possibility of "Health and Welfare Tourism" is proposed and would be of particular benefit to the Norfolk Island Hospital in not only the availability of an appropriately registered facility but also the specialist staff as required in such a facility.

17. The introduction of the O3B as the island's main data carrier appears as some improvement in the carriage experienced in the past and should provide for greater business opportunities. To achieve maximum utilisation of the new service there will be a need to progress its utilisation with some vigour. There is still some concern as to the backup arrangements for some potential users of the new system. However, the ultimate service available would be provision of Optical Fibre connection with O3B as its backup. The proposal for an Optical Fibre undersea cable connecting Australia, New Zealand and US sees the cable passing no more than 50km west of Norfolk Island. This is an exciting prospect. It is understood that the proposal to establish the undersea cable is virtually finalised and only requires the actual mapping of the precise line followed by construction and laying of the cable. Norfolk Island has been offered the opportunity to be part of the cable on the basis of the cost of the 50Km cable said to be some \$6.5m and an annual fee for usage. It is also understood there is a need for a decision from Norfolk Island by the end of November (2014). The cost of connecting into the cable at a later date is said to be technically difficult and for the island probably cost prohibitive. It is considered that there are three essential infrastructure components to secure the future of such an isolated community as Norfolk Island – an international airport, world best communications and appropriate harbour facilities. The undersea cable project must be progressed with some vigour and the opportunities for a commercial arrangement between the island and a private provider would allow this to happen sooner rather than later. Value to the island of opportunities which feed off the current service have provided some sustenance to the island but the island will not achieve the ultimate offered by these opportunities until their support and management services are relocated and established on the island. To achieve this and before even considering the competitive edge the island may offer to existing and other opportunities, there is a need to provide the best carriage service available. Advice and oversighting of this proposal must be undertaken by the Commonwealth and it would be hoped that any proposals will be dealt with expeditiously.

18. Provision of a multi-purpose facility to provide for indoor sport, covered entertainment area, conference centre and a much needed “school hall” is essential. Such a facility would form an important boost to the economy in its construction alone without considering the potential advantages to tourism or other values to the current and future community. It would also provide a much needed replacement for the island owned marquee or “the tent” as it is known locally and become an integral part of a change in tourism strategy. It would as an example open the door to the conference market. There are at least two proposals being currently developed which may fit the requirements for such a facility. The most appropriate one should be selected for immediate support. It is anticipated that funds for this facility would require at least part provision by the Commonwealth. Final plans are in the process of development.
19. Title to a large percentage of the islands roads and all its reserves are held by the Commonwealth. Over 10 years ago the issue of Commonwealth title over land on Norfolk Island was broached in discussions between the then Norfolk Island Chief Minister and the Responsible Commonwealth Minister. Subsequent discussions saw the Commonwealth agree that negotiations should commence with a view to repatriation of all Commonwealth land, where appropriate, to the Norfolk Island Government. Negotiations commenced and a process established whereby holders of leasehold land could receive freehold title on payment of a fee. The negotiations on other land then ceased. It is proposed that these negotiations should recommence immediately. In relation to roads which at self-government in 1979 were in very poor condition, far worse than to-day, it is proposed that negotiation to transfer proceed on the basis that the Commonwealth bring each road to an acceptable standard before title is transferred. It is understood prior to self-government in the NT and the ACT, this occurred. The proposal is for a certain length of road each year to be brought to the agreed standard, transferred and the Norfolk Island Government establish a process which will provide for the annual maintenance of all roads transferred. Surprisingly, expenditure on such a project of as little as \$2m per annum would see a major improvement in the high use roads in a very short time. There is a large percentage of the island within reserves and vacant crown land owned by the Commonwealth. Given works done to date there is not a lot required within the reserves other than upgrade of some roads and tracks plus provision of additional basic facilities including those identified as being of real value to tourism. Only isolated plantings may be required. However, the reserves in general have never been utilised to the extent they offer for appropriate tourism usage and being some 20% of the island’s area are a significant potential resource. Recommendations in relation to properly assessing potential tourism usage in all Parks and Reserves must be progressed.

20. Immigration change has been the subject of some conjecture on the island due to the virtual open door policy which has resulted. There are real concerns as to the ability of the island to maintain its current very high “security” rating and also support such a policy with adequate social services. The much vaunted opening the gate as far as immigration is concerned has not seen immigration numbers skyrocket nor fortunately an excessive number of immigrants accessing the social services arrangements. However, there is need for controls and it would be proposed to reintroduce a simplified permit system including new business related permits dealing with management as well as investors.
21. Following a revitalisation of the economy and both administrative and taxation arrangements there may be a need to assess some functions and operational procedures within the Legislative Assembly.

The Strategy

Phase C – Period post Phase B

1. This phase is ongoing.
2. Whilst it is proposed that the Development Corporation would cease to exist, the ongoing sustainability, financially and culturally of the Islands economy should be secure.

Conclusion

1. As 2014 draws to a close Norfolk Island finds itself in an extremely precarious economic position. The past four years has seen provision by the Commonwealth of funding supporting social demands but the island economy has continued to degenerate.
2. To even consider the introduction of additional taxing and a wide range of new legislative arrangements at this point in time on a depressed economy is unacceptable and can be described as a recipe for “economic suicide”.
3. The question is who will pick up the pieces as we look forward from 2014 and the real cost, in the long term, to both the Commonwealth and Norfolk Island?
4. The Strategy outlined in the paper is designed to ensure Norfolk Island is able to generate sufficient consolidated revenue to cover the social demands imposed upon it. To achieve this objective will require some Short Term support from the Commonwealth.
5. The islands Capital Works programmes however will of necessity need financial backing from the Commonwealth [no other funding options are available under the Norfolk Island Act (Cth)] but these programmes should be able, as a prerequisite to their implementation, to generate a financial return to the Island Government from which the Commonwealth funds may be repaid.