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DeltaPearl
Partners



Gross Territorial Product Estimate 2023-24 Norfolk Island

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Executive Summary

Gross Territorial Product (GTP) is an estimation of economic output and is used to illustrate the size and changes of a particular territory's economy relative to a larger macroeconomy, in this case relative to mainland Australia's. Norfolk Island Regional Council (NIRC) re-commenced estimating its GTP on an annual basis in FY2023; this report is the second in the series of annual updates.

Estimating GTP on an ongoing basis is important because it provides information about an economy and how it is performing, thus supporting investment decisions and policy development. As a remote, small island economy with a distinct public policy history, Norfolk Island's economic data sets and economic conditions differ considerably from that of the Australian mainland.

For Norfolk Island, GTP for FY2024 (to 30 June 2024) was estimated at \$139.4 million, representing a decrease of 1.9% from FY2023 when the GTP was calculated as \$142.1 million. Fluctuations are typical for smaller and remote economies, and this is also the case for Norfolk Island, primarily due to its reliance on tourism and government spending. Economic output was lower due to declines in tourism visitation and government spending.

As of June 30, 2024, Norfolk Island's estimated population is around 2,214 residents. The population has remained relatively stable since FY2023, when the reported population was 2,209 (five fewer persons than in FY2024).

On average, yearly employee compensation is lower on Norfolk Island than on the Australian mainland. In total, 1,098 of Norfolk Island's 2,214 residents were employed at an average annual employee compensation of \$58,136. This is approximately 22% lower than the corresponding compensation for employees on the Australian mainland but not inconsistent with other Australian regional economies.

Tourism income continues to dominate Norfolk Island's GTP in FY2024. Tourism income for FY2024 was \$48.8 million, or 35.1% of the Norfolk Island economy. This was a decline from FY2023, when tourism income was \$53.5 million (37.7% of GTP). Norfolk Island had 30,629 visitors in FY2024. The number of visitors for this financial year represented a decline of almost 5% compared with the 32,232 visitors in FY2023. However, Norfolk Island's 2023 numbers were historically quite high as the world recovered from the COVID-19 pandemic and limited destinations were open. Estimates suggest that in FY2024, visitors typically stayed on Norfolk Island for seven days and spent approximately \$224 per person per day.

Private demand for goods and services is a significant economic activity on Norfolk Island, contributing 61% to GTP in FY2024. On average, Norfolk Island residents consume 18% less in value terms than mainland Australians. Prices of goods and services on the island are relatively higher than on the mainland.

Government demand for goods and services from Norfolk Island and the mainland contributed 20% to GTP in FY2024, excluding wages, down 23% from FY2023. Government investment in infrastructure, proxied by NIRC capital grants received, contributed 17% to GTP in FY2024, down from 18% in FY2023.

Manufacturing activity in Norfolk Island is limited, with most goods being imported. As a result, there is a significant trade deficit in goods. However, the overall trade balance becomes slightly positive when tourism exports are considered. Net trade contributes approximately 2.3% of the GTP in FY2024, an improvement from the estimate of 2% in FY2023.

The estimated per capita nominal GTP for Norfolk Island was \$62,959, significantly lower than that for the mainland, which was \$98,702 in FY2024. Narrowing the income gap relies on continued real growth in the value of economic output on Norfolk Island.

1. Introduction

Gross territorial product (GTP) is an estimate of the total economic activity within a specific region. In 2023, the Norfolk Island Regional Council (NIRC) engaged DeltaPearl Partners to comprehensively recalculate and update Norfolk Island's GTP using a consistent methodology.¹ While most of Australia's remote regions benefit from having up-to-date assessments of their local economic output, Norfolk Island's GTP calculation is not undertaken by the Australian Bureau of Statistics (ABS). Accordingly, NIRC decided to commission the calculation of GTP because various governance audits have identified the need for up-to-date economic data for good planning and policy development.^{2,3}

To develop evidence-based economic strategies for Norfolk Island, it is essential to have a thorough understanding of the significance and trajectory of GTP. GTP, as a measure of total economic activity, is often accompanied by measures of GTP per capita, which are used to gauge the overall welfare of households in the territory. Furthermore, when GTP is disaggregated by industry, it provides insight into the relative "specialisation" of different areas, illuminating the specific roles and contributions of various sectors within the region's economy. The GTP breakdown can help policymakers and analysts understand an area's economic landscape more comprehensively.⁴

Norfolk Island's GTP estimation is based on several data sources. DeltaPearl Partners used several publicly available data sources to estimate the GTP for Norfolk Island. The methodology employed is consistent with the method suggested by the Australian Department of Infrastructure, Transport, Regional Development, Communication, and the Arts,⁵ and other institutions (as explained in Appendix A).

GTP was estimated using income, expenditure, and production approaches. DeltaPearl Partners' Norfolk Island GTP calculation uses the income and expenditure approaches.

The FY2023 report on GTP noted that small year-to-year fluctuations were expected for Norfolk Island, given it is a small, remote economy with limited official data collection. Changes in tourist visitors, government expenditures, and net trade may explain these fluctuations.

2. Data sources and assumptions

The table below outlines the data sources used to calculate GTP for Norfolk Island using the income, expenditure, and production approaches.

¹ <https://www.nirc.gov.au/ni-gross-territorial-product-gtp>

² Australian National Audit Office (2019), Design, Implementation and Monitoring of Reforms to Services on Norfolk Island, Auditor-General Report No.43 2018–19.

³ Commonwealth Grants Commission (2019), 2019 Norfolk Island Inquiry. https://www.cgc.gov.au/sites/default/files/2021-12/norfolk_island_inquiry_2019_final_report.pdf

⁴ Australian Government, Department of Infrastructure, 2019, *Measuring Gross Regional Product*. Available at: <https://www.bitre.gov.au/publications/2019/measuring-gross-regional-product>

⁵ Australian Government, Department of Infrastructure, 2019, *Measuring Gross Regional Product*. Available at: <https://www.bitre.gov.au/publications/2019/measuring-gross-regional-product>

Table 1: Data sources and assumptions

Item	Description	Source	Latest year	Link	Comments
Population	Estimated residential population, SA2	ABS (2024), Regional population 2021--22	June 2023	https://www.abs.gov.au/statistics/people/population/regional-population/latest-release	The population on 30 June 2024 is estimated by DeltaPearl Partners based on the past three years' annual average growth rate.
Employment	Population Employment by industry Occupations Qualifications	ABS (2022), 2021, 2016 Census of Population and Housing	Census night, 2021	https://www.abs.gov.au/statistics/people/population/population-census/latest-release	Data provides information on industry economic activity based on employment and is updated with the population growth rate.
Compensation of employees (COE)	Total COE of the Island	ATO (2024), Individuals, Table 6A, Postcode 2899	2021-22	https://www.ato.gov.au/about-ato/research-and-statistics/in-detail/taxation-statistics/taxation-statistics-2020-21/	Updated to FY2024 based on the Norfolk Island population growth plus the average wage price index for accommodation on the Island. Census ANZSIC division industries employment share used to provide ANZSIC division industry COEs.
Gross operating surplus and mixed income	Total gross operating surplus	ATO (2023), Company data for Postcode 2899	2021-22		Updated using the Australian National Accounts growth rate and prorated using the ANZSIC division industries employment shares.
Other production taxes	NIRC rates and user fees	NIRC Annual Reports	Available since 2016-17	NIRC website	Prorated to ANZSIC division industries based on the industry output shares.
Commodity or product taxes	Norfolk Island is exempt from paying GST, import duties and excise rates.				
Household consumption expenditure	Expenditure component	2024 Household Expenditure Survey estimates	Estimated by DeltaPearl Partners	Estimation	DeltaPearl Partners estimates
Government consumption expenditure	Excluding wages, government demand for goods and services	NIRC Annual Reports and Operation Plan 2024-25	2022-23 and 2023-24	https://www.nirc.gov.au/downloads/file/2119/operational-plan-2024-2025	Historical data are also available for comparison.
Investment	Capital grants to the Island are treated as public investment	NIRC Annual Reports and Operation Plan 2024-25	2023-24 and 2024-25	https://www.nirc.gov.au/downloads/file/2119/operational-plan-2024-2025	This financial year's capital grant is assumed to be spent in the next three years.
Merchandise exports and imports	Exports of goods	The Observatory of Economic Complexity (OEC)	The calendar year 2022	https://oec.world/en	The export data are projected for 2023 and 2024 using the World GDP growth, and the imports are projected based on household consumption and tourism data.
Tourism exports	Number of visitors	NIRC Airline incoming passenger monthly data	Available for FY2024	https://www.nirc.gov.au/tourism-economic-development-plans-reports	More reliable and latest data

