



Australian Government

Australian Government Response to the Joint Standing Committee on the National Capital and External Territories report:

Same country: different world - The future of Norfolk Island

February 2015

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PREAMBLE

The Australian Government welcomes the opportunity to respond to the report of the Joint Standing Committee on the National Capital and External Territories (Committee), titled *Same country: different world - The future of Norfolk Island* (the Report), published in October 2014.

The Report highlights the need to address the critical governance, infrastructure and economic issues facing Norfolk Island as a matter of urgency to mitigate further economic decline and the deterioration of living conditions for Australians living on the Island. Many of the issues considered in the consultations and in the report are longstanding and have been the subject of numerous reports, inquiries and submissions over the last 35 years. The Committee's recommendations note that Norfolk Island governance and economic reforms must occur together to give the community the greatest chance of recovery.

The Committee's recommendations are substantial and far reaching and include the end of self-government through the repeal of the *Norfolk Island Act 1979* (Cth). In recommending this significant step, the Committee has recognised the provision of national, state and local government services by a single level of government drawn from a population of less than 2000 people is not viable. This theme was also reflected in a number of submissions to the inquiry.

Given the significance of the recommendations, the Hon Jamie Briggs MP, the Assistant Minister for Infrastructure and Regional Development asked the Hon Gary Hardgrave, the Administrator of Norfolk Island, to undertake a consultation process with the Norfolk Island community on each of the recommendations of the Report. The Administrator's findings have been drawn from public meetings, written submissions and personal representations from members of the Norfolk Island community, key stakeholder groups and the Norfolk Island Government and Legislative Assembly. The Australian Government's response has taken into consideration the views put forward by the Norfolk Island Government, and members of the community.

The consultation process highlighted a strong mood for reform within the community with most individuals, including some members of the Legislative Assembly, acknowledging there needs to be some change to the model of self-government. The Norfolk Island Government's own preferred model acknowledges that the current arrangements cannot sustain Norfolk Island into the future. Consultations also highlighted the need for urgent action and greater certainty in respect of future arrangements, particularly to build business confidence and encourage investment. Written submissions largely favoured repeal or amendment of the *Norfolk Island Act 1979* (Cth) and the establishment of a local government model. Many of the earlier reviews and reports into Norfolk Island also favoured the establishment of a local government, supported by appropriate state and Commonwealth services.

The Norfolk Island Government's preferred model of modified self-government would continue to see the Norfolk Island both legislate for and administer state and municipal services, with the Commonwealth taking on national services only, such as immigration,

customs and quarantine. The Australian Government does not favour this approach as it will not address the governance and economic issues that have negatively impacted the Norfolk Island community and economy over time. There is broad support in the community and from the Norfolk Island Government for the Australian Government, as part of any new governance arrangements, to take responsibility for the delivery of key infrastructure projects. The Australian Government is committed to ongoing consultation with the Norfolk Island community on the process of reform and on the implementation of its commitment to extend the Australian taxation, healthcare and social security frameworks.

RECOMMENDATION 1

The Committee recommends that, as soon as practicable, the Commonwealth Government repeal the Norfolk Island Act 1979 (Cth) and establish an interim administration, to assist the transition to a local government type body, determined in line with the community's needs and aspirations. This will require the development of a new legislative framework.

Agreed.

The Australian Government supports the Committee's recommendation to change the current governance arrangements and proposes to transition the current Legislative Assembly to a Regional Council. The Australian Government notes through the consultation process undertaken by the Committee and subsequently by the Administrator, there is broad support from the community to alter the current arrangements for self-government. However, to maintain current service delivery and administrative infrastructure while the transition takes place, the Australian Government will amend rather than repeal the *Norfolk Island Act 1979* (Cth). This will allow the Norfolk Island Administration and associated entities, including the Norfolk Island Government Business Enterprises to continue to provide services to the community during this transitional phase. The Assistant Minister will hold delegations for Norfolk Island during the transition period and ensure an interim Advisory Council is established, drawn from the community, to advise him on decisions during that period.

RECOMMENDATION 2

The Committee recommends that formal mechanisms for community consultation be established which allow for regular and ongoing communication between any transitional administration and the community about the reform process and new governance arrangements.

Agreed.

The Australian Government agrees the Norfolk Island community must have an ongoing voice in governance and in government. This will be achieved through the establishment of a locally elected Regional Council. The Council will be established as soon as practicable, but in the interim, the Australian Government will establish an Advisory Council with community representation to guide the transition process. Formal mechanisms will be established for the Administrator and the Advisory Council to consult with the community on key issues, including those related to the introduction of taxation, healthcare and social security arrangements and on the establishment of a Regional Council. A Taskforce has been established within the Department of Infrastructure and Regional Development with representatives from key Australian government agencies including the Treasury, the Department of Social Services, the Department of Human Services, the Department of Health, the Department of Agriculture, the Department of Immigration, the Australian Customs and Border Protection Service and the Australian Taxation Office to support the transition process and the ongoing process of community consultation on reforms.

RECOMMENDATION 3

The Committee recommends that the Commonwealth Government assume responsibility for the Cascade and Kingston Pier upgrades and that the Commonwealth Government expedite the works in line with Australian standards and occupational health and safety requirements, as soon as practicable.

Agreed.

This recommendation is agreed subject to the transfer of \$13 million in funding from the Community Development Grants Programme to the *Services to Territories* outcome (Outcome 4) in the Department of Infrastructure and Regional Development.

The Australian Government notes that, notwithstanding its original grant application under the Regional Development Australia Fund, the Norfolk Island Government is of the view the current proposal:

“...will not facilitate containerisation or reliable cruise ship processing – this will only be attained by constructing an enclosed harbour facility or at very least a west side port to complement existing Kingston and Cascade Jetties.”

