

The Hon Sussan Ley MP, Assistant Minister for Regional Development and Territories  
Visit to Norfolk Island  
12 – 16 November 2018

| Part 1 – Event / Meeting Briefs |   |
|---------------------------------|---|
| 1.01                            | KAVHA tour  |
| 1.02                            | Meeting with Mayor  |
| 1.03                            | Social paddle in Waka (Norfolk Island Outrigger Club and NOC the Rock)                                      |
| 1.04                            | Meeting with stakeholders - Biosecurity on Norfolk Island   |
| 1.05                            | Meeting with NI-connect   |
| 1.06                            | NIHRACS visit   |
| 1.07                            | Meeting with NIRC   |
| 1.08                            | Community Reception   |
| 1.09                            | Breakfast Bushwalk  |
| 1.10                            | Meeting with Duncan Evans, Melissa Ward, Eve Semple (former Advisory Council), constituent                  |
| 1.11                            | Norfolk Island Tourism Brand Launch   |
| 1.12                            | Meeting with Chamber of Commerce  |
| 1.13                            | Meeting with Accommodation and Tourism Association  |
| 1.15                            | Government House Dinner   |
| 1.16                            | Breakfast Meeting with Council of the Elders  |
| 1.17                            | Cascade Pier  |
| 1.18                            | Visit to Banyan Park Play Centre (includes update on child care fee relief and BBRF funded project)         |
| 1.19                            | Project Event Brief – Strengthening Environmental Governance TBC  |
| 1.20                            | Demonstration of the Argentine Ant Eradication Drone  |
| 1.21                            | Meeting with Norfolk Island People for Democracy  |
| 1.22                            | Home Grown & Bee Sanctuary Afternoon Tea  |
| 1.23                            | Meeting with Dr Chris Nobbs   |
| 1.24                            | Dinner Meeting at Dino's Restaurant with representatives promoting Norfolk Island as a 'foodie' destination |
| 1.25                            | Visit to Cyclorama and Gallery Guava  |
| 1.26                            | Details of Constituents Meetings  |

| Part 2 – Key Issues Briefs |  |
|----------------------------|--|
| 2.01                       | Workplace relations  |
| 2.02                       | Norfolk Island air services – passenger and freight  |
| 2.03                       | Preamble to the <i>Norfolk Island Act 1979</i>   |
| 2.04                       | Petition to the United Nations (UN)  |
| 2.05                       | Vocational Education and Training Financial Assistance Initiative                          |
| 2.06                       | Medical Evacuations and NIPTAAS  |
| 2.07                       | ANAO Audit: the design, implementation and monitoring of services reform on Norfolk Island |
| 2.08                       | Passenger Transfer Vessels and Cascade Pier  |
| 2.09                       | Maternity and birthing on Norfolk Island   |
| 2.10                       | Norfolk Island Response Taskforce and Medical Records                                      |
| 2.11                       | Negotiations with ACT Government for future State Service Delivery                         |
| 2.12                       | Norfolk Island Request for a Submarine Cable   |
| 2.13                       | Norfolk Island TourismSan  |

| Part 3 – Background Briefs |  |
|----------------------------|--|
| 3.01                       | Overview of Norfolk Island   |
| 3.02                       | History of Norfolk Island  |
| 3.03                       | Australian Government services   |
| 3.04                       | Australian Government Key Achievements on Norfolk Island since 1 July 2016 (as at 4 June 2018) |
| 3.05                       | Norfolk Island reforms – the case for reform   |
| 3.06                       | Norfolk Island – Additional funding – Update on progress                                       |

**Visit to Norfolk Island by the Hon Sussan Ley MP**  
**Assistant Minister for Regional Development, Territories and Local Government**

**12 – 16 November 2018**

**Itinerary**

Accompanied by: Sophie Beeton (Minister's office) and Christine Dacey (Executive Director, Territories Division)

| Brief Ref                 | Event                            | Time           | Location  | Attendees  | Outcome Sought   |
|---------------------------|----------------------------------|----------------|---|--|--|
| <b>Monday 12 November</b> |                                  |                |   |  |  |
|                           | Arrive/Transfer to accommodation | 2.00 pm        | Government House – Minister and advisers<br>Accommodation TBA– Departmental staff |  |  |
| 1.01                      | Guided walking tour of KAHVA     | 3:00 pm        | Meet at Museum  | Administrator/Exec Officer<br>KAVHA Advisory Committee members Duncan Evans and Dids Evans<br>Museum Curator | The visit will provide an opportunity for the Minister to understand KAVHA's economic potential, future investment needs to meet Australia's international obligations and how the community values and uses the site. |
| 1.02                      | Meeting with the Mayor           | 4:30 – 5.00 pm | Administrators Office   | Administrator<br>Mayor Adams   | Explore opportunities to work Cooperative, Collaborative and in Partnership with the Norfolk Island Regional Council (NIRC) and the Norfolk Island community.  |

| Brief Ref             | Event                                     | Time   | Location          | Attendees  | Outcome Sought  |
|-----------------------|---|--|-------------------|--|---|
| na                    | Working Dinner                            | 6.00 pm  | Government House  | Assistant Minister, Advisor, Administrator, Executive Officer, Administrative Assistant, Department Executive Director, Department staff – approx. 12 people           |   |
| Tuesday, 13 November  |   |  |                   |  |   |
| 1.03                  | Social paddle in Waka (Outrigger)         | 8.00-9.00 am   | Meet at Emily Bay | President of Norfolk Island Outrigger Club and NOC the Rock<br>Damien Snell, Jane Rutledge, Aida Nebauer, Cameron Christian  |   |
| REFRESH 9.00 – 10.00  |   |  |                   |  |   |
| 1.04                  | Meeting with stakeholders re: Biosecurity | 10.00 -11.30am (60 min meeting and 30 min morning tea) | Hilli Goat Farm   | Administrator/Executive Officer PJ Wilson, Martin Cross, Dean & Megan Fitzpatrick, Candice Nobbs, Pat Anderson, Matt & Suzie Bigg, Emily Ryves, Merv & Claire Buffett, | Provide an update on progress since Dr McVeigh's visit and discuss options. |
| 1.05                  | NI Connect                                | 12.00 – 12.30 pm                                       | NI Connect        | Administrator/Executive Officer Official Party   | Inspect centre and gain a broader understanding of the services provided.   |
| LUNCH/BREAK - 30 mins |   |  |                   |  |   |

| Brief Ref              | Event   | Time           | Location               | Attendees   | Outcome Sought  |
|------------------------|---|----------------|------------------------|---|---|
| 1.06                   | NIHRACS – Meeting with Manager and individuals around new health facility | 1.00 – 2.00    | NIHRACS                | Administrator/Executive Officer<br>Official Party<br>NIHRACS Manager, Kath Bowman<br>**Meeting participants TBA | Tour the facility.<br><br>Hear community views on the new MPS.  |
| 1.07                   | Meeting with NIRC   | 2.00-3.00 pm   | Council Chambers       | Mayor, Councillors, NIRC - General Manager, Lotta Jackson and Group Manager Services, Bruce Taylor              | To discuss ways the Australian Government and NIRC can work in collaboration, co-operation and partnership. |
| 1.26                   | Constituent meeting   | 3.15 – 3.30 pm | Administrator's Office |   |   |
| 1.26                   | Constituent meeting   | 3.30 – 3.45 pm | Administrator's Office |   |   |
| 1.26                   | Constituent meeting   | 3.45 – 4.00 pm | Administrator's Office |   |   |
| 1.26                   | Constituent meeting   | 4.15- 4.30 pm  | Administrator's Office |   |   |
| REFRESH 4:30 – 5:30    |   |                |                        |   |   |
| 1.08                   | Community reception   | 5.30-7.00 pm   | Government House       | Administrator/Executive Officer<br>80 guests  |   |
| Na                     | Private Dinner - TBC  | 7.15 pm        | Government House       | Administrator   |   |
| Wednesday, 14 November |   |                |                        |   |   |
| 1.09                   | Breakfast Bushwalk  | 7.00-10.00 am  | Meet at Pinetrees      | Administrator<br>Official Party<br>Michael Prentice (Pinetree Tours owner/operator)                             |   |
| REFRESH 10:15 – 11:00  |   |                |                        |   |   |

| Brief Ref             | Event                                | Time             | Location               | Attendees   | Outcome Sought   |
|-----------------------|--------------------------------------|------------------|------------------------|---|--|
| 1.10                  | Meeting with former Advisory Council | 11.00 – 11.30 pm | Administrator's Office | Administrator<br>Duncan Evans, Melissa Ward,<br>Eve Semple  | General discussion regarding the advancement of the reforms.<br><br>Reflect on the recommendations made by the Advisory Council as set out in Council's final report to the Government in June 2016. |
| 1.26                  | Meeting with NIRC General Manager    | 11.45 – 12.00 pm | Administrator's Office | Administrator<br>Lotta Jackson  |  |
| 1.26                  | Constituent meeting                  | 12:10 – 12:25 pm | Administrator's Office |   |  |
| 1.26                  | Meeting with Anglicare               | 12.30 – 12.45 pm | Administrator's Office | Administrator<br>Tracey Hicks   |  |
| LUNCH/BREAK - 75 mins |                                      |                  |                        |   |  |
| 1.12                  | Meeting with Chamber of Commerce     | 2:00 – 3:00 pm   | Administrator's Office | Administrator<br>Cherri Buffett, President; Brett Sanderson, Vice President;<br>Natasha Arnold, Committee;<br>Alison Christian, Committee;<br>Naomi Thompson, Committee | Recognise and listen to the concerns of the Chamber of Commerce.   |

| Brief Ref | Event  | Time            | Location               | Attendees  | Outcome Sought  |
|-----------|--|-----------------|------------------------|--|---|
| 1.13      | Meeting with Accommodation and Tourism Association | 3.30 – 4.15 pm  | Administrator's Office | Administrator<br>Rael Donde, ATA President; Sue Sills, Vice President  | To discuss key issues in the "Federal Government Changes to Norfolk Island, Framework to Address Economic Impact" submission (Submission) made by ATA in 2016 and the issues which ATA have identified as a priority in October 2018. |
| 1.26      | Constituent meeting                                | 4.15 – 4.45     | Administrators office  |  |   |
| 1.11      | Norfolk Island Tourism brand launch                | 5.00 – 6.00 pm  | Paradise Hotel         | Administrator<br>Official Party<br>NIRC members, General Manager and staff, Tourism Advisory Committee, ATA, Tourism industry stakeholders |   |
|           | REFRESH 6.00 – 7.00                                |                 |                        |  |   |
| 1.15      | Formal Dinner                                      | 7.00 for 7.30pm | Government House       | Administrator/Executive Officer<br>Official Party<br>Cross section of retail business operators  |   |

| Brief Ref             | Event                            | Time             | Location         | Attendees   | Outcome Sought   |
|-----------------------|----------------------------------|------------------|------------------|---|--|
| Thursday, 15 November |                                  |                  |                  |   |  |
| 1.16                  | Breakfast with Council of Elders | 8.30-9.30 am     | Government House | Administrator/Executive Officer<br>Official Party<br>Albert Buffett, President; Gaye Evans, Vice President; Edith Christian, Executive, Anita French, Executive Secretary | Listen to the Council of Elders' views on the status of Norfolk Island and explain how the Australian Government is working to understand and address these concerns. Provide an update on issues raised with Dr McVeigh.                  |
| 1.17                  | Cascade Pier                     | 10:00 – 10:20 am | Cascade Pier     | Administrator/Claire Quintal<br>Official Party  | A tour of the completed Cascade Pier upgrade and an update on future projects associated with the Cascade Pier including the Ports Traffic Management Plan, the Passenger Transfer Vessels and upgrades to road infrastructure at Cascade. |
| 1.18                  | Banyan Park                      | 10:30-11:15 am   | Banyan Park      | Administrator/Claire Quintal<br>Official Party<br>Claire Quintal, President ; Angie Andresen, Vice President; Carrie Mietzel, Secretary; Brigitte Graham – Treasurer      | Discuss funding and the new facility.  |



| Brief Ref  | Event  | Time             | Location                        | Attendees   | Outcome Sought   |
|--|--|------------------|---------------------------------|---|--|
| 1.19   | <del>Project Completion Event</del><br><del>Strengthening Environmental Governance</del><br><del>(environmental strategy)</del><br>TBC | 11:30 – 12:00 pm | TBC                             | <del>Administrator/Claire Quintal</del><br><del>Official Party</del><br><del>Mayor Robin Adams</del><br><del>Bruce Taylor, NIRC</del> |  |
| LUNCH/BREAK – 90 mins (can be a working lunch if required) |  |                  |                                 |   |  |
| 1.20   | Argentine Ant Drone Demonstration  | 1:30 – 2:00 pm   | TBA                             | Administrator/Claire Quintal<br>Official Party<br>PJ Wilson and Drone operator  | Discuss the eradication process and the drone.<br>(Possible use of the drone in the IOT for crazy ants)  |
| 1.21   | Meeting with Norfolk Island People for Democracy   | 2.15 – 3.00 pm   | Administrator's Office          | Administrator<br>Chris Magri<br>**additional names TBC  | Recognise and listen to the concerns of NIPD.  |
| 1.22   | Afternoon tea<br>Home Grown & Bee Sanctuary  | 3.00 – 4.00 pm   | TBA (possibly Government House) | Administrator/Executive Officer<br>Official Party<br>Merv and Claire Buffett<br>Becky Nobbs and Homegrown                             | Gain an appreciation of Norfolk Island becoming the 3rd Bee Sanctuary in the world.<br><br>Promotion of Norfolk Island as a pristine environment for locally produced products.<br><br>Biosecurity concerns. |

| Brief Ref             | Event                       | Time                | Location               | Attendees  | Outcome Sought                                    |
|-----------------------|-----------------------------|---------------------|------------------------|--|---|
| 1.23                  | Meeting with Dr Chris Nobbs | 4.30 – 5.00pm       | Administrator's Office | Administrator<br>Christine Dacey   | Recognise and listen to the concerns of Dr Nobbs. |
| REFRESH 5.00 – 6.45PM |                             |                     |                        |  |   |
| 1.24                  | Dinner at Dino's Restaurant | 7:00 pm             | Dino's Restaurant      | Administrator<br>Official Party<br>Cross section of those working towards promoting Norfolk Island as a 'foodie' destination |   |
| Friday, 16 November   |                             |                     |                        |  |   |
| na                    | Breakfast                   | 8:00 – 9:00 am      | TBC                    |  |   |
| na                    | Norfolk radio interview     | 9:30 – 9:45 am      | Radio Norfolk          | Administrator<br>Official Party<br>Radio announcer   |   |
| 1.25                  | Cyclorama & Gallery Guava   | 10:00 -10.45 am     | Gallery Guava          | Administrator<br>Official Party<br>Tracey Yager and Sue Draper (artists)   |   |
| na                    | Meet and greet constituents | 10.45 am – 12.15 pm | Burnt Pine             | Official Party   |   |
|                       | Depart                      | 12:30 pm            |                        |  |   |

## Key Issues Brief

### 2.01 Workplace Relations

#### Key Issues

- Some Norfolk Island employers and the Norfolk Island Chamber of Commerce have expressed concerns about the impact of the full implementation of the *Fair Work Act (FWA) 2009* since its application to the Island was announced in 2015.
- Previous Norfolk Island employment laws provided access to some, but not all of the entitlements set out in the National Employment Standards and modern awards. Full implementation of the FWA ensures Norfolk Island residents have the same rights and obligations as other Australians. Employees will welcome their new entitlements and the additional income that will be directed towards the local economy.
- Following consultation with the community about reasonable transitional arrangements, the Government announced a multi-year, staged transition to the introduction of the Fair Work system that would enable employers and employees to adjust to the change.
- The Fair Work Ombudsman (FWO) has provided significant support and outreach for employers during the transition. This has included group information sessions and one-on-one appointments with FWO officials on Norfolk Island, targeted guidance material and handouts, and ready access to FWO officials online and by telephone. Following their most recent visit in June 2018, the FWO advised that most businesses were well prepared for the final phase of the transition from 1 July 2018. Whilst there have been some concerns raised in the media and by correspondence, these are consistent with what was raised prior to implementation.
- The 2016 Australian Census indicated there were 986 people in employment on Norfolk Island, approximately 70% of whom were employees.
- In a submission to the Fair Work Commission (see below), the NSW Business Chamber advised that there are 152 businesses on Norfolk Island. This contrasts with previous estimates, including a 2011 census of businesses which estimated that there were around 350 businesses on Norfolk Island, including sole traders who would not be affected by the introduction of modern awards.

