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Australian Government

Department of Infrastructure and Regional Development

FOR: The Hon Paul Fletcher MP cc: The Hon Warren Truss MP Mr Andrew Wilson, A/g Secretary	PDR ID: MS16-000039	For Decision by: 27 January 2016 Reason: To consider prior to your visit to Norfolk Island on 28-29 January 2016
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SUBJECT: Briefing package: visit to Norfolk Island: 28-29 January 2016**Recommendation: That you:**

(a) Note the attached briefing package for your upcoming visit to Norfolk Island 28-29 January 2016.

Key Issues:

1. A briefing package for your upcoming visit is attached for use during your visit. There is one folder for each member of the visiting party.
2. You will be accompanied by Senior Departmental Officials based in both Canberra and Norfolk Island over the period of your visit. Ms Robyn Fleming, Executive Director, Local Government and Territories Division, will travel with you on the VIP aircraft to Norfolk Island.
3. The Norfolk Island Administrator, the Hon Gary Hardgrave, will greet you on arrival and attend all functions and meetings held during your visit.
4. Norfolk Island is currently subject to its own international border controls. Norfolk Island-specific entry and exit forms are included in each briefing folder. The Department recommends the forms be completed prior to disembarking the aircraft; and prior to your arrival at the airport for your departure.

Sensitivities:

We understand there may be protest action at various stages of your visit, including at the airport when you arrive, by the group known as the Norfolk Island People for Democracy and its supporters. The Australian Federal Police are monitoring the situation.

Cleared by: Robyn Fleming, Executive Director Date: 21 January 2016 Phone: 6274 7446 Division: Local Government and Territories	(a) Noted Paul Fletcher / /
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THE HON PAUL FLETCHER MP

**MINISTER FOR MAJOR PROJECTS,
TERRITORIES AND LOCAL GOVERNMENT**

VISIT TO NORFOLK ISLAND

28-29 JANUARY 2016

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ITINERARY
VISIT TO NORFOLK ISLAND
BY THE HON PAUL FLETCHER MP
Minister for Major Projects, Territories and Local Government
28-29 January 2016

Accompanying the Minister:

47F

Ms Robyn Fleming, Executive Director, Local Government and Territories Division

Day 1: Thursday, 28 January 2016

7.00am-9:15am **Depart Sydney on VIP**

Note: Passports and Norfolk Island immigration cards required with the latter available at the Norfolk Island airport.

9.15am-9.30am **Arrive Norfolk Island and Check In to Accommodation**
To be met at the Norfolk Island Airport by the Norfolk Island Administrator, the Hon Gary Hardgrave, and senior Commonwealth Officials. (Minister + 1 advisor to stay in the VIP wing at Government House).

9.30am-10.00am **Briefing with Administrator (Event Brief 1)**
Location: Office of the Administrator

10.00am-11.30am **Inspect Critical Infrastructure (Event Brief 2)**
Administrator, Executive Director of Norfolk Island, Mr Peter Gesling, and Commonwealth Officials to accompany Minister.

- **10.00am** - depart Government House and drive through the historical convict site at Kingston and Arthur's Vale Historic Area (KAVHA) and past the *HMS Sirius* Museum (5 mins talking point: flag ship of the First Fleet) to Point Hunter. Short pause inside car to inspect Emily Bay (beach/tourist amenity).
- Travel past Kingston Pier (functioning port in KAVHA), view from inside car.
- **10.10am** - arrive Queen Elizabeth lookout. On-island Commonwealth Heritage Manager, 47F o provide 10 minute overview of site, incorporating: Phillip Island; Nepean Island; Polynesia Village; and KAVHA.
- Depart for Cascade Pier.
- **10.30am** – arrive Cascade Pier and met by Mr Paul McInnes for overview of site and construction works (10 mins).
- Depart for Hospital; via Australian Government Information Centre.
- **10.45am** – arrive at Hospital, short overview by the Hospital Director, 47F.
- **11.30pm** depart Hospital for Radio Station.

- 11.40am-12.00pm** **Interview with Radio Norfolk (Event Brief 4)**
To be undertaken by the Station Manager, 47F
- 12.30pm-2.00pm** **Working Lunch with Business Community (Event Brief 5)**
Working lunch with members of the business community to discuss their views on the economic challenges and opportunities, reform program and emerging issues.
Location: Government House (informal light lunch on front lawn to allow mingling)
- 2.15pm-3.00pm** **Meeting with Administration of Norfolk Island (Event Brief 6)**
Meeting to discuss the change activities and progress of reforms.
Location: Office of the Administrator
- 3.15pm-4.00pm** **Meeting with Norfolk Island Education and Community Groups (Event Brief 7)**
To understand their views of the reforms and services post 1 July 2016.
Location: Office of the Administrator
- 4.15pm-5.00pm** **Meeting with Norfolk Island Council of Elders (Event Brief 8)**
To understand Council members views on the reforms.
Location: Office of the Administrator
- 6.00pm-7.00pm** **Community Meeting (Event Brief 9)**
400-500 community members expected to attend, including protest groups (Norfolk Island People for Democracy/Hands-up for Democracy)
Location: Rawson Hall, Taylor's Road
- 7.30pm-10.00pm** **Government House Dinner with Administrator and Norfolk Island Advisory Council (Event Brief 10)**

Day 2: Friday, 29 January 2016

8.00am-9.00am: **Breakfast/Debrief with Administrator**

9.15am – 11.25am: **Depart Norfolk Island on VIP**

KEY ON ISLAND CONTACTS

Gary Hardgrave	Administrator 47F [REDACTED]	Office: 22152* 47F [REDACTED]
Rob McKenzie	Official Secretary 47F [REDACTED]	Office: 22152* 47F [REDACTED]
Paul McInnes	General Manager, Norfolk Island Taskforce Paul.McInnes@nlk.regional.gov.au	Office: 23115* 47F [REDACTED]
Robyn Fleming	Executive Director Local Government and Territories Division Robyn.Fleming@infrastructure.gov.au	Mobile: 47F [REDACTED]
Dialling the mainland		0061+AUS number
Dialling Norfolk from the mainland		0011 6723+Norfolk number

* local Norfolk Island numbers. Prefix of 0011 6723 required if calling from the mainland.

Norfolk Island has a 2G network (no data, smartphones cannot access apps without Wi-Fi).

Global roaming, if activated on mobile phones, works on the island. It is very expensive.

The Office of the Administrator has spare phones with local SIM cards and there is Wi-Fi at the office, Government House and the Australian Government Information Centre.

Part 1
EVENT BRIEFS



FOR: The Hon Paul Fletcher MP

DIVISION: Local Government and Territories

EVENT BRIEF 1: Meeting with the Administrator

Event details

This is an introductory meeting with the Administrator, the Hon Gary Hardgrave, to discuss Mr Hardgrave's perspective on the progress of reforms and any particular aspects of the visit he considers should be brought to the Minister's attention.

Minister's role

Hear the Administrator's perspective on the implementation of reforms and the community's views on them.

Attendees

The Hon Gary Hardgrave

Key Issues

While Mr Hardgrave is relatively comfortable with the introduction of the federal service reforms (immigration, taxation, social security and pending legislation) he is concerned about the pace of reform being too slow including the restructuring of the Administration of Norfolk Island.

- The roll out of Australian Government services is on track to commence 1 July 2016. The proposed legislative changes in Bill 2 are complex and some Departments are signalling that they may not be able to include all of the proposed legislation in Bill 2. i.e. Treasury have indicated corporations legislation may not apply in Bill 2. The Department continues to monitor and will keep you and the NI community informed.

Mr Hardgrave may raise a desire to continue in the Administrator role for a short period (possibly Dec 2016).

- The changes to the Norfolk Island Act abolished the Administrator position from 1 July 2016. We will brief you separately on this issue. Subject to your views, the extension of the role could be achieved by ordinance. You may wish to discuss further with Mr Hardgrave his preference on this matter.
- This has been a difficult position for the Administrator and Mrs Hardgrave who have both come under personal attack from some segments of the community.
- The next stage of the reforms will be the bedding down of a Regional Council and reinstating an elected representative model to the community.
- Mr Peter Gesling, Executive Director of the Norfolk Island Administration (appointed by the Department) is progressing structural reform however it is acknowledged that this is a complex task and progress has been slow.

Contact

Ms Robyn Fleming Mobile: 47F



This is an Event
Brief for
Information

FOR: The Hon Paul Fletcher MP

DIVISION: Local Government and Territories

EVENT BRIEF 2: Inspection of Key Infrastructure – Norfolk Island

Event details

You will be viewing key infrastructure.

Minister's role

You will view key tourism and transport infrastructure on Norfolk Island, including the Kingston and Arthurs Vale Historic Area (KAVHA) and the Cascade Pier (photo opportunities – Emily Bay and Cascade Reserve).

Attendees

The Administrator, the Hon. Gary Hardgrave
Mr Peter Gesling, Executive Director Norfolk Island
Departmental staff: Mr Paul McInnes, General Manager Department of Infrastructure and Regional Development; **47F**, Commonwealth Heritage Manager

Key issues

The following issues may be raised by the Administrator:

Undercapitalisation of the KAVHA site particularly to improve tourism amenity

- Since 2013-14 the Australian Government has provided around \$3.3 million for KAVHA management and infrastructure, including \$0.6 million/year for programme expenses. Almost \$0.8 million is allocated in 2015-16 for capital upgrades within KAVHA.
- The Department recognises the resources provided for KAVHA are modest in comparison to the heritage value of the site and is actively considering the recommendations outlined in the Draft 2015 Heritage Management Plan (HMP);
- An approach to market will be conducted shortly to develop a Commercial Services and Site Master Plan for KAVHA aimed at optimising the economic potential of Government owned assets.
- The Norfolk Island Economic Development Strategy highlighted the significant potential of Norfolk Island as a cruise ship destination and leveraging the value of KAVHA through increased promotion. The impending upgrade of the Cascade Pier will significantly increase the frequency and reliability of cruise visits to the island and the potential for collection of site revenues.
- The Department is also seeking to attract additional funds via philanthropy, sponsorship and better access to the full range of Commonwealth grants. The Department recently established a new KAVAH Steering Committee has been established that has introduced new expertise to the management of the KAVAH site. The first meeting was held on Norfolk Island on Thursday 14 January 2016.

Contact

Mr Paul McInnes Mobile: **47F**



FOR: The Hon Paul Fletcher MP

DIVISION: Local Government and Territories

EVENT BRIEF 3: Hospital Visit

Event details

Tour of the Norfolk Island Hospital Enterprise (NIHE).

Minister's role

To tour the hospital and talk with patients, including aged care residents and staff.

Attendees

47F, Director, NIHE

Key issues

The Director may ask what health and aged care services will be provided from 1 July 2016 and if private health insurance will be available from 1 July 2016:

- The NIHE will become a multi-purpose service (MPS) and provide primary health care including general practitioners and community health personnel as well as emergency bays, acute patient beds and aged care services consistent with other communities.
- Residential aged care beds will continue to be available at the hospital site.
- Medical evacuations will still be facilitated from the MPS. The Australian Government will fund medical evacuations for the Norfolk Island community.
- The Australian Government Department of Health has advised that private health insurance will be available to eligible residents from 1 July 2016 and that they are working with private health insurers to ensure residents are informed of policies and products so they can make informed decisions ahead of 1 July 2016.

There is a community expectation that NSW will deliver the health service:

- Discussions with NSW are continuing. The Department may need to contract a third party provider. A tender is being developed as a contingency. A third party provider would employ appropriately qualified/ credentialed local staff.

The established NI services are not eligible in their current state for Medicare and the Pharmaceutical Benefits Scheme (PBS).

- The Australian Government Department of Health is currently working to ensure that on-Island services are Medicare and PBS eligible by 1 July 2016.
- Individuals will be able to claim Medicare rebates from on-Island and mainland Medicare accredited providers from 1 July 2016.
- Whether hospital-type services at the MPS will be eligible for private health insurance is a matter for the Australian Government Minister for Health. A draft letter from you to Minister Ley is currently being drafted to address this matter.

Contact

Ms Robyn Fleming Mobile: **47F**



FOR: The Hon Paul Fletcher MP

DIVISION: Local Government and Territories

EVENT BRIEF 4: Radio Interview

Event details

Interview with radio station manager 47F .

Minister's role

To articulate the reforms are proceeding to schedule and will be in place 1 July 2016.

Attendees

47F Radio Station Manager

Key issues

This radio interview provides a unique opportunity to reach a broad spectrum of Norfolk Island residents. The radio station is widely listened to across the island and is played in a number of shops including the Foodland supermarket and others in Burnt Pine.

Key themes likely to be pursued by the interviewer are:

- The public meeting at Rawson Hall later in the day, and discussion topics.
- Who you have met and will be meeting during the visit.
- Key priorities and challenges in the reform programme.
- The abolition of the Legislative Assembly (and removal of furniture from the Assembly Chambers in Kingston) – The furniture has been placed in storage by the Administration of Norfolk Island as the Legislative Assembly no longer exists.
- The removal of the preamble to the *Norfolk Island Act 1979* – this issue was raised in response to the most recent Advisory Council discussion paper. In summary, either people were indifferent to its inclusion or they wanted the matter pursued by an elected Council, only.
- The Australian Government position on self-determination for Norfolk Island.

Key messages to listeners:

- The Rawson Hall meeting is open to all members of the public and will include a question and answer session.
- The reform process is underway and will not be stopping. On 1 July 2016 a Regional Council will be in place on Norfolk Island.
- Government agencies are currently planning visits to Norfolk Island to assist people with the transition process. These will be announced as they are confirmed and a schedule of visits will be printed in the *Norfolk Islander* and displayed in the window of the Australian Government Information Centre. The Advisory Council and Administrator will have advance notice of visits, where possible.
- Everyone can have a say in the reform process. This can be done through the Advisory Council, the Administrator, the Department of Infrastructure and Regional Development or by writing to you directly.

Contact

Mr Paul McInnes Mobile: 47F



FOR: The Hon Paul Fletcher MP

DIVISION: Local Government and Territories

EVENT BRIEF 5: Working Lunch with Business Community – Norfolk Island

Event details

You will be attending an informal lunch with members of the Norfolk Island business community in the grounds of Government House.

Minister's role

You will be invited by the Administrator to make a few opening remarks and then you will mingle with the business community to hear their key issues with the reforms and Norfolk Island economy.

Attendees

There will be approximately 35 in attendance (**Attachment A**), from a broad cross section of the business community; including members of Norfolk Island Chamber of Commerce and the Accommodation and Tourism Association, neither which support the reform process.

Key issues

The impact of employment and corporations law:

- The extension of these laws will be tailored to allow the business community to manage the change, but also to ensure the interests of both employers and employees are balanced.
- *The Corporations Act 2001* (Cth) is particularly complex and the effects of applying it to the Norfolk Island business sector are still being worked through by the Australian Government (Treasury). It will be extended later than 1 July 2016 when the impacts are known. The community will be notified of the application date well in advance of its commencement and the implications for Norfolk Island corporations will be fully explained.

