

Review of Existing Information – KAVHA Site Master Plan

Existing documents:

Norfolk Island Economic Development Strategy (SGS, 2015)

The Norfolk Island Economic Development Strategy outlines the proposed vision for the Island, and principles for future economic development. It also proposes key themes and actions that are needed to achieve the vision.

The key themes of the strategy are:

- Tourism and cultural development,
- Environment, research and education, and
- Agricultural, horticultural, fisheries and cottage industries.

To enable the economic development of the Island, improvements to governance, overall amenity, utility services, and transport infrastructure are all recommended by the Strategy.

The vision for the Island by 2020 is for it to be a thriving community, where its culture, heritage and environment are highly valued, and where these attributes can generate economic development opportunities which enhance the well-being of its residents. Tourism and diversification of the product exported from the Island are also key parts of the vision, along with creating economic opportunities which encourage more people to visit, return or move to the Island over the longer term.

The KAVHA is identified as a key opportunity for Norfolk Island in terms of its tourism and cultural attributes, particularly in leveraging its value as a world heritage area through value adding and promotional activities.

The desired outcomes for the site under the Strategy include for it to be used by a greater number of residents and visitors to the Island, for there to be an increase in the number of tourists coming to the Island to experience the site, and for the long-term protection of the site itself.

Key actions to achieve this are identified as:

- Improvements to on-site interpretation, expanding the range of activities available and targeted to different groups,
- Consideration of complementary uses of the site related to tourist visitors, such as cafes or a cultural centre,
- The finalisation and implementation of a master plan for the site, and
- Consideration of the establishment of a trust to manage the site, reinvesting profits from the site for future operations.

KAVHA will also be important given the opportunity identified to establish a cultural centre on the Island. A cultural centre could ensure that the culture and historic development of the Island is documented and protected, and will also provide employment opportunities for local residents.

The Strategy notes that it is likely that few people on the Australian mainland would know of or understand the significance of the KAVHA site, even though it is a major attraction for Norfolk Island. There is therefore scope to better promote and market the Island as a destination. The Strategy also

recommends implementing a new marketing for the Island, which would link with new air transport services, and target different markets and organisations to use the Island's facilities.

A Tourism Strategy for the Kingston and Arthur's Vale Historic Area (Ashley Fuller & Associates, 2011)

This Strategy was prepared to develop a strategic framework for a tourism master plan for KAVHA. It considered previously completed reports and strategies, the identification of potentially compelling visitor experiences, and identified priorities for the further management and promotion of the site.

Key strengths of the KAVHA site identified in the Strategy include its evocative landscape and historic features. However, it notes that visitors to the site do not experience a "sense of arrival", and there is a need to improve the availability of information for visitors.

The Strategy notes that the target market of the site is likely to be those in the 'baby boomer' age bracket, particularly those who are well-educated or may have interests in heritage and history. Branding for the site therefore needs to identify it as a compelling visitor experience rather than simply the landscape and historic buildings. The heritage tourism market generally is seen as growing. There could be an opportunity for the Island to capitalise on this, particularly as there are many heritage aspects to the Island, covering its different phases of settlement (Polynesian, convicts, Pitcairn Islanders, and its role in WWII). The Island's natural heritage (the National Park, the Island's botanical elements, geology and biodiversity) are also key attributes.

Recommendations in the Strategy include for:

- A positioning statement for KAVHA to be adopted,
- A statutory management framework to be adopted,
- Visitor information to be more accessible,
- Professional data collection to be introduced to target marketing,
- The site to have a larger online presence to promote/encourage more visitors,
- More information about the site and its history to be made available for research and to encourage people to visit the Island to conduct research,
- New and existing facilities on the KAVHA site be opened up and utilised for tourism purposes, and
- The site to be managed in accordance with the requirements of a World Heritage Site and to the same standard that other Commonwealth Heritage Places are managed.