#### Application to the Fair Work Commission

- On 30 June 2018, the NSW Business Chamber made an application to the Fair Work Commission (FWC) for a new award to be made specifically for Norfolk Island private sector employees, similar to the existing *Miscellaneous Award 2010*. If this is not possible, the Chamber was otherwise seeking:
  - a variation which would allow employers on Norfolk Island to engage employees for periods of one hour; and
  - establishment of transitional schedules to allow a longer phase-in of modern award terms on the Island – for example penalty rates, minimum wages and public holiday rates.

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- The application argued that many employers did not realise the significant changes that their businesses would experience with the advent of modern awards until the last few months of the three-year transition period.
- The Chamber reported that their representatives who recently visited the Island were “inundated with evidence” from local businesses that compliance with the modern award system would lead to:
  - significantly increased wage costs;
  - reduction in staff;
  - closure of businesses;
  - businesses being put up for sale, and
  - a reduction in hours of work for employees.
- This is in contrast with feedback received from the Norfolk Island Administrator and the FWO, who reported that, while not in favour of the changes, businesses generally accepted the reality and were doing their best to prepare for the introduction of modern awards on 1 July 2018.
- The application was not successful, based on significant legal elements of the current statutory framework:
  - Section 154 of the FWA generally prohibits a modern award from containing State- or Territory-based differences in terms. A stand-alone modern award for Norfolk Island, or alternatively, terms in modern awards that would apply only in Norfolk Island would constitute Territory-based differences. Therefore, the FWC is not currently able to make the determinations sought by the NSW Business Chamber.
  - Impermissible constitutional issues relating to acquisition of property would arise if an award or transitional arrangements were to be applied retrospectively. This means that entitlements accrued between 1 July 2018 and the commencement of a stand-alone Norfolk Island award and/or any transitional arrangements would have to be honoured.
- The Department understands that the NSW Business Chamber is continuing to work with the Norfolk Island Chamber of Commerce and that they are considering developing an Enterprise Agreement for businesses on Norfolk Island, an approach which the FWC mentioned while considering the request for a separate award.

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### Workplace relations support for businesses during transition

- Throughout the reform process, employees and employers on Norfolk Island have been provided with a broad suite of resources and assistance from the FWO.
  - The FWO has provided priority workplace relations support and advice to employers and employees on Norfolk Island. In addition to conducting site visits with the major employers and community engagement activities, the FWO will continue to provide tailored services, including a dedicated webpage, and specific educational materials for different industry sectors.
  - As on the mainland, employees and employers on Norfolk Island also have access to a range of other resources and assistance through the FWO. These include, the Pay and Conditions Tool (PACT), the Fair Work Infoline and small business helpline, online training modules and best practice guides, templates (including payslips and pay records), and a MyAccount service which allows members to receive tailored advice and updates specific to the needs of their business. Calls to the Fair Work Infoline and small business helpline from Norfolk Island are charged as local calls.
- Prior to the most recent increase to the national minimum wage in July 2018, the FWO placed prominent advertising in the Norfolk Islander newspaper informing the community of the changes and reiterating the channels through which they could contact the FWO for assistance.
- The community was consulted on the transition in August 2015 and April 2016, and businesses have had over three years to prepare for the introduction.

### Monitoring the Norfolk Island Economy

- You may be asked by the Chamber of Commerce or members of the business community to identify the modelling undertaken on the impacts of the FWA to the local economy.
  - Advice provided to the Department by economists in the Bureau of Infrastructure, Transport and Regional Economics and the Department of Jobs and Small Business has concluded that it would be difficult to separate the impacts of the FWA on the local economy from the other changes that have occurred on Norfolk Island, including the introduction of Medicare, social security payments and increased infrastructure expenditures.
  - Several assessments undertaken between 2010 and 2016 identified Norfolk Island's economy was in serious decline and urgent action was required to improve the sustainability of the community.
  - Economic analysis undertaken before the reforms indicated that the impact of the broader reform package would have strong positive impacts on the Norfolk Island economy, but may have some initial negative impact on employment due to higher wages.
  - The 2014 report prepared by the Centre for International Economics on the Impact of the Australian Government reform scenarios for Norfolk Island (**Attachment F** of Background Brief 2.04) considered it was likely that higher wages would lead to

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increased local consumption and this would have a positive impact on employment in the longer term.

- When the Department met with Dr Chris Nobbs, he mentioned very straightforward ways to monitor the economy including tourism number, freight volume and retail price index. You may wish to test Dr Nobbs views with the Chamber.
- The Department of Employment consulted with the Norfolk Island community and businesses in August 2015 and April 2016 on the extension of the Fair Work Act. The phased approach to the rollout of the FWA reflected the preferences of the Norfolk Island community, particularly the need to allow time for employers and employees to transition.
- The approach to transitioning to Australia's workplace relations system was agreed in the context of the wider transition to tax, superannuation and social services.
- Norfolk Island's economic performance was in long-term decline well before the Australian Government commenced delivering services on 1 July 2016.
  - Estimates of nominal gross territory product (GTP) indicated that the economy contracted by around 4 per cent between 2003-2004 and 2015-2016.
  - The number of hours worked on Norfolk Island declined by 27 per cent between 2009-2010 and 2015-16.
  - The Norfolk Island population declined by 19 per cent between 2001 and 2016.
  - The Australian Government provided over \$43 million in deficit funding to Norfolk Island between 2010 and 2016.

If asked about monitoring of the economy and the impact of the awards:

- Quantifying the specific impacts of modern awards is not feasible—there are too many other economic factors which would impact measurement and it would be extremely difficult to disaggregate those impacts for an economy the size of Norfolk Island.
- All of the changes made through the extension of Australian Government programs and services on the Island should be considered in a holistic manner rather than trying to separate out a single variable from a complex economic situation. For example, Norfolk Islanders now have access to Medicare, the Pharmaceutical Benefits Scheme and to Centrelink services for the first time.
- Evidence suggests the Norfolk Island economy is doing well. For example, approximately 30,000 people visited Norfolk Island in 2016-17, which is the highest number recorded since 2008-09. Visitor numbers for 2017-18 were slightly lower, but still the second highest in a decade. Visitor numbers in 2018-19 are strong, as indicated by the high demand for airline services. Unemployment is low and building activity appears to be strong.
- To support monitoring of the economy, NIRC and the business community on the Island may be able to provide information, including:
  - number, type and characteristics of businesses;

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- hours worked and numbers of employees;
  - development applications lodged to NIRC;
  - new motor vehicle registrations, and
  - other information which may be suggested by businesses.
- The Norfolk Island Chamber of Commerce 2017-2022 Strategic Plan requires the Chamber to action the establishment of mechanisms that quantify accurate measures of population, financial indicators, visitor numbers, conveyances, building applications, importation and export volumes and employment data. You might like to ask about the status of this work.

If asked about an enquiry by the Productivity Commission:

- NIRC may ask again for the Productivity Commission (the Commission) to undertake an inquiry into the Norfolk Island economy.
- NIRC wrote to the Hon Dr John McVeigh MP, former Minister for Regional Development, in February 2018 seeking support for the Commission to carry out research and conduct a public enquiry to determine:
  - the current financial capacity of Norfolk Island: and
  - how to grow Norfolk Island economically, socially, culturally and environmentally, including building a diverse and vibrant business environment.

You may wish to advise:

- The Australian Government supports the aspirations of NIRC and the community to build a diverse and vibrant business environment.
- The *Productivity Commission Act 1998* requires the Commission to have regard to ‘the need to improve the overall economic performance of the economy through higher productivity’. As a result, the Commission’s enquiries look at issues that affect a broad cross section of Australians. It would be unusual for the Commission to enquire into issues that predominately affect only a small portion of the Australian population.
- It is too early in the reform process to properly assess the impacts and gain an accurate understanding of Norfolk Island's economic future.
- To support analysis of the economy, the 2016 Census and future Census data collected by the Australian Bureau of Statistics will be important. This can be combined with Australian Government data and information from NIRC and the business community to create a foundation for future social and economic analysis.
- Given the Joint Standing Committee on the National Capital and External Territories (JSCNET) interest in Norfolk Island – you could suggest your willingness to take up a JSCNET enquiry, including examination of the economy in 2019. A JSCNET enquiry could follow the Australian National Audit Office audit scheduled for completion around April 2019.

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## Background

### Transition to the full implementation of the Fair Work Act 2009

- On 1 July 2016, Norfolk Island began transitioning to the national workplace relations system and the FWA. The transition has occurred over three stages:
  - Stage 1 From 1 July 2016, the National Employment Standards (including sick leave and annual leave), and pay slip and record-keeping obligations applied on Norfolk Island. The relevant national minimum wage also commenced at a reduced rate of 85 per cent for the first year. Casual employees started getting an extra 25 per cent on top of the minimum rate.
  - Stage 2 From 1 July 2017, all Norfolk Island employees are entitled to the full relevant national minimum wage.
  - Stage 3 From 1 July 2018, Norfolk Island employees are covered by modern awards as part of the national system.
- The 2014 Centre for International Economics report provided a comprehensive assessment of the Norfolk Island economy, including the impact of applying the Australian minimum wage on Norfolk Island. The Australian Government commissioned the report to quantify the economic impact of various reform scenarios for Norfolk Island. The reform options included:
  - extension of Australian mainland minimum wage, and market/business operations;
  - extension of mainland taxation (personal, company and Medicare levy) and superannuation systems;
  - extension of mainland social security (unemployment benefits, welfare payments, and Medicare); and
  - changes to the current Norfolk Island arrangements (such as removing the Norfolk Island GST and import duties, possibly in exchange for extension of mainland taxation) and implementation of a range of microeconomic reforms.
- According to the 2016 Australian Census the highest employing industries were Accommodation and Food Services, followed by Retail Trade and Public Administration and Safety. The minimum base wage rates in these awards are generally higher than the National Minimum Wage (currently \$18.29 per hour). These awards also set out other loadings, allowances and conditions on top of the base rate.



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- Advice from the Bureau of Infrastructure, Transport and Regional Economics indicates that there are data limitations arising from small numbers or in this case a small location. These limitations mean that analysis should be considered indicative, and individual numbers and rates should be used with caution. For example, Australian Census data, which will be used for Norfolk Island, is subject to a process of random adjustment by the ABS to ensure that confidentiality is maintained. In practice, this means that a very small number published by the ABS can vary considerably for each iteration. Consequently, there can be a significant impact on percentages and ratios for very small cells. This is exacerbated once the small population is further divided by characteristics (such as industry or age). Hence, data at this level should be considered with caution, and a consequence is that it is difficult to analyse rates of change.
- On 1 July 2016 a new minimum wage equal to 85% of the national minimum wage (\$15.05 per hour) was introduced on Norfolk Island. The Norfolk Island minimum wage which was in effect at 30 June 2016 was \$10.70. The Department understands that most employees on Norfolk Island were paid more than the (NI) statutory minimum wage which has “softened” the impact of transitioning to the Australian minimum wage.

**Sensitivities:** Nil

**Attachments:** Nil



**Key Issues Brief**

**2.02 Norfolk Island Air Services – Passenger and Freight**

**Key Issues**

Airline Underwriting—Passenger

- The Australian Government has provided approximately \$10 million for airline underwriting flights between the mainland and Norfolk Island since 2011.
- Air New Zealand (Air NZ) has been providing regular air services between Australia and Norfolk Island under a contract arrangement since 2012, and will continue to do so until at least 2021. Contracting a large commercial airline has boosted Norfolk Island tourism activity and provided greater economic opportunities for the community.
- The contract requires Air NZ to operate the service as commercially as possible, to avoid discouraging competition, while ensuring there is sufficient capacity to increase tourism numbers and allow residents to access mainland services.
- The agreed flight schedule is seasonal and based around historical travel numbers to Norfolk Island. The ‘core service’ provides two flights from Sydney and two flights from Brisbane each week. Currently, the Brisbane service reduces to weekly during the July and August, while the Sydney services increases to three flights per week, from September to April.
- You recently announced that the airline services will be expanded to provide year-round, twice-weekly return flights between Brisbane and Norfolk Island from mid-2019.
- NIRC or business stakeholders may request you amend the contract to provide three flights per week from Sydney and to provide a third flight from Brisbane during the peak and shoulder period from September through to April. You may wish to indicate that these additional flights are being considered, noting that the costs are not insignificant and that the current budget for the airline underwrite would need to be increased.
- You may like to advise that scheduling flights at times of the year that are unlikely to be well patronised increases the Australian Government’s underwriting costs and diverts resources from other services provided to the community.
- Air NZ has a Marketing Memorandum of Understanding (the MOU) with NIRC to develop the local tourism industry. The MOU helps to co-ordinate Air NZ’s promotion of the route with Norfolk Island tourism destination marketing and advertising; including the promotion of events and discounted seats to attract more tourists.
- The former Norfolk Island Government’s 2008 contract with Air Nauru to provide a similar, non-seasonal, service (with only two flights per week from Sydney) resulted in underwriting losses of around \$7.5 million per year.

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- In March 2018, the Administrator held a reception at Government House for representatives from Air Chathams and the Norfolk Island tourism sector to support NIRC's work to secure a regular air service between New Zealand and Norfolk Island. Air Chathams in partnership with Pukekohe Travel is advertising three week-long package deals direct from New Zealand to Norfolk Island. 2018 travel dates are:
  - 25 October – 1 November
  - 1 November – 8 November
  - 8 November – 15 November.
- The Department understands that NIRC is negotiating with Air Chathams to secure a regular passenger transport service between New Zealand and Norfolk Island.

### Freight Issues

- Every Air NZ flight from Australia to Norfolk Island carries freight, at a price which is much lower than the true cost of the service. This service has typically provided adequate air freight capacity for Norfolk Island's needs for much of the year.
- Backlogs occur seasonally due to high passenger demand, when passenger numbers are high or when the regular passenger service must load additional fuel due to adverse weather conditions.
- Recently, the larger of the two ships that transported freight to Norfolk Island was taken out of service. The smaller ship continues to travel to the Island, but overall sea freight capacity has reduced substantially. This has transferred demand to air freight.
- The Department has occasionally procured freight services to alleviate backlogs as required, including in late 2017 and early 2018. To support the community, the Department is underwriting an ad-hoc freight flight in November 2018.
- The lack of exports from Norfolk Island has historically increased freight costs as pricing for all imports needs to consider the cost of a return trip for an empty aircraft. This situation is changing, given that NIRC now need to export waste to the mainland for proper disposal. Previously, waste was dumped into the ocean, however this practice is no longer allowed, due to the establishment of the Norfolk Island Commonwealth Marine Reserve around the Island.
- A freight working group established by the Administrator of Norfolk Island provided a draft air freight subsidy proposal to the Department in mid-October 2018 (**Attachment A**).
  - This proposal seeks to establish a regular air freight service from the mainland to Norfolk Island.
  - Under the proposal, importers would be charged a commercial rate for goods, and the Government would subsidise NIRC's costs of waste export to the mainland.