The costs of compliance with the new arrangements and the costs of adjusting (computer and accounting) systems:

- Introduction of systems and other compliance costs may have an initial up front impact, but they will be tax deductible.
- Proper systems will help businesses report and interact with the tax department as well as providing a financial management tool to assist with the operation of the business.
- I am open to hear suggestions for how the Australian Government can provide targeted support to the Norfolk Island business community.

Training and availability of information on mainland taxation arrangements

- Australian Taxation Office (Tax Office) is continuing to assist and inform small business through seminars, one-on-one appointments, workshops and tailored communication channels and visits to the Island, the next at the end of February.
- The Tax Office developed a range of communication products to support businesses including a dedicated Norfolk Island web page, and small business bulletin. The community can subscribe to the bulletin by emailing NIBusiness@ato.gov.au

Abolition of the Tourism Bureau and transition of the ongoing tourism function within the Norfolk Island Regional Council:

- Tourism promotion will have a better focus and coordinated approach when part of a broader economic development function within the Council. This is a proven and effective model in place across other councils in the nation.
- It will provide a central point of economic development and achieve economies of scale as administrative overheads will be absorbed through a shared services model.

Contact

Ms Robyn Fleming Mobile: 47F

List of invitees for Business Community Lunch with Minister 28 January 2016

Salutation	First Name	Last Name	Business	Industry
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47F





FOR: The Hon Paul Fletcher MP

DIVISION: Local Government and Territories

EVENT BRIEF 6: Meeting with the Administration of Norfolk Island

Event details

Meeting with the senior managers of the Administration of Norfolk Island at the Office of the Administrator.

Minister's role

Discuss activities being undertaken and goals to be achieved in the transition to a Regional Council model.

Attendees

The Administrator, Commonwealth Officials and Ministerial Staff
Mr Peter Gesling, Executive Director of Norfolk Island

47F

Key issues

Structural change and transition to a Regional Council

- The efforts to restructure to a Regional Council are complex and needs to be supported by planning and leadership. There are many good examples in local government of successful and sustainable delivery of essential services.
- Strategic and operational plans are being developed by the Administration to support the transition to a Regional Council.
- Costs and revenues need to be appropriate for the services to be delivered.

Assets

- Negotiations on asset transfers to follow function have commenced.
- There are major concerns about the condition of assets due to the lack of maintenance and upgrading over the years.

Key service delivery for council

- The council will deliver core local government services including rates, roads and rubbish. Adjusting to a narrower range of functions is a significant change and additional cultural change approaches will be critical to a successful transition.
- Staffing needs will need to be determined by operational needs and in a merit-based environment.
- The NIA are only partially through their planning processes for change.
- Whether the NI GBE's (telecom, electricity, gaming) will be delivered by the Council or an alternative NI entity is complex and yet to be determined.

Contact

Ms Robyn Fleming Mobile: 47F



FOR: The Hon Paul Fletcher MP

DIVISION: Local Government and Territories

EVENT BRIEF 7: Norfolk Island Central School and Community Groups

Event details

Meet with the Principal of Norfolk Island Central School and community group representatives.

Minister's role

To meet with community stakeholders to gain an understanding of current community concerns.

Attendees

47F

Key issues

Representatives may ask what health and aged care services will be provided from 1 July

- Health and aged care (including residential) will be delivered under a MPS model.
- Australian Government Department of Health officials are discussing the potential for local community groups, including Care Norfolk, to deliver home care services.

BreastScreen Services Norfolk Island (BSSNI) wants on-Island breast screening.

- Departmental officials and the Australian Government Minister for Health, the Hon Sussan Ley MP, have advised BSSNI that an on-Island breast screening service will not be immediately possible from 1 July 2016 for reasons of accreditation and safety.
- The Department did not support the use of Australian Government funds to transport an analogue mammography machine identified by BSSNI to Norfolk Island as it is redundant technology and no other aspects of a breast screening service were in place.
- The Department has advised BSSNI that it will consider a patient assisted travel scheme for eligible women to travel to NSW for breast screening from 1 July 2016.

BSSNI representatives may ask why Christmas Island has a breast screening service.

- The Indian Ocean Territory Health Service (IOTHS) is part of a different health service model and is not accredited. The technology is becoming dated and will soon face similar issues re redundant technology. This service is being reviewed as the most recent cohort of women screened by the IOTHS has been recalled due to the poor quality of the screens. Digitisation of the technology is also an emerging issue for the Indian Ocean Territories.

Representatives may ask who will deliver primary and secondary school services and if Norfolk Island language will continue to be included in the curricula:

- The Department is negotiating with the NSW Government to deliver a comprehensive primary and secondary school service.
- NSW has agreed, in principle, that the Norfolk Island language could become a NSW Board of Senior Secondary Studies endorsed course.

Contact

Mr Paul McInnes Mobile: 47F



FOR: The Hon Paul Fletcher MP

DIVISION: Local Government and Territories

EVENT BRIEF 8: Norfolk Island Council of Elders

Event details

Meeting with the members of Council of Elders (the Council).

Minister’s role

Hear key priorities of the Council during the transitional period and under a future Regional Council.

Attendees

47F

Key issues

The Council represents the interests of families descended from the Pitcairn Island settlers on Norfolk Island and aligned with the Norfolk Island People for Democracy Preservation of Cultural Heritage is a community rather than government responsibility.

- On 10 August 2015 the Council wrote to the previous Minister for Territories, about the preservation of cultural heritage. A number of submissions to the Advisory Council also raised specific concerns about the preservation of cultural heritage including public holidays, Norfolk language, flying the Norfolk flag, singing of the Pitcairn Anthem, ownership of cultural objects and ongoing access to KAVHA and the role of volunteerism in the community. The Administrator has assured the community that the Government does not plan to prohibit any existing cultural practices and the community is responsible for maintaining the best parts of Pitcairn (and broader Norfolk) culture.

The issue most likely to be raised by the Council is the tradition of gifting land between generations and how this practice relates to assets tests for eligibility to access Australian Government benefits schemes.

- In some cases, land gifted from one party to another will continue to be considered as an asset of the giver for a period of time after the gift has been made. This will affect families represented by the Council which are all significant landowners on Norfolk Island.
- Gifting and inheritance of land is not a practice exclusive to Norfolk Island and is common on the mainland as well as on Norfolk Island. While some residents view land ownership as a custodianship for future generations, the same gifting and inheritance rules as mainland Australia will apply.

47C

Contact

Mr Paul McInnes Mobile: 47F



FOR: The Hon Paul Fletcher MP

DIVISION: Local Government and Territories

EVENT BRIEF 9: Community Meeting

Event details

Public Meeting on the reform packaged.

Minister's role

To hear the key priorities and concerns of the community

Attendees

Mr Gary Hardgrave Norfolk Island Administrator

Between 400-500 residents are expected to attend.

Key issues

The Norfolk Island Administrator will introduce you to the audience. You will then have an hour questions and answer session.

- **Attachment A** is a series of Q and A's that respond to matters already raised with the Advisory Council, Administrator or the Department.

It is likely the majority of speakers at meeting will be hostile to the Australian Government and particularly critical of the Administrator, the Advisory Council and to a lesser extent the Department.

Public Meetings on Norfolk Island tend to be dominated by sectoral interests – in this case, mostly opposed to the reform process.

An SBS media crew are on island for the week and may seek to film part of the meeting. SBS are filming a year in life of a small community. This is the third filming visit to the island.

47F

. The Advisory Council members will have reserved seating in the front row of the audience.

Contact

Mr Paul McInnes Mobile: **47F**

Questions and Answers

General Comments

The Australian Government considers it is appropriate that Australian citizens in the external territories have similar access to social services and taxation as all other Australian citizens

Why was it necessary to remove self-government, when all Norfolk Island needed was some financial support?

- Continuing to ask Norfolk Island to provide the range of services normally delivered by the three levels of government was not sustainable. The gap in the range and quality of services Australians could receive in Australia and on island was growing, to the detriment of those living on Norfolk.
- There were also significant concerns around governance with the Norfolk Island legislative and regulatory frameworks not having kept pace with modern Australian practices. The Australian government, committed to Australians receiving the same basic services regardless of where they live, had to act to restore equity and improve governance. Through the consultation process, the community expressed concerns around the equity and transparency of decision making, protection of privacy, and the adequacy of healthcare arrangements.
- These concerns have more recently, also been reflected in submissions to the Advisory Council.
- The changes enable the Australian Government to take responsibility for both federal and state government policy and services. This allows the Council to concentrate on effectively delivering services appropriate to a community of this size.

Now that Norfolk Island is a non-self-governing territory, will the Government give the community the right to self-determination?

- The Australian Government is making changes to the governance of Norfolk Island consistent with its powers under the Australian Constitution. There have been no changes to Norfolk Island's status as a territory of Australia.
- The Australian Government has no plans to take any further action in respect of the question of self determination.

Why is the Government implementing the flawed Christmas Island model, when this is being criticised by JSCNCET and the Christmas Island community?

- The model for non-self governing territories is that the Commonwealth adopts state law as commonwealth law (WA for Christmas Island; ACT for Jervis Bay; and NSW for Norfolk). The Australian Government then negotiates with the relevant state to provide state type services.
- Where they are unable to do so, either deliver through a third party (a company, local government or not for profit) or provide the services directly.
- This system ensures citizens in the territories receive similar services to those received in similar sized communities, and to a nationally accepted standard.

Why is the Government spending \$136 million on the reforms when the Norfolk Island Government only needed a fraction of this in deficit funding?

- The deficit funding addressed only part of the problem. It met immediate cash deficits, to continue delivery of existing Norfolk Island services.
- The reforms funding provides access to new services not previously available to the community or available in only a limited form. These include the age and disability pensions, support for carers, unemployment benefits, childcare rebates and Medicare and the Pharmaceutical Benefits Scheme. These services will significantly improve the lives of people on Norfolk Island.
- The new funds also includes access to much needed new capital to assist in redressing the poor state of infrastructure on the island, major projects such as the Cascade Jetty extension, continued underwriting of the air service, and to establish modern healthcare arrangements.

Why did the Government ignore the results of the referendum and refuse to give Norfolk Islanders a say in the reforms?

- Over the past 30 years numerous reports have assessed the self-governing arrangements introduced in 1979 as not sustainable and recommended Australian citizens on Norfolk Island be entitled to the same social services and taxation arrangements as the rest of Australia.
- The Norfolk Island Legislative Assembly voted on two separate occasions in favour of these reforms.
- While I note not all of you support the changes, there was consultation with the community led by the Administrator and significant local support for the reforms.
- This was an open process, and every member of the community had the opportunity to put forward their views. Many wrote directly to the former Minister.
- Community consultation on the shape of future governance arrangements continues through the work of the Advisory Council.

The Advisory Council is a bunch of hand-picked appointees that don't represent the community. Why are you listening to them?

- The Advisory Council was appointed following a public call for expressions of interest, and its membership reflects a broad cross section of the Norfolk Island community.
- I consider the Council has, and continues to, perform that function well. Every member of the community has had the opportunity to provide input into the Advisory Council's consultation process – and this process is ongoing.
- The Council was established as an interim measure to consult with, and represent the broader views of the community, to the Minister for Territories prior to the election of a Regional Council.
- Elections will be conducted soon for you to appoint your own Council. Pending legislative changes which need to be made, I anticipate the new Regional Council will be elected around June 2016.

How will the Norfolk Island economy/local businesses be able to cope with the requirement to pay tax, superannuation, and a higher minimum wage from 1 July 2016?

- These reforms are introducing big changes to Norfolk Island and are disruptive to the way you have traditionally delivered services. Change, however, also creates new opportunities.
- Modelling by CIE which has been publically released indicates that the net impact of the reforms on the Norfolk Island economy will be overwhelmingly positive – more money in people’s pockets through MBS, PBS, aged care, family tax benefits etc. Investment in infrastructure.
- The report does point to some challenges, however we are taking steps to smooth the transition:
 - While tax applies from 1 July 2016, so do business deductions.
 - Workplace relations legislation is not being fully turned on immediately, enabling each business in consultation with its workforce to negotiate the implementation of the Australian comparative wages over time.
 - The local GST will be removed, and there will be no customs duty
- I understand that there is some concern and uncertainty in the community and the Administrator will shortly announce a range of measures aimed at assisting businesses in the transition process.

Why is the Government pressing ahead with reforms when the 2006 CIE report predicted a catastrophic impact on the local economy?

- The Assumptions which underpin the 2006 CIE report are no longer current. The Norfolk Island economy has further declined, the policies of both Governments had changed, and there have changes to the taxation and social security systems.
- This is why the report was updated in 2014, and included, modelling based on current Australian government policies and payments. This report was released publicly
- The report estimated that overall, social security payments (\$4.9m) would more than offset tax paid (\$4.3), and that the community would also save around \$5m in healthcare costs. The core reforms are along are expected to represent a 14 per cent increase in economic activity.

Will the asset test for the age pension and the imposition of municipal rates force Norfolk Islanders to sell land held by their family for generations?

- Means testing for the age pension is designed so that those in need receive the maximum amount, those who have the means to partly support themselves receive less, and those who can afford to fully support themselves do so. Your own (primary) home is not included in the assets test. Additional land would generally be considered as an asset under the means tests however, exemptions apply under various circumstances. Individual circumstances would need to be evaluated on a case-by-case basis in order to provide an accurate assessment.
- Land rates are an important source of revenue for local governments and will help to pay for vital local services. I anticipate land rates will be introduced to Norfolk Island in 2016. However, I am aware of concerns about the capacity of the most vulnerable in the community to pay land rates and the need to phase in rates over a period of time. Once the land rates model is applied, the Regional Council will also be able to offer concessions on the grounds of hardship or to eligible pensioners to reduce the rates payable.

Will the Government close down the Norfolk Island Hospital or aged care facility?

- The reforms, with the introduction of Medicare and the Pharmaceutical benefits Scheme, means that more support will be provided to the community than was previously possible. You will have more options for accessing public healthcare on the mainland and continued access to publicly funded medivac services.
- Commonwealth support for aged care, and the introduction of modern social security arrangements will increase the options available for older Norfolk residents.
- The shift to a multi-purpose health service is about getting the right mix of health services on island, while continuing to better access a broader set of services when necessary. (Nick asked- Can we start with something positive – what is important is that we provide a high standard of services and the right mix of services for the Norfolk Island community.
- The current Norfolk Island Hospital does not meet the minimum standards required in a modern hospital. Addressing this is critical not just from a public health perspective, but also to ensure that the Norfolk Island community gets the maximum benefit from the introduction of Medicare.
- We understand it is important to the community to have local health services, including aged care, General Practitioner and a schedule of visiting specialists.
- Some services cannot be provided locally, including birthing and elective surgery. This is not new and is the same for most small and remote communities.