Source: Various.

3. Population

The population's level and growth rate are crucial economic growth and development factors. Therefore, consistent population data are essential for estimating GTP changes. Since 2016, the ABS has reported Norfolk Island's estimated residential population.⁶ The ABS Census of Population and Housing also provides the population data for 2016 and 2021 at Census Night.⁷

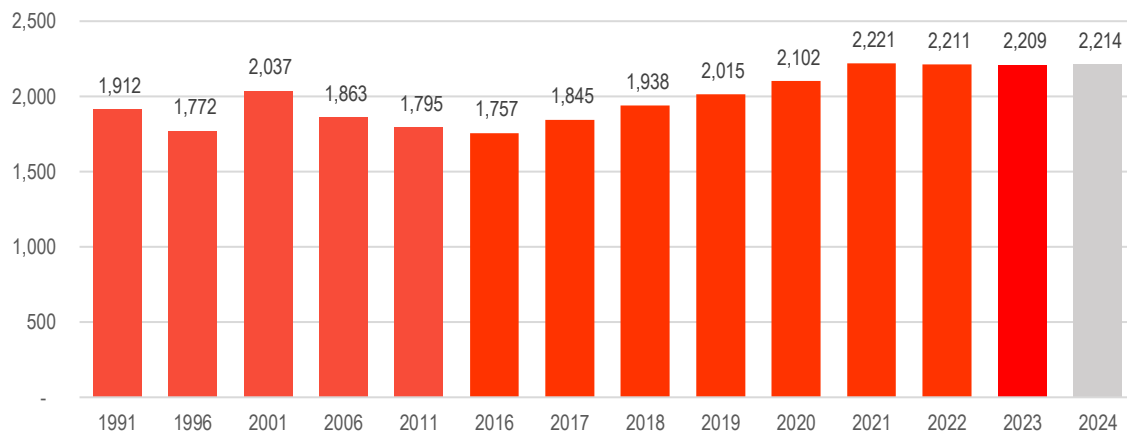
Figure 1 presents the recent historical population levels and DeltaPearl Partners' projection of the residential population for June 2024. The ABS 2021 Census night population for the Island was 2,218, and the ABS 30 June 2021 estimated resident population (ERP) was 2,221, a very slight difference.

Between June 2016 and June 2023, Norfolk Island's average annual population growth was 3.32%, significantly higher than the Australian population growth rate of 1.39%. Based on the trend forecast, DeltaPearl Partners estimated 47 more persons in June 2023 than ABS's recent regional population estimates published in March 2024.

Although Norfolk Island population data for June 2024 is unavailable, DeltaPearl Partners estimates the population to be 2,214 on 30 June 2024 based on the moving average over the past three years.

Table 2 summarises the Norfolk Island population change.

Figure 1: Norfolk Island population from 30 June 1991 to 30 June 2024



Source: KPMG (2019), ABS Regional Population 2022-23, and DeltaPearl Partners estimate for 2024.

⁶ ABS (2023) Regional population 2021-22, Estimated resident population, Statistical Areas Level 2, Australia.

<https://www.abs.gov.au/statistics/people/population/regional-population/latest-release>

⁷ <https://www.abs.gov.au/census/find-census-data/quickstats/2021/SAL90004>

Table 2: Components of population change in Norfolk Island, 2021-22 and 2022-23

Components	End of June 2022	End of June 2023
Start population	2,221	2,211
Births	4	14
Deaths	14	11
Natural increase	-10	3
Overseas arrivals	12	23
Overseas departures	12	28
Net overseas migration	0	-5
End population	2,211	2,209

Source: ABS Regional Population 2022-23.

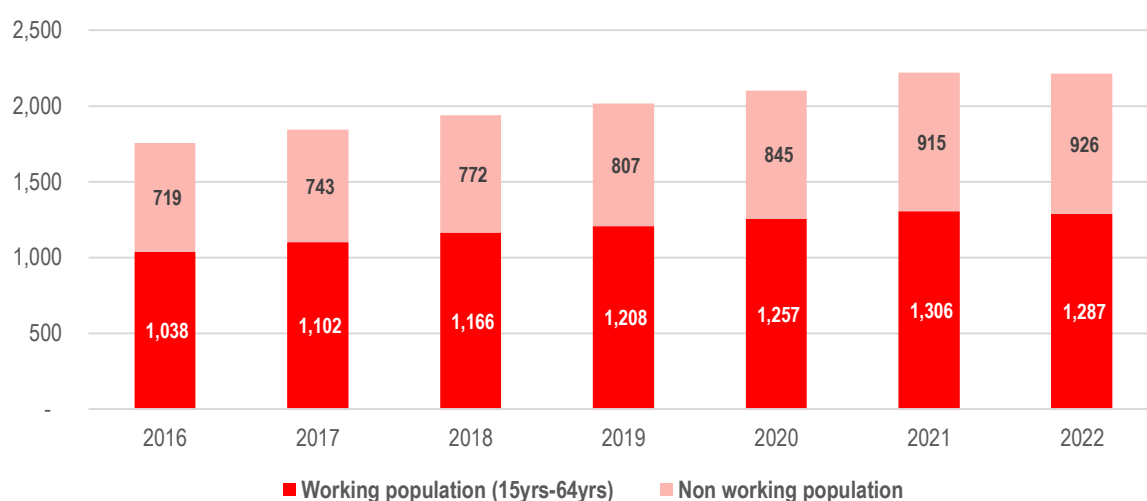
4. Labour market

4.1. Working-age population

As defined by the ABS, the working-age population refers to individuals aged between 15 and 64 years who are considered capable of participating in the labour force. The number of working-age people is crucial for economic productivity and workforce availability within a specific geographical area.

Figure 2 illustrates the distribution and composition of Norfolk Island's working-age population, providing valuable insights into the island's labour force dynamics. In June 2022, ABS data indicated that roughly 1,287 individuals (58% of the population) were working age.