## DEPARTMENT OF INFRASTRUCTURE, REGIONAL DEVELOPMENT AND CITIES

- The proposal presents two subsidy scenarios with costs of either \$360,000 or \$780,000 per annum, depending on the frequency of flights. These amounts are not able to be funded from within the current budgets.
- The proposal should be discussed with caution as initial analysis by the Department indicates that there are some areas of concern.
- The Department's analysis will consider, among other factors, the Financial Assistance Grant payment to NIRC. This payment contains additional supporting payments for freight and for waste management which seek to account for the remote island disadvantages experienced by NIRC.
- The Department may ask you to consider making a Budget submission to seek additional funds to support this subsidy, pending the outcomes of the analysis.

### Background

- The Norfolk Island Government contracted Air Nauru to provide air services between the Australian mainland and Norfolk Island from 2005 to 2012. The Global Financial Crisis in 2008-09 dramatically reduced global tourism numbers and highlighted the short comings in the Norfolk Island Government's contract. As a result of reduced passenger numbers and a poor contract the Norfolk Island Government sustained losses of up to \$7.5 million/year operating the air service.
- The Australian Government provided \$11.2 million in 2011 to terminate the expensive contract with Air Nauru and attract a new, reliable air service provider to Norfolk Island. The decision to underwrite an air service to Norfolk Island was part of the Australian Government's strategy to improve the Island's economic sustainability.
- Air NZ commenced providing an air service, underwritten by the Australian Government, in March 2012 and was again awarded the contract in 2016 following a competitive tender process.
- Norfolk Island experienced its worst recorded visitor numbers in 2012 which coincided with the commencement of the contract with Air NZ. Passenger numbers have increased year-on-year since 2012, with a slight drop experienced in 2017-18 compared to the previous year.

### Attachments:

- A      Draft Air Freight Subsidy Proposal



## **Air Freight Proposal**

Presented to the Department of Infrastructure, Regional Development and Cities

October 2018

*A reliable, scheduled and regular air freight service from mainland  
Australia*

### **Enquiries to:**

Duncan Evans, Endeavour Lodge [duncan@endeavour.nf](mailto:duncan@endeavour.nf)

Bart Murray, Burnt Pine Travel [bart@burntpinetravel.nf](mailto:bart@burntpinetravel.nf)

Kerry Grace, Regional Development Australia Norfolk Island [ceo@rdamnc.org.au](mailto:ceo@rdamnc.org.au)

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## Executive summary

Freight is a critical driver for the economy of Norfolk Island and the establishment of a regular, reliable air freight service is the desirable solution for its fast turnaround, safe passage of cargo and overall cost effectiveness for the customer.

There is currently 12,000kg in backlogged cargo in mainland Australia with considerably more which is unable to be delivered to forwarders as they are not accepting more cargo until the backlog is cleared. With the new freight ship carrying only a portion of the cargo of the previous ship it's not likely this backlog will clear in the immediate future.

Norfolk Island business owners, residents and government bodies currently rely on limited and unreliable cargo facilities provided by Air New Zealand flights. As there is no direct seafreight service between mainland Australia and Norfolk Island, importing goods that are essential to the Island by seafreight from mainland Australia via New Zealand is a long and risky process.

The loss of the direct air service from Auckland has placed even greater pressure on the four-five weekly Air New Zealand flights from mainland Australia. The direct air service from Auckland typically averaged 1,500kg per flight. The success of the airline passenger service from mainland Australia and tourism growth has resulted in year on year increases to inbound passenger numbers over the past 5 years, which has in turn significantly reduced cargo capacity. The existing Air New Zealand flights from mainland Australia are unable to cope with the extra air freight demand since the loss of the Auckland flights.

While there are no identifiable gaps in the demand for inbound freight the challenge for a commercial provider continues to be the outbound load which is often limited. Without a reliable outbound load freight services are forced to charge customers a fee which is not tenable to the market.

In time there may be export markets which take some of this load (particularly in agrifoods and health/beauty industries), however as this develops another plan is required to achieve the air freight goal.

The most likely customer of outbound freight services is Norfolk Island Regional Council who require waste to be removed from Norfolk Island. However, the cost of this service is not something that NIRC can bear alone.

Consultation with a broad range of stakeholders points to a NIRC subsidy for waste removal as being the most equitable and viable means of ensuring a regular air freight service.

## Background

Regional Development Australia facilitated a Freight Roundtable of Norfolk Island Importers, Freight Representatives in June 2018. A list of attendees can be found at (attachment one).

The Roundtable delegates unanimously agreed the current freight arrangements were inadequate, and the following outcomes were desirable:

- A reliable, scheduled airfreight service from mainland Australia
- The airfreight service would run at a minimum of every month
- A dedicated airfreight aircraft is utilised, rather than relying on the Air NZ

## The current freight situation in Norfolk Island

### Air freight

There is currently no regular, dedicated air freight service for Norfolk Island.

Air NZ typically carries 1,500kg on their twice weekly scheduled A320 passenger services from Sydney & Brisbane. Priority is given to passengers' baggage, Australia Post mail, express cargo and perishables before any other air cargo is carried.

Poor weather also causes additional fuel uplift, reducing capacity. In the past, airlines would use Noumea as an alternate landing aerodrome in the event, however since the requirement for passengers to carry a passport from mainland Australia to Norfolk Island was removed in 2016, the airlines have been unable to use Noumea as an alternate. This means that more fuel must be carried when an alternate is required to use Brisbane or Auckland which are a longer flight.

Current General cargo Price to the customer \$2.40/kg  
plus

- Security Charge \$0.13/kg (Minimum \$13.30)
- Airway bill fee \$30.00
- Export Entry \$35.00 (if value of goods over \$2,000)
- Norfolk Island Waste Management Levy \$0.26/kg

The current service is supplemented by the occasional, ad-hoc air freighter aircraft.



## Sea freight

There is currently no direct sea freight service from mainland Australia to Norfolk Island. All cargo originating in mainland Australia is shipped from Sydney or Brisbane to Auckland; then transshipped via the Southern Tiare.

The vessel Southern Tiare is scheduled every five weeks from Auckland to Norfolk Island.

## Current price

The current price for 1m<sup>3</sup> of seafreight from either Brisbane or Sydney to Norfolk Island is

Base Ocean Freight \$260.00m<sup>3</sup> plus  
Bunker Adjustment Factor \$90.00m<sup>3</sup> (Fuel Surcharge)  
Norfolk Island Stevedoring Surcharge \$17.00m<sup>3</sup>  
Lighterage Ship to Shore \$40.00m<sup>3</sup> (charged by the Council)  
Waste Management Levy \$41.00m<sup>3</sup> (charged by the Council)  
Cartage from Pier to our warehouse \$50.00m<sup>3</sup>  
Customs EDN \$95.00 per shipment

Total \$593.00 for the minimum of 1 cubic metre by sea

Industry advise tells us that a typical 1m<sup>3</sup> shipment would have a weight of approximately 300kg. This gives an effective rate of \$2.00 per kg\*

\*Not included in these charges is the cost of having the cargo packed onto a Strapped /Wrapped Pallet so that the cargo can withstand the 19 times the cargo will be handled by a Forklift and the Lighterage transport from ship to shore at the Island, or the cost of Marine Insurance. These costs vary quite considerably with each shipment but can add another \$1.00/kg.

NB the ship now servicing Norfolk Island carries only 1,210T freight versus 2,433T carried by the previous seafreight service. This creates further delays in accessing freight on island.

## **Current challenges**

There are ongoing back logs for air freight cargo and it can often take some months for air freight cargo to arrive after being lodged.

Due to Health and Safety and manual handling laws, cargo carried by Air New Zealand is limited to a maximum of 32kg for each item. There are also size restrictions which further impact on the goods able to be transported by air.

Sea freight is slow. From mainland Australia via Auckland is a minimum of 6 weeks for sea freight to arrive on Norfolk Island. Because of this long voyage many grocery items cannot be sent by sea. The sea freight service also poses difficulties for businesses in key Norfolk Island industries (tourism and hospitality) as the goods are often damaged when they arrive.

All seafreight must be packed onto strapped/wrapped pallets to withstand both the transshipment handling in Auckland, and the lighterage from ship to shore at Norfolk Island. Overall, cargo is forklifted 19 times from lodgment in mainland Australia to delivery to the Norfolk Island importer.

Packing also poses a challenge for cargo leaving Norfolk Island by sea. Freight must be packed into containers (Basel Convention) and there are no container packing facilities on Norfolk Island. Therefore, both packing and unpacking cargo for sea freight is a long and potentially unsafe process.

Sea freight is charged on the volume of the cargo, rather than the weight further disadvantaging the above-mentioned businesses who require bulky goods such as fridges, washing machines and furniture.

The current freight situation also impacts essential services on island. Regular parcel post service from mainland Australia to Norfolk Island takes on average of 3 months to reach Norfolk Island. Access to perishable goods (including fruits and vegetables) is also limited and there have been noted examples of critical medicines being delayed.

Yet, a regular air freight service has been cost prohibitive in the past. This is primarily due to the lack of back load coming from Norfolk Island to the mainland. Norfolk Island Airlines who had previously operated some of the ad-hoc air freighters between mainland Australia and Norfolk Island over the past five years advised that, depending on the type of load (weight versus volume), and the quantity of outward cargo, underwriting of up to \$20,000 per flight would be necessary to make the service viable for a commercial operator.

The local cargo operator, Burnt Pine Travel have operated ad-hoc freighters for several years on demand. Over the past few years, this has been 3-4 per year. These operations have only been possible due to subsidy from either the Commonwealth, Council or Australia Post. This year, Burnt Pine Travel has operated charters in January, May and September. The January charter was an emergency charter to import food products following the cancellation of seafreight services that month. It carried predominantly chilled goods for 2 importers who paid a premium to alleviate a food shortage. The May and September charters were made possible by carrying a full load of Council waste back to mainland Australia. There is an additional service scheduled for October. These services clear the backlogs of cargo and provide space to uplift perishable cargo to Norfolk, however do not return a commercial profit. Importers on these charters pay \$3.65/kg which after forwarders fees and terminal fees represents \$2.75/kg net.

## The business case for a regular airfreight service

The following industries would be the immediate beneficiaries of a regular, reliable air freight service from the mainland to Norfolk Island

### **Tourism and Hospitality industries**

- Reliable supply of perishable items
- Reduce potential cargo damage in comparison with sea freight
- By using airfreight over sea freight, Importers can reduce the amount of stock they need to keep on hand by increasing the frequency of their orders
- Alleviate the current time procurement planning takes
- Enable faster turnaround for urgent items which are bulkier

### **Agriculture**

- Faster turnaround for critical vet supplies

### **Freight industry**

- A regular air freight service will enable Norfolk Island importers to plan orders with their suppliers in time for the air freight service date
- Enable more thorough planning for bulk orders utilising sea freight services
- Goods can be imported with a much shorter lead time thereby reducing the overhead of storage in Sydney / Brisbane.
- Reduce the amount of stock on hand (3 month worth by sea freight as opposed to 3 weeks via airfreight) reducing risk of loss to the importer
- Relieve excess demand

### **Other**

- Importing of essential testing equipment that is too large for airline freight services. This includes fuel gauge/meter calibration equipment required annually to allow fuel supply (aviation and domestic)
- Importing and re-exporting medical testing equipment
- Importing fragile larger items such as solar hot water systems and panels and whitegoods, not suitable for sea freight and too large for airline airfreight

The following social, health and community impacts should also be taken into consideration

### **Provision of essential services**

- improve regular supply of perishable and fresh foodstuffs to the Island
- With the regular parcel post service from mainland Australia to Norfolk Island currently taking an average of three months, air freight would present a significant improvement.
- Free space on the scheduled Air New Zealand flights thereby increasing capacity to uplift mail, fruit, vegetables and other perishables weekly
- A regular air freighter service would complement the Air New Zealand passenger services to Norfolk Island. It would:
  - Relieve excess demand
  - Enable importation of urgent, heavier items and
  - Allow importers to plan bulk shipments in line with scheduled freighter dates

## **Freight demand**

### **Inbound**

There is no shortage in demand for inbound freight services. At the time of writing this, there is presently over 12,000kg in backlogged cargo in mainland Australia with considerably more which is unable to be delivered to forwarders as they are not accepting more cargo until the backlog is cleared. By surveying the 3 largest airfreight importers on the Island, there is the following demand for a regular freighter service:

#### **Foodland Supermarket**

Alone has indicated a monthly air freight order of close to 30% of available inbound freight capacity (based on a monthly service) including:

- 1,000kg potatoes
- 1000kg perishable dairy and delicatessen lines and
- 1,000kg of mixed grocery lines

Foodlands have experienced regular offloads of fresh produce which includes fresh milk and gluten free products essential to certain diets. Due to capacity restraints, shipments must be smaller which increases the cost of the product to the consumer due to the high cost of inspection fees, documentation, etc. spread over a smaller shipment. A freighter service would ensure regular uplift of essential foods, potentially decrease the cost and greatly reduce the losses due to offloading cargo.

Should there be a regular freighter service, Foodlands have expressed a required volume of 4,000-5,000kg per month for a monthly service or 2,000-2,500 per fortnight for a fortnightly service. Commitment based on a sell rate to the importer of \$3.65/kg.

#### **Slicks & Sons (Butchery)**

Due to capacity issues by air, Slicks and Sons have moved a \$AUD35,000 shipment of chilled stock by seafreight via Auckland. This includes beef, lamb, cheese, bacon, ham and small goods. Due to delays in the shipping the shipment is not now due until 24-26OCT which means it has been in transit for over 2 months. By the time the shipment arrives on Norfolk, 80% of it will be passed used by date. Aside from the large loss in this case, the impact on the company of having large amounts of money tied up in stock is a drain on cashflow and a burden to the business.

Slicks & Sons have experienced regular offloads of their air cargo. This can be often for 1-2 weeks. Most of the airfreight imported has a short shelf life of 10-14 days such as milk, cheese, and dairy. Cargo offloads risk making the stock unsellable or at least significantly reduce the period they must sell the stock once received.

Slicks and Sons butchery have imported perishables on each freighter operated over the past 2 years. General uplift is 3-4 tonne. If there was a regular freight service, they have committed a need for 2,000-3,000kg per month for a monthly freighter or 1,000-2,000kg per fortnight for a fortnightly service. Commitment based on a sell rate to the importer of \$3.65/kg.

### **Norfolk Island Building Supplies/Pete's Place**

This company is the largest importer into Norfolk Island. They have a large import business by sea for traditional seafreight items such as building materials. By airfreight, the companies combined would contribute over 1,000kg per week in airfreight from mainland Australia. The company has had significant offloads from and has been unable to stock their shelves. At the time of writing this, the company has over 3,000kg of cargo being held at freight forwarders in Sydney and Brisbane awaiting uplift, and more freight at the supplier unable to be delivered to the forwarders.

If there was a regular freighter service, the company has expressed a requirement for 4,000kg capacity per month for a monthly service or 2,000kg per fortnight for a fortnightly service. Commitment based on a sell rate to the importer of \$3.65/kg.

A B737 freighter aircraft flying from Brisbane to Norfolk Island has a practical capacity of 10-12 Tonne depending on variables such as weather. The three larger importers between them have a cargo requirement of approximately 11 tonne per month by themselves. The demand for airfreight will only increase as passenger numbers on the airline service increase. In addition, the developing cruise industry into Norfolk Island will put greater demand on the need for airfreight. The industry is expanding from 4 cruise ship visits in 2019 carrying 2,900 passengers to 13 visits in 2020 placing over 16,000 cruise passengers on Island for a day that year.

### **Outbound**

The key challenge in creating a viable air freight service is to maximise the outbound load.

The cost of a freighter charter needs to be recovered by the freight uplifted. The B737 freighter can practically carry 10 Tonne into Norfolk and 12 tonne out. If the aircraft is full in both directions, then the costs are divided over 22 tonne. Given that there is no real cargo backload to mainland Australia, the costs of the aircraft must be divided over the 10 tonne of imports to Norfolk. Without a backload cargo, the cost required per kilogram on 10 Tonne to cover costs is uneconomical.