How will sacking Norfolk Islanders and replacing them with public servants and contractors from the mainland assist the community?

- While Australian Government agencies will be providing services, many will be recruiting locally for positions on Norfolk Island or establishing local third party providers. The Australian Government presence on Norfolk Island will remain small.
- It will be important to balance accessing expertise from other places to get the best skills and providing local employment.
- The Australian Government is extending the Cascade Pier which will open up the economy to the cruise market and help rebuild tourism. That will generate short term construction opportunities and longer term hospitality and retail opportunities.

Why has the Government stymied every opportunity for Norfolk Island to become self-sustaining, such as through a medical cannabis industry, offshore banking, or through access to fishing royalties?

- The Australian Government supports entrepreneurship and innovation and any robust business or economic development proposal will be considered carefully.
- In respect of medicinal cannabis, the previous proposals did not have a viable business case and were in contravention of international law. The Australian Government is developing the legislative framework which would allow the growing and distribution of medicinal cannabis. Once this legislation is in place I will be in a position to receive and assess compliant proposals from Norfolk Island. No other Australian state or territory is able to pursue a medicinal cannabis industry at this point – Norfolk Island is not being disadvantaged.
- Despite some reports that the Australian Government has profited from millions of dollars from fishing activities in the waters surrounding Norfolk Island, this is untrue; no profits have been made. The Australian Government does not collect any royalties, resource ‘rent’ or additional taxes on profits from commercial fishing within its waters.
- Governments around the world are coordinating efforts to address tax avoidance by multinationals. Australia is a member of the Organisation for Economic Co-operation and

Development (OECD) and the G20, which are working together on strategies to address tax avoidance and evasion.

- Allowing bank secrecy or multinationals to artificially shift profits to jurisdictions where there is no or low income taxation would not be in accordance with the actions that the Australian Government has undertaken as a member of the OECD or G20

Why did you abolish the Tourist Bureau when tourism is a key industry?

- Tourism is critical to the economic future of Norfolk Island and this is why it will be incorporated into the core economic development function of the Regional Council. Tourism needs to be a key consideration in the Council's planning and infrastructure decisions. This will also provide an opportunity to address other areas such as tourism quality and infrastructure in a more strategic way.
- There is some structural reform underway to ensure scarce resources are used in the most efficient way possible. To date, only the marketing elements of the Norfolk Island Tourism Strategy have been able to be implemented.

What is happening to the money previously used for tourism?

- There has been no change to the current tourism budget (where does this money come from?). In the short term, I understand that the Executive Director is considering how existing tourism funding could be more effectively applied.

Will the Australian Government agree to the restoration of the Preamble to the *Norfolk Island Act 1979*?

- The issue of the preamble was raised in the most recent Advisory Council discussion paper. I understand there were significantly different views expressed by respondents on this issue and that it is a controversial issue in the community. For this reason, the provision of advice about the preamble will be left for the consideration of a future Regional Council.

What will the Australian Government do to address the eligibility gap between the Australian and Norfolk Island pension schemes?

- There are differences between the Australian and Norfolk social security systems both in terms of eligibility and payment amounts. As a result, some people currently receiving Norfolk Island pensions may not be eligible to receive Australian pensions.
- In these cases, there may be other payments or subsidies available. For example, newstart allowances, carers benefits or other schemes. The Australian Government has been working to identify and assist people affected by differences between the two systems.
- Individuals that believe they may be affected should contact Centrelink to discuss their options, either while the agency is visiting the island or by telephone.

Why would you allow non-resident voters when nobody wants them?

- Permitting landowners (and business leaseholders) that do not reside in an electorate to vote is commonplace in mainland Australia local governments. This allows people with a financial interest in an area to have a say in how it is run, the services provided and the activities of the regional council. On Norfolk Island this could encourage investment in local businesses and properties and make Norfolk Island a more attractive financial option for investors.

Health Services Plan (KPMG)

- The Health Services Plan (KPMG) assessed community health and aged care needs, current health and aged care service capacity, the suitability of existing infrastructure, as well as options for various models to provide health and aged care services which are suited to the needs of Norfolk Island.
- The Plan recommended health services on Norfolk Island should rebalance the current focus away from an acute care model to become more closely aligned to the primary care model of health and aged care delivered by local health districts across mainland Australia and consistent with the National Strategic Framework for Rural and Remote Health.
- The report recommended Norfolk Island health and aged care services be delivered by a Multi-purpose Service (MPS). It is proposed that you publicly release the KPMG Report *Norfolk Island Health Services Plan* during your visit to Norfolk Island.

What happens to the hospital – both the buildings and the entity – is it being privatised?

- The hospital buildings will remain in place and it is proposed the buildings will transfer to the Commonwealth in the short term with ownership to be revisited later.
- People will access health services from the facility including general practitioners and emergency assistance.
- The Norfolk Island Hospital Enterprise (NIHE) will no longer exist as an organisation. The assets of the NIHE will transfer to the MPS entity and there will be appropriate plaques recognising any donations of equipment from rotary etc.
- The health service is not being privatised – the Department is contracting a service deliverer who could be from the private, not-for-profit sector or the NSW Government.

What will happen to the staff? Will they be out of jobs?

- The Department will require the service provider to engage appropriately qualified and credentialed local staff to deliver the services, where possible.
 - The Department is currently consulting experts on the workforce profile and numbers.
 - Staff will be advised of any changes by the Department.
 - It is not clear as yet how many of the staff meet appropriate Australian standards for accreditation. Some funds have been put aside to assist in accreditation but whether this will be sufficient is not yet known.

Will specialists still visit the island?

- The provider will be required to organise a visiting health professional's schedule. This could include podiatrists, dentists, occupational therapists, gynaecologists, cardio-vascular specialists and optometrists.
- The exact range of visiting health professionals will depend on whether some providers on the island decide to continue in private practice.

Will the maternity ward and operating theatre re-open?

- Women will still have to travel to the mainland to give birth however the provider will deliver a program of neo, ante and post-natal care, as well as child health.
- The operating theatre will not open in the immediate term until the issue of accreditation can be resolved.
- This is the norm for services in remote rural communities.

Will there be patient-assisted travel?

- Yes.

Will there still be medical evacuations?

- Yes.
- The Australian Government will fund medical evacuations for the community. International visitors will be expected to make their own decisions regarding insurance for aero-medical evacuations, until such time as private ins.

Will there be a breast screening service?

- There will not be a breast screening service on the island in the short to medium term as an accredited unit cannot be established within the existing funding.
- The Department is working on the best arrangement to ensure women have access to the most modern technology.

What will happen to the aged care residents?

- Residential aged care is a key component of the multi-purpose service model.
- Home support will also be provided but not necessarily by the MPS provider.

Will I have to pay for a visit to the General Practitioner (GP)?

- The Medicare benefit will apply for GP services on island.
 - Whether a GP offers bulk billing is a decision for the GP.
- Individuals and families will be eligible for the Medicare Safety Net which means that once you reach a relevant threshold, the safety net provides an additional benefit for eligible services.
 - This may mean that visits to your doctor or having tests could cost you less for the rest of the calendar year.

Where will I fill my prescriptions?

- The hospital pharmacy will no longer operate for out-patients. Individuals will fill their prescriptions at the local community pharmacies.
- The Pharmaceutical Benefits Scheme will apply to Norfolk Island.
 - The PBS subsidises a range of medications to make them more affordable.



FOR: The Hon Paul Fletcher MP

DIVISION: Local Government and Territories

EVENT BRIEF 10: Norfolk Island Advisory Council

Event details

Meeting with the members of the Norfolk Island Advisory Council over dinner at Government House.

Minister's role

To acknowledge the ongoing positive contribution of Advisory Council members and supporters to the reform process and to hear community concerns relayed to the Advisory Council.

Attendees

The Administrator, Commonwealth Officials and Ministerial Staff

47F

Key issues

On 19 November 2015 the Advisory Council provided you with its first round of advice based on community consultation about governance and functions for a future Norfolk Island Regional Council.

- While many of the recommendations could be supported, it is unlikely all will be adopted. You have been briefed separately on this matter and the Advisory Council will likely be happy to wait for a formal response to the recommendations.

The key areas of Advisory Council interest for discussion at the meeting are:

- healthcare service provision;
- job security during the economic transition;
- phasing in of WHS and minimum wage requirements;
- the upcoming announcement of the successful tenderer for the provision of air transport services to Norfolk Island; and
- upcoming infrastructure projects including Cascade Pier, Channer's Corner footpath improvement and telecommunications (4G) upgrades.

Many, if not all, of these matters will have been covered during your public meeting immediately before the dinner as they are concerns frequently raised by the local community. Advisory Council members may push for faster introduction of a range of laws such as consumer protection and corporations law. At this stage, the reform process is focussed on introducing laws essential for the effective functioning of a future Regional Council.

- 47F [REDACTED] are likely to call for a delayed introduction of minimum wages and conditions. This matter is currently under consideration by the Minister for Employment and his portfolio agencies, but won't be settled before February 2016.

Contact

Mr Paul McInnes Mobile: 47F [REDACTED]

PART 2
CURRENT ISSUES

AUSTRALIAN GOVERNMENT SERVICES

Air Services Contract

Key Issues:

- Market failure has occurred in the domestic flight route to Norfolk Island. The Australian Government currently underwrites the provision of regular passenger transport and freight services to Norfolk Island under a contract with Air New Zealand (expires July 2016).
- **47C** [REDACTED]
- An open tender for airline services was released on 14 May 2015 closing 29 July 2015 seeking airline services to Norfolk Island and the Indian Ocean Territories (IOT), Norfolk Island only, or the IOT only.
- A preferred tender has been selected for Norfolk Island services and, following negotiations, a contract is expected to be finalised in February 2016 with services to commence in August 2016.
- The Department is currently negotiating underwriting arrangements with the preferred tenderer with the aim of minimising underwriting costs and transitioning towards full commercial arrangements over the life of the contract.
- The financial underwriting for Norfolk Island air services is a lapsing measure in 2018-19 and the Department is focused on ensuring viable operations are in place and costs of underwriting decrease or are non-existent overtime.
- The current underwriter air services operator, Air New Zealand, is continuing to take forward bookings beyond its current contract term of end July 2016 so as not to disrupt the tourism market. This approach is common place when arrangements for a monopoly supplier of air services are nearing review.

Background:

The Australian Government has historically entered into contracts for provision of air services to Norfolk Island (and the IOT) that include an offer to underwrite the services where revenue received is insufficient to cover the costs incurred. There are four return regular passenger transport flights from the mainland to Norfolk Island each week (two from Sydney on Monday and Friday and two from Brisbane on Tuesday and Saturday).

Current Australian Government aviation policy does not support the intervention, financially or otherwise, to artificially sustain airline routes. However, underwriting has previously been considered necessary for routes between mainland Australia and Norfolk Island and the IOT to ensure:

- the residents of each island have appropriate access to the Australian mainland, including essential services which are not delivered on the islands;
- the Australian Government is able to provide essential services on the islands;
- medical and other necessary supplies and services are available to the residents;
- people who seek to do business on the islands or visit for tourism or other purposes have a reliable means of access;
- there is ongoing support for the tourism industry and local economies of each island; and
- the commercial viability of the routes for the service providers.

The Department's contract with Air New Zealand was extended to July 2016 in line with the expiry date for the IOT Air Services contract. A Request for Proposal (RFP) was released on AusTender on 14 May 2015 closing on 29 July 2015. Through the RFP, the Department sought innovative, commercially based solutions from the market.

Upgrade of Cascade Pier

Key issues:

- Norfolk Island has no natural harbour and no port. Improving sea access will facilitate economic development. The jetty extension will see an increase in cruise ship visits and further strengthen the local economy. P&O have indicated a strong interest in adding Norfolk Island I to its cruise schedule, once the Jetty upgrade is completed.
- The Commonwealth has committed \$13 million to extend Cascade Pier. The original cost of the Pier was set by the then Norfolk Island Assembly. The Commonwealth tender will establish if the costs are accurate or need supplemented from the Department's capital Budget. Some additional supporting capital from the Department's capital Budget has been provided for barges and cranes to ensure the port will be fully operational in 2017.
- The project will deliver an upgraded structure to support increased and safer movements of cruise ship passengers and more efficient handling of freight; both key issues highlighted in the recently completed Norfolk Island Economic Development Strategy. The initiative is strongly supported by the cruise ship industry.
- The works will strengthen, widen and lengthen the pier and include a fixed 30 tonne hydraulic crane to facilitate the future unloading of containerised cargo from customised barges and to raise and lower the barges into and out of the sea. Passengers and cargo are currently transferred from much smaller capacity motor launches and a mobile crane. The project will enable loading/unloading to occur more safely and under a wider range of (but not all) weather and sea conditions.
- Tenders to construct the extension and refurbishment closed on 22 December 2015. Tenders for the barges will be part of a separate process.
- A key community concern has been the importance of using local contractors and suppliers wherever possible. Subsequent to the industry briefing the Administrator provided local business and tradespeople the opportunity to meet with tenderers and showcase the wide array of skills that are available locally to tenderers.
- The Administrator is also developing a package of measure for local business to support the reform process. These include credentialing and recognition of prior learning in key trade areas.
- An announcement of the successful tender is expected in March 2016 with works scheduled for completion by September 2017.

Background:

Cascade Pier is a Commonwealth asset located on the north east coast of the Island. It is used to load and unload freight from commercial freighters and passengers from cruise ships. The pier is also extensively used by fishing and recreational craft.

More than 50 per cent of cruise ship visits to the Island since 2010 have been unable to disembark due to weather conditions. Similarly the delivery of freight and supplies is frequently interrupted at certain times of the year.

The Australian Government took responsibility for delivering the Cascade Pier upgrade to expedite the works as soon as possible. The previous Norfolk Island Government received a Commonwealth grant in 2013, but the project had not progressed.

Worley Parsons were engaged to lead the design and costing and prepare the approach to market.