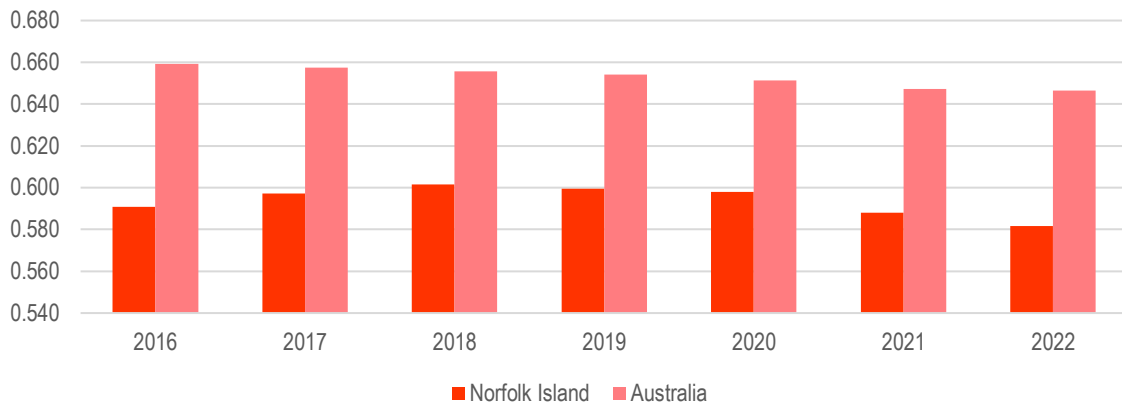
Figure 2: Norfolk Island working-age population from 30 June 2016 to 30 June 2022



Source: ABS Regional Population by Age and Sex, 2021-22. <https://www.abs.gov.au/statistics/people/population/regional-population-age-and-sex/latest-release>

Figure 3 shows the working-age population ratio to the total population between Australia and Norfolk Island.

Figure 3: Ratio of the working-age population to the total population from June 2016 to June 2022

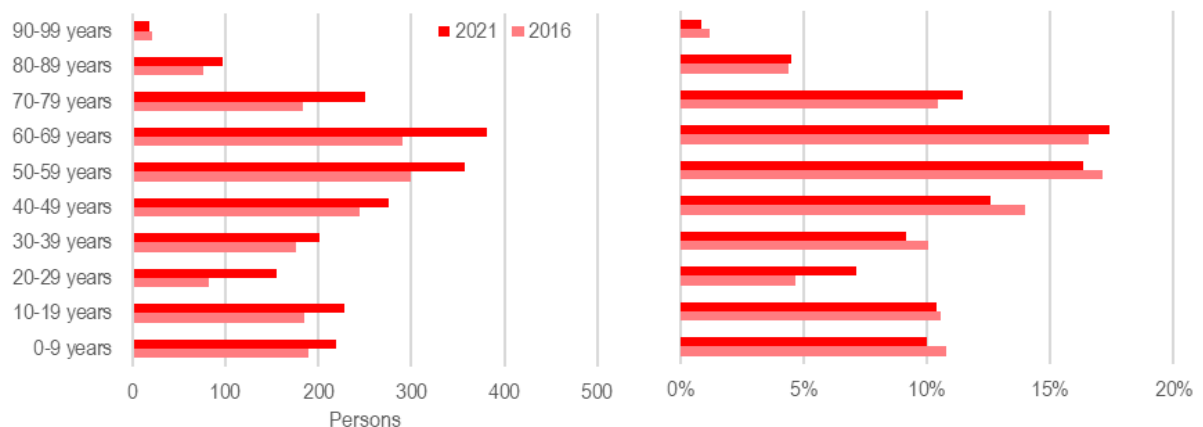


Source: ABS Regional Population by Age and Sex 2021-22. <https://www.abs.gov.au/statistics/people/population/regional-population-age-and-sex/latest-release>

The proportion of the working-age population to the total population is considerably lower in Norfolk Island than for mainland Australia, which implies less people will be producing output per head of population. The Australian Government provision of income transfers assists with economic growth, but without a larger working-age population maintaining economic growth will likely be more difficult than in other Australian jurisdictions.

A key challenge for Norfolk Island is its relatively small working-age population.⁸ Figure 6 below shows the population by age group of Norfolk Island in 2021 compared with 2016 data. Although the number of persons increased in all age groups between 2016 and 2021, the age distribution share remained the same. Assuming a working-age group between 20 and 65 years, the population above 70 years was 16% in 2016 and increased to 17% in 2021. The share of the population aged 20 to 69 years was 62% in 2016 and increased to 63% in 2021, a slight improvement for Norfolk Island.

Figure 4: Relative population age distribution in Norfolk Island between 2016 and 2021



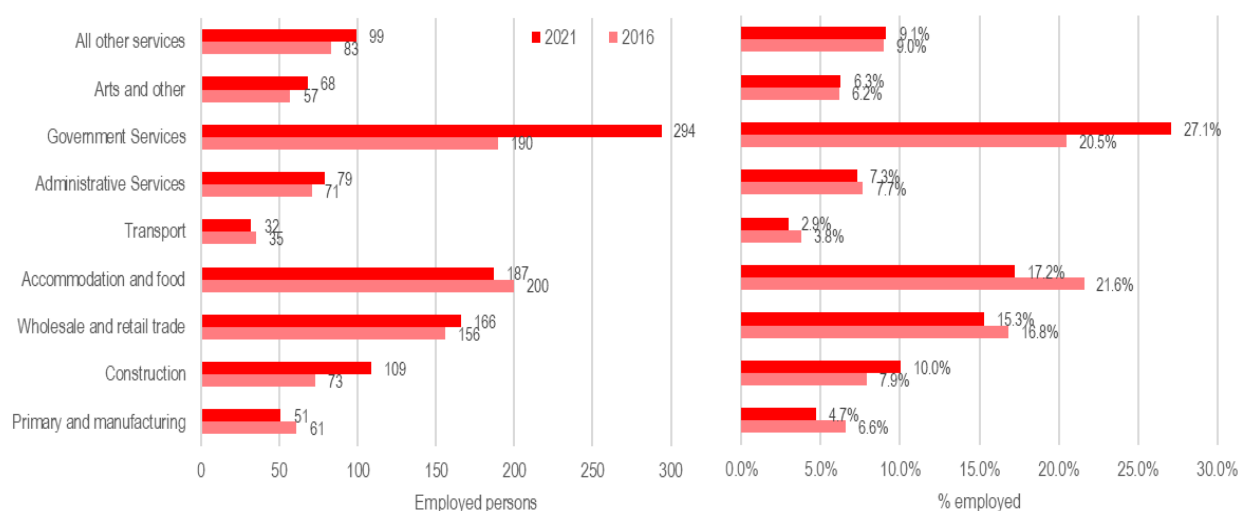
Source: ABS Census of Population and Housing 2016, 2021, Postcode 2899, Norfolk Island.

⁸ KPMG (2019), Monitoring the Norfolk Island Economy, prepared for the Department of Infrastructure, Transport, Cities and Regional Development, August 2019.

4.2. Employment

An analysis of employment by industry reveals the economic landscape of Norfolk Island. As shown in Figure 5, in 2021, 36% of Norfolk Island's employment was related to tourism (accommodation and food, wholesale and retail trade, and transport). The next highest employment area is the government sector, which increased from 20.5% in 2016 to 27.1% in 2021. Government sector employment includes public administration and safety, education, health care, and social assistance.

Figure 5: Employment by broad industry in Norfolk Island, 2016 and 2021.



Source: ABS Census of Population and Housing 2016, 2021, Postcode 2899, Norfolk Island.