While there is a small demand for outbound freight generated via postal services, the primary entity likely to use the service is Norfolk Island Regional Council who will dispose of e-waste, metals and perhaps into the future asbestos. Burnt Pine Travel has this year operated 2 services uplifting E-waste and whitegoods waste with another due in October.

At present there is 137 Tonnes of Asbestos awaiting approval for uplift to mainland Australia. In addition, the Island has imported and is installing a waste baler to bale waste that was previously disposed of on Island and now needs to travel directly back to mainland Australia due to international law. Without a seafreight service between mainland Australia and Norfolk Island, airfreight is the only option at present. Once operational, it is estimated by Council that it will produce 300-500 Tonnes of waste per year for export to mainland Australia.

There is also a small and sporadic market in shipping the personal effects of seconded government staff back to the mainland following contracts.

While there is not a high demand for product export currently, there is scope to enhance business activities in this area, particularly in the agrifoods and beauty industries.

## Proposal

Following conversations with on Island businesses (including freight service providers), Norfolk Island Regional Council and the representatives of the Department of Industry, Regional Development and Cities, the preferred business proposal follows.

Funding is provided to Norfolk Island Regional Council to subsidise waste removal from Norfolk Island to the mainland.

The proposal offers 2 solutions which provide a range of commitment which in turn provides a range of outcomes.

The local Aircraft Ground Handler and Freight Operator, Burnt Pine Travel currently has facilities and equipment to operate and handle the adhoc freighter operations. If a scheduled freighter service was implemented for a period of 24 months, the company would require approximately \$155,000 to purchase and import handling equipment required to efficiently operate a fortnightly or monthly freighter service. Subject to the number of services and the duration of the contract, the operator would self-fund this equipment.

## Scenario

The following table would represent the user cost for freight based on the following assumptions

### Assumptions:

- Based on two options
  - Option 1 - Average of one flight per month
  - Option 2 - Average of one flight per fortnight
- over a twenty-four-month period
- With a guaranteed load of ten Tonnes inbound and twelve Tonnes outbound per flight
- a Norfolk Island Regional Council budget of \$150,000-\$250,000 per annum for waste removal
- The Norfolk Island Regional Council makes ready a minimum of twelve tonne of waste for uplift on each service



## Subsidy scenarios

| Scenario | Freighter Service per year | Proposed commonwealth subsidy (Annual) | Norfolk Island Regional Council waste removal budget (annual) | Resulting unit cost for inbound cargo to Norfolk Island | Minimum uplift of Waste from Norfolk Island to mainland Australia (tonnes) | Minimum Cargo capacity from mainland Australia to Norfolk Island (tonnes) |
|----------|----------------------------|--|---|---|--|---|
| 1        | 12                         | \$360,000                              | \$150,000   | 3.65/kg   | 144  | 120   |
| 2        | 12                         | \$360,000                              | \$150,000   | 3.65/kg   | 144  | 120   |
| 3        | 26                         | \$780,000                              | \$250,000   | 3.65/kg   | 312  | 260   |
| 4        | 26                         | \$780,000                              | \$250,000   | 3.65/kg   | 312  | 260   |

## **Attachment one – Freight Roundtable meeting minutes**

Attended by:

Duncan Evans (Transam Argosy Shipping & NI Accommodation Manager)

Teresa Cook (Norfolk Forwarding Services)

Grant Gardener (Burnt Pine Travel Cargo)

Dave Jeffrey (NI Mechanical)

Peter Meers (Woodward's Agencies/Pete's Place)

Suzy Merriment (on behalf of Charles Christian-Bailey – Christian Bailey Agencies)

Bruce Taylor (NIRC)

Peter Walkinshaw (Foodland)

Tim Cotter (AusIndustry)

Jan Johnson (RIO RDANI)

Via phone:

Bart Murray (Burnt Pine Travel Airport Services and Cargo)

Bill Woodruff (DIRDC)

Simon Pellatt (DIRDC)

Absent      Pauline & Michael Porter (Pumpkin's Patch fresh food importers)

Facilitated by: Kerry Grace, DRD RDAMNC and RDANI



Key Issues Brief

2.03 Preamble to the Norfolk Island Act 1979

Key Issues

- In May 2018, the Norfolk Island Mayor, Councillor Robin Adams, publicly stated she will undertake a consultation process with the community and the Australian Government to reinstate the preamble (**Attachment A**) into the Norfolk Island Act 1979 (Cth) (the NI Act) as a means of protecting and enhancing the unique culture, heritage, traditions and environment of the Norfolk Island people.
- The preamble was repealed from the NI Act by the Australian Government in 2015 as it was considered to be a necessary step for cultural inclusion, and disengagement of the Pitcairn stronghold and cultural exclusion that had previously occurred.
- Any revised preamble must be succinct, historically accurate, and inclusive to reflect the multicultural nature of the community of Norfolk Island today.
- When the Hon Dr John McVeigh MP, former Minister for Infrastructure, Regional Development and Cities, met with the Council of Elders, the preamble was raised. He requested that the Council of Elders support the Mayor in working with the Administrator to develop a proposed preamble for broad consultation. The Administrator has advised that the Mayor has held discussions with the Council of Elders.
- You may wish to:
  - seek an update on the Mayor's meeting with the Council of Elders; and
  - advise that the Australian Government is committed to protecting Norfolk Island's culture and heritage, for example:
    - Norfolk is an official language of Norfolk Island and the curriculum at Norfolk Island Central School includes classes in the Norfolk language and culture; and
    - Norfolk Island's public holidays have been maintained.

Background

- The NI Act previously contained a preamble that included a statement about the special relationship of Pitcairn Island descendants with Norfolk Island and their desire to preserve their traditions and culture.
- The Advisory Council established to represent the Norfolk Island community before the commencement of NIRC consulted the Norfolk Island community on a proposed new preamble. However, community feedback was divided.
- In February 2016, the Advisory Council recommended to the Hon Paul Fletcher MP, the then Minister for Territories, Local Government and Major Projects, that the matter of a preamble should be further considered by NIRC.

## DEPARTMENT OF INFRASTRUCTURE, REGIONAL DEVELOPMENT AND CITIES

### Sensitivities

- This issue may be raised by NIRC or members of the community during your visit.

### Attachments:

A Preamble





# Norfolk Island Act 1979

## Act No. 25 of 1979 as amended

This compilation was prepared on 16 March 2004  
taking into account amendments up to Act No. 6 of 2004

The text of any of those amendments not in force  
on that date is appended in the Notes section

The operation of amendments that have been incorporated may be  
affected by application provisions that are set out in the Notes section

Prepared by the Office of Legislative Drafting,  
Attorney-General's Department, Canberra

## **An Act to provide for the government of Norfolk Island**

WHEREAS by an Act of the Parliament of the United Kingdom, made and passed in the sixth and seventh years of the reign of Her Majesty Queen Victoria intituled “An Act to amend so much of an Act of the last Session, for the Government of New South Wales and Van Diemen’s Land, as relates to Norfolk Island,” it was, amongst other things, enacted that it should be lawful for Her Majesty, by Letters Patent under the Great Seal of the United Kingdom, to sever Norfolk Island from the Government of New South Wales and to annex it to the Government and Colony of Van Diemen’s Land:

AND WHEREAS Her Majesty Queen Victoria, in exercise of the powers vested in Her by the said Act, by a Commission under the Great Seal of the United Kingdom bearing date the twenty-fourth day of October, 1843, appointed that from and after the twenty-ninth day of September, 1844, Norfolk Island should be severed from the Government of New South Wales and annexed to the Government and Colony of Van Diemen’s Land:

AND WHEREAS by an Act of the Parliament of the United Kingdom, called the Australian Waste Lands Act 1855, it was, amongst other things, provided that it should be lawful for Her Majesty at any time, by Order in Council, to separate Norfolk Island from the Colony of Van Diemen’s Land and to make such provision for the Government of Norfolk Island as might seem expedient:

AND WHEREAS on 8 June 1856 persons who had previously inhabited Pitcairn Island settled on Norfolk Island:

AND WHEREAS by an Order in Council dated the twenty-fourth day of June, 1856, made by Her Majesty in pursuance of the last-mentioned Act, it was ordered and declared, amongst other things, that from and after the date of the proclamation of the Order in New South Wales Norfolk Island should be thereby separated from the said Colony of Van Diemen’s Land (now called Tasmania) and that from that date all power, authority, and jurisdiction of the Governor, Legislature, Courts of Justice, and Magistrates of Tasmania over Norfolk Island should cease and

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determine, and that from the said date Norfolk Island should be a distinct and separate Settlement, the affairs of which should until further Order in that behalf by Her Majesty be administered by a Governor to be for that purpose appointed by Her Majesty with the advice and consent of Her Privy Council: and it was thereby further ordered that the Governor and Commander-in-Chief for the time being of the Colony of New South Wales should be, and he thereby was, constituted Governor of Norfolk Island, with the powers and authorities in the said Order mentioned:

AND WHEREAS the said Order in Council was proclaimed in New South Wales on 1 November 1856:

AND WHEREAS by an Order in Council dated the fifteenth day of January, 1897, made in pursuance of the said last-mentioned Act, Her Majesty, after reciting that it was expedient that other provision should be made for the government of Norfolk Island, and that, in prospect of the future annexation of Norfolk Island to the Colony of New South Wales or to any Federal body of which that Colony might thereafter form part, in the meantime the affairs of Norfolk Island should be administered by the Governor of New South Wales as therein provided, was pleased to revoke the said Order in Council of the twenty-fourth day of June, One thousand eight hundred and fifty-six, and to order that the affairs of Norfolk Island should thenceforth, and until further Order should be made in that behalf by Her Majesty, be administered by the Governor and Commander-in-Chief for the time being of the Colony of New South Wales and its Dependencies:

AND WHEREAS the said Order in Council was published in the New South Wales *Government Gazette* on 19 March 1897, and took effect at that date:

AND WHEREAS by an Order in Council dated the eighteenth day of October, One thousand nine hundred, made in pursuance of the said last mentioned Act, Her Majesty was pleased to revoke the said Order in Council of the fifteenth day of January, One thousand eight hundred and ninety-seven, and to order that the affairs of Norfolk Island should thenceforth, and until further Order should be made in that behalf by Her Majesty, be administered by the Governor for the time being of the State of New South Wales and its Dependencies:

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AND WHEREAS the said Order in Council was published in the New South Wales *Government Gazette* on 1 January 1901, and took effect at that date:

AND WHEREAS by an Order in Council dated the 30th day of March, 1914, His Majesty King George V, by virtue and in exercise of the power in that behalf by the said last-mentioned Act or otherwise in His Majesty vested, after reciting that the Parliament had passed an Act No. 15 of 1913, entitled “An Act to provide for the acceptance of Norfolk Island as a territory under the authority of the Commonwealth, and for the government thereof” and that it was expedient that the said Order in Council of 18th of October, 1900, should be revoked and that Norfolk Island should be placed under the authority of the Commonwealth of Australia, was pleased to revoke the said Order in Council of 18th of October, 1900, and to order that Norfolk Island be placed under the authority of the Commonwealth of Australia:

AND WHEREAS the said Order in Council was published in the *Gazette* on 17 June 1914, and took effect from 1 July 1914, being the date of commencement of the *Norfolk Island Act 1913*:

AND WHEREAS Norfolk Island was, by the *Norfolk Island Act 1913*, declared to be accepted by the Commonwealth as a Territory under the authority of the Commonwealth:

AND WHEREAS Norfolk Island has been governed by the Commonwealth initially under the provisions of the *Norfolk Island Act 1913*, and subsequently under the provisions of the *Norfolk Island Act 1957*:

AND WHEREAS the residents of Norfolk Island include descendants of the settlers from Pitcairn Island:

AND WHEREAS the Parliament recognises the special relationship of the said descendants with Norfolk Island and their desire to preserve their traditions and culture:

AND WHEREAS the Parliament considers it to be desirable and to be the wish of the people of Norfolk Island that Norfolk Island achieve, over a period of time, internal self-government as a Territory under the authority of the Commonwealth and, to that end, to provide, among other things, for the establishment of a

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representative Legislative Assembly and of other separate political and administrative institutions on Norfolk Island:

AND WHEREAS the Parliament intends that within a period of 5 years after the coming into operation of this Act consideration will be given to extending the powers conferred by or under this Act on the Legislative Assembly and the other political and administrative institutions of Norfolk Island, and that provision be made in this Act to enable the results of such consideration to be implemented:

BE IT THEREFORE ENACTED by the Queen, and the Senate and House of Representatives of the Commonwealth of Australia, as follows:

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A preamble usually provides a context for the legislation itself. While it may contain a number of statements of fact or statements of intent (or of “good intentions”), it is not binding in any legal sense. It therefore could not affect the constitutional relationship between the Commonwealth and a self-governing Territory such as Norfolk Island.



Key Issues Brief

2.04 Petition to the United Nations (UN)

Key Issues

- In April 2016, Geoffrey Robertson QC, acting on behalf of the Norfolk Island People for Democracy (NIPD), submitted a petition to the Chair of the UN General Assembly's Fourth Committee (the Special Political and Decolonisation Committee) requesting Norfolk Island be inscribed on the UN's list of non-self-governing territories.
- The UN list of non-self-governing territories identifies territories that the UN General Assembly deems to be "non-self-governing" and subject to a decolonisation process.
- The UN has not scheduled time to consider the petition.
- Advice from the Attorney-General's Department is that Norfolk Island does not meet the UN's criteria for inscription as a non-self-governing territory.
- People from Norfolk Island have previously petitioned the UN for recognition as a non-self-governing territory (in 1977 and 1994) without success.
- On 8 June 2018, the Council of Elders announced in the *Norfolk Islander* newspaper that it has contracted 'Expert Advisory Services' to carry out a Self-Governance Assessment of Norfolk Island and to draft a UN General Assembly resolution to expedite the review of their petition. This work was expected to be completed by the end of August 2018 but the Department has not had any information to indicate this has occurred.

Background:

NIPD

- NIPD was established in June 2015 with the aim of having Norfolk Island inscribed on the UN's list of non-self-governing territories.
- It is difficult to gauge the true level of support for NIPD on Norfolk Island. The group claim to have over 1,000 supporters (likely to include visitors to the Island) and to be representing the majority of views. NIPD's fundraising methods and affiliations, however, have been the subject of some concern and scrutiny in public forums.

Process for Inscription

- The UN General Assembly must approve any addition of a territory to the list of non-self-governing territories. This can follow a recommendation made by the Special Committee on Decolonisation (also known as the Committee of 24, or C24) which monitors and reviews the list of non-self-governing territories.
- Alternatively, a draft resolution may be proposed before the UN General Assembly by a Member State. NIPD would need to obtain the sponsorship of a Member State to the UN to put forward the draft resolution to the UN General Assembly plenary.

## DEPARTMENT OF INFRASTRUCTURE, REGIONAL DEVELOPMENT AND CITIES

- Passage of the resolution would rely on the support of a simple majority of UN Member States present and voting. This would likely require extensive lobbying by NIPD and the sponsoring Member State. The Department of Infrastructure, Regional Development and Cities (the Department) is aware of lobbying by NIPD in New Zealand and the UK.

**Sensitivities:** If none just note 'Nil'

- Since June 2016, NIPD has been staging a sit-in protest at the Old Military Barracks. The protest presents a risk to the heritage values of the site.
- The Department is also aware of an alleged complaint lodged by Mr Albert Buffett, President of the Council of Elders, to the UN's Human Rights Committee claiming the Australian Government has breached its international human rights obligations.
- The Australian Government has received no official notification about this complaint from the UN. If a complaint is made Australia will generally have six months, from notification, to respond.