Norfolk Island Economic Development Report (ACIL Tasman, 2012)

This report was prepared as part of the Norfolk Island Road Map process, which was based around identifying economic reforms required to ensure Norfolk Island has a strong economic base, improved social capital, and ways to both preserve and strengthen its heritage and environment. The report developed an economic profile of Norfolk Island through ABS data, other research, and consultation with the Norfolk Island public service, and local businesses and residents.

The report discusses several economic drivers for the Island economy, including population, key infrastructure, Gross Island Product, government, employment, economic linkages, and major private sector industries. Tourism is identified as one of the major private sector industries, with KAVHA serving as a major attraction, along with the Island's National Park and Botanic Gardens, its natural scenery, and its history with convict populations and the Pitcairn community. A significant downturn in tourism activity on the Island is recognised as a key factor in the financial difficulties the Island experienced in recent years.

The analysis in the report suggests that a large share of the economic output of the Island is related to tourism, and that there are consequently a large number of businesses related to accommodation, restaurants, and so on which are targeted at tourists. Most of the tourists visiting the Island are those in older age groups, with 66% aged over 60.

It is suggested that to improve the economic circumstances and promote the economic growth of the Island, there should be a focus on the development of the tourism industry. The report notes that while the KAVHA area is relatively well maintained, it has not been developed to its potential as an asset for the Island, especially as a World Heritage Site. It recommended that infrastructure improvements to support the site and its use should be undertaken.

The report also identified key short and long term projects and possible funding sources that could help the Norfolk Island economy. Among the suggestions are for site works at the KAVHA to boost employment and improve the site as a tourist destination, works to improve the Island's jetties to expand freight capacity and allow for unloading cruise ships, and to allow the development of museum space in the KAVHA area to enhance its attractiveness as the Island's premier tourist location.

Same Country: Different World – The future of Norfolk Island, Joint Standing Committee on the National Capital and External Territories report (2014)

The Terms of Reference for this 2014 report were to focus on the prospects for economic development on Norfolk Island, in response to several issues which included the decline in tourist numbers, a serious budget deficit, and concerns about the Island's ongoing financial management. The reliance of the Island on the Commonwealth Government for assistance in providing even basic services and funding was noted, as was the consistent theme throughout the inquiry that the economic development of Norfolk Island would require new governance arrangements.

The inquiry reported on issues including opportunities to redress barriers to tourism (especially in air services, facilities for cruise ships and other infrastructure such as roads), complementary industries to tourism (such as agriculture), and opportunities for more niche industries.

The report identified barriers to the growth of the tourism industry, including high accommodation costs compared to overseas destinations, difficulties in attracting new visitors and the 'grey nomad' market, ageing infrastructure and facilities (particularly in roads and telecommunications), a lack of suitable event and entertainment facilities, and general lack of engagement with tourism agencies and in making tourism and business information available.

The report's recommendations included:

- A new governance model and legislative framework, and the establishment of formal mechanisms for community consultation,
- For more investment in infrastructure, including that the Commonwealth Government assume responsibilities for the Cascade and Kingston Pier upgrades,
- That the Commonwealth purchase multi-purpose barges for use with upgrades,
- That infrastructure such as roads be built or upgraded to Australian design and engineering standards, and
- That greater support be made available on the Island to develop the tourism industry, including support from tourism bodies to define target markets and products.

The report identified that the Commonwealth Government could play a bigger role in marketing the KAVHA site. Many submissions and those who gave evidence to the inquiry identified that while the site is a major tourist attraction already, more could be made of it. Suggestions for the site included

establishing dedicated website, and creating linkages with other heritage programs, and to focus on the development of unique experiences to promote tourism.

The report identified that KAVHA was underutilised as a business opportunity, noting that there are buildings that could be put to better uses for tourism purposes, including perhaps for accommodation, dining venues, and allowing locals and visitors to access and experience the site.

Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2015 (ANAO, 2015)

Audits of Australian Government entities are undertaken each year by the ANAO, including for the Administration of Norfolk Island. Previous audits had identified that the costs associated with providing ongoing essential services to the Island were not being met without Commonwealth financial assistance.

The ANAO's 2015 report identified several findings in relation to Norfolk Island. These included that the Island's hospital did not have adequate plans in place for managing building and property assets, there were weaknesses in the cash management practices of the Island's Administration which resulted in cash and asset reporting errors, and that the Administration had not developed an asset management plan which adequately considered the risks, costs and priorities to support future capital expenditure on the Island.

Issues from previous year which were yet to be resolved in 2015 included that the Administration and the Hospital were missing key elements of effective corporate governance frameworks, that there was a need for improvement in financial management and reporting processes (including quality assurance), and a lack of controls to ensure the Administration's contract register was accurate. The report indicated that previously identified weaknesses in the collection of (Norfolk Island) GST on the Island had been addressed, and would continue to be monitored.

Norfolk Island Government Business Analysis – Phase two analysis (Deloitte Access Economics, 2014)

This phase of work assessed a number of government business enterprises on Norfolk Island. This involved a framework which identified core requirements that should be met by all businesses, as well as key objectives, business options, assessment of the status quo, detailed analysis of each business against the framework criteria, and acknowledging factors which would be likely to hinder the implementation of the preferred options for each business.

The potential delivery options were organised on a spectrum of the level of government involvement in each, ranging from full government control and delivery to privatisation. The KAVHA site was one of the businesses assessed in this process, with several key issues for the site identified in the analysis. The report recommended that the site be run under a 'management contract' model with a private operator.

A major concern was the cost recovery capacity of KAVHA. It was shown that while the profit to loss ratio for the site's operations was improving between 2011 and 2014, expenses still far outweighed the revenue made. This was attributed to there being very few sources of revenue available on the site. It was identified that the main expenses for the site is in wages (at around 73% of costs). The maintenance of the buildings was also noted as an important issue, with more funding needed.

The report noted that investment in the site and its maintenance were important because of its cultural and heritage significance, and that while it was underperforming financially, there were opportunities to redress this.

Some key suggestions from the report for KAVHA were to use the site for tourism and business related industries, to identify clearly who has operational control of the site and how it is funded, and to improve the monitoring of visitor numbers and the condition of infrastructure assets. To address the site's cost recovery issues, suggestions included charging a visitor fee for access (as is done at other World Heritage Sites), to allow the private sector into parts of the site's operations in the form of cafes or bed and breakfast operations, and potentially merging the existing museums on the Island to meet the requirements of heritage listing and other efficiency gains.

Changes that have occurred in recent years and emergent issues:

Since a number of these existing documents were completed, there have been a number of changes occurring on the Island, particularly in its governance structure.

Amendments to the *Norfolk Island Act 1979* resulted in the Commonwealth Government taking responsibility for the funding and delivery of services for the Island in 2015. These changes meant that provisions relating to taxation, social security, immigration, biosecurity, customs, and health applicable on the Australian mainland now extend to Norfolk Island.

An administrator was appointed for the Island in 2014, in a transitional arrangement before the election of the Norfolk Island Regional Council, which was elected in May 2016, taking effect from July 1st.

There remains some community resistance on the Island to the perceived 'take-over' by the Commonwealth Government. A petition has been submitted to the UN seeking for Norfolk Island to be registered as a non-self-governing territory under international law.

There have also been Commonwealth Government funding commitments made for some of the Island's infrastructure. This funding has included \$13 million for upgrading of the Cascade Pier and customised barges, with the intention that this will allow for the safer loading and unloading of both cruise ship passengers and freight.

A Roads Audit and Strategy was also developed in 2015, which identified the seriousness of the repairs needed on the Island's road infrastructure, and recommended strategies to remedy those issues.¹

¹ See http://regional.gov.au/territories/publications/files/Road_Strategy_Report.pdf