Table 3: Top 20 sub-industry employment, 2021⁹

Sub-Industry	Persons
Accommodation	96
Local Government Administration	74
General Practice Medical Services	50
Cafes and Restaurants	47
Combined Primary and Secondary Education	43
Supermarkets and Grocery Stores	40
Travel Agency and Tour Arrangement Services	36
Building Construction	21
Clubs (Hospitality)	20
Retail Trade	19
Building and Other Industrial Cleaning Services	19
Other Social Assistance Services	16
Fuel Retailing	15
Hospitals (except Psychiatric Hospitals)	15
Pubs, Taverns and Bars	14
Electrical Services	13

⁹ based ANZSIC four digit industry classification

Sub-Industry	Persons
Central Government Administration	13
Museum Operation	13
Accounting Services	12
All others	498
TOTAL	1,085

Source: ABS Census of Population and Housing 2021, Postcode 2899, Norfolk Island.

4.2.1. Agriculture

Norfolk Island mainly produces agricultural goods for its local market. According to the 2021 Census data, 27 individuals were engaged in agriculture, forestry, and fishing activities on the Island.

4.2.2. Manufacturing

Based on the 2021 Census employment data, the manufacturing sector employed 25 people, with a more detailed breakdown as follows:

- Wooden Structural Fitting and Component Manufacturing: 4 persons
- Biscuit Manufacturing (factory-based): 3 persons
- Bread Manufacturing (factory-based): 3 persons
- Other Ceramic Product Manufacturing: 3 persons
- Printing: 3 persons
- Meat processing: 2 persons
- Poultry processing: 1 person
- Timber processing: 1 person.
- Other Wood Product Manufacturing not elsewhere classified: 1 person
- Other and unknown: 4 persons

4.2.3. Electricity, water and waste services

NIRC's business operations provide electricity, water supply, waste management and sewerage services. According to the 2021 Census, the electricity, water and waste services sector employed over 20 persons.

Electricity is provided by diesel generators and batteries operated by NIRC. Privately owned rooftop solar panels have also provided some electricity in recent years. The cost of imported diesel fuel influences the electricity cost on Norfolk Island, although this dependency has lessened with the large-scale battery energy storage that is now in use.

The Australian Government's Energy Bill Relief Fund has been rolling out to households and businesses on Norfolk Island. Under this initiative, all residential households who pay for electricity through Norfolk Island Electricity are eligible for a single rebate of up to \$500, and all businesses are eligible for a single rebate of up to \$650. The Australian Government is fully funding these rebates,

with the amounts consistent with the energy bill relief funding provided by the Australian Government to mainland residents and businesses.¹⁰

NIRC-operated Norfolk Island Water Assurance scheme provides sewerage services to Burnt Pine and Middlegate, where most residents and tourism-related businesses are located. The remainder of the population uses septic tanks and effluent absorption trenches. The water available from underground confined aquifers is essential to overall water supply security on Norfolk Island.

4.2.4. Construction

NIRC's responsibilities include all costs related to the maintenance and operation of roads and plants, including depot and store administration. According to the 2021 Census, the construction sector employed nearly 110 people.

4.2.5. Trade and accommodation services

Wholesale Trade, Retail trade and Accommodation and Food services are strongly related to tourism activities, which is the largest employer on Norfolk Island, employing more than 350 persons in 2021.

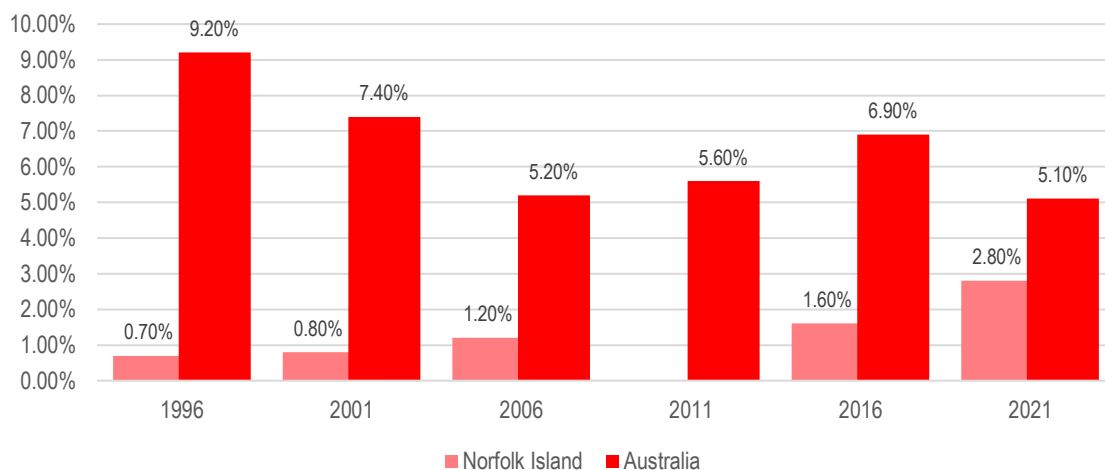
4.2.6. Transport

The Australian Government underwrites regular air passenger services from Brisbane and Sydney to Norfolk Island to ensure that residents can access essential services in mainland Australia and to support Norfolk Island's tourism industry.¹¹

4.3. Unemployment rate

The Census 2021 data show that Norfolk Island's unemployment rate was 2.8% (Figure 6). Norfolk Island has traditionally operated at higher employment rates than mainland Australia.

Figure 6: Unemployment rate by Census year.



Source: ABS Census of Population and Housing 2011, 2016, 2021, Postcode 2899, Norfolk Island and KPMG (2019).

¹⁰ <https://www.infrastructure.gov.au/territories-regions-cities/territories/norfolk-island/governance-administration/norfolk-island-energy-bill-relief-fund>

¹¹ https://www.infrastructure.gov.au/territories-regions-cities/territories/norfolk_island/Norfolk-Island-Air-Services

5. GTP – Income Approach

5.1. Compensation of employees

The estimated compensation of employees (COE)¹² by broad industry is based on the total COE data for Norfolk Island published by the Australian Taxation Office (ATO). ATO started to compile Norfolk Island postcode income data in FY2017.

The ATO data are two years behind the current financial year but provides an indicative total value of COE for Norfolk Island in FY2022.¹³ The data in this analysis are extrapolated from FY2022 based on the population growth and accommodation price index to FY2024.

Table 4 shows the estimated number of people employed, the average COE, and the total COE across various broad ANZSIC industries for FY2024. Earnings data are essential for calculating GTP using the income approach, as it offers insight into the distribution and scale of economic activity within different industry sectors.

The ATO COE data for FY2022 was updated with the accommodation price index and population growth to obtain the COE for FY2024.

Table 4: An estimated compensation of employees, FY2024

Industry	Employment <i>Persons</i>	Average COE <i>A\$</i>	Total COE <i>A\$</i>
Agriculture, Forestry and Fishing	27	19,639	536,481
Manufacturing	24	64,108	1,556,638
Electricity, Gas, Water and Waste Services	12	98,138	1,191,468
Construction	110	54,768	6,039,713
Wholesale Trade	10	68,351	691,529
Retail Trade	158	41,127	6,491,124
Accommodation and Food Services	189	32,892	6,222,951
Transport, Postal and Warehousing	32	59,731	1,933,821
Information Media and Telecommunications	13	85,319	1,122,164
Financial and Insurance Services	18	85,773	1,562,032
Rental, Hiring and Real Estate Services	15	64,796	983,339
Professional, Scientific and Technical Services	41	79,048	3,278,982
Administrative and Support Services	80	59,118	4,725,079
Public Administration and Safety	117	96,652	11,343,102
Education and Training	71	77,186	5,466,386
Health Care and Social Assistance	109	69,214	7,562,828
Arts and Recreation Services	30	44,412	1,347,980
Other Services	38	45,815	1,761,405
TOTAL	1,098	58 136	63,817,021

Source: DeltaPearl Partners estimates based on ATO and ABS data sources.