Telecommunications

Key Issues:

- From both a legislative and operational perspective, the normalisation of telecommunications service delivery on Norfolk Island may need to take place over a number of years and this will be reflected in the Governance model for the Regional Council. Currently to dial Norfolk Island from Australia you must dial 0011+67+ the Norfolk Island local number. The phone director on Norfolk Island list people by their nick names and would not easily convert to an Australian directory.
- The application of Commonwealth telecommunications legislation to Norfolk Island is unlikely to be in place by 1 July 2016, due to the need to ensure service delivery, content and consumer protection standards can be implemented, and an operational model established. The Department of Communications and the Arts (DOCA) has advised Telstra will not agree to be the Universal Service Obligation (USO) provider on Norfolk Island without renegotiating its current USO contract for the whole of Australia.
- While it is possible to have an alternative USO provider, Norfolk telecom would not be able to fulfil this role or meet other legislative and regulatory requirements (such as untime local call obligations, emergency call service access (000), obligations to assist law enforcement agencies (e.g. interception), and national technical regulations and standards), without significant funding and capital investment.
- A recently completed review of the Norfolk Island mobile telecommunications network found the current 2G mobile network on Norfolk Island utilises obsolete technology and largely second hand hardware, and this poses a risk of major failure and service disruption. It also found an upgrade to a 4G network, at an estimated cost of \$3.7 million, would be more cost and technologically effective than to a 3G network and could be implemented within a 10-12 month timeframe.
- The report also identified significant risks with the reliability of the fixed line telephone system which could be mitigated at significantly lower cost in the short term.
- Following the launch of the Sky Muster satellite in October 2015, DOCA has commenced discussions with NBN Co to outline options for Norfolk Telecom to become a retail service provider reselling satellite access through the NBN dedicated beam. DOCA has advised that this is a complex issue and will take some time to resolve. A significant issue to consider will be the impact that the NBN has on the current revenue streams for Norfolk Telecom, and the flow on effect this may have for the revenues of the Regional Council.
- Norfolk Island Telecom is a Norfolk Island owned monopoly and a part of the reforms of the government business enterprises will be trying to privatise these types of businesses where possible. Early reports by Deloitte indicate market interest is likely to be negligible given the small size of the market and poor state of capital.
- A working group of DOCA, NBN and Territories staff has been established to review for both all external territories.

Background:

Services on Norfolk Island (mobile, fixed line and internet) are delivered by Norfolk Telecom: a Government Business Enterprise (GBE). The resulting high costs of data and voice services are cited as a significant barrier to economic development. High speed broadband is currently provided to Norfolk Island via a satellite service (O3B) which relays to homes and business via an ageing copper network.

Negotiations with NSW (Legislation and Services)

Key Issues

- The NSW Cabinet is expected to consider providing state-type services to Norfolk Island and the Jervis Bay Territory (JBT) at the end of February 2016. Premier Baird recently confirmed this in his letter to you of 15 January 2016.
- The inter-governmental agreement with NSW is expected to be a service delivery arrangement (SDA).
 - Unlike the service delivery arrangements between the Department and the West Australian Government, services will be outlined in the form of schedules to an overarching SDA between the Department and the NSW Department of Premier and Cabinet (DPC).
 - Subject to your approval and potentially that of the Prime Minister, the SDA would include an aspiration to eventually incorporate Norfolk Island and JBT.
- The priority services for negotiation with NSW in the 2015/16 financial year are health, education and local government. It is unclear that NSW will deliver health care in 2016 and a tender for services is also being prepared.
- The Department is considering the NSW laws that can be applied from 1 July 2016. The number of NSW laws that applying in the first year is likely to be limited as the NI community is unlikely to be able to comply and transitioning strategies will need to be considered.
- The NI Advisory Council was also asked by the former Minister for Territories to provide their perspective on the priority NSW laws that should be applied. The Advisory Council report is well advanced and the Department you will receive that report in early February 2016.
- Where NSW laws need to be applied but cannot be applied in full the Department is also preparing Ordinances that will meet the needs of the community, for example the NI Local Government Ordinance currently in preparation applies most of the provision of the NSW Local Government Act.

Background

In your letter of 3 December 2015, you confirmed the outcomes of your 13 November 2015 meeting with the Premier of NSW, the Hon Mike Baird MP and sought to confirm the NSW Government's commitment to delivering state-level services to Norfolk Island. In the same letter, you tasked Deputy Secretary Wilson to meet with his counterpart in DPC to progress arrangements for both Norfolk Island and JBT.

Deputy Secretary Wilson and Executive Director Fleming met with the Deputy Secretary, Social Policy, Ms Mary-Ann O'Loughlin on 18 December 2015. DPC confirmed that they would be seeking Cabinet consideration of the matter early in 2016 and were hopeful of a positive outcome. Premier Baird wrote to you 15 January 2016 confirming consideration of Norfolk Island matters by NSW in February 2016.

Healthcare Model

Key Issues

- There is a community expectation that NSW will deliver the health service.
 - NSW is unlikely to be able to operate the health service from 1 July 2016, should this be the case, the Department is currently preparing to tender for a third party provider as a contingency.
 - The third party provider will employ appropriately qualified and credentialed local staff, and also may need to apply to become an aged care approved provider.
 - Both private and not-for-profit sector will be able to submit a tender.
- The Norfolk Island Hospital Enterprise will become a multi-purpose service (MPS).
 - MPSs provide both health and aged care services in some rural and remote communities.
 - The Norfolk Island MPS will include residential aged care.
 - Health services will focus on primary and community health however there will be emergency bays and acute in-patient beds.
 - Medical evacuations will still be facilitated from the MPS. The Department will fund all medical evacuations for Norfolk Island residents.
- The community may seek reassurance that on-Island services will be eligible for Medicare Benefits Schedule (Medicare) and the Pharmaceutical Benefits Scheme (PBS) by 1 July 2016.
 - DoH is currently working to ensure that on-Island services are Medicare and PBS eligible by 1 July 2016.
 - Individuals should be able to claim Medicare benefits from on-Island and mainland Medicare eligible health professionals from 1 July 2016.
- DoH has advised that private health insurance will be available to eligible residents from 1 July 2016.
 - DoH will work with private health insurers to ensure that residents are informed of their policies and products so that residents can make informed decisions ahead of 1 July 2016.
 - Whether hospital-type services at the MPS will be private health insurance eligible is a matter for DoH.

Background

The Department will become responsible for all state-type services on Norfolk Island, including health from 1 July 2016.

Reports since 2001 have indicated the need to change the health system focus on Norfolk Island from acute care (ordinarily delivered by hospitals) to primary and aged care.

Shifting the focus to primary healthcare is consistent with the national policy of increasing and strengthening primary healthcare services and reducing the high cost of hospital admissions in an effort to improve overall health outcomes for all Australians.

The current hospital is not accredited to national standards and would unlikely be so under current conditions.

Hospitals are the responsibility of states and territories, which bear the funding costs. The Department will bear this cost from 1 July 2016.

The Australian Government, through the Commonwealth Department of Health (DoH), is the main funder of primary healthcare through the Medicare and the PBS. The primary and community healthcare workforce is led by general practitioners.

In 2015 the Department commissioned KPMG to provide recommendations, including an implementation plan on the most appropriate service delivery model for health and aged care on Norfolk Island. In its report *Norfolk Island Health Service Plan*, an MPS model was recommended.

Aged Care

Key Issues

- Residential aged care is a community priority and Norfolk Island residents have expressed concern that residential aged care services will be transferred to mainland Australia.
- Under a Multi-Purpose Service (MPS) model, the community will have access to residential aged care.
- Home and community aged care services consistent with mainland rural and remote areas will also be available.
- The Department is currently supporting the Department of Health (DoH), which is responsible for aged care matters at the Australian Government level, to ensure aged care services can be delivered to Norfolk Island from 1 July 2016. DoH officials have been in contact with, and will continue to engage with, local community groups to work towards aged home care support to be delivered by local providers.

Background:

Currently the Norfolk Island Hospital (the Hospital) provides the only residential aged care service on the Island with high care beds provided at the Hospital site and low care hostel beds at Mawson House, located within the Hospital grounds. The residential aged care area of the hospital is known as the “Verandah” or “Dah Randa”.

The KPMG 2015 Norfolk Island Health Service Plan noted that at the time of reporting, the occupancy rate was three low care beds and eight of the twelve available high care beds. An average of six high care beds were occupied in 2013-14. KPMG predicts the demand for overall residential aged care beds will increase to 23 by 2025.

Aged care officials from DoH visited Norfolk Island on 26-27 October 2015. The officials informally advised the Department they saw no impediment to funding aged care beds under a MPS model.

Under the MPS model, the requirements of residential aged care facilities do not have the same legislative requirements of a privately run residential aged care facility.

Aged care at the Hospital in 2015-16 is projected to receive \$833,000 in revenue from aged care service consumer fees with total expenditure expected to be \$463,400. This amount is unlikely to reflect actual costs including clinical care and all consumables.

Education

Key Issues:

- The Department is negotiating with the NSW Government to deliver the NSW education system, in line with rural and remote communities, from Kindergarten to Year 12 in the Norfolk Island Central School.
- The agreement would include using the NSW curriculum, the engagement and management of all staff as well as general school administration.
- The community strongly supports Norfolk Island language and cultural studies be retained under any new arrangement with the NSW Government. NSW have agreed in principle that that the Norfolk Island language could become a NSW Board endorsed course.
- The Department will be advised in February 2016 of the NSW government's position in respect of the provision of education services.

Background

The NSW curriculum for Kindergarten to Year 12 is currently being delivered to the school under a Memorandum of Understanding (MOU) with the NSW Department of Education (DoE). The current MOU with DoE does not cover locally recruited casual, temporary, support learning, administrative or ancillary employees.

The Department is currently negotiating with the NSW Government to deliver a more comprehensive service which includes the engagement and management of teachers as well as support and administration staff.

In 2007 the United Nations included the language spoken by Norfolk Islanders on its list of the world's languages in danger of disappearing. Norfolk language lessons were introduced into the school in an endeavour to help preserve the language and culture for future generations. It is anticipated that there would be capacity to include Norfolk language within the curriculum through after school community classes.

LOCAL GOVERNMENT MATTERS

Norfolk Island Regional Council

Key Issues:

Regional Council Election

- The Norfolk Island Regional Council Preparatory Election Ordinance 2016 is being drafted in line with the *Local Government Act 1993 (NSW)* and following your consideration (MB15-000691 refers), 47C
- This Ordinance covers voter eligibility, establishment of electoral rolls, eligibility and election of the councillors and the mayor and the system and conduct of the election.
- The election will be held on a Wednesday in late May or June 2016 as a one-off concession. The dates for elections will subsequently align with NSW LG elections.
- An elector will not be entitled to vote more than once. This is a departure from the current Norfolk Island system where electors each have nine votes.
- An Australian citizen resident on Norfolk Island will be eligible to vote: whether they own or rent property; or own property on Norfolk Island but live off-island. Some long term Norfolk Island residents who are New Zealand citizens will be disenfranchised, if they do not wish to become Australian citizens, and this is controversial on the island.
- The NSW rules for candidate eligibility, party registration and group voting (above the line) will be used, including pre-poll and postal voting.
- Five (5) Councillors will be elected for the standard four year term. The Mayor will be elected by the Councillors from among their numbers at their first meeting, on or after 1 July 2016 for a 12 month term.

47C

Regional Council Administration

- A key component of the Norfolk Island reforms is an appropriate governance structure for Norfolk Island's approximately 1500 residents. A community of this size faces challenges with generating revenue, fostering economic growth and maintaining infrastructure and they were not able to deliver the full range of local, state and federal services under self-government.
- The scope and functions of the Regional Council is yet to be finalised and separate briefing will be provided to you for consideration. The focus will be on those activities appropriate to a local government entity: planning and zoning functions, rates, roads and grounds maintenance, local infrastructure construction and maintenance, the community library, the cemetery, waste management, community services, grants management and water services.
- Many Government Business Enterprises (GBEs) under the current Administration of Norfolk Island (such as electricity and Norfolk Telecom) fall outside the regular functions and responsibilities of local governments, but need to be continued.
- The Administration of Norfolk Island has engaged experts in transition management to inform and support the movement of the GBEs to a separate structure alongside the Regional Council. Whether this is the best approach it yet to be determined.

Norfolk Island Administration - Governance and Structure

Key Issues:

- The change process and developing service delivery arrangements that are ‘fit for purpose’ for the Norfolk Island Regional Council presents a significant challenge, and a significant cultural change, which will need to be sustained beyond 30 June 2016.
- A range of essential services which would usually fall outside the responsibility of a regional council (such as electricity and telecommunications), and dependence on revenue flows from others (such as the Liquor Bond) will make the process of structural reform of the Administration challenging. The transition of these services and functions in to a regional council, or to another agency or the private sector which take some time, and a management structure will need to be established which reflects this.
- **47F** has commenced the development of a Regional Council structure (**Attachment B**) which places those ‘transition’ activities under a separate management stream. While the priority is for the establishment of a functioning Council on 1 July 2016. The complexity and diversity of the activities of the former Assembly and Administration are such that a thorough analysis and assessment of the most appropriate method of future service delivery will be compromised by the adherence to the 1 July deadline. The establishment of a separate (business) entity into which all other activities may be migrated will provide time and resources to undertake full analyses and options.
- This also addresses concerns expressed by the Norfolk Island Advisory Council and others, that the new Regional Council should not be placed under the same operational pressures as the previous Legislative Assembly (in trying to deliver services which sit out
- Consistent with this approach, **47F** is proposing that the Council be a ‘commissioning council’, that is, the bulk of its services would be provided by private or arms’ length providers in which the Council may or may not have ownership stakes. The Department will work through these issues in detail with Mr Gesling on 13-15 February.
- The Key priorities for the Administration in 2015-16 are at **Attachment C**.