**Attachments:** Nil



**Key Issues Brief**

**2.05 Vocational Education and Training Financial Assistance Initiative**

**Key Issues**

- The Norfolk Island VET Financial Assistance Initiative (Initiative) will open for application on 2 January 2019, with Guidelines expected to be published on the Department's website in December 2018.
- The Initiative will fill an assistance gap on Norfolk Island as residents are currently unable to access subsidies provided by state and territory governments.
- Without a state/territory government partner, state-level VET fee subsidies are not available on Norfolk Island, which means that VET course fees are substantially higher for Norfolk Island residents than for other Australians.
- The Initiative will support students to manage the costs of studying at a TAFE or a vocational education and training institution while living on Norfolk Island.
- The Initiative will support students studying for six months full-time or up to 8 years part-time, through online and distance education or as block work on the mainland while the work component of an apprenticeship is undertaken on Norfolk Island.
- VET services for Norfolk Island cannot be fully implemented without a state/territory government partner. The states provide the underpinning legislative and licencing framework to fully support the delivery of VET services. This has resulted in limited services for practical training to be administered on Norfolk Island by qualified people.
- The proposed financial assistance payments are an interim measure aimed at addressing barriers for current and future apprentices and trainees in the absence of a state government training partner.
- PeoplePlus is partnering with the Department as the on Island provider to administer the financial assistance under the Initiative.

**Background**

- In June 2018, there were two apprentices/trainees on Norfolk Island. The Department of Education and Training (DET) advises that more Norfolk Island employers would consider taking on apprentices if state funded training places were available, as the employer would no longer have to pay fee for service for the off-the-job training component of apprenticeships.
- In New South Wales, the NSW Government sets the qualification prices and student fees for government-subsidised training under the Smart and Skilled program. The student pays a portion of the qualification price. The balance of the qualification price (subsidy) is paid by the NSW Government directly to the training provider.

## DEPARTMENT OF INFRASTRUCTURE, REGIONAL DEVELOPMENT AND CITIES

- Qualification prices vary according to the training undertaken. For trades, such as electrical and plumbing, the cost is approximately \$13,000. Under the Smart and Skilled program, about \$10,000 would be subsidised. Additional loading for assistance may be provided based on needs and location factors.
- To address skills shortages, the NSW Government has made new apprenticeships fee-free from 1 July 2018, meaning there are no training costs for students or employers. This is a \$285 million initiative over six years to fund qualification fees. Fee-free apprenticeships are available to NSW apprentices, including school-based apprentices, whose training is funded under the Smart and Skilled program and commenced on or after 1 July 2018. Traineeships are not covered by this initiative.
- The eligibility of employers/apprentices on Norfolk Island for Australian Government apprenticeship support varies by program.
- Australian Apprenticeships Incentives Program has recently been extended to Norfolk Island and provides financial incentives to employers to encourage genuine opportunities for skills-based training and development of employees:
  - Trade Support Loans (TSL) – from 1 July 2016, Norfolk Island residents became eligible to apply for a TSL. As at 20 June 2018, one apprentice was receiving a TSL loan. TSLs are not seen as a solution by the community because they require the money to be repaid.
  - Australian Apprenticeship Support Network (AASN) – other arrangements, such as remote servicing, are used as there is no AASN provider located on Norfolk Island. Both apprentices use remote AASN services.
- The Administrator of Norfolk Island has been a strong advocate for increased Australian Government funding to help Norfolk Island employers and apprentices/trainees offset training costs.
- Current apprenticeship arrangements are managed through the NSW State Training Authority North Coast Office. The apprentices under this arrangement are considered international students and therefore unable to access subsidised training places under the NSW Smart and Skilled program, resulting in apprentices paying for VET courses under a full fee for service model.

### Sensitivities

- The 2018-19 Budget announcement would provide some VET assistance, however it is likely that it will be insufficient to meet the current and future demands for Norfolk Island. Early advice from DET indicated that the anticipated number of potential VET students on Norfolk Island was 70 over four years. The budget allocated does not match the figure of 70. For 2019 alone, it is expected students will enrol in up to 47 courses.
- The Department will brief you seeking additional funding for the Initiative, offset by saving in the Outcome.
- The Department's initial plan was to rollout the financial assistance as a pilot to understand actual demand.

## **DEPARTMENT OF INFRASTRUCTURE, REGIONAL DEVELOPMENT AND CITIES**

- Following further discussions with relevant people on Norfolk Island it is expected that a scaled down, pilot program would not be received well.
- The Department has drafted Guidelines so that all Norfolk Island residents wishing to undertake a VET would pay the same as a resident of a state or territory.

**Attachments:** Nil



Key Issues Brief

**2.06 Medical Evacuations and Norfolk Island Patients' Travel Accommodation and Assistance Scheme**

Key Issues

Medical Evacuations (medivacs)

- There has been some community concern about the number of patients requiring medivac from Norfolk Island which has increased slightly over the past two years.
- Most emergency or complex cases are flown to either Sydney or Brisbane by medivac for emergency clinical care not available on Norfolk Island.
- Medivacs are funded by the Australian Government and managed by the Norfolk Island Health and Residential Aged Care Service (NIHRACS).
- In 2016-17 a total of 65 patients were transferred to the mainland at a cost of \$2.352 million.
- In 2017-18 a total of 70 patients were transferred to the mainland for treatment at a cost of \$2.153 million.
- The average cost of a medivac is approximately \$33,132 – however, the cost of flights can vary depending on the service provider, the availability and geographical location of aircraft on the mainland.
- Occasionally, more than one patient is transferred on a flight and/or a support person will travel with the patient, especially in the case of a child.
- The main reasons for a medivac are injury based emergencies (35%), followed by cardiac and circulatory (23%), neurological (19%) and respiratory conditions (9%). The remainder include infections and a range of other conditions.
- The majority of patients transferred to the mainland by medivac since July 2016 were locals, with only 12% tourists or visitors.

Norfolk Island Patients' Travel Accommodation and Assistance Scheme

- The Norfolk Island Patients' Travel Accommodation and Assistance Scheme (NIPTAAS) ensures Norfolk Island residents can travel to the mainland to access specialist medical or surgical treatments that are not available on Norfolk Island.
- NIPTAAS covers the cost of the flight to the mainland to see a specialist and provides subsidies for accommodation and travel while seeking medical treatment.
- The scheme allows for travel to either Brisbane or Sydney. If patients choose to see a health professional in another city, travel to that city is at the patient's expense.

## DEPARTMENT OF INFRASTRUCTURE, REGIONAL DEVELOPMENT AND CITIES

- Pre-payment of the NIPTAAS allowance is possible at the discretion of the NIHRACS Manager for cases of financial hardship.
- Data from both medivacs and NIPTAAS is being collated to assist in developing a visiting specialist program to best meet the needs of the Norfolk Island community.
- Prior to 1 July 2016, there was no similar scheme available, with residents responsible for the cost of travel, accommodation, medical appointments and treatment.

### Background

- The former Norfolk Island Hospital Enterprise (NIHE) operating theatre closed following the Australian Council on Health Care Standards assessment report (the Report) in March 2014, which noted high priority infrastructure concerns. The Report recommended that the operating theatre, without significant upgrade, represented unacceptable risk to patients and staff.
- Although the Report noted the operating theatre could still be used in emergency situations, the NIHE took the decision to close the operating theatre to all surgery citing the inability to undertake the necessary upgrade at the time, and inability to recruit a GP with surgical or anaesthetic skills.
- The Department of Infrastructure, Regional Development and Cities is currently reviewing options for a new multipurpose service facility, which may include a room for minor procedures, but is not expected to have a full operating theatre.

**Sensitivities:** Nil

**Attachments:** Nil



Key Issues Brief

**2.07 ANAO Audit: The Design, Implementation and Monitoring of Services Reform on Norfolk Island**

**Key Issues**

- The ANAO has commenced a performance audit of the design, implementation and monitoring of services reform on Norfolk Island. The audit report is due for tabling in Parliament by April 2019.
- The Audit objective is to assess whether the Department of Infrastructure, Regional Development and Cities (the Department) has designed and implemented appropriate governance and administration arrangements for the transition and delivery of sustainable reforms to services on Norfolk Island.
- The audit includes three criteria the ANAO will use to assess the performance of the Department reforming services on Norfolk Island:
  - Sound evidence informed the design of reforms for the delivery of services on Norfolk Island;
  - Appropriate arrangements were implemented to support the transition and delivery of reforms to services on Norfolk Island; and
  - The arrangements in place for the delivery of services on Norfolk Island are subject to appropriate ongoing performance monitoring processes.

**Background**

- ANAO auditors will be conducting fieldwork from June 2018 to December 2018. During fieldwork the audit is open for public contribution via their website:  
<<https://www.anao.gov.au/work/performance-audit/design-implementation-and-monitoring-services-reform-norfolk-island>>
- The ANAO does not have a role in commenting on the merits of government policy but focuses on assessing the efficient and effective implementation of government programs, including the achievement of their intended benefits.
- The ANAO visited Norfolk Island from 30 July to 10 August 2018 to hold interviews with the Norfolk Island Administrator, relevant departmental staff and other Australian Government agency representatives located on Norfolk Island.

**Sensitivities**

- The Audit has been reported in the “*Norfolk Islander*” on two occasions, encouraging the local community to contribute. The Audit is also referenced in Dr Nobbs’ Report ‘Norfolk Island’s Major Problem is DIRDC’ (**Attachment A** Key Issues Brief 2.04).



## DEPARTMENT OF INFRASTRUCTURE, REGIONAL DEVELOPMENT AND CITIES

- Those who disagree with the Norfolk Island reforms may attempt to use the audit as a vehicle to represent their views about reform policy, and potentially interpret audit findings to support their views.

**Attachments:** Nil



**Key Issues Brief**

**2.08 Passenger Transfer Vessels**

**Key Issues**

- Almost \$3.5 million is being invested in passenger transfer vessels for Norfolk Island. The arrival of the passenger vessels, combined with the new pier at Cascade and an alternative landing option at Kingston, will allow more opportunities for cruise ship passengers to disembark and tour Norfolk Island.
- The extension and refurbishment of Cascade Pier, together with the installation of a fixed dock crane, was completed by the Australian Government in April 2018 at a cost of \$16.9 million.
- Construction of the three passenger transfer vessels commenced in January 2018. The first passenger transfer vessel will be ready for sea trials in November 2018 with a planned delivery date for all passenger transfer vessels by mid 2019 in readiness for the 2019-20 cruise ship season.
- The use of passenger transfer vessels will reduce the risks cruise lines currently face when disembarking passengers and increase the potential number of tours that local operators can conduct, supporting Norfolk Island's reputation as a desirable cruise ship destination and boosting the local economy by encouraging more cruise ships to visit.
- Roadworks and relocation of some power lines is required to allow for the passenger transfer vessels to be transferred from Cascade Pier to storage elsewhere on the Island. Design of the required works has commenced.
- The Department of Infrastructure, Regional Development and Cities (Department) is considering options for the operation and maintenance of the passenger vessels following their construction. This may include contracting with a private sector operator to maintain the vessels and increase their commercial potential.
- Dredging of Kingston Pier would enable better access for cruise ship passengers at low tides and increase the success of cruise ship visits. An initial estimate of cost for dredging works is between-\$1.2-2.4 million. This work is currently unfunded.

**Background**

- The Joint Standing Committee National Capital and External Territories October 2014 report into economic development on Norfolk Island recommended that the Commonwealth purchase multi-purpose barges for use on Norfolk Island in conjunction with upgrades made to the Cascade and Kingston Piers.
- In 2016 a review was undertaken by WorleyParsons and Naval Architects on the suitability of a multi-purpose barge design proposed by Carnival Cruises and the Norfolk Island Government for the transfer of cruise ship passengers and freight on Norfolk Island. In their report, WorleyParsons concluded that the proposed multi-purpose barges were not fit for purpose. The report recommended that the most cost effective solution was the procurement of specific purpose vessels, preferably less than 12 metres in length to alleviate the need for substantial road works to transport the vessels and reduce the operator qualification requirements.

## DEPARTMENT OF INFRASTRUCTURE, REGIONAL DEVELOPMENT AND CITIES

- The design of the passenger transfer vessels will allow up to 90 passengers to be transferred from a cruise ship at a time with all three vessels operating in rotation.
- The provision of passenger transfer vessels on Island will alleviate the need for cruise ships to use their lifeboats for passenger transfers and therefore limit the risk of damage to these vessels.

### Sensitivities

- Norfolk Island Regional Council (NIRC) has expressed a reluctance to operate and maintain the passenger transfer vessels unless the costs are underwritten by the Commonwealth or the vessels can be proven to generate sufficient revenue to cover operating costs. The Department has commissioned modelling of the possible revenue and operating costs in order to further discuss the operating arrangement with NIRC and inform any approach to market for these services. NIRC's views are important regarding whether they would like to operate the vessels, what insurance and maintenance arrangements would be put in place and what community expectations are, such as should they be community held assets rather than put out for commercial tender.

### Attachments: Nil



Key Issues Brief

2.09 Maternity and Birthing on Norfolk Island

Key Issues

- Since the Australian Government became responsible for health services on Norfolk Island in July 2016, some community members have continually advocated for birthing services to resume on the Island.
- Norfolk Island birthing services ceased in 2013 with the retirement of the former GP/surgeon/obstetrician and unsuccessful recruitment activities.
- Significant changes over the past decade have affected the GP obstetric workforce, including rising indemnity costs and high-profile litigation cases. To retain an obstetric specialty, a minimum of 100 births per year must be completed.
- As with other rural and remote areas in Australia, expectant mothers travel to major metropolitan areas that can provide safer maternity services to mothers and babies.
- To assist with travel to the mainland, the Australian Government funds the Norfolk Island Patients' Travel Accommodation and Assistance Scheme (NIPTAAS), which funds flights and subsidised accommodation for expectant mothers travelling to the mainland.
- Prior to the introduction of NIPTAAS in July 2016, women travelling to the mainland for birth were required to meet the cost of travel, accommodation and other expenses personally.
- Women on Norfolk Island retain access to prenatal and antenatal care through their GPs and a midwife employed by the Norfolk Island Health and Residential Aged Care Service (NIHRACS).
- NIHRACS is not expected to have the facilities or specialised staff, including an on-call anaesthetist, to facilitate birthing now or into the future.

**Sensitivities:** Nil

**Attachments:** Nil



Key Issues Brief

**2.10 Removal of Medical Records and the Norfolk Island Response Taskforce**

**Key Issues**

Medical records

- On 20 May 2017 the Department temporarily relocated old, inactive health records from Norfolk Island to a secure facility in Australia. No other medical records were removed from the island.
- The records were removed from the Old Bakery Building due to asbestos related remediation work that needed to occur. There was no alternative, suitably secure, storage facility available on island.
- Agreement to remove the records was provided by the NIHRACS Manager, as the person authorised to make administrative decisions on historical medical records.
- The records were stored in a secure facility in the Customs Bond at Brisbane Airport for the entire time they were off the island.
- The records were not accessed or handled after arrival in Australia, until the time came to arrange for their return. At this point the records were repacked by two departmental officers within the secure Customs Bond to comply with airline weight regulations.
- The records were returned to Norfolk Island in five separate Regular Passenger Transport (RPT) flights between 14 and 28 October 2017.
- There have been a number of articles in the Norfolk Islander and Norfolk Online about this issue and the Norfolk United Group recently wrote to the Prime Minister and other Ministers expressing their concern over the removal of the records.

Norfolk Island Response Taskforce

- On 10 April 2017 the Norfolk Island Response Taskforce (NIRT) was established at the request of the Prime Minister to work with the community and partner Commonwealth agencies to define the nature and scale of the risks to safety and welfare of women and children living on Norfolk Island.
- NIRT focussed on five core areas to connect and protect the community:
  - Defining risks to safety in the community.
  - Modernising Norfolk Island laws to ensure the protections in place for women, children and young people are comparable to Australia, and that the Norfolk Island police and courts have the authority and ability to take action against people who perpetrate violence or abuse.
  - Supporting effective law enforcement and pathways to justice.