¹² ABS (2021) Compensation of employees comprises wages and salaries (in cash and in-kind) and employers' social contributions. It does not include any unpaid work undertaken voluntarily or any taxes payable by the employer on the wage and salary bill, such as payroll tax. Wages and salaries paid in cash are gross payments before deductions. Deductions include income taxes and social contributions payable by the employee, even if withheld by the employer for administrative convenience, such as direct payment to a superannuation fund. Fringe benefits taxes, payable on income in kind provided to employees, are included as part of wages and salaries and in income taxes payable by households.

¹³ It is possible, like other tourism-dependent jurisdictions, that income in FY2021 was suppressed because of the impacts of Covid-19.

5.2. Gross operating surplus and mixed income

Gross operating surplus (GOS) and gross mixed income (GMI) are other critical components of measuring the GTP from the income approach.¹⁴ Initial estimates of GOS and GMI at the broad industry level were based on the national level industry averages and adjusted for Norfolk Island.

Table 5: An estimated gross operating surplus and gross mixed income, FY2024

Industry	Total GOS and GMI
	A\$
Agriculture, Forestry and Fishing	2,882,400
Manufacturing	1,561,110
Electricity, Gas, Water and Waste Services	2,810,779
Construction	7,702,705
Wholesale Trade	659,417
Retail Trade	5,482,400
Accommodation and Food Services	3,913,808
Transport, Postal and Warehousing	2,390,139
Information Media and Telecommunications	1,966,207
Financial and Insurance Services	4,060,656
Rental, Hiring and Real Estate Services	12,077,560
Professional, Scientific and Technical Services	1,782,657
Administrative and Support Services	1,257,168
Public Administration and Safety	3,234,737
Education and Training	1,074,160
Health Care and Social Assistance	2,005,308
Arts and Recreation Services	1,424,877
Other Services	1,050,173
TOTAL	57,336,262

5.3. Production and product taxes

On 1 July 2016, Australia's tax and superannuation laws¹⁵ came into effect for residents of Norfolk Island. While most of Norfolk Island's obligations are the same as those on mainland Australia, there are some differences:

- Goods and services tax, luxury car tax, wine equalisation tax, excise duties, customs duties and fuel tax credits do not apply to transactions on Norfolk Island. This approach is consistent with the current taxation arrangements in Australia's other external territories.
- An Australian business number (ABN) is not required. However, businesses may want to obtain one to make dealing with the ATO online and others on the Australian mainland easier.
- The 'No ABN' withholding rules do not apply – Norfolk Island businesses do not need to withhold tax from payments to other Norfolk Island businesses that do not provide an ABN.
- Superannuation Guarantee Scheme transitional rates apply to Norfolk Island, increasing annually by 1% from July 2016 until it reaches 12% on 1 July 2027.
- Capital gains tax does not apply to Norfolk Island assets held by Norfolk Island residents before 24 October 2015.

¹⁴ ABS (2021) Gross Operating Surplus is the income from the production of corporate enterprises, while mixed income is the income from the production of unincorporated enterprises.

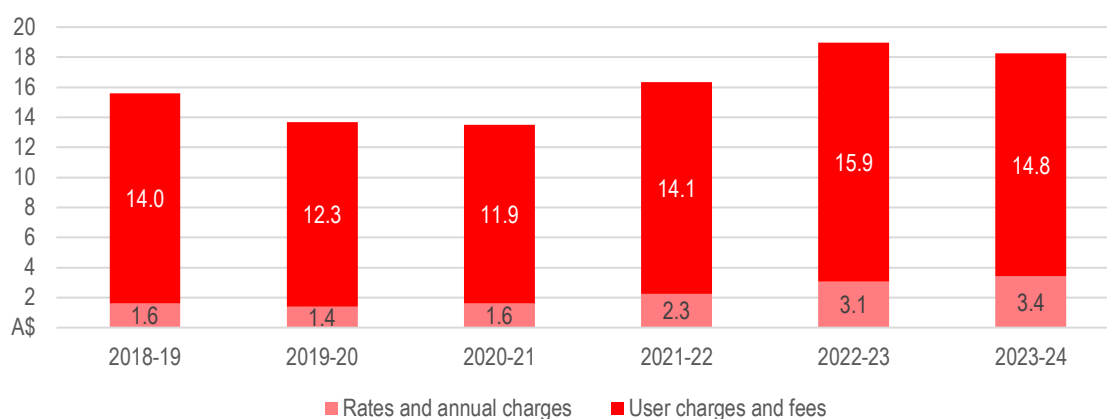
¹⁵ <https://www.ato.gov.au/General/Norfolk-Island/>

Personal income tax is included in COE, and company taxes are included in GOS and GMI.

Since 2016, Norfolk Island has been incorporated into the Commonwealth’s taxation framework, which means that the Island follows the Australian government’s tax laws and regulations. While the Queensland Government currently supports Norfolk Island to provide services such as health and education, it is important to note that Norfolk Island does not impose additional production taxes on primary factors like capital and labour. Furthermore, a notable tax advantage for businesses operating on Norfolk Island is that employers are not required to pay payroll tax.

The NIRC collects rates and user charges for various services. In 2022-23, the amount collected was \$19 million, and the NIRC's projected amount for 2023-24 is \$18.2 million (refer to Figure 7). These collections fall under the production taxes category within the National Accounts measurement framework and are part of GTP.

Figure 7: NIRC rates and user charges, FY2019 to FY2024.



Source: NIRC Annual Reports and NIRC 2024-25 Operational Plan.

6. GTP – Expenditure Approach

6.1. Private final consumption expenditure

The share of Australia's private final consumption expenditure in nominal GDP was 49.6% in FY2023.¹⁶ It declined to this level from 56.9% in FY2016. Several factors contributed to this decline.

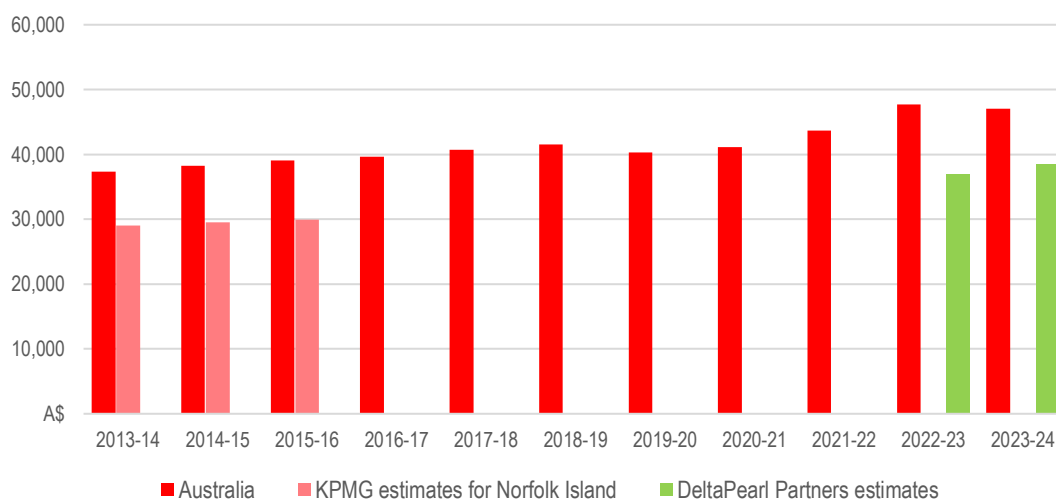
The 2024 Norfolk Island Household Income and Expenditure Survey¹⁷ suggests that household expenditure in Norfolk Island was \$1,554 per household per week. The ABS 2021 Census data indicates that the average number of people per household was 2.1. This represents an annual amount of consumption per person of approximately \$38,476. Expenditure items recorded included food, clothing, alcohol and cigarettes; utilities (gas, electricity); housing (mortgages); transport (motor vehicles); communications (telephone, mobile, internet); and others. The proportion of household income spent on each category was calculated - e.g., food accounted for 23% of household expenditure, housing and utility items summed to around 24%, and transport, which was motor vehicles only, to 9%. Norfolk Island per-person consumption data from the 2024 Household Income