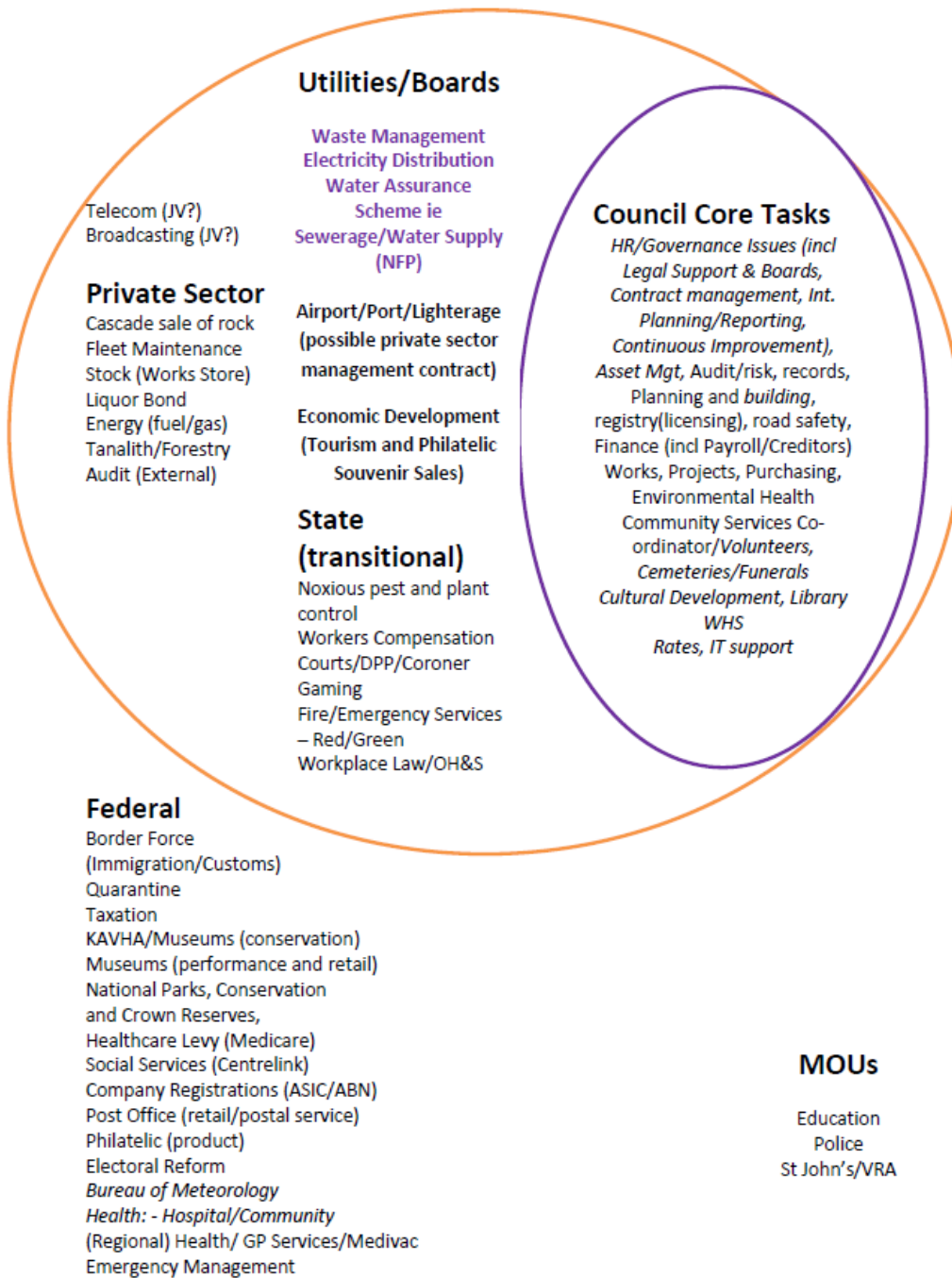
Background

The Norfolk Island Administration currently has approximately 118 full time equivalent staff performing national, state and local government functions, as well as services usually provided by the private sector (alcohol wholesale and retail, supply and treatment of timber and telecommunications). Norfolk Island Administration and Related Entities – Key Activities **Attachment A** refers.

The Administration has been operating at a significant cash deficit, its operations have been opaque, with little understood of their actual operating. The ANAO has indicated there are too many unknowns for it to provide a deficit forecast for the pending Council. Passed deficits were projected at \$7.5 million but this included delivery of all pending Federal services of customs, immigration and state health services.

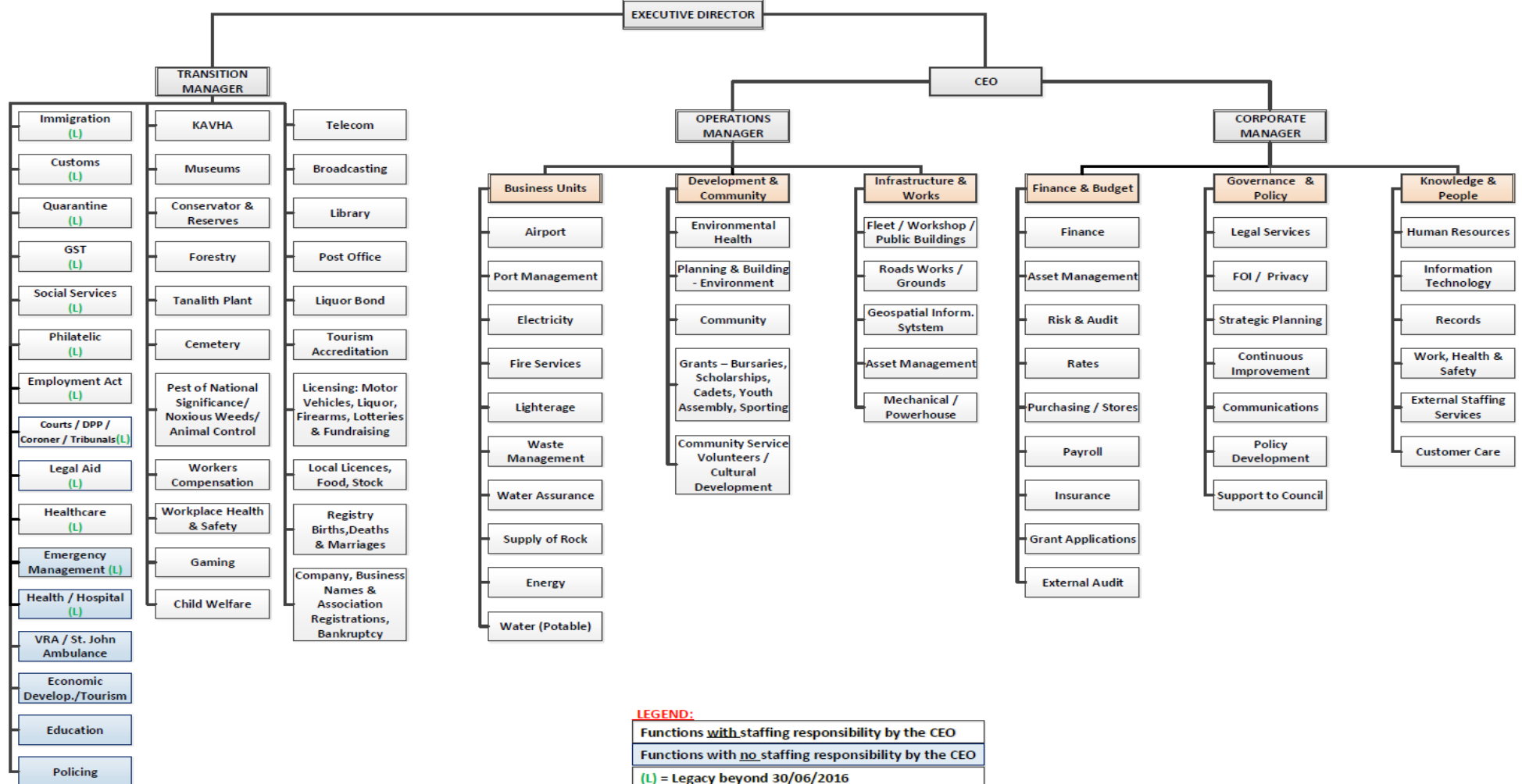
Service delivery is also highly fragmented with a multitude of systems (including financial management systems), and little interoperability. Key work areas are semi-autonomous with little direct oversight by the Chief Executive, and were previously subject to direct intervention by individual Norfolk Island Ministers. There is a strong perception that a “grace and Favour” system operates to support Pitcairn interests and little public confidence in the accountability and transparency of public administration.

Norfolk Island Administration and Related Entities – Key Activities



Draft Functional Structure – Norfolk Island Regional Council (V.5b)

Created 14 December 2015 (for 01 July 2016)



LEGEND:
 Functions with staffing responsibility by the CEO
 Functions with no staffing responsibility by the CEO
 (L) = Legacy beyond 30/06/2016

Administration of Norfolk Island 2015-16 – Key Priorities.

Ref.	Objectives and Priorities
1.	Continue existing services in designated areas of responsibility with ongoing review to improve current performance including the 2015/16 Capital Works Program .
2.	Prepare, report and deliver a financial reporting framework to provide transparency and clarity of the financial position and expenditure program of ANI as detailed in Section 8.5.
3.	To maintain an ongoing dialogue with the community and staff about current issues, progress against this Plan and Future directions of the Reform Agenda.
4.	Develop an organisational framework for the new Regional Council that is informed by the recommendations of the Administrator and Executive Director to the interim Advisory Council.
5.	Undertake performance audits of existing business activities to inform future operational directions.
6.	In conjunction with the interim Advisory Council, develop a Community Strategic Plan, a four year Delivery Plan and a 2016/17 Operational Plan .
7.	Develop and implement a Human Resources/Industrial Relations framework for the new Regional Council and the other entities established to deliver non-core functions. This includes Performance Management expectations now and for the future.
8.	Engagement with and support of non-government and private sector activities to enable an environment that is conducive to community wellbeing.
9.	Monitor and publicise changes to legislation that impacts Norfolk Island including development of a delegation frame work for the Regional Council.
10.	Review fees and charges for government services, adjust to reflect cost of service and establish a mechanism for regular assessment.
11.	Engage the services of suitable persons to appropriately resource the existing and future entities as detailed in Section 8.5 including employees and contractors.
12.	Undertake a Service Delivery Review to provide new and/or improved processes, agreed service levels and operational plans to guide managers and staff.
13.	Develop a Strategic Asset Management Plan (SAMP) to include natural and built environment and to clarify ownership and ensure future asset condition is 'fit for purpose'. Upgrade plans will be prepared for 2016/17 onwards.
14.	Develop a framework for the introduction of Local Government rating in 2016/17.
15.	Develop and implement a cultural change and leadership development program for all staff
16.	Scope, tender and implement an Enterprise Management System for the Regional Council
17.	Develop and implement a plan for the future accommodation of the Regional Council
18.	To organise and undertake the elections for the Regional Council before 30 June 2016.
19.	Develop plans for the transfer of functions to the Commonwealth . Identify any residual transition issues post 30 June 2016, for all services.

Government Business Enterprises (GBEs)

Key Issues:

- The Department commissioned an initial review of Norfolk Island's 19 Government Business Enterprises, excluding the Norfolk Island Health Enterprise from Deloitte (2014-15) Table One refers. The report identified there was: a lack of data to assess the true financial position of most GBEs; limited scope for divestment or privatisation in their current form and condition; and the current service delivery monopoly would simply be transferred from government to private enterprise.
- Privatisation options are limited by: the size of the immediate infrastructure investment required to make GBEs an attractive proposition; and the small market of 1500-1800 residents in 900 households. While notionally identified as businesses, most are semi-autonomous work units within the administration, and only a small number actually return a profit when the full cost of service is considered. Those profitable GBEs, such as the airport, electricity and telecom cross subsidise losses of the other GBEs.
- The issues associated with each GBE are significant. Many are seriously under-capitalised with fragile and aged infrastructure due to long standing lack of maintenance or upgrades. This is a risk of critical failure. The degree of cross subsidisation and the lack of a true cost of service model also presents a significant challenge in establishing new administrative arrangements.
- By way of example, the Airport currently returns just under \$1m to general revenue. If the true cost of service is taken into account, including provision for depreciation and the servicing of the Commonwealth loan (\$11.6 million for the runway upgrade) the Airport runs at a loss of \$2m per annum.
- The implementation of reforms to the GBE structure will extend well beyond 2016, and an interim governance model will need to be established. Mr Gelsing is proposing some kind of community owned company or companies. This is being progressed by the Administration of Norfolk Island in consultation with the Department. The Advisory Council in particular, are strongly of the view that the operations of key GBE's such as telecom and electricity should not fall within the remit of the Norfolk Island Regional Council, which will lack the capacity and resources to ensure their effective transition.

Background:

The Administration of Norfolk Island provides many services to the community through the GBEs, often by legislated monopoly Table One highlights the range of GBE's and preliminary thinking on the future of the GBE's status.

Departmental officials will meet Mr Gesling on 13-15 February 2016 to discuss GBE options in detail with a view to briefing you on preferred options by end of February 2016.

Table One: Norfolk Island GBE's and likely future positioning.

Fire Services (council function)	Forestry (council function)	Post Office (Aust Post or agency outsource)	Electricity (council function or licence arrangement)
Gaming Authority (complex seeking legal advice)	Tourist Bureau (abolished by ordinance on 15 December 2015)	Lighterage (sea cargo handling) (council function)	Water Assurance Scheme (council function)
Cascade Rock Sale (supply of rock for construction – council function)	Telecom (seeking advice)	Energy (fuel supply – licence arrangement)	Waste Management (council function)
Tanalith (timber treatment plant) (decommission loss making and substitutes already being provided by import supply)	Philatelic (production and sale of stamps) (council function: loss making – tourism only)	KAVHA (Commonwealth, but integrate works into council functions)	Airport (council function)
Museums (Commonwealth: integrate with KAVHA)	Broadcasting Service (transition to community NFP)	Liquor Bond (council function or licence arrangement)	

Funding Agreement

Key Issues:

- Under the 2015-16 Funding Agreement between the Department and the Administration of Norfolk Island (ANI) the Australian Government has provided up to \$6.82 million in 2015-16 for:
 - essential services to the Norfolk Island community;
 - maintenance works on the Kingston and Arthur's Vale Historic Area (KAVHA);
 - costs of running the Norfolk Island Regional Council elections in 2016;
 - the costs associated with senior additional executive positions (47F [REDACTED]) within the ANI to progress the restructuring of the ANI to a Council.
- Payments are conditional on the ANI meeting an agreed set of outcomes. In 2015-16, these have focussed around the structural reform necessary for the ANI to transition to a Regional Council service delivery model and include business and strategic planning, change management and cultural change, reviewing organisational structures, risk frameworks, budget planning, financial frameworks and performance reporting frameworks.
- An amount of \$1,625,500 has been paid to date in 2015-16: which is for period one (to 31 August 2015) of the Funding Agreement.
- The Department is currently assessing the ANI's achievements against period two milestones which were due at end of November 2015, with an associated payment of up to \$1.63 million. The milestones relate to implementing key planning frameworks to underpin the transition process. While work has been undertaken by the ANI done, progress has been slower than expected and not all milestones have been fully achieved. ANI has sought an extension of time to complete the milestones and payment is expected to be finalised in late January/early February 2016.
- Once established, the Regional Council may still require some deficit funding over the forward estimates and some Commonwealth funds have been allocated to support the Council during the transition period. Funds not used by the Council will likely be directed to other state type services. ANAO projections of future funding shortfalls have been taken into account in identifying the quantum of funds that will be required.
- As is currently the case, any future funding will be subject to an Agreement which will have milestones and key deliverables attached.

Background:

The Department has provided emergency funding for essential services since 2010 with payments linked to milestones which aimed at progressing financial and governance reforms. The broad intention of the funding agreements has been to drive reform, improve financial and public sector efficiency, and to begin the process of modernising local laws in anticipation of the broader reform process and the introduction of taxation and modern social welfare and healthcare arrangements.

Progress has been slow due to lack of willingness by the previous Norfolk Island Government, and lack of management capability within the existing ANI.

In addition to specific milestones with tied funding, the Department requires monthly financial statements for all Norfolk Island Government entities to be submitted to the Commonwealth Financial Officer by 15 working days after month-end. This process is adequate to monitor whether funding has been applied to meet contractual obligations for essential services.