## DEPARTMENT OF INFRASTRUCTURE, REGIONAL DEVELOPMENT AND CITIES

- Enhancing services for children and families to strengthen their wellbeing.
- Engaging with the community and its leaders to promote safety and wellbeing.
- NIRT conducted a number of public presentations on the island about the work they were doing to enhance the safety and protection of the community.

### Background

#### Medical records

- On 20 May 2017 the department arranged for the removal of historical medical records from Norfolk Island to the mainland due to asbestos remediation work that needed to occur at the Old Bakery building where the records were stored.
- A significant need for remediation work to occur on the Old Bakery Building was identified in early 2017. To complete this work the entire contents of the building had to be removed. An alternative storage facility, which met Commonwealth standards for secure record-keeping was not available on the island, which made removal the most appropriate course of action.
- NIHRACS, as the owner of the documents, was legally able to release the records to DIRD to provide storage on their behalf. For the purposes of the Archives Act 1993 (Cth) storing the documents on behalf of NIHRACS does not amount to the collection of personal information by DIRD within the meaning of the Privacy Act 1988.
- On 25 May 2017 the Department issued a Press Release outlining the reasons for the removal action.
- Arrangements were made with the managing contractor (Manteena) to extract the records. Crates, skates and security ties were sent to the island to facilitate uplift and ensure security. The records were placed in cardboard archive boxes and wrapped in black plastic for transporting.
- While making arrangements for the return of the records, it was identified that they would need to be repacked into smaller batches due to differences in weight restrictions between the airline that provided the removal and the airline engaged to return them.
- A contracted company, Relocation Laws, assisted two departmental officers to repack the records into large black plastic tubs with secure ties to meet the Air New Zealand weight regulation for passenger transfer flights on their return.
  - The repack was undertaken in the secure facility in the Customs Bond
  - Only the departmental officers handled the medical records
  - Relocation Laws repacked the other records
  - The medical files were alphabetized for future ease of access once they were returned.

## DEPARTMENT OF INFRASTRUCTURE, REGIONAL DEVELOPMENT AND CITIES

- The records were securely sealed after the repack and remained this way during the return and for some months after arrival until arrangements were made for an archive specialist to unpack them in the refurbished Old Bakery Building.
- At no time were the records read, accessed or copied by anybody, the only people who were those responsible for the repack and return which occurred within the secure Customs Bond.

### The Norfolk Island Taskforce

- NIRT was established to support the Prime Minister, as well as the Attorney-General, Minister for Regional Development, Territories and Local Government, and the Minister for Justice, to work with the community and partner Commonwealth agencies to define the nature and scale of the risks to safety and welfare of women and children living on Norfolk Island.
- The Taskforce, established in the Department of the Prime Minister and Cabinet on 10 April 2017, transitioned to DIRDC on 22 February 2018, and completed its task by 29 June 2018.
- The Department continues to pursue, as a priority, options to secure a Norfolk Island child and family well-being service delivered through a state or territory child protection agency and discussions with the NSW Government are continuing. In the interim a Child and Family Wellbeing Unit has been established that will deliver a range of specialist and general support services to families on the Island. The unit is being led and managed by Key Assets, a specialist Non-Government Organisation (NGO), who will also exercise statutory child protection functions and powers. The Department executed a contract with Key Assets on 29 June with services commencing on 30 July 2018.
- Some examples of work progressed by NIRT include the following.
  - Defining risks to safety in the community:
    - Analysed historic Norfolk Island police and child welfare records, available research and national data sets to define the strengths and risks to safety in the community, and shared the data through community presentations and conversations.
  - Modernising Norfolk Island laws to ensure the protections in place for women, children and young people are comparable to Australia, and that the Norfolk Island police and courts have the authority and ability to take action against people who perpetrate violence or abuse:

## DEPARTMENT OF INFRASTRUCTURE, REGIONAL DEVELOPMENT AND CITIES

- Held meaningful consultation with the community and special interest groups to propose amendments to Norfolk Island laws in relation to the safety and protection of children, young people and women. This centred around a law reform consultation process on the Island between 3-6 April 2018 hosted by the Administrator and facilitated by the Honourable Justice Anthony Whealy QC (a former member of the NSW Law Reform Commission).
- Supporting effective law enforcement and pathways to justice:
  - The Australian Federal Police has been part of the Taskforce and have worked in collaboration to support effective law enforcement and enhance community confidence in pathways to justice.
- Enhancing services for children and families to strengthen their wellbeing:
  - Establishment of an integrated Child and Family Wellbeing Team on Norfolk Island, including a Unit Manager, Child Welfare Case Worker, Health Promotion Coordinator, Specialist Counsellor and administration support. The Team is part of a service hub for families and children called NI-Connect that will be launched by the Minister during this visit.
  - Engagement with young people about their aspirations and ideas about priorities for services and support led to delivery of Respectful Relationship training for school students and to training of local people to deliver the material.
- Engaging with the community and its leaders to promote safety and wellbeing:
  - Secured funding for a women's leadership and development program.
  - As part of the Taskforce's community-led approach, the Taskforce has leveraged the Norfolk Island community's own Strategic Plan as a basis for actions to improve safety and wellbeing on the Island. Each month when the Senior Taskforce official met with the Mayor, she discussed progress against key actions identified by the community in their plan, and a final report on progress achieved in partnership with the community is being shared this week.

**Sensitivities:** Nil

**Attachments:** Nil





Key Issues Brief

**2.11 Negotiations with the ACT Government for future state service delivery**

**Key Issues**

Norfolk Island needs a state service deliver partner willing to deliver more services

- Norfolk Island residents do not have access to services available in comparable communities. Extension of additional state services are required to ensure services are comparable to similar communities on mainland Australia.
- The NSW Government currently provides health, education and local government services to Norfolk Island, under a Heads of Agreement, that will expire on 1 July 2021, with health and education schedules set to expire in July 2019.
- The NSW Government has indicated it will not be able to provide additional state services.
- The Australian Government has approached the ACT Government to consider future state service delivery to Norfolk Island. Norfolk Island residents may express dissatisfaction about the lack of consultation preceding these negotiations.

If asked

- Formal negotiations with the ACT Government have not yet commenced. However, the Norfolk Island community and the Norfolk Island Regional Council will have an opportunity to select and co-design the new state service delivery arrangements.

**Background:**

The community is aware that the Australian Government is negotiating with the ACT

- On 17 September 2018, an anonymous post was made on the Norfolk Island Chamber of Commerce and Norfolk Online Facebook pages, advising the Australian Government has approached the ACT Government for future state service delivery to Norfolk Island.
- The post claimed that the Commonwealth has no immediate plans to consult the Norfolk Island community about future state service delivery changes.
- You responded on 18 September 2018, advising that formal negotiations with the ACT Government have not yet commenced and that Norfolk Island residents will be consulted in the design of future state service delivery arrangements.

**Sensitivities:**

Transition to a new state service delivery partner will minimise disruption

- The community may express concern about the negotiations, uncertainty and the potential disruption of a transition to a new state service delivery partner.

## DEPARTMENT OF INFRASTRUCTURE, REGIONAL DEVELOPMENT AND CITIES

- The Australian Government aims to minimising disruption to the Norfolk Island community.
- The Australian Government will continue working with the NSW Government and the Norfolk Island Regional Council to ensure:
  - Norfolk Island residents continue to have access to existing services such as the health service, and
  - Students are not disrupted by the transition during the school year.
- There are no plans to reduce staff numbers, remove services, or to change current state service arrangements with the NSW Government.

### **Attachments:**

A Defensive Talking Points on ACT Negotiations





# Norfolk Island state service delivery

# FACTSHEET

## Defensive Talking Points - September 2018

### What do discussions with the ACT Government mean for Norfolk Island?

- The Australian Government is committed to making sure people on Norfolk Island are provided services comparable to similar regional communities on mainland Australia.
- There is a possibility that the NSW Government will not be able to provide the additional state services that Norfolk Island residents deserve (such as vocational education and training and consumer protection) and for this reason, we are exploring other options.
- The Australian Government has approached the ACT Government to deliver services and is in the very early stages of discussion. Formal discussions have not started. Until an agreement is reached, we will continue working with NSW and the Regional Council to ensure the community has access to the services it needs.

### What does this mean for existing NSW Government services?

- Since 2016, service delivery through the NSW Government has delivered great benefit to the Norfolk Island community. We will continue to work with the NSW Government to make sure Norfolk Island has access to health and education services.
- The Australian Government's service delivery agreement with the NSW Government is in place until 2021, with schedules for education and health service delivery in place until mid-2019. We intend that these services continue to operate until this agreement expires. We will be negotiating with the NSW Government to ensure these services continue until 2021.
- We will ensure this will minimise disruption to the community. While arrangements for additional services are negotiated, existing services will remain the same. Changes to service arrangements with the school or hospital service will be designed with the community to minimise disruption.

### Will this disrupt the school or curriculum? Will this affect the hospital?

- Existing service delivery arrangements are expected to continue in place until 2021. There will be no immediate changes to the current services available.
- The Australian Government has no plans to reduce staff numbers, remove services, or to affect the current arrangements with the NSW Government. We are also committed to a smooth transition and will work closely with NSW to ensure there is no disruption to students during the school year and that the level of care offered at the Norfolk Island Health and Residential Aged Care Service remains the same.

## What services will be delivered through an alternative service provider?

- The Australian Government will seek to identify the next priority services in consultation with the Norfolk Island community and using co-design.
- If ACT Government agrees to enter into discussions about service delivery, the Norfolk Island community and service providers will be consulted and have an opportunity to co design the new service delivery arrangements.
- The selection of new services will be done in consultation with the community to ensure the community is able to access the services it needs.

## When will the Norfolk Island community be consulted?

- The ACT Government has been approached as a possible service provider, but formal negotiations have not started.
- We want the Norfolk Island community to help design and prioritise the new services. We want to work openly and transparently with the community and the Norfolk Island Regional Council, to ensure services are designed with, and not for, the Norfolk Island community.
- We hope to be in a position to talk to the community by the end of the year.

Key Issues Brief

**2.12 Norfolk Island Request for a Submarine Cable**

**Key Issues**

- On the 20 October 2018 edition of the Norfolk Islander, Mayor Robin Adams raised again her approach to the Hon Dr John McVeigh MP, the former Minister for Regional Development, Local Government and Territories, to have Norfolk Island connected via a branching unit as part of the Department of Foreign Affairs' Coral Sea Cable System project.
- The Coral Sea Cable System project which will link Sydney, Port Moresby and Honiara.
- The Coral Sea Cable System project is being funded from Australia's overseas development assistance. A connection to Norfolk Island cannot be funded under this initiative.
- The Australian Government's position is any decision to build or extend a cable to a particular location is a commercial matter for the asset owners. For its part, the Australian Government is responsible for establishing protection zones around international submarine cables of national significance and issuing installation permits for submarine cables landing in Australia. This regime was established in 2005 and is administered by the Australian Communications and Media Authority.
- The Government's policy is that all Australian premises are able to access speeds of at least 25 Megabits per second. However, NBN Co Limited (NBN Co) has flexibility to choose the most appropriate technology given the costs of delivering services to remote areas. NBN Co has chosen to deploy satellite in some areas that have requested a cable, like Norfolk Island. The Island has a dedicated Sky Muster satellite spot beam.
- The Government is investing around \$2 billion on the National Broadband Network (NBN) Sky Muster satellite network. The satellites are optimised for broadband and are among the highest capacity internet-providing satellites ever built.
- As of 27 September 2018, there were 730 active services on the Island.
- The Department of Communications and the Arts is assisting Norfolk Telecom and the Norfolk Island Regional Council to understand the Australian telecommunications regulatory regime so it can decide its future role in service provision on the Island.
- Norfolk Island's relatively small population would make it extremely difficult to recoup these costs and it is likely that the Hawaiki cable would only be able to operate with a significant and ongoing subsidy from the Government.

**Background:**

- The Government has been approached on a number of occasions to consider supporting a proposal to connect Norfolk Island to the Hawaiki submarine cable.
- In 2016, the Norfolk Island Council requested \$15 million from the Government for a spur to connect to the Hawaiki cable and on 24 October 2016, Senator Pauline Hanson wrote to Minister Fifield requesting the Government financially support or underwrite the cable.

## DEPARTMENT OF INFRASTRUCTURE, REGIONAL DEVELOPMENT AND CITIES

- The Government rejected the proposal indicating that the Council did not provide a business case nor offer to invest any of its own money.
- The Hawaiki proposal has a significant cost beyond the estimated \$2.5 million for the branching unit from the main submarine cable. The estimated cost is likely to be \$15 million to extend a fibre spur and complete an installation of the cable to Norfolk's cable landing station. An upgrade to the landing station would also be necessary and would require additional investment.
- The Hawaiki proposal for the submarine cable was for less than one quarter of the capacity that the Sky Muster service is already providing on Norfolk Island. Increasing capacity to match that of the Sky Muster service would require a substantial amount of additional operational funding each and every year.
- More recently, the Norfolk Island People for Democracy activist group has been critical of the decision not to fund a cable to Norfolk Island. The group has made the point that the Government is funding a cable to PNG and the Solomon Islands, but not funding a lower cost cable to Norfolk Island, which is a part of Australia.

**Sensitivities:** Nil

**Attachments:** Nil



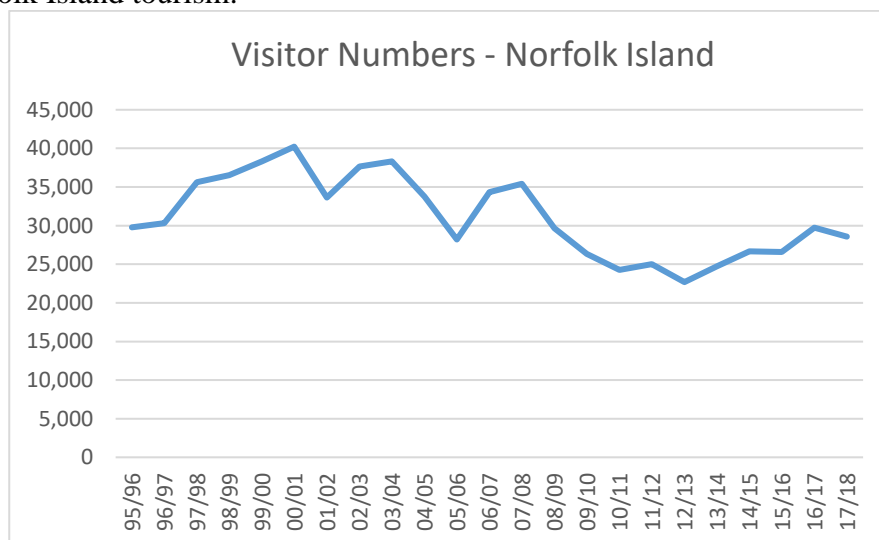
## Key Issues Brief

### 2.13 Norfolk Island Tourism

#### Key Issues

##### Tourism Numbers

- Tourism is the primary driver of the Norfolk Island economy and represents around 58% of economic activity. The economy is heavily dependent on visitor numbers, the length of stay and on-island spend.
- While there has been improvement in recent years, visitor numbers have declined from their peak of around 38,000 several decades ago to less than 27,000 in 2015-16, prior to the Australian Government assuming responsibility for delivering programs and services.
- There were around 29,000 visitors to Norfolk Island in 2017-18 which is around 2.5% below the 10-year high achieved in 2016-17 (see chart below).
- This year-on-year reduction is mostly due to the withdrawal of a direct service between Auckland and Norfolk Island. Air New Zealand ceased operating the service in April 2017, and a replacement service commenced by another airline terminated in January 2018. Prior to the cessation of these services around 5,000 passengers (15% of Norfolk Island's tourists) arrived from New Zealand.
- The airlines' decisions to cease these services were based on commercial considerations. Air New Zealand stated that the decision to cease their Norfolk Island - Auckland service followed several years of low patronage, prior to the Australian Government's involvement in Norfolk Island tourism.