¹⁶ ABS (2023), Australian System of National Accounts. October 2023. <https://www.abs.gov.au/statistics/economy/national-accounts/australian-system-national-accounts/latest-release>

¹⁷ DeltaPearl Partners (2024), The 2024 Norfolk Island Household Income and Expenditure Survey (unpublished).

and Expenditure Survey are multiplied by the estimated residential population on 30 June 2024 to obtain total household consumption expenditures for FY2024. Figure 8 compares the average per capita private consumption expenditure at the national level with the per capita consumption values of Norfolk Island. On average, Norfolk Island residents consume 18% less in value terms than mainland Australians (although this calculation does not consider bartering values). Although the prices on Norfolk Island are relatively higher than those on the mainland, the volume and composition of goods and services consumed differ.

Figure 8: An average per person final consumption expenditure, FY2012 to FY2024.



Source: DeltaPearl Partners estimates based on ABS National Accounts (2023), ABS estimated residential population, and the 2024 Norfolk Island Household Income and Expenditure Survey.

Using survey-estimated data and population numbers, private final demand for goods and services for Norfolk Island was estimated at \$85.5 million in FY2024 (see Table 6), an increase of 3.3% compared to the past year.

Table 6: An estimated household consumption expenditure, FY2023 and FY 2024

Industry	2022-23 (revised)	2023-24
Agriculture, Forestry and Fishing	\$2,109,920	\$2,207,250
Manufacturing	\$18,534,693	\$19,389,694
Electricity, Gas, Water and Waste Services	\$5,521,506	\$5,776,211
Construction	\$0	\$0
Wholesale Trade	\$810,349	\$847,730
Retail Trade	\$4,862,094	\$5,086,382
Accommodation and Food Services	\$3,656,810	\$3,825,498
Transport, Postal and Warehousing	\$8,300,957	\$8,683,879
Information Media and Telecommunications	\$4,973,261	\$5,202,677
Financial and Insurance Services	\$6,874,803	\$7,191,936
Rental, Hiring and Real Estate Services	\$15,141,823	\$15,840,312
Professional, Scientific and Technical Services	\$543,258	\$568,318
Administrative and Support Services	\$348,710	\$364,796
Public Administration and Safety	\$93,520	\$97,834
Education and Training	\$2,632,903	\$2,754,358
Health Care and Social Assistance	\$4,930,900	\$5,158,361
Arts and Recreation Services	\$1,133,751	\$1,186,050
Other Services	\$1,216,763	\$1,272,892
TOTAL	\$81,686,021	\$85,454,178

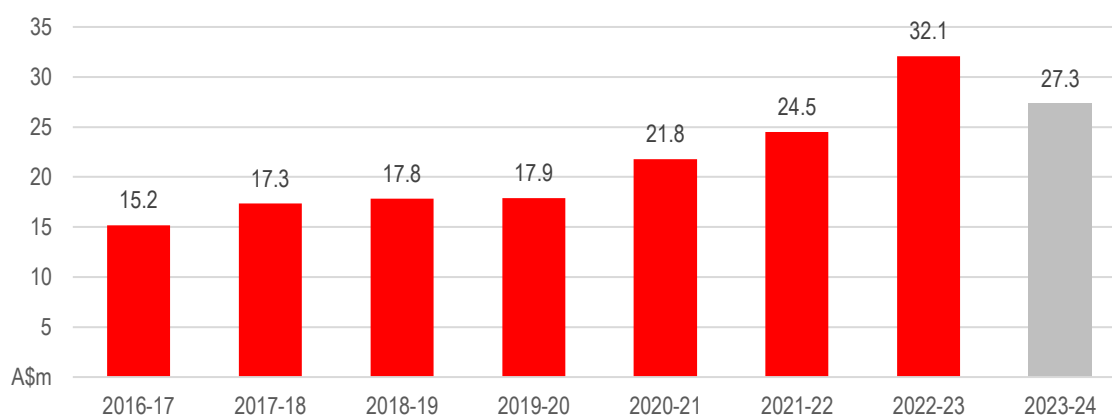
Source: DeltaPearl Partners based on 2024 Household Expenditure Survey, RPI and ABS data sources.

6.2. Government expenditure

Government expenditures are an essential driver of Norfolk Island's economic growth. This report considers NIRC's expenditures as a proxy for government expenditures.

Figure 9 illustrates government expenditure in Norfolk Island, which amounted to approximately \$27.3 million in FY2024, reflecting a significant decline of nearly 15% compared with the previous financial year.

Figure 9: Government expenditure, FY2017 to FY2024.



Source: NIRC Annual Reports between 2016-17 and 2022-23 and 2023-24 Operational Plan.

6.3. Gross fixed capital formation

In contrast to the relative stability of household consumption expenditure, the level of investment in Norfolk Island is often more volatile, as it is generally larger and occurs less regularly in the economy.

Gross fixed capital formation¹⁸ is difficult to estimate due to the lack of primary or secondary data sources on investment by private households and the NIRC and investment lumpiness. Investment goods include the construction of dwellings and non-dwellings, machinery and equipment, cultivated biological resources and intellectual property products.

The NIRC's capital grants spending could provide a proxy for government investment when spent on Norfolk Island infrastructure, machinery, and equipment. These capital grants are lumpy. Given the size of the Norfolk Island economy, there is less need for large projects regularly.

Typically, this level of funding is attached to particular projects and, therefore, varies considerably from year to year.

DeltaPearl Partners decided to include the public investment component in calculating Norfolk Island's GTP for methodological consistency and continuity in measuring the GTP for future years.

The 2023-2024 Operation Plan and Budget¹⁹ includes \$17.2 million in capital works to support the Council's ongoing service delivery to the community. A snapshot of capital projects includes:

- \$7.4 million for the Telecom satellite capacity uplift project to deliver excellent connectivity and reliability to the community, business, health and education.

¹⁸ Gross fixed capital formation, measured by the total value of a producer's acquisitions, less disposals, of fixed assets during the accounting period.