Financial Position

Key Issues:

- The ANAO independent financial audit of Norfolk Island for 2014-15 (to be tabled in the Parliament in early 2016) indicates the overall financial position of the three public sector entities of Norfolk Island: the Administration of Norfolk Island (ANI); Norfolk Island Government Tourist Bureau (NIGTB) and the Norfolk Island Hospital Enterprise (NIHE), has improved from 2013-14.
- The consolidated group of entities increased cash holdings from \$4.32 million at 30 June 2014 to \$5.91 million at 30 June 2015. There were no issues regarding the liquidity and solvency of any of the entities as at 30 June 2015, however there will be a continued reliance of essential services funding from the Australian Government in coming years if this position is to be maintained.
- The consolidated deficit reduced from \$3.63 million in 2013-14 to \$1.69 million in 2014-15.
- ANI reduced its deficit from \$3.29 million to \$885,111; NIGTB achieved a surplus of \$32,841 from an insignificant deficit of \$721; and NIHE reported an increased deficit from \$293,270 to \$830,968, mainly as a result of a 'paper' write-down in the value of the Norfolk Island Hospital.
- Financial statements for the first quarter of 2015-16 have been released publicly by the Administrator, as required by Norfolk Island legislation. These statements indicate that each entity was ahead of budget for the 2015-16 year to 30 September 2016. ANI was ahead of budget by \$4.1 million, NIGTB was ahead of budget by \$92,643 and NIHE was ahead of budget by \$119,232.
- ANI's surplus is mainly due to 2014-15 Funding Agreement revenue being recognised in 2015-16. Other variances will be absorbed by spending later in the year. With the impact of the 2014-15 Funding Agreement revenue removed, it is currently anticipated that the consolidated entity will be on budget in 2015-16.
- The Norfolk Island entities do not currently have sufficient funds to cover depreciation expenses and budget for a cash-based break even position. The 2015-16 budget includes a modest capital works program valued at \$1.5 million with depreciation expense budgeted at \$6.03 million. This position is not sustainable and the consolidated group of entities needs to restructure its operations, increase its revenue base and decrease its expenditure in order to achieve long term financial sustainability.
- The Department has been advocating strongly for the introduction of rates and is exploring whether a tobacco mark-up can be applied on Norfolk Island to assist increase revenues to the Norfolk Island Council.

Background:

The ANI provides many services to the community through 19 Government Business Enterprises (GBEs): often by legislated monopoly. These GBEs provide a range of utilities and services that are wholly or partially provided by the private sector on the mainland, including liquor supply, electricity, telecommunications and lighterage/stevedoring. A 2014 audit of GBE's undertaken by Deloitte found the delivery of these services was not particularly efficient or transparent and many have rundown assets.

The key driver of the Norfolk Island economy is tourism. Tourism numbers have been in decline for some years and have fallen from approximately 40,000 to around 25,000 per annum. Tourism numbers have commenced increasing albeit slowly since around 2014. The Global Financial Crisis (GFC) in 2008 is claimed to have exacerbated a long-term decline in the Norfolk Island economy, which resulted in reduced living standards and lower government service levels than any other regional Australian community.

The Commonwealth has provided financial support to the former Norfolk Island Government since 2010 to deliver essential services and to begin addressing its long-term sustainability. Support has included ongoing funding for the ANI's deficit, underwriting air services between Norfolk Island and the mainland and grants and loans to allow the upgrade of critical infrastructure.

Transfer of Assets to the Norfolk Island Regional Council

Key Issues:

- As part of the reform process, the Commonwealth is negotiating asset ownership and transfers with the Administration of Norfolk Island (ANI). The overarching premise of the negotiations is that assets should be owned by the entity responsible for funding the delivery of services associated with each asset. For example, the hospital should be owned by the Australian Government as the responsible entity and roads by the Regional Council as the responsible entity.
- The airport will remain owned by the Regional Council as is the practice in many other remote and regional centres across Australia.
- All aspects of Kingston and Arthur's Vale Historic Area (KAVHA) will remain under the ownership and control of the Australian Government as is the practice with world heritage assets elsewhere in Australia.
- The asset transfer negotiations being led by the Department of Infrastructure and Regional Development commenced late in 2015 and will need to be completed no later than the last quarter of the 2015-16 fiscal period.
- The major public services of schooling and health will become a Australian Government responsibility from 1 July 2015. This means the Norfolk Island school and hospital and all associated assets (land, buildings and equipment) will likely become the property of the Australian Government.
- There will be sensitivities with the transfers of these assets as the equipment at both sites has been provided through private donation or community fundraising.
- The Department of Infrastructure and Regional Development is aware of these sensitivities and acknowledges this situation and will ensure the contributions will not be dismissed.
- A broader needs and condition assessment of assets is currently underway as part of the due diligence of the transfer process.

Background:

A high level summary of asset ownership is the:

- Australian Government owns Cascade Jetty, shipwrecks, national parks, smaller reserves, the majority of the roads and the land, buildings and artefacts within the KAVHA Boundary.
- Administration of Norfolk Island owns the school, hospital, airport, GBEs and various public buildings.

Land Management and Tenure

Key Issues:

- Land ownership on Norfolk Island is a sensitive issue because of a commonly-held belief by some community members that the Island was gifted in 1856 by Queen Victoria to the Pitcairn settlers and established as a separate nation. This belief is historically inaccurate. Queen Victoria granted crown leases no differently to many other colonial possessions of the time.
- Much of the land is considered has been in families for considerable time as it has been passed down through the generations by inheritance.
- There is lack of acceptance of the need for municipal rates and/or land taxes. Despite attempts by the former Norfolk Island Government/Legislative Assembly to introduce a rates/tax system at the insistence of the Commonwealth, the process was never completed.
- A rates system would have assisted the financial position of Norfolk Island and ensured that the community equitably shared the cost of essential services.
- While not a high priority in the 2015-16 transition period for Norfolk Island, a municipal rates/land tax system is planned for introduction in the future.
- Many residents claim to be asset-rich through inheritance and cash-poor and unable to meet the costs of rates and land taxes. These residents contend that rates will cause undue hardship and may require land to be sold.
- Community and strata title legislation was passed by the Norfolk Island Legislative Assembly in mid 2015, however regulations are yet to be drafted to implement the scheme. Implementation of community and strata title is a high priority, as this will facilitate the provision of aged care and supported living facilities, while also assisting with economic growth.
- The Norfolk Island Assembly had focused its revenue raising around tourists and introduced a GST in 2012 to address its budgetary difficulties rather than introduce asset based taxes.
- The federal reforms introduce capital gains tax and the Department is working with the Administration to introduce rates.

Background:

Land on Norfolk Island was initially leasehold and some Crown leases still remain. In the early 2000s the Australian Government agreed to convert leasehold land to freehold on application by the leaseholder.

Tourism and Economic Development

Key Issues:

- The Island's infrastructure is a large impediment to economic development. Electricity costs are four times the average paid on the mainland, water resources are limited, there is no solid waste collection system and Internet services are expensive with limited bandwidth. All weather sea access is also limited as are options for lower impact green energy generation.
- The Economic Development Strategy Report (SGS Economics and Planning) identified some opportunities around the green economy however, tourism remains the primary driver of the Norfolk Island economy, and all economic opportunities should be assessed against the impact they may have on the tourism offer and brand of Norfolk Island.
- Tourism development has been limited with little investment in improving product quality and the focus of government expenditure on destination marketing. Markets are not well understood, and market research limited and of low quality.
- The SGS report also identified a lack of diversity in the standard of tourism accommodation (most are in the 3-3.5 star range), and the need for investment to improve quality and tourist appeal. The introduction of strata and community title would have a significant impact allowing unit type accommodation to be sold off for residential/holiday purposes, and reinvestment in new (higher standard) development more suited to a contemporary market.
- Feedback provided to the Norfolk Island Advisory Council suggests that the introduction of corporations and fair trading laws are also seen by the community as important to building business confidence and encouraging investment.
- The Norfolk Island Government Tourist Bureau has recently been abolished (by ordinance with effect from 15 December 2015), and its activities are currently being integrated to the Norfolk Island Administration. The intention is to develop a tourism and economic development capability within the Regional Council which will ensure that investment and development decisions also contribute to the tourism effort. In the interim the ANI has sought additional expertise through the appointment of Mr James Corvan (a board member of Tourism and Events Queensland, and an expert in destination development and marketing), in developing a tourism strategy.
- The Kingston and Arthur Vale Historic Area (KAVHA) is the Island's premier tourist attraction, but has been underachieving in the tourism effort. New governance arrangements, together with the development of a site master plan in early 2016, will enhance the value of this asset to the island's economy.
- The Norfolk Island Advisory Council will shortly seek community feedback on the priorities for economic development.

Background:

The Norfolk Island economy has been in significant decline over a number of years. Gross Territory Product (GTP) was estimated at \$68m in 2013-15, a decrease of around 22 per cent from 2010-11. Tourism numbers have declined by around 35 per cent over the past decade.

Waste Management

Key Issues:

- There are few waste management options on Norfolk Island and recycling is limited due to the challenges of containerisation and shipping. As a result, most household and industrial waste is currently burnt and then dumped into the ocean from the Headstone Point waste facility located on a cliff face on the west coast of the island. Headstone Point is Commonwealth land.
- There is significant community frustration over the management of waste, and in recent months some progress has been made in the removal through export of recyclables, tyres and toxic waste through the intervention of the EcoNorfolk Foundation, a community based organisation, and supported by the Administration under the leadership of the Executive Director, Mr Gesling and the Administrator.
- The former Norfolk Island Government/Legislative Assembly was provided with approved Commonwealth grant funding of \$433,000 for a high temperature incinerator. The incinerator was to be located at the waste management facility adjacent to the airport. Appeals to the development application delayed commencement of project. The funds were transferred to the Department in the 2015-16 Budget to complete the project.
- The Department will provide these funds to ANI through the 2015-16 funding agreement when it develops a waste management strategy and a viable solution to the waste problem.

Background:

Waste management is a critical issue on Norfolk Island as it is in most parts of the Pacific. The Australian Government has supported a number of initiatives aimed at improving waste management practices on Norfolk Island, but these have been only partially successful due to a lack of strategic planning, and poor implementation by the previous government. Asbestos waste has recently been identified on the Island and the Administration of Norfolk Island has been seeking options for disposal of this waste, which is classified as hazardous waste, off the Island.

Norfolk Island Gaming Authority

Key Issues:

- The *Gaming Supervision Act 1998* (NI) which establishes the Authority provides very limited transparency of the activities of the Norfolk Island Gaming Authority (Authority).
- In recent years the Authority changed the licence conditions concerning the duty payable and halved the rate to 0.25 per cent of turnover, up to a cap of \$300,000 per annum of duty. The Authority maintains that this was done to remain competitive with rates in other Australian jurisdictions. Other jurisdictions do not impose a licence cap, merely a charge based on an agreed turnover rate.
- Competitors, most notably Tabcorp, have argued that the Authority provides a mechanism for bookmakers to minimise tax on the Australian mainland.
- Amendments made by ordinance on 15 December 2015 have provided the Minister with a power to make specific directions to the Authority, including directions to arrange for an external audit. The direction power is delegated to the Executive Director.
- There are concerns around the governance and transparency of the Norfolk Island Gaming Authority. Only the ANI has the authority to commission an audit. The Executive Director has agreed to shortly commence a performance audit of the Authority. This will better inform policy advice to you as to options for this entity.
- Ladbrokes, a major online gaming entity, is the main licence holder. Ladbrokes has requested a meeting with you to discuss future arrangements in respect of Norfolk Island.

Background:

The Gaming Authority is a statutory authority that licences and regulates bookmaking and online gambling for Norfolk Island.

The Director of the Authority is 47F. The members of the Authority are 47F, The Hon 47F. All members are residents of Norfolk Island except 47F.

The most recent annual report available for the year ended 31 December 2014 reported that there were no statutory defaults or disciplinary action taken, nor were any improvements considered to any of the legislation administered. It appears that no authorised officers have been appointed to oversee licensed operations.

The Authority made a surplus of around \$500,000 in 2013-14.

Commercial Production of Cannabis on Norfolk Island

Key Issues:

- In 2014 and 2015, the Norfolk Island Government issued two licences to the company AusCann Pty Ltd (Australian Medicinal Cannabis) for the cultivation and export of cannabis for medical purposes from Norfolk Island.
- The Auscann proposal was not for a therapeutic trial as has been widely reported, but for the commercial production and export of cannabis to Canada.
- Both licences were cancelled by the Administrator on the basis that the Norfolk Island Government had done insufficient consultation and due diligence and that, based on advice from the Commonwealth Department of Health, such a proposal would contravene Australia's international obligations under the *Single Convention on Narcotics 1961* (the Single Convention).
- There is a lack of understanding in the community around the flaws in the Auscann proposal and the gaps in due diligence undertaken by the former Norfolk Island Government. As a result, there is a view that the Australian Government has blocked a significant economic opportunity and something which would have allowed Norfolk Island to remain self-sufficient and self-governed. (Refer to page 29 on economic development).
- Proponents of the Norfolk Island scheme, including Ms Robin Adams, the former Minister for Community Services (who issued the licences), have highlighted the recent stance taken by the Administrator of the Indian Ocean Territories (IOT) in supporting a cannabis trial on Christmas Island.
- Subsequent to changes to the regulatory framework outlined below, there would be no reason why a similar trial could be conducted on Norfolk Island in the future, provided appropriate management processes and community safeguards were put in place.

Background:

The former Norfolk Island Government issued licences to import, export and cultivate cannabis to AusCann in August 2014 and in May 2015.

The proposal was not a medicinal trial, but for commercial production and export, and as such differed significantly from proposals in other jurisdictions such as Tasmania, and more recently, the IOT. Following the cancellation of the most recent licence in May 2015, Auscann wrote to the Administrator acknowledging that there was not an appropriate regulatory framework which would allow the proposal to proceed at this time.

On 2 December 2015 the Minister for Health, the Hon Sussan Ley MP, announced the Commonwealth would oversee all regulatory aspects of the cultivation of medicinal cannabis through one national scheme. This approach will remove the need for states and territories to implement their own legislation and cultivation schemes and provide growers a consistent approach across the country.

The Australian Government is finalising amendments to the *Narcotic Drugs Act 1967* to allow for the controlled cultivation of cannabis for medicinal and scientific purposes in Australia, whilst ensuring Australia was compliant with its obligations under the Single Convention.

These amendments are proposed to be introduced in the first sitting period of 2016, to allow comments on the exposure draft to be considered by stakeholders.

Auscann has publicly stated its desire to cultivate commercial quantities of cannabis on Christmas Island for medicinal purposes in early 2016. ABC news reported on 14 November 2015 that Murdoch University is planning to partner with AusCann to trial the growth of industrial-grade hemp on the island from January 2016.