##### Tourism Funding

- The Australian Government has committed funding of \$0.77 million to NIRC over the next two years to invest in marketing and promotion.

##### Cruise Ship Industry and Cultural Tourism

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- The cruise ship industry and cultural tourism are two of the fastest-growing tourism sectors worldwide, and Norfolk Island is ideally positioned to capitalise on both.
- Australian cruise ship passenger numbers have more than doubled since 2002. The South Pacific is the most popular cruising destination for Australians and short cruises ranging between one and four days are one of the fastest growing markets – placing Norfolk Island as an ideal destination.
- The recent extension and refurbishment of the Cascade Pier and the construction of new passenger transfer vessels for delivery by mid-2019, will provide opportunities to significantly increase cruise ship visitation to Norfolk Island. Carnival Cruiselines has previously advised the Australian Government that Norfolk Island could receive up to 35 visits from large cruise ships per year within a decade.
- Norfolk Island also has the potential to capitalise on the emerging cultural and educational tourism market. In addition to hosting supervised tours undertaking archaeological excavations of Kingston and Arthur's Vale Historic Area, Norfolk Island's unique biodiversity offers significant educational and nature-based tourism opportunities.

**Background:** Nil

**Sensitivities:** Nil

**Attachments:** Nil





**Background Brief**

**3.01 Overview of Norfolk Island**

**Geography**

- Norfolk Island is situated in the Pacific Ocean about 1600km north east of Sydney, with a similar latitude to Byron Bay.
- It is about 8km long and 5km wide with an area of 3,455 hectares.
- Norfolk Island is of volcanic origin and has 32km of coastline consisting mainly of high cliffs. To the south are two smaller uninhabited islands, Nepean and Phillip.

**Environment**

- Norfolk Island has a mild subtropical climate, with little variation between day and night temperatures.
- Since European settlement, the Island has been subject to extensive land clearing for agriculture and housing.
- Most of the remaining native subtropical rainforest is found in the Norfolk Island National Park and Botanic Garden, which covers about one third of the island and is administered by Parks Australia.

**Demographics<sup>1</sup>**

- Population 1,748 (46.8% male and 53.2% female)
- The median age 49 years, compared to 39 for Australia overall.
- People aged 65 years and over made up 23.8% of the population, compared to 15.8% for Australia overall.
- 45.5% of people only speak English at home and 40.9% of people speak Norfolk-Pitcairn at home.
- The most common ancestries in Norfolk Island were Australian 22.8%, English 22.4%, Pitcairn 20.0%, Scottish 6.0% and Irish 5.2%.

**Economy<sup>2</sup>**

- Of the employed people in Norfolk Island, 12.9% worked in hospitality.
- Other major industries of employment included Local Government Administration (6.8%); Cafes and Restaurants (6.0%); and Travel Agency and Tour Arrangement Services (3.7%).

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<sup>1</sup> Source: 2016 ABS Census

<sup>2</sup> Ibid

## DEPARTMENT OF INFRASTRUCTURE, REGIONAL DEVELOPMENT AND CITIES

- The median weekly personal income for people aged 15 years and over in Norfolk Island was \$592, compared to \$662 for Australia overall.

### Access and freight

- Norfolk Island has no deep water port but has two piers: Cascade Pier to the North and Kingston Pier to the South.
- Norfolk Island's environment means that vessels are required to transport freight and cruise ship passengers to the island from ships moored at sea rather than directly unloading to the pier. Heavy cargo is transported to the island by sea, unloaded onto lighters and towed to the piers.
- There are regular flights between Norfolk Island and Sydney and Norfolk Island and Brisbane:
  - Mid-September to end-April: three flights a week to/from Sydney, two flights a week to/from Brisbane
  - May to mid-September: two flights a week to/from Sydney and Brisbane.
  - Prior to a schedule change in October 2018, there was only one flight to/from Brisbane between mid-June and mid-August.

### Other information

- Norfolk Island is 1 hour ahead of Australian Eastern Standard Time. Daylight savings time will be introduced in October 2019.
- All livestock (cows, horses, chickens, ducks etc.) roaming the roads have right of way.

**Sensitivities:** Nil



## Background Brief

### 3.02 History of Norfolk Island

#### Overview Timeline

- c1150CE – c1450CE: Polynesians occupied Norfolk Island prior to Europeans.
- 1774: Norfolk Island discovered by Captain Cook on 10 October 1774.
- 1788: First penal settlement was established (6 weeks after Sydney) on 2 March 1788.
- 1814: First (colonial) settlement was abandoned.
- 1825: Second settlement was established for convicts who reoffended.
- 1855: Second (penal) settlement on Norfolk Island was abolished.
- 1856: Pitcairn Islanders (Bounty descendants) arrived on Norfolk Island on 8 June 1856.

#### Polynesian Settlement

- Archaeological remains at Emily Bay suggests Polynesian occupation between c1150CE and c1450CE.
- Other evidence for Polynesian settlement included banana plants growing in Arthur's Vale.
- Numerous Polynesian artefacts have also been found at many locations on Norfolk Island.

#### First (Colonial) Settlement

- The HMS *Supply* arrived on Norfolk Island on 2 March 1788 with eight officers and 15 convicts.
- By 1790 cultivated areas stretched along Arthur's Vale to Cemetery Bay. The settlement grew to include a hospital, bakehouse, barracks, storehouses, a school, and a Government House.
- The colony's only links to the outside world were HMS *Sirius* and HMS *Supply*. On 19 March 1790 the HMS *Sirius* ran aground and sank at Norfolk Island.
- The population reached a maximum of 1156 by 1792. By 1803, it was recognised Norfolk Island could not support itself independently, despite petitions from now free settlers.
- The settlement's closure was ordered in 1810 and most remaining settlers left by March 1813.
- It was abandoned in February 1814, and settlement buildings burnt to prevent use by others.

## DEPARTMENT OF INFRASTRUCTURE, REGIONAL DEVELOPMENT AND CITIES

### Second (Penal) Settlement

- The settlement reopened in 1825 as a place of secondary punishment for reoffending convicts.
- By 1833, there were 600 prisoners and 130 troops. Over the next eight years, key buildings including the Prisoners Barracks, Pier Store, New Gaol and Crankmill were constructed.
- By 1839, there were 1200 prisoners and 180 soldiers. Agriculture, including flax production, was reintroduced. The convict population reach its highest number of 1872 in March 1840.
- In 1847, the decision was made to abolish the settlement and it closed in 1855.

### Third (Pitcairn) Settlement

- In 1852, the British Home Office offered relocation to the Pitcairn community (which had its origins in the mutiny on *HMAV Bounty*), who had outgrown Pitcairn Island.
- The people of Pitcairn Island voted to make the transfer to Norfolk Island and sailed on the *Morayshire*, landing on Norfolk Island on 8 June 1856, initially staying in the barracks.
- The Pitcairn community maintained the buildings they needed and made alterations and additions. Several buildings decayed in the 1870s and 1880s. A courtroom was built in 1896.
- The Pitcairn community gradually established farming and whaling industries.

### Twentieth Century

- Administration of Norfolk Island was transferred to the New South Wales Governor from 1901.
- In the 1920s, a number of former convict buildings were renovated as offices and residences.
- The tourist trade saw the construction of a guest house and creation of the golf course.
- In 1942 an airfield was built on Norfolk Island to refuel aircraft during the World War II Pacific campaign.
- After the war, tourism increased and became a mainstay of Norfolk Island's economy.
- From 1962 into the 1970s, the Commonwealth Department of Housing undertook restoration.
- In 1979, Norfolk Island was granted limited self-government by Australia, in place until 2015.

**Attachments:** Nil



## Background Brief

### 3.03 Australian Government Services

#### Key Issues

- The Australian Government is responsible for Federal and State level services to the Island.
- The Department of Infrastructure, Regional Development and Cities arranges the delivery of state type services through agreements with the Norfolk Island Regional Council and NSW Government.
- The Department funds the operation, facilities, equipment and maintenance for the Norfolk Island Health and Residential Aged Care Service and Norfolk Island Central School.
- The Australian Government has responsibility for managing the Kingston and Arthur's Vale Historic Area (KAVHA), one of eleven historic sites which together form the Australian Convict Sites World Heritage Property.
- The funding for Norfolk Island (as outlined in the Portfolio Budget Statements) is as follows:

|  | 2017-18<br>Estimated<br>actual<br>(\$'000) | 2018-19<br>Budget<br>(\$'000) | 2019-20<br>Forward<br>estimate<br>(\$'000) | 2020-21<br>Forward<br>estimate<br>(\$'000) | 2021-22<br>Forward<br>estimate<br>(\$'000) |
|--|--|-------------------------------|--|--|--|
| Commonwealth<br>Administration<br>(Norfolk Island) | 1,066                                      | 1,067                         | 1,082                                      | 1,098                                      | 1,114                                      |
| Services to Norfolk<br>Island                      | 32,696                                     | 40,655                        | 39,236                                     | 40,466                                     | 37,831                                     |

## DEPARTMENT OF INFRASTRUCTURE, REGIONAL DEVELOPMENT AND CITIES

- In 2018-19, the Australian Government is expected to spend \$40.7 million on Norfolk Island for:

s47C



- In 2017-18, the Australian Government spent approximately \$32.7 million on Norfolk Island for:

s47C



- In 2015-16, the Australian Government provided \$136.6 million over five years for the extension of Commonwealth services to Norfolk Island.

**Sensitivities:** Nil

**Attachments:** Nil

s22



## Background Brief

### 3.04 Australian Government Key Achievements on Norfolk Island since 1 July 2016 (as at 30 October 2018)

#### Public order and safety

- Norfolk Island Regional Council (NIRC) councillors were elected in May 2016 using the electoral model applied in NSW for local government elections. A new electoral roll was compiled for this election, ensuring the process delivered a valid and transparent result. NIRC operates under the mature governance and accountability framework of the NSW *Local Government Act 1993* (NI).
- The Australian Government has been modernising laws in Norfolk Island to protect children, women and all other residents against criminal violence and other illegal acts. The changes offer the Norfolk Island community the same protections under the law which are offered on mainland Australia. Specific changes include:
  - Modernising child welfare legislation to ensure a more streamlined and effective handling of emergency situations and of matters that need to be considered by a court.
  - Modernising aspects of the Norfolk Island Criminal Code.
  - Introduction of modern domestic and personal violence laws, and complementary police powers to support the enforcement of those laws.
  - Improvements to court procedures to protect vulnerable witnesses giving evidence in court and to strengthen sentencing rules.
- A number of improvements to the justice system have been made to support better justice outcomes for the community, in particular:
  - The appointment of Federal Court judges to the bench of the Supreme Court of Norfolk Island.
  - Appointment of an experienced magistrate to the role of Chief Magistrate of the Court of Petty Sessions.
  - The engagement of the Commonwealth Director of Public Prosecutions as the prosecuting body for criminal matters in the Norfolk Island courts and as counsel assisting the Coroner in coronial matters.
  - The selection and appointment of lay magistrates to the Court of Petty Sessions for a three year term, working under the supervision of the new Chief Magistrate.
- The Norfolk Island Police Force (NIPF) has been bolstered with additional resources. The total number of NIPF members has been increased to five sworn officers who bring significant expertise in community policing, investigations and working with vulnerable witnesses.

- Upgrades are being made to secure communications infrastructure at the police station to enhance privacy and protection for the Norfolk Island community. These measures complement improvements made to local police and court powers, the appointment of a Norfolk Island Supreme Court Judge and Chief Magistrate, and the engagement of the Commonwealth Director of Public Prosecutions as the island's independent prosecuting authority.

## **Economic development**

- The Australian Government's investment of \$16.9 million to extend and upgrade the Cascade Pier is complete and the pier opened for use from 21 April 2018.
- The upgrade has lengthened the pier by 24 metres, raised the deck by 1 metre, strengthened the pier foundations and provided for a boom dock hydraulic crane to launch and retrieve transfer boats carrying loads of passengers. This means cruise ship passengers can embark and disembark easily and safely in a variety of weather.
- Almost \$5 million is being invested in passenger transfer vessels for Norfolk Island, which are scheduled for delivery by mid-2019, to allow more opportunities for cruise ship passengers to disembark and tour Norfolk Island.
- The Australian Government continues to underwrite the air services between Norfolk Island and mainland Australia to provide a regular and reliable link for residents and tourists.
- The removal of passport requirements for domestic travelers means Norfolk Island is now a more attractive destination for the 45 per cent of Australians without passports.
- The 2016-17 financial year had the highest number of overnight visitors to Norfolk Island for the last decade and the 2017-18 financial year is projected to have strong tourism numbers.
- Recognising that tourism is central to small business prosperity on Norfolk Island, the Australian Government is partnering with the Norfolk Island Regional Council (NIRC) to increase visitor numbers and income generated from tourism activities. Over the next two years the Australian Government will provide \$776,000 to NIRC for tourism promotion.
- The government is delivering the NBN on Norfolk Island, with over 520 residents now connected to the Sky Muster. Sky Muster is providing internet bandwidth capable of supporting video conferencing, streaming video and cloud-based business applications.
- The recent inclusion of Norfolk Island in the Regional Development Australia network will provide a significant opportunity to support growth in the Norfolk Island economy and encourage increased investment. A Regional Investment Officer position has been established to work closely with local businesses and NIRC to help create local jobs, attract business investment and grow the economy. As at November 2018, Regional Development Australia are recruiting to replace the inaugural holder of this position.
- The introduction of a new streamlined planning approval pathway for significant public infrastructure projects of benefit to the Norfolk Island community.



## **Housing and community services**

- A Norfolk Island Child and Family Wellbeing Team has been established to deliver practical services to improve the safety and support of women, children and families on Norfolk Island. The unit provides integrated and coordinated services for children and families, in partnership with the community, police, health, education and relevant agencies.

## **Health**

- Like all other Australians, the Norfolk Island community has access to Medicare and the Pharmaceutical Benefit Scheme with a sustained and significant increase in residents visiting doctors and allied health services. The 2015-16 monthly average GP visits before reforms commenced was 509; the 2016-17 average jumped to 821 visits per month; and in 2017-18 was 1005 visits per month.
- The Australian Government has invested over \$2.3 million to upgrade the health service building on Norfolk Island. Upgrades have delivered more reliable power and water supply, improved disability access and addressed work health and safety concerns.
- \$1.4 million has been invested in new medical equipment, including a digital mammography imaging unit, a new digital general x-ray machine and sterilising equipment.
- The introduction of the Norfolk Island Patients' Travel Accommodation and Assistance Scheme (NIPTAAS) ensures Norfolk Island residents can travel to the mainland to access specialist medical or surgical treatment. NIPTAAS covers the cost of the flight to the mainland to see a specialist and provides subsidies for accommodation and travel while seeking medical treatment.
- \$1.2 million was allocated in the 2018-19 Budget for the preparation of a business case for redevelopment of the health facility through construction of a new Multipurpose Service Unit (MPS) health facility through a co-design process.

## **Heritage and Culture**

- Conservation funding for the Kingston and Arthur's Vale Historic Area (KAVHA) increased almost three-fold in 2018-19 to \$1.9 million, in comparison to the previous two financial years. This increase was underpinned by a study on the economic needs and potential of KAVHA.
- An interpretation plan for KAVHA has been funded to identify ways to further preserve and promote the unique culture and heritage of Norfolk Island and its Pitcairn community.
- A study of safety hazards at the KAVHA site has been undertaken, and funding has been allocated in 2018-19 to projects which help ensure the safety of workers and visitors to the site. Scoping is also underway to address structural safety hazards to protect a number of the iconic heritage buildings on Norfolk Island.