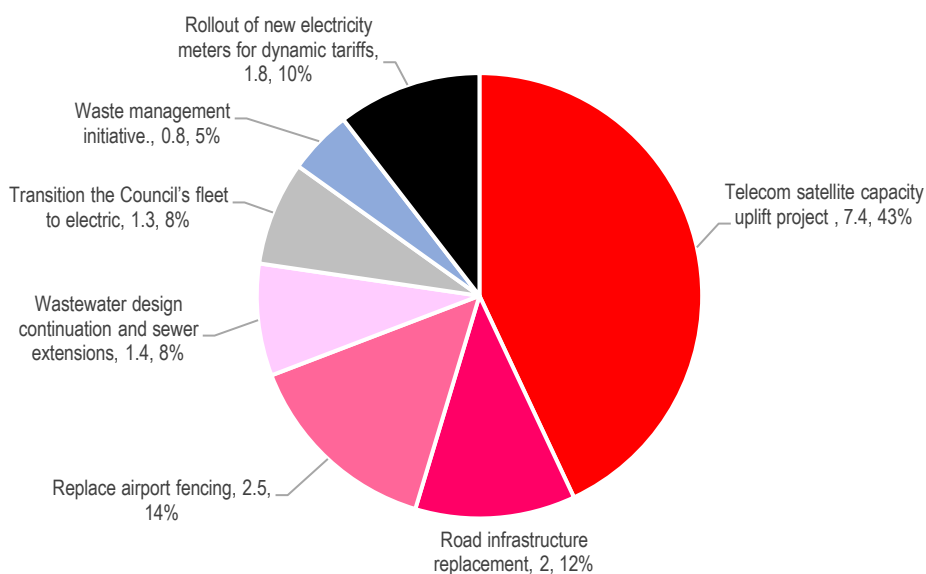
¹⁹ <https://www.nirc.gov.au/downloads/file/698/operational-plan-2023-2024>

- \$2.0 million on road infrastructure replacement.
- \$2.5 million to replace airport fencing to meet compliance requirements.
- \$1.4 million wastewater design continuation and sewer extensions.
- \$1.3 million to transition the Council's fleet to electric.
- \$0.8 million in waste management initiative.
- \$1.8 million to continue the rollout of new electricity meters for dynamic tariffs.

The required investment in the 2023-2024 Budget will again provide the direction to deliver agreed Council outcomes in line with the objectives contained in the Community Strategic Plan (CSP) 2016-2026, the Norfolk Island 9-Point Strategic Action Plan 2020-2024, the External Audit Findings, conclusions of the 2021 Public Inquiry and the Norfolk Island Regional Council Delivery Program 2022-2026.

The 2023-24 Operational Plan indicates that net (after depreciation) carrying investment value by asset type was \$19.5 million (see Figure 10).

Figure 10: NIRC's capital works, FY2024.



Source: NIRC 2023-24 Operational Plan, page 25.

Private investment data are not as easily accessible; however, we have made some assumptions based on changes in the number of development applications, machinery, and equipment imports by the private sector and households. In this study, private investment is considered the remaining amount after estimating all other components of the GTP expenditure.

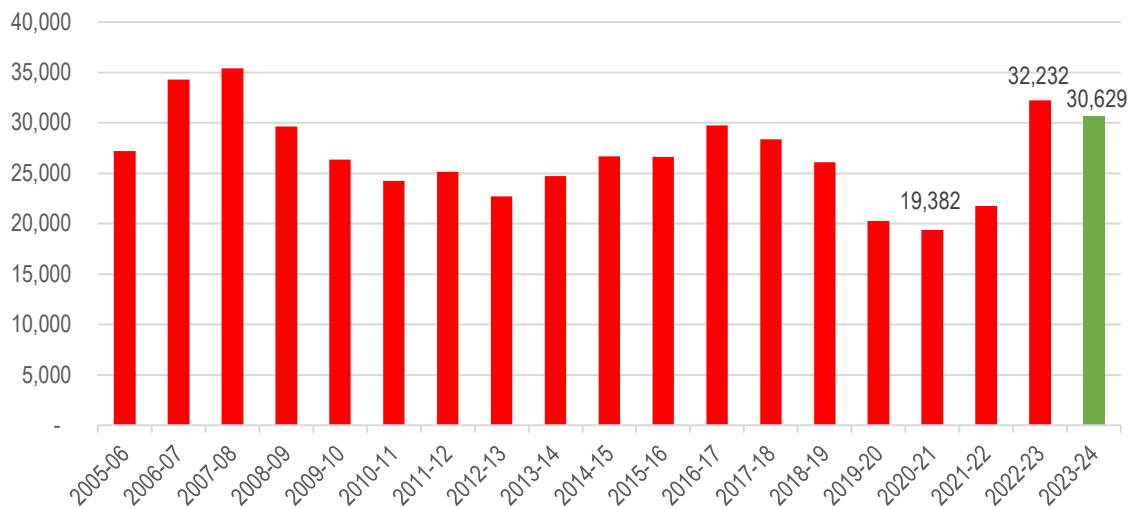
6.4. Exports

6.4.1. Tourism exports

Tourism is crucial to Norfolk Island's economy. The COVID-19 pandemic significantly impacted this sector. In recent years, as the world has continued to recover from the COVID-19 pandemic, Norfolk Island has experienced a substantial increase in visitor numbers, greatly influencing its economic performance. As shown in Figure 11, FY2023 saw exceptional visitor numbers, marking the highest recorded since FY2009 and illustrating substantial growth and interest in the destination.

However, Norfolk Island experienced a decrease in visitors in FY2024, with 30,629 visitors, representing a 5% decline (1,601 visitors) from FY2023.

Figure 11: Annual visitors to Norfolk Island, FY2006 to FY2024



Source: Norfolk Island Regional Council (2024), Scheduled Airline Incoming Passengers Statistics, <https://www.nirc.gov.au/tourism-economic-development-plans-reports>.

Tourism spending is considered a service export in measuring economic output. The following information is used to estimate the tourism spend on the Island.

- Number of visitors²⁰
- Average length of stay²¹
- Average expenditure, excluding airfares and accommodation²²
- Average accommodation expenditure²³

Table 7 provides the estimated expenditure incurred by visitors to Norfolk Island.

²⁰ Norfolk Island Regional Council (2024), Scheduled Airline Incoming Passengers Statistics, <https://www.nirc.gov.au/tourism-economic-development-plans-reports>.

²¹ Annual visitor survey statistics provided by NIRC.

²² Annual visitor survey statistics provided by NIRC.

²³ Australian Trade and Investment Commission (2024), Tourism Research Australia, estimates for the year ending June 2023 from the national visitor survey (Table 1a).

Table 7: Estimated tourism expenditure or tourism exports

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Number of visitors	26,602	29,732	28,363	26,096	20,295	19,382	21,732	32,232	30,629
Average nights per visitor	7	7	7	7	7	7	7	7	7
Other spend per visitor per day	\$90	\$97	\$96	\$98	\$93	\$103	\$111	\$102	\$98
Accommodation expenditure per visitor per day	\$88	\$91	\$94	\$97	\$102	\$107	\$106	\$134	\$126
Total expenditure per visitor per day	\$178	\$188	\$190	\$195	\$195	\$209	\$216	\$236	\$224
Total	\$32.7m	\$38.5m	\$36.9m	\$34.6m	\$26.7m	\$28.2m	\$34.1m	\$53.5m	\$47.3m
Average expenditure per trip per visitor	\$1,229	\$1,295	\$1,300	\$1,327	\$1,317	\$1,455	\$1,569	\$1,661	\$1,544

Source: DeltaPearl Partners estimates based on various sources, as follows. Number of visitors: Norfolk Island Regional Council (2023), Scheduled Airline Incoming Passengers Statistics, <https://www.nirc.gov.au/tourism-economic-development-plans-reports>. Average length of stay and average expenditure, excluding airfares and accommodation: Annual visitor survey statistics provided by NIRC. Average accommodation expenditure: Australian Trade and Investment Commission (2023), Tourism Research Australia, estimates for the year ending June 2023 from the national visitor survey (Table 1a).