LOCAL ENTITIES

Norfolk Island Advisory Council (AC)

Key Issues:

- Both the Department and the AC have provided you with advice on a governance structure for the Norfolk Island Regional Council based on the *Local Government Act 1993 (NSW)*, and its core functions. Key AC recommendations include:
 - ensuring the current Norfolk Island Administration is ‘fit for purpose’ and that a future Regional Council is accountable and transparent in its decision making (submissions from the community members highlighted a lack of confidence in transparency and equity of decision making by the previous administration);
 - the new Regional Council not perform functions most appropriately delivered by the private sector;
 - the scope and functions of the Council be strictly limited to those activities appropriate to a Local Government entity;
 - those activities which fall outside of a local government model, but still need to be undertaken on-Island, for example by existing Government Business Enterprises, are managed by the Commonwealth, or operate at arms-length from the Regional Council.
- The AC recommendations also identified the following priorities for service delivery: health and aged care, roads, environment and waste management, tourism and culture and telecommunications, with the Department not supporting health, aged care or telecommunications.
- The AC has undertaken a robust consultation process and all residents of Norfolk Island have been afforded multiple opportunities to participate.
- There has been significant personal criticism from a small group of the Norfolk Island Community of individual Council members and the community consultation process.
- The most significant criticism has been directed at the Advisory Council’s recommendations around the electoral and voting system, which would bring eligibility to vote in line with mainland jurisdictions. Currently residents of Norfolk Island are eligible to vote in local elections regardless of whether they are Australian citizens. This has been led by the anti-reform group which includes Pitcairn descendants and non-Australian citizens, mostly New Zealand expatriates and their supporters.
- Further advice to be provided by the Council over the coming weeks and months will include its priorities for the implementation of state type laws and economic development.

Background:

The AC led by Chair Melissa Ward (a former member of the Norfolk Island Legislative Assembly), were appointed on 12 June 2015, following an open call for nominations, by the former Assistant Minister for Infrastructure and Regional Development , the Hon Jamie Briggs MP.

The terms of reference of the AC include considering the NSW local government laws as a model for the Norfolk Island Regional Council; an effective and efficient structure for ANI to operate as a regional council and the priorities for introducing NSW laws to Norfolk Island to further economic development, community safety and sustainable government.

To date the AC has published three discussion papers and held three public meetings; accepted written submissions; held additional public monthly meetings from July to December 2015, and published five community bulletins. Each discussion paper and bulletin were delivered to every household’s post box. The Advisory Council has also extended open invitations to meet with key stakeholder groups and individuals.

Norfolk Island Council of Elders

Key Issues:

- The Norfolk Island Council of Elders is comprised of composed of 16 members - one male and one female representative from each of the eight original families (names listed below).
- The Council of Elders has been involved in the reforms process including through a number of submissions to the Norfolk Island Advisory Council on future governance arrangements.
- It is aligned with the Norfolk Island People for Democracy (NIPD) movement.
- Key issues for the Council of Elders on the reforms relate to the maintenance of cultural practices and traditions, including:
 - The continued teaching of the Norfolk language in school
 - Ensuring ongoing unimpeded community access to and use of Kingston and Arthur's Vale Historic Area
 - The protection of local public sector jobs
 - The reinstatement of the Preamble to the Norfolk Island Act
 - The impact of the assets test and the introduction of municipal rates on hereditary landholders

Background:

The Council was established by the former Legislative Assembly in 2008 to represent the former traditional leadership on Norfolk Island by the eight families who settled on Norfolk Island from Pitcairn Island in 1856. The establishment of a Council dates back to the establishment of the role of Chief Magistrate on Pitcairn Island in 1839. The Chief Magistrate was to be assisted by a Council of Elders.

Families determine their own representatives, who must be aged at least 55 years. Usually membership of the Council is for a period of two years at a time.

The Council's objective is the protection, preservation and promotion of the Island's unique traditional knowledge and expressions of culture.

The Council has traditionally supported the preservation of self-government. It also has a strong interest in land issues, including gifting for the purposes of eligibility to the Commonwealth pension and advice on legal structures such as the establishment of family trusts to preserve family ownership of land. Matters within the Council are decided by a simple majority vote. The Council normally meets on a monthly basis and is assisted by a secretariat officer.

Council Chairperson, Mr Albert Buffett, met former Assistant Minister Briggs in June 2015. Senator Zed Seselja attended a meeting of the Council in December 2014 and prior to that, several members of the Council also met former Minister Crean.

Mr Buffett is also a management committee member of the Norfolk Island People for Democracy (NIPD). His involvement at this level in NIPD is reportedly to ensure the NIPD's agenda also takes account of the Council of Elder's views on culture and heritage.

Council of Elders members are Mr Albert Buffet (Chair), Joe Adams, Robyn Butterfield, Colleen Crane, Edie Christian, Edith Christian, Ken Christian, Helen Dowling, David Evans, Gaye Evans, Mera Martin, Jan Nobbs, Roy Nobbs, Shane McCoy, Lew Quintal, Rosco Quintal.

Norfolk Island People for Democracy

Key Issues:

- Norfolk Island is not currently on the United Nations list Non-Self-Governing Territories (see <http://www.un.org/en/decolonization/nonselvgovterritories.shtml>).
- The Attorney-General's Department (AGD) has advised the Department not to engage in discussions about the UN List of Non-Self Governing Territories or the local activities for Norfolk Island's inclusion on the list. The current UN list does not include any Australian territories, but does include Pitcairn Island which was listed in 1946. AGD has advised it is not possible to assess the likelihood of any UN involvement in this matter.
- It has been the position of successive Australian governments that Australia does not have any international obligation to list Norfolk Island on the United Nations List of Non-Self-Governing Territories.

Background:

The NIPD is an unincorporated association that was established in June 2015 with the aim of achieving a United Nations (UN) supervised Act of Self Determination for Norfolk Island.

Many management committee members of the NIPD are vocal critics of the reform process and include: its president **47F**

The NIPD has as one of its principal aims, the inscription of Norfolk Island on the UN List of non-self-governing territories. NIPD believes that UN inscription is an essential precursor to UN intervention, and ultimately, self-determination.

The NIPD asserts that free association with Australia (as opposed to integration or full independence) would result in Australia providing untied financial assistance to Norfolk Island. The NIPD claims that through 'free association' with Australia, Norfolk Island could also seek assistance and financial support from other foreign governments.

NIPD is also seeking direct control of the land and the waters surrounding Norfolk Island and rights to all of the resources contained within the 428,618 km² Exclusive Economic Zone. Currently there are no commercially viable oil and gas deposits available around Norfolk, only potential resources of unknown quantum. An exploratory fishery operated in the Australian Fishing Zone from 2001 to 2003 and did not establish the presence of any significant fish resources.

The NIPD has recently applied to be incorporated in Norfolk Island under the *Associations Incorporation Act 2005* (NI).

BreastScreen Services Norfolk Island

Key Issues

- BreastScreen Services Norfolk Island (BSSNI) is a vocal advocate for an on-Island breast screening service. The Department did not proceed with providing a machine due to transportation risks identified by BreastScreen NSW and South East Sydney Local Health District (SESLHD).
- Both the Administrator and the Department advised BSSNI that it would not fund the transport of the analogue machine. The Department has advised BSSNI that it is investigating how to support eligible women to travel to the mainland for screening.
- BSSNI argue that the on-Island service provided in the Indian Ocean Territories (IOTs) should be replicated on Norfolk Island.
 - The mammography machine uses analogue technology and the IOT Health Services (IOTHS) Manager has described the quality as no longer acceptable. The most recent round of screening may need to be repeated, due to the poor quality of the screens. No decision has been made to replace the IOTHS's analogue mammography machine with digital technology and it may no longer be appropriate for the Department to support an unaccredited screening service.
 - As the screening service is not accredited by BreastScreen Australia, the Department uses a Service Delivery Arrangement (SDA) to fund qualified staff from BreastScreen WA to travel to Christmas Island to perform the services. The budget for flying BreastScreen WA staff to the Indian Ocean Territories for 2015-16 is \$32,990.
- Mobile units have been deemed unsuitable due to the significant distance of Norfolk Island from the Australian mainland and the issues associated with transport.

Background

The IOTHS installed an analogue mammography machine on Christmas Island in 2006, to provide a screening-only service to women on Christmas Island and the Cocos Keeling Islands. Approximately 5-10 per cent of women who undergo screening are recalled to an Assessment Clinic in Perth for further investigation.

The NSW Cancer Institute has stated that the Norfolk Island breast screening service could not be accredited because:

- the minimum number of screenings per year would not be met on Norfolk Island;
- of the requirement to have appropriately accredited facilities, equipment and personnel to conduct further assessments could not be met. Among the required facilities are surgical spaces for biopsies. Those spaces were closed down at the Norfolk Island Hospital Enterprise due to separate accreditation issues; and
- of the proposed use of redundant analogue technology. NSW, as well as all other states and territories, are currently replacing analogue mammography machines with digital technology.

The cost of establishing an unaccredited breast cancer screening service on Norfolk Island, using a permanently installed digital mammography machine would be approximately \$291,080 in the first year and \$33,080 in subsequent years.

Part 3
BACKGROUND

Progress of Reforms

Key Issues:

Reform Justification

- Reform is necessary to help deliver social equity and economic stability on Norfolk Island. A multitude of reports over four decades have documented the shortcomings and unsustainability of this approach, including a Royal Commission in 1976 (pre-self-government), 12 Parliamentary inquiries, and more than 20 reports from experts in various fields, including former Administrators.
- Under the reforms Australian citizens residing on Norfolk Island will have the same rights and obligations as other Australian citizens, and residents will have access to services and support comparable to those in similar remote mainland communities.
- The Australian Government passed legislation in May 2015 to abolish the Norfolk Island Legislative Assembly and to extend over 130 Commonwealth laws for the delivery of services and mainland functions to Norfolk Island from 1 July 2016. A 13-month interim transition time commenced. This period will run until 1 July 2016, at which point the final arrangements (or 'final transition time') for Norfolk Island will commence.
- In June 2015, the Norfolk Island Appropriation Ordinance 2015-2016 was made to allow the continued administration of existing Norfolk Island laws during the interim transition time and for the Administration of Norfolk Island to continue to fund vital community services.
- The Territories Legislation Amendment Bill 2015, intended to be introduced to Parliament in the Autumn 2016 sittings, extends a number of the remaining Commonwealth laws from 1 July 2016 including access to Medicare and the Pharmaceutical Benefits Scheme (PBS). It will also amend the definition of 'Australia' to include Norfolk Island. Some significant Acts are not able to be included in the Bill as they are complex and the effects of applying them are still being worked through the relevant Departments. These include the Corporation Act, Telecommunications Act and the Bankruptcy Act.

Application of NSW services

- Commonwealth agencies and the NSW Government are discussing arrangements for some state-type services, in particular education and a health service to provide the community of Norfolk Island with safe and accredited health and aged care services by a multi-purpose service.
- By 1 July it is likely NSW will only provide education services and that the NSW Local Government Grants Commission will make a Financial Assistance Grants type payment recommendation.
- NSW is also being asked that its laws be applied to NI (see below)

Future Application of NSW laws

- You are determining the scope and pace of application of NSW laws, taking into account the capacity of the Norfolk Island community to comply with the NSW legislative framework and to absorb the legislative changes.
- The Advisory Council's third report will provide a community perspective on the priority laws to be applied, as of 1 July 2016.
- The Department has commenced legislative work to support the application of NSW laws as Commonwealth law to Norfolk Island; it is likely that only a small number of NSW laws will be able to commence on 1 July 2016. The remainder to be phased in over time.
- The Department is reviewing these laws to determine whether any would adversely impact the community or place an undue burden on local businesses.
- The advice of the Advisory Council on the process, timing and priority of extending NSW laws will be important.
- In the interim, where it is important to reform an Norfolk Island law, but the relevant NSW law cannot be applied an Ordinance is being developed that will modernise Norfolk Island Law.

Role of the Advisory Council

- The interim Advisory Council consists of five community representatives to consult the community and advise you and the Administrator on options across the array of local, state and federal services and their delivery to the community of Norfolk Island. The Chair of the Advisory Council is 47F
- The Advisory Council has been asked to consider: a possible model for the Regional Council within the framework of the Local Government Act 1993 (NSW); restructuring the Administration and transition its operation within the NSW local government framework; and priorities and preferences for introducing new laws to Norfolk Island modelled on NSW laws.
- The Advisory Council will cease on 30 June 2016 when it will be replaced by the elected local-government level Regional Council.

Establishment of the Norfolk Island Regional Council

- You will announce a proposed election date during this visit of early June. A specific date cannot be announced as it is subject to Federal Executive Council consideration in February 2016.
- Over the coming months, the Department will prepare and draft an Ordinance for a local government election. Brief MB15000691 provides the policy framework for your consideration.
- The local government framework proposed takes account of the Advisory Council input to you but proposes some minor variations on their recommendation. It proposes 5 members (rather than 7); and that Council functions do not extend to state type services (social workers, health, etc); and that there only be one vote per person (currently Norfolk Island electors cast 9 votes).

Norfolk Island Administration – capacity building and the future of Norfolk Island GBE’s

- The Australian Government strengthened delivery of the reforms by establishing an Executive Director of Norfolk Island position. Mr 47F was appointed in July 2014 and has extensive experience in local government and reforms.
- 47F role is to transition of the Administration of Norfolk Island to a Council. 47F has since engaged a Transition Manager and Operations Manager to bring additional expertise and capacity to the reform process.
- There is funding for the extension of the Executive Director for a further year (2016-17), however the Department is yet to identify whether this position should sit within the Council, as additional expertise for one year, or be allocated to a separate entity, yet to be created, that will focus on transitioning of the Administration of Norfolk Island’s ‘Government Business Enterprises’. Finding an appropriate model is a complex legal matter and additional external expertise will be sought (possibly Deloitte) to assist with the task.

Extension of Commonwealth services

- Commonwealth agencies are working with each other through a whole of Government reform taskforce to implement services in taxation, social security, immigration, biosecurity and customs. Services are on track to commence 1 July 2016.
- The Australian Government Information Centre on Norfolk Island, established in June 2015, ensures information on the reforms is accessible in a single, central location. Since June 2015, over 450 residents and business-owners have visited the Centre and agencies use the Centre to support engagement activities.

- There have been 13 agency visits to the Island (some of these have been joint-agency visits) to meet with key individuals and stakeholders to scope future service delivery and to provide information on programmes, services and initiatives. This enables the community to engage directly rather than using online channels.

Taxation

- Taxation and superannuation will apply from 1 July 2016.
- The taxation system will apply on Norfolk Island in the same way it applies on the mainland, with the exception of indirect taxes, including goods and services tax, luxury car tax, wine equalisation tax, excise duties and customs duties.
- This approach is consistent with the taxation arrangements in Australia's other external territories.
- Transitional arrangements will apply in relation to capital gains tax; it will not apply to Norfolk Island assets held by Norfolk Island residents prior to 24 October 2015.
- A transitional Superannuation Guarantee rate will apply to Norfolk Island starting at 1 per cent on 1 July 2016. The rate will be increased by 1 per cent each year until it reaches 12 per cent in 2027.
- The Australian Taxation Office has a comprehensive engagement plan to support residents and business owners, including a programme of direct-engagement visits. Its next visit in February is to engage the not-for-profit sector and to visit employers in the workplaces to assist with their readiness to make superannuation payments and withhold tax.
- The Australian Taxation Office has launched its subscription service for small business, and has a Norfolk Island-specific website.
- To assist small business on Norfolk Island, tax concessions are available which can mean an immediate deduction for business assets which cost less than \$20,000. This concession can be accessed from 1 July 2016 and will cease 30 June 2017 at which time the limit will reduce to \$1,000.