- A Cultural Landscape Management Plan has been developed for KAVHA to guide its practical management, conserve its significant cultural and heritage values, improve visitor experiences, and ensure it remains an integral part of the local community. The plan considers complex issues such as water, vegetation, livestock and traffic management. The community will be consulted on specific proposals in the draft plan in early 2019.
- A total of \$0.5 million has been invested in capital works projects at the KAVHA site since 1 July 2016. This includes infrastructure upgrades which protect the important heritage buildings and facilities. Activities have included upgrades to plumbing, electrical and septic systems, asbestos remediation and the reconstruction and resurfacing of the cemetery entry road. A further \$1.5 million is budgeted for capital works projects in 2018-19.
- Recognising KAVHA's value as a tourist drawcard, promotional activities have included installation of a large sign in the airport baggage collection area, publication of an updated Visitor Guide and establishment of the kavha.gov.au website to improve communication.

## **Education**

- Norfolk Island Central School received over \$3.5 million in capital upgrades, mainly focused on repairs to school buildings and overdue maintenance. The project also included upgrades to school buildings, new classroom furniture, improved water quality, replacement of the ICT infrastructure and upgrades to the plumbing and electrical systems.
- A new satellite dish was installed at the school to provide improved systems access to the NSW Department of Education for delivery of additional aspects of the NSW curriculum.
- More education services are being delivered at the Norfolk Island Central School as a result of legislative changes that took effect in March 2018. This means school students on Norfolk Island are now receiving services similar to those provided in NSW government schools, such as learning support programs and access to distance education.
- In 2017, the Banyan Park Early Learning Centre received \$899,900 in funding over two years, as part of the Building Better Regions Fund Infrastructure Projects Stream. The project will upgrade the island's major education and care facility with new classrooms, landscaped outdoor area and extended undercover play areas. The centre will be well placed to become an approved child care centre, which will allow eligible families to access the government's fee relief payments for child care.

## **Social protection**

- Norfolk Island residents have access to Commonwealth support payments and services including the age pension, disability pension, child support and Newstart allowance – to ensure Australians living on Norfolk Island have access to the same social safety services as other parts of Australia.
- As of March 2018, there were 221 residents of Norfolk Island receiving the aged pension, 117 recipients of the Family Tax Benefit, and 58 people receiving other disability, youth, income support or parenting payments.

## **Child and Family Wellbeing**

- The Department has procured the services of the Non-Government Organisation Key Assets to provide supervision and direction to the Norfolk Island Child & Family Wellbeing Unit. Key Assets commenced providing services on 30 July 2018.
- The Department, in conjunction with Key Assets, has implemented a series of Policies & Procedures related to the provision of Child & Family Wellbeing Services on Norfolk Island.
- The Department has established the Norfolk Island Child & Family Wellbeing Advisory Group. The group is chaired by the Deputy Secretary for Territories and Regions, and provides advice, guidance and support to the Department in regard to the wellbeing of children and young people on Norfolk Island.

## **Interim Child Care Fee Relief through Banyan Park**

- A transfer of \$250,000 of administered funding from the Department of Education and Training to the Department of Infrastructure, Regional Development & Cities has provided Norfolk Island families who have children at the Banyan Park Early Learning Centre (Banyan Park) with child care fee relief for the period 2 July 2018 to 31 December 2018.
- As at the end of September 2018, 28 children at Banyan Park were receiving child care fee relief with an average subsidy level of 77%.
- A new building for Banyan Park has been commissioned to be built in early 2019 via a grant from the Building Better Regions Fund. This will allow Banyan Park to cater for an increased number of children and make life easier for parents on Norfolk Island.
- The Department has procured the services of a mentor [REDACTED], to assist Banyan Park to continue to work towards the requirements under the National Quality Framework to be an approved child care centre.

**Sensitivities:** Nil

**Attachments:** Nil



**Background Brief**

**3.05 Norfolk Island reforms – the case for reform**

**Case for Reform**

- The governance model in place since 1979 required the elected Norfolk Island Government (NIG) to legislate for federal, state and local functions.
- The gaps in legislative protections, and in the range and standard of services, between mainland Australia and Norfolk Island were considerable.
- The NIG was facing an increasing deficit, in part a consequence of having to provide services at all three levels of government.
- The case for reform was further highlighted in the 13 separate Parliamentary inquiries on the governance of Norfolk Island and over 20 reports commissioned from experts in various fields. For example:
  - the Joint Standing Committee on National Capital and External Territories reports, such as:
    - the Report of the visit to Norfolk Island 29-30 April 2013; and
    - the 2005 Inquiry into Norfolk Island Governance Part 2: Sustainability of Government;
  - the consulting firm ACIL Tasman's Norfolk Island Economic Development Report (March 2012); and
  - Deloitte Access Economics reports on Norfolk Island government business analysis (2014).
- In March 2015, the Australian Government announced comprehensive reforms to address the issue of Norfolk Island sustainability.
- These reforms are underway and aim to deliver a new model of governance and service delivery appropriate to a small community that meets modern Australian standards.
- The new model is based on a system similar to states and other Australian territories whereby services are delivered by the relevant federal, state or local government body.

## DEPARTMENT OF INFRASTRUCTURE, REGIONAL DEVELOPMENT AND CITIES

### NIG Financial Performance Timeline

- The following table and chart summarises the NIG's financial performance over the 10 years to 30 June 2015:

| Financial Year       | 2005/2006    | 2006/2007    | 2007/2008    | 2008/2009    | 2009/2010    | 2010/2011    | 2011/2012    | 2012/2013    | 2013/2014    | 2014/2015    |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Income               | \$24,965,360 | \$26,095,794 | \$58,751,199 | \$56,890,494 | \$54,210,710 | \$49,680,120 | \$46,575,476 | \$32,021,372 | \$30,151,941 | \$31,419,466 |
| Commonwealth Revenue | N/A          | N/A          | N/A          | N/A          | N/A          | \$6,160,004  | \$14,517,686 | \$3,453,896  | \$4,799,088  | \$6,887,892  |
| Expenses             | \$24,761,083 | \$23,600,272 | \$55,594,200 | \$58,762,316 | \$55,716,414 | \$54,191,305 | \$57,913,993 | \$35,314,038 | \$32,639,890 | \$34,278,252 |
| Depreciation         | \$1,912,572  | \$2,876,747  | \$3,091,042  | \$3,152,356  | \$3,256,518  | \$3,152,789  | \$6,161,171  | \$6,210,027  | \$5,938,530  | \$5,714,367  |
|                      |              |              |              |              |              |              |              |              |              |              |
| Surplus/Deficit      | \$1,708,295  | \$381,225    | \$65,957     | \$5,024,178  | \$4,762,222  | \$1,503,970  | \$2,982,002  | \$6,048,797  | \$3,627,391  | \$1,685,261  |

- The Norfolk Island economy suffered a major shock around the time of the Global Financial Crisis (GFC) in early 2008-09. However, it is clear from the above financial results that the NIG had structural sustainability issues before this time with deficits being reported before the GFC.

### 2005-2008 – Cost Savings and Introduction of Goods and Services Tax

- A \$1.7 million loss was reported in 2005-06 and, in response to this, the NIG implemented cost savings through a public service recruitment freeze and the introduction of a local Goods and Services Tax (GST).
- This was effective in returning the NIG's financial result to a small surplus in 2007-08 exclusive of depreciation of assets.
- The NIG also assumed responsibility for air services in 2007-08, accounting for a sharp increase in revenues and expenses in this year.

### 2008-2010 – Failure to Adapt to Impacts of Global Financial Crisis

- There was a significant decrease in tourism numbers in 2008-09 and, as a result, Norfolk Island revenues significantly decreased.
- This included Government Business Enterprises (GBEs) and airline related revenue.
- Costs were not able to be contained and a significant loss of \$5 million was recorded in 2008-09.
- This trend continued in 2009-10 with tourism numbers decreasing again.
- Over the two years leading up to 30 June 2010 there was a 26 per cent decline in Norfolk Island's major economic driver: tourism.
- Savings measures were not sufficient to offset major losses in air services. In 2009-10 the NIG reported a further loss of \$4.7 million.

## **DEPARTMENT OF INFRASTRUCTURE, REGIONAL DEVELOPMENT AND CITIES**

### **2010-2013 – Ongoing Poor Financial Performance and Collapse of NIG’s Airline Agreement**

- 2010-11 was the first year funding was provided by the Australian Government (\$6.0 million) and this assisted in offsetting some of the NIG’s loss.
- Tourism numbers decreased by a further 7.8%, taxation revenue fell further and GBEs continued to perform poorly.
- This resulted in a loss of \$1.5 million being reported.
- Significant funding (\$14.5 million) was provided by the Australian Government in 2011-12 to the NIG to allow it to terminate its airline charter agreement and reform its service delivery.
- Notwithstanding this, a \$3.0 million loss was reported. Tourism numbers continued to decline (9.7%) in 2012-13, taxation revenues continued to fall and GBEs continued to perform poorly.
- Combined with falling revenues there was also significant increases in welfare and health care costs in 2012-13 and these factors resulted in a loss of \$6.2 million.

### **2013-2015 – Recognition by the NIG of the Need to Enter into Australia’s Taxation, Welfare and Health Care Systems**

- The 2013-14 NIG Statement of Financial Policy and Objectives (SFPO) recognised that Norfolk Island was entering its fourth year of economic recession, with the economy having contracted by 35%, the population having decreased significantly and tourism numbers being at their lowest levels for 25 years.
- The NIG had reported significant year on year losses which were unsustainable and urgent structural change was needed.
- To address these issues the SFPO stated that the NIG had agreed to enter into the Australian income tax, Medicare and social welfare systems under the Australian Government’s proposed *Norfolk Island Road Map* (the Road Map).
- Under the Road Map the NIG was to pursue reforms to improve the local economy and streamline the operation of GBEs.
- Some savings were realised and this resulted in a reduced loss in 2013-14 (\$3.6 million).

### **2015-2016 – Governance Reforms Introduced**

- The required structural reform could not be achieved by the NIG, as demonstrated by funding agreement milestones which were consistently not met.
- This resulted in the Australian Government introducing governance reforms in late 2014-15.

## **DEPARTMENT OF INFRASTRUCTURE, REGIONAL DEVELOPMENT AND CITIES**

- The Australian Government agreed to amend the funding agreement milestones after the reforms were announced.
- Many of the amended milestones were achieved late in the year, resulting in an improved financial outcome (a loss of only \$1.7 million).
- Reforms to business processes and prudent budget management during the year 2015-16 resulted in a surplus of \$2.1 million being reported in the 2015-16 Quarter 3 Periodic Financial Statements.
- Cash reserves were built in 2015-16 in order to provide for a sustainable Norfolk Island Regional Council in 2016-17 and beyond.

### **Consultation**

- There was extensive consultation on the need for reform over many years.
- This consultation revealed a widely-held view within the community, particularly among some disadvantaged sectors, that the previous governance arrangements were unsustainable.
- The Australian Government committed sustained efforts toward retaining self-government on island from 2007-2011, including the preparation of a 'Road Map' in consultation with the NIG.
- The Australian Government and the former Norfolk Island Legislative Assembly acknowledged the need for the Road Map to address the deteriorating economy.
- The NIG was unable to operate without cash injections from the Commonwealth and this situation was unlikely to change without governance reform.
- The Hon Jamie Briggs, former Assistant Minister for Infrastructure and Regional Development, visited Norfolk Island in February 2014 and restated the Commonwealth Government's intention to integrate the Norfolk Island community into Australia's broader taxation and welfare system.
- The Joint Standing Committee on National Capital and External Territories held five public hearings during their inquiry into Norfolk Island reforms, including one on Norfolk Island in April 2014.
- The Committee also conducted community statement sessions on 29 April 2014, during which individuals and organisations were given the opportunity to address any of the terms of reference.
- Members of the Committee undertook a diverse range of inspections, visiting staff at tourist sites, and meeting business owners including farmers, tourist and retail operators, accommodation providers and boutique producers.

## **DEPARTMENT OF INFRASTRUCTURE, REGIONAL DEVELOPMENT AND CITIES**

- The inquiry received 34 written submissions from a range of stakeholders including the Commonwealth and NIA, business owners, community groups, former public servants and Norfolk Island residents.
- The inquiry was advertised in The Norfolk Islander on 29 March 2014 and The Australian on 9 April 2014, 14 May 2014 and 11 June 2014.

**Sensitivities:** Nil

**Attachments:** Nil





**Background Brief**

**3.06 Budget 2018-19 - Norfolk Island – Additional funding – Update on Progress**

**Current Commonwealth funding for Norfolk Island is insufficient**

- The original Norfolk Island reforms, with the removal of self-government in 2016, were based on poor quality service and expenditure data provided by the previous Norfolk Island Government. The data is now known to have manifestly under-represented the resources required to deliver base-level services at an acceptable standard. As a consequence, service delivery and funding deficiencies were embedded into the reforms at the outset.
- Services (such as child protection) and the enforcement of safeguards (such as work health and safety) are decades behind those on the mainland. The removal of self-government revealed a high demand for essential services (including childcare assistance, aged care and vocational education), and unforeseen deficiencies in the social, economic and built infrastructure.
- While some limited stop-gaps have been put in place, additional resourcing is required to raise and establish new services and safeguards (such as child protection) to ensure reforms continue to progress and remain effective.

**Funding received through the Budget 2018-19 Submission**

- The Hon Dr John McVeigh MP, the then Minister for Regional Development, Territories and Local Government, sought Government agreement to a package of additional funding.
- The then Minister announced in May 2018 that the Australian Government had agreed to invest an additional \$38.7 million over four years to continue to improve services and infrastructure to Norfolk Island. This was comprised of:
  - Additional funding of \$8.3 million over four years to support the delivery of essential community services, including repairs and maintenance to the local road network and managing environmental waste and sanitation.
  - An additional \$776 000 over two years to increase visitor numbers to Norfolk Island and income generated from tourism activities, to complement the Norfolk Island Regional Council's Tourism Strategic Plan 2013–2023 to rebuild tourism back to desired levels, and provide sustainable growth for the future.
  - Additional funding of \$1.8 million over two years for maintenance of the Kingston and Arthur's Vale Historic Area (KAVHA) site, to enhance the visitor experience and increase economic opportunities for the Norfolk Island community.

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- The Australian Government's investment of \$3.6 million in quality services and infrastructure was for future service delivery planning and critical infrastructure upgrades and maintenance at the Norfolk Island Central School, the Norfolk Island health facility and the police station. This funding has been used to support the development of a first pass business case for redevelopment of the Norfolk Island health facility (Event Brief 1.06).
- Over \$6.3 million in funding will be allocated over four years to increase access to specialist medical services and increase professional development opportunities for staff at the Norfolk Island health facility. This will continue to strengthen the island's healthcare and community services.
- An additional investment of \$17.9 million to continue the Government's important work on enhancing services for children and families on Norfolk Island and to improve education services. This recognises that providing support for children is an investment in Norfolk Island's future.
- The additional investment of \$17.9 million over the next four years has been used to provide reliable internet access to students at the school, increase vocational education and training opportunities and improve child and family wellbeing services on Island. This includes:
  - New funding to ensure reliable internet access for Norfolk Island Central School students and staff to help improve educational resources, to enable students to access the resources they need for their education and help teachers deliver their curriculum.
  - Financial assistance to local residents to go towards vocational education and training costs for eligible courses will be open for application on 2 January 2018.
  - A strengthened child and family wellbeing service on Island. Additional support has been provided to the Child and Family Wellbeing Team on island to ensure the delivery of improved services for children and families.
  - Funding for the accreditation of childcare services, once a child care regulator is in place on Norfolk Island.

### Progress of budget initiatives

- The progress on each of these measures is summarised in separate background briefs.

**Sensitivities:** Nil

**Attachments:** Nil