The community consultation process highlighted a divergence of views on the long term needs of the community and the feasibility of further port or safe harbour infrastructure. However, there was acceptance this project should continue in some form to address the immediate and urgent needs of the community. Further scoping and feasibility studies will need to be undertaken to identify the optimum solution, taking on board heritage and environment considerations and the condition of other related infrastructure such as roads.

RECOMMENDATION 4

The Committee recommends that the Commonwealth Government purchase multi-purpose barges for use on Norfolk Island in conjunction with upgrades made to Cascade and Kingston Piers. Barge use must be integrated into the design and functionality of the upgrades.

Agree in principle.

The Australian Government supports the Committee's recommendation to improve passenger and cargo access to the Island and notes the importance of the cruise shipping industry to the Norfolk Island economy. However, this component of the broader Cascade/Kingston project remains unfunded by the Norfolk Island Government. This recommendation is agreed in principle subject to the outcomes of re-scoping of the project for the Kingston and Cascade piers and consideration in a future budget context.

RECOMMENDATION 5

The Committee recommends that the Commonwealth Government ensure that, as part of the new governance arrangements, the public road infrastructure on Norfolk Island is assessed against current Australia-wide design, building and engineering standards and, where needed, work is undertaken to remedy deficiencies.

Agree in principle.

The maintenance and management of road infrastructure should continue to be an on-island responsibility in line with the responsibilities of a Regional Council. The Australian Government will work with the Administrator and the Advisory Council on the development of a long term roads strategy for Norfolk Island. The network of Norfolk Island roads has significantly deteriorated and it will take a considerable period of time and capital for these matters to be redressed. A long term 10-20 year strategy will include an assessment and prioritisation of remediation of existing roads and capital funding and the development of appropriate design guidelines based on local conditions and usage of the roads. The Administrator will seek state government expertise, as appropriate, to assist in this process. This recommendation is agreed in principle, subject to funding in a future budget context.

RECOMMENDATION 6

The Committee recommends that the Commonwealth Government appoint officers in the transitional administration to strengthen Norfolk Island's economic and human resource capacity. Officers from Commonwealth agencies like Tourism Australia and Austrade should be tasked to provide advice and support to define the tourist market, develop tourist product and promote and market tourist and other products and services, including new ones.

Agreed.

The Australian Government agrees building on-island capability is critical to the effective delivery of services and to broader economic development. Through the Commonwealth Financial Officer posted on-island, the Australian Government continues to support the development of financial management capability within the Norfolk Island Administration. Successive funding agreements between the Australian Government and Norfolk Island have supported the capability building and public sector reforms and the Australian Government will continue to work with the Norfolk Island Administration to build services and capability. The Australian Government has also invested in a framework for improving the management of Government Business Enterprises and as part of the transition arrangements, will appoint an Executive Director to provide administrative oversight of the Norfolk Island Administration and associated entities.

Austrade and the Department of Infrastructure and Regional Development will work together to identify new opportunities for tourism and to undertake targeted research to better define tourism markets, inform a tourism strategy and identify opportunities for growth. Austrade will provide strategic advice to the Norfolk Island Government Tourist Bureau and assist in the brokering of broader relationships within the tourism industry including with Tourism Australia and key industry bodies.

RECOMMENDATION 7

The Committee recommends that the Commonwealth Government provide a dedicated officer to assist Norfolk Island cottage industry owners and operators to brand their products, set up a cooperative shopfront, and look at ways to market and export their products.

Agree in principle.

This recommendation is agreed in principle, subject to consideration in a future budget context. In the interim the Australian Government, through the Office of the Administrator, will support an economic development strategy for Norfolk Island. The strategy will be guided by the interim Advisory Council, and an economic advisory group drawn from key stakeholders. The development of new niche markets and the diversification of the retail sector on Norfolk Island will be critical to tourism development. Strategies which support

local products, the development of a unique brand and contribute to main street revitalisation are important components of an expanded tourism industry.

The development of local products will be a key component in increasing the tourism value to the Island and the Australian Government will identify ways to support the development of capability in local businesses to create market-ready products and services for niche markets.

RECOMMENDATION 8

The Committee recommends that the Commonwealth Government take charge of the psyllid eradication effort on Norfolk Island, and that responsibility for quarantine control matters be transferred to the Commonwealth of Agriculture, Fisheries and Forestry.

Agreed.

The Australian Government acknowledges this is more properly a national responsibility and a small jurisdiction such as Norfolk Island cannot sustain adequate and effective quarantine and border control arrangements. As a first step in supporting more effective quarantine arrangements, the Australian Government has provided \$1.5 million for the conduct of a pest and diseases survey to identify potential quarantine and biosecurity issues. The Australian Government has also worked to build capability on-island and improve the effectiveness of current quarantine arrangements through the gifting and deployment of a trained quarantine detector dog.

The pest and diseases survey identified the presence of the potato and tomato psyllid on Norfolk Island. This insect poses significant biosecurity concerns and is a potential threat to the food supply on the Island. The Australian Department of Agriculture has provided advice to the Norfolk Island Administration on the management of this pest however a management or eradication regime is yet to be implemented.

The Australian Government agrees that the Norfolk Island Government lacks the capacity to effectively address this issue and the Departments of Agriculture and Infrastructure and Regional Development will work together to identify the best options for addressing the current infestation. Consideration will also be given to the Australian Government's role in the management of other introduced pests such as Argentine Ants, the Paper Wasp and the Asian House Gecko.