Social Security

- Social security payments will apply from 1 July 2016. In addition the Farm Household Allowance will also apply.
- The Department of Human Services is actively engaging with residents and key stakeholders, and will have a presence on the Island from May to end-June 2016 to assist residents with testing their eligibility for payments and the lodgement of applications.
- Human Services will establish a local agent for ongoing support with access to facilities, information, and assistance with providing and completing relevant forms and accepting claim forms.
- Ongoing arrangements will include a team of staff on the island four times per year, similar to the servicing of remote communities on the mainland.
- The Territories Legislation Amendment Bill 2015, intended to be introduced to Parliament in the Autumn 2016 sittings, is to include amendments to resolve the exclusion of New Zealand citizens from the social security system. Should the Parliament pass the Bill, New Zealand citizens residing on Norfolk Island who transition to an Australian permanent resident visa after 1 July 2016, are to have access to the same social security payments as New Zealand citizens residing on mainland Australia. There is sensitivity from New Zealand citizens and others who have lived on Norfolk Island for a long time to these changes as they will lose the benefits of Norfolk Island permanent residency.

Immigration

- On 1 July 2016, the Immigration Act 1980 (Norfolk Island) will be repealed and the Australian migration zone will extend to include Norfolk Island.

- Permits issued under Norfolk Island immigration arrangements will cease on 30 June 2016, and foreign nationals on Norfolk Island will be required to hold an Australian visa.
- Foreign nationals wishing to enter and remain on Norfolk Island will be subject to normal Australian migration arrangements.
- Arrangements to transition Norfolk Island permit holders to the Australian visa regime are being finalised by the Department of Immigration and Border Protection.
- Visa renewals will be subject to eligibility requirements and an associated cost.
- Australians not resident on Norfolk Island will no longer need to carry passports for travel to Norfolk Island and residency fees for those who wish to reside permanently on the Island will be removed.
- Transitional arrangements will be put in place to ensure non-citizens can be granted visas under the Australian migration system so that they do not inadvertently become unlawful as a result of the transition.
- Immigration and Border Protection staff have visited the Island and have met with businesses and residents to assist with queries.
- Immigration and Border Protection will establish a full-time and ongoing presence on Norfolk Island in February to continue engagement with the community.
- Immigration and Border Protection will shortly commence recruitment activities to engage local staff.

Customs

- Customs duties will not apply to personal or commercial importation of goods to Norfolk Island, consistent with arrangements in Australia's other external territories.
- This will be particularly beneficial for personal importation which currently attracts duty rates of up to 18 per cent.
- The administrative arrangements to facilitate the import and export of goods are being finalised by the Department of Immigration and Border Protection.

Biosecurity

- Mainland biosecurity arrangements will apply to Norfolk Island from 1 July.
- The Department of Infrastructure funded the Department of Agriculture and Water Resources a survey of Norfolk Island to determine the presence of pests and diseases and inform the development of measures for the safe import to and export from the Island.
- Staff from Agriculture and Water Resources visited the Island along with Immigration and Border Protection, to facilitate discussions with local import and export businesses around quarantine clearances.
- There are a number of 'hot' issues around the importation of apples and other imports that are still being worked through.

Commonwealth Funded Reform Reports

In 2015 the Department commissioned a range of reports to support and inform the reform process. These dealt with key operational and infrastructure issues. All reports, with the exception of the Health Services Plan have now been publicly released. A summary of each report follows:

Norfolk Island Roads Audit and Strategy Report (WorleyParsons)

- The Roads Audit and Strategy Report included an audit of Norfolk Island's road network and identified a priority list of road infrastructure upgrades and redesigns to improve user safety and the durability of road assets and their indicative costs.
- WorleyParsons found that the estimated cost of critical repairs and maintenance to the road network to be in the vicinity of \$5.5m.
- Department is now working with the Administration of Norfolk Island to develop a five year capital works plan to deliver priority road projects within available funding. Planning and design works have commenced on construction of a footpath, associated road realignment and intersection improvement at a cost of \$750,000, announced on-Island by the former Assistant Minister for Infrastructure and Regional Development on 30 June 2015.

Norfolk Island Mobile Network Review Project Report (GQI Consulting)

- Norfolk Island currently has Second Generation (2G) mobile technology allowing phone calls, SMS and voicemail only. The Norfolk Island Mobile Network review identified the telecommunications infrastructure, cost and likely timeframe required to provide 3G/4G mobile services on the Island.
- The report found the current 2G mobile network on Norfolk Island will need upgrading in the next 2 to 3 years in order to prevent a major loss of service. Upgrading to a 4G network, at an estimated cost of \$3.7 million, would be less costly and provide higher data speeds than a 3G network. 4G technology could be implemented within a 10-12 month timeframe and will avoid the need to upgrade a second time.
- Norfolk Island Telecom is a Norfolk Island owned monopoly and a part of the reforms of the government business enterprises will be trying to privatise these types of businesses where possible. Early reports by Deloitte indicate market interest is likely to be negligible given the small size of the market and poor state of capital.

Norfolk Island Economic Development Strategy Report (SGS Economics and Planning)

- The report acknowledged that the backbone of the economy is tourism based on the Island's pristine green image, history and culture, and economic development should be pursued in a manner that is consistent with this context.
- It highlights infrastructure impediments to the Island's economic development including: the limitations of access to the Island for sea freight and cruise ship passengers, the 2G telecommunications system, the high cost of electricity (four times the average cost on the mainland), the lack of co-ordinated public water supply and the solid waste incineration and dumping practices and the poor state of roads.
- The report identified opportunities in themes including tourism, education and environment and agriculture and cottage industries. Tourism opportunities include the Kingston and Arthur's Vale Historic Area site and the Island's culture, broadening the tourist demographic through promoting the Island's environment and food, and as a destination for sports, cultural and other events. While the Norfolk Island Government Tourism Bureau has been abolished, its functions, budget and staff (apart from the CEO), have been rolled into the Norfolk Island Administration. At an operational level, the

function still operates from the Tourism Information Centre and the change in management arrangements at this time is not visible to the public or stakeholders. In the interim, Mr 47F has engaged 47F (a board member of Tourism and Events Queensland, and an expert in destination development and marketing), to provide additional support in developing a tourism strategy.

Norfolk Island Government Business Analysis; phase three (Deloitte Access Economics)

- Deloitte Access Economics has undertaken a three-phase study to assess the operational efficiency of the 19 GBEs which include the airport, energy and telecommunications utilities and the liquor bond. Previously, GBEs had not been allocated the costs of significant shared services such as HR, IT, legal services and rent, nor had they accounted for asset depreciation, (which would double the operating costs of some businesses).
- The business level accounts compiled in the study, which include full allocation of depreciation and shared services, have informed the governance review of GBEs. Under a new structure being developed by Mr Gesling, the activities of some GBEs will be absorbed into the Regional Council, while others will be divested or transitioned to another entity. It is expected that this process will need to occur over a number of years.

Norfolk Island Quarantine Survey 2012-2014 (Department of Agriculture)

- The Norfolk Island Quarantine Survey 2012-2014 (undertaken by the Commonwealth Department of Agriculture) provides a detailed portrait of the island's plant and animal health status as well as plant and animal pests and diseases present on the Island.
- The survey concluded that quarantine barriers between Norfolk Island, the Australian mainland and New Zealand should be maintained or strengthened. This is both because there are plant, animal and pest species present on the Island which are not recorded on the Australian mainland, and because Norfolk Island is free from many pests which are present in Australia and New Zealand (including the Queensland Fruit Fly which could devastate crop production and the varroa mite from New Zealand which could similarly devastate the Island's honey industry).
- The report provides a baseline to inform the introduction of Commonwealth biosecurity and quarantine services to Norfolk Island from 1 July 2016.

General Information

History

- Norfolk Island is Australia's oldest post-European-settlement territory and is notable for having four distinct periods of human settlement.
- Polynesians of Eastern Polynesian origin settled the island from approximately the early 13th to early 15th centuries with no clear evidence as to why the settlement ended. Norfolk is the most westerly known settlement and the only known Polynesian settlement in Australia.
- Captain Cook discovered Norfolk Island in 1774, and it was subsequently settled six weeks after Australia's founding settlement at Sydney in 1788, as part of the First Fleet's mission. From 1788-1814 the First (Colonial) Settlement, a mixed convict/free settler colony similar to Port Jackson, was in operation. The settlement was abandoned, with buildings destroyed, as the location was too remote and costly to maintain.
- From 1825-1855 the Second (Penal) British Settlement, a purely penal station noted for its harsh regime of discipline, was in operation. The remoteness and harsh nature of the place was considered desirable as a deterrent to crime. This settlement was abandoned due to cessation of the transport of prisoners from Britain with remaining prisoners transferred to Tasmania by 1855.
- On June 8th 1856, Pitcairners were resettled from Pitcairn Island by the agreement of Queen Victoria, which had become too small for the growing population, in what is known as the Third (Pitcairn) Settlement. In 1858, 50 acre plots of land were granted to the Pitcairners equitably across Norfolk Island. The Pitcairn heritage is reflected today in the traditional foods and cooking styles, arts and crafts and community activities and celebrations as well as in the speaking of the Norfolk language, a blend of 18th-century English and Tahitian, originally introduced by Pitcairn-speaking settlers from the Pitcairn Islands.

Description and Environment

- Norfolk Island is situated in the Pacific Ocean about 1600 km north east of Sydney, with similar latitude to Byron Bay. It is 8 km long and 5 km wide with an area of 3460 hectares. It is of volcanic origin and has 32km of coastline consisting mainly of high cliffs. To the south are two small uninhabited islands, Nepean and Phillip Islands.
- The island has been subject to extensive land clearing for agriculture and housing. Most of the remaining native subtropical rainforests are found in the Norfolk Island National Park and Botanic Garden, which covers about one third of the island and is administered by Parks Australia (Department of Environment).
- The average maximum temperatures range from 25 degrees Celsius in February to 18 degrees Celsius in July, and the average minimum temperatures range from 20 degrees Celsius in February to 13 degrees Celsius in July. The average rainfall is about 1400 mm per year.

Population

- At the last census in August 2011 Norfolk Island's total population (excluding visitors) was 1795. This population reflected an annual decrease of 1.8 % per annum since the previous census in 2006. 79% of the population were Australian citizens and 13% held New Zealand citizenship. 38.4% identified as descendants of the Pitcairners. The total population can reach up to 3500 in peak tourist season.
- Norfolk Island had a higher percentage of its population aged 65 and over (18.6%) than the rest of Australia (13%).

Immigration

- From 1 July 2016, passports and visas will not be required when travelling to and from Norfolk Island from the Australian mainland.
- From 1 July 2016, the Norfolk Island permit system will cease to have effect; any foreign national who intends to visit or stay on Norfolk Island will require an appropriate Australian visa.

Customs and Quarantine

- The *Customs Act 1901* (Cth) does not currently extend to Norfolk Island. A local customs duty is imposed on most items entering the Territory unless otherwise exempted by the Administrator. Quarantine controls are applied under local legislation on the entry of animals and plants to the Island and the, the Norfolk Island regime has not kept pace with contemporary Australian customs and quarantine practices.
- The new biosecurity legislation and existing Australian biosecurity requirements that commence on the mainland from 16 June 2016 will be extended to Norfolk Island from 1 July 2016.

Kingston and Arthur's Vale Historic Area (KAVHA)

Key Issues:

- The Administrator recently announced the formation of a new Kingston and Arthur's Vale Historic Area (KAVHA) Advisory Committee to replace the outdated and ineffective KAVHA Board, established in the 1980s and consisted of two Norfolk Island Government-nominated representatives and two Commonwealth representatives. The Advisory Committee consists of two local and two external industry professionals supported by a Commonwealth Secretariat. The Advisory Committee held its first meeting, on Norfolk Island, during the week of 11 January 2016.
- The Australian Government provides \$0.63 million annually to the management and maintenance of KAVHA. Up to, and including this current year, Administration of Norfolk Island (ANI) has contributed \$0.3 million annually although it will be a decision for the Regional Council whether this continues from 1 July 2016.
- A new Heritage Management Plan (HMP) is in the final stages of completion which will guide the future of KAVHA across five key areas;
 - Heritage Conservation
 - Life in the Community
 - Sustainable Tourism
 - Education and Information; and
 - Governance and Capacity.
- Key priorities for 2016 include modernisation of site management and the development of plans, such as a commercial services plan, that will help to better manage KAVHA's significant values and provide the pathways and mechanisms for increasing site resourcing from its own activities.

Background:

Kingston and Arthur's Vale Historic Area (KAVHA) is one of the eleven sites across Australia that form the Australian Convict Sites UNESCO World Heritage listing.

KAVHA, on Norfolk Island, is a place of outstanding heritage value. The KAVHA site is recognised for its picturesque landscape, historic associations, outstanding Georgian buildings, and evocative ruins. It was initially occupied by the seafaring Polynesians (c.1200-1400), then from 1788-1814 and 1825-1855 settled by the British as convict penal settlements. KAVHA is valued by Norfolk Island residents as a place of traditional and ongoing uses. It was the landing place of the Pitcairn Islanders in 1856, whose descendants comprise almost 40 per cent of the current population.

The convict history of the KAVHA site covers the full history of transportation to eastern Australia from 1788 until 1855. The first penal period between 1788 and 1814 was part of the first European settlement of Australia. A subsequent phase of penal settlement spanned from 1825–1855. In 1856 the KAVHA site was settled by the Pitcairn Island descendants of the Bounty mutineers and Tahitians. This is unique in the history of Australia and its territories. Norfolk Island's strategic importance, as the initial 'food bowl' for Sydney, was one of the reasons for the settling of Australia by the British. Further, the KAVHA site includes rare surviving evidence of pre-European Polynesian occupation.

The KAVHA site was included on the Norfolk Island Heritage Register in 2003, Australia's National Heritage List and the Commonwealth Heritage List in 2007, and added to the World Heritage List in 2010 as one of eleven places that comprise the Australian Convict Sites. KAVHA is the only asset of World Heritage significance managed by the Department and as part of a larger World Heritage Property, management of KAVHA requires a careful and considered approach, utilising expert knowledge, community participation and leadership from the Australian Government.

The Department of Infrastructure and Regional Development and ANI contribute financially to the management of KAVHA and are equal members of the KAVHA Steering Group, which makes decisions about the site including the budget and annual works program. The Steering Group is informed and advised by the KAVHA Advisory Committee.

Part 4
MAPS



Norfolk Island – Kingston and Arthur's Vale Historic Area (KAVHA)