Note: Data based on the NIRC Annual Visitor Survey (average length of stay and average expenditure) should be treated with caution because of the low response rate and voluntary nature of this survey.

Estimates of tourism exports indicate that, on average, visitors to Norfolk Island stayed seven days and spent about \$224 per person per day in FY2024, or nearly \$47.3 million. The tourism export calculations above are based on visitors who travelled to Norfolk Island by air rather than those who arrived via cruise ship. However, only a few tourists visited Norfolk Island daily via cruise ships.

Council's forecasts of the attraction of smaller cruise ships and related onshore services and visits are shown in Table 8.

Table 8: Expected cruise ships in Norfolk Island in 2023 and 2024

	Total Cruise	Large Cruise	Average Passengers	Boutique	Average Passengers	Total Passengers
2023	11	8	2,000	4	300	17,200
2024	14	7	2,000	7	300	16,100

Source: NIRC (2023), Ordinary Council Meeting, November 2023.

The total visitor expenditure attributed to tourists arriving via cruise ships is estimated at \$1,577,800, based on the day trip expenditure of \$98 per person per day (Table 7) multiplied by the number of passengers expected to visit the Island in FY2024.

In FY2024, the total estimated value of tourism exports was \$48.9 million.

6.4.2. Goods exports

While tourism is vital to Norfolk Island's economy and exports, obtaining goods trade data from the ABS and the Australian Border Force is challenging. Various factors include irregular shipping

schedules, weather-related constraints on cargo unloading, high freight costs, the need to protect commercial information, and limited data availability.

Total cargo volumes from Brisbane increased by 16% between FY2022 and FY2023. Waste exports from the island are a significant export item. The value data underlying the volume data provided by NIRC are unavailable. During FY2023, the Australian Government approved 11 additional flights, and over 110 tonnes of essential food items (milk, flour, meat) were flown in due to extreme delays and a lack of shipping services.²⁴

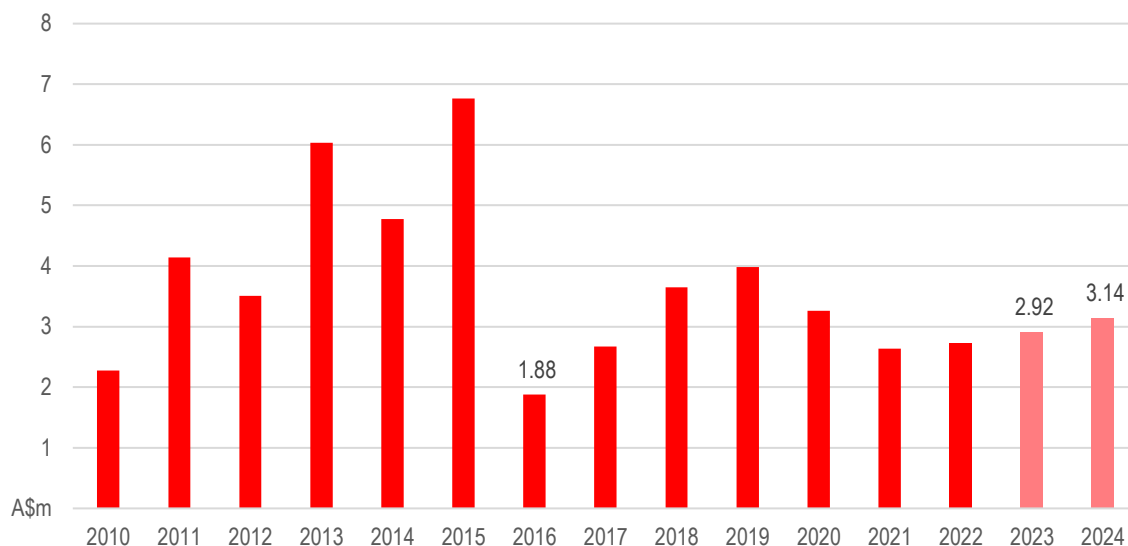
Norfolk Island had limited merchandise export connections with other countries.

The Observatory of Economic Complexity (OEC) is a leading tool for visualising international trade data. It provides access to over 50 years of global trade data through millions of interactive visualisations. It includes subnational-level data for dozens of countries, including Norfolk Island. The data for Norfolk Island is directly sourced from public customs records, making it highly relevant to the island. The most recent data available for Norfolk Island is for the calendar year 2022.

According to OEC data for 2022, Norfolk Island imports more goods than it exports, exported US\$1.96 million and imported US\$28.1 million. The top exports of Norfolk Island in 2022 are led by Sowing Seeds (US\$379k), Ketones and Quinones (US\$245k), Copper Powder (US\$223k), Stone Working Machines (US\$116k), and Motor vehicles; parts and accessories (US\$111k). The most common destinations for the exports of Norfolk Island are India (US\$316k), Belgium (US\$279k), the United States (US\$271k), Malaysia (US\$261k), and Singapore (US\$192k).

Figure 12 provides the total goods exports from Norfolk Island. This data informed estimates of the total value of exports for 2023 and 2024 based on the growth of the world's GDP, an indicator of export growth.

Figure 12: Goods exports from Norfolk Island, FY2010 to FY2024.



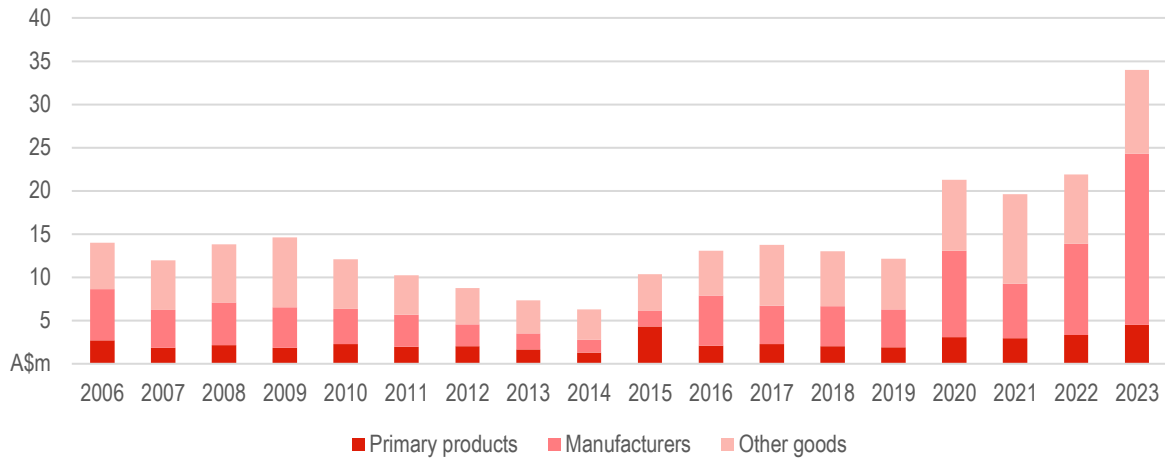
Source: OEC data converted into Australian dollars based on the average RBA exchange rate.

²⁴ https://www.infrastructure.gov.au/territories-regions-cities/territories/norfolk_island/administrator/media/2021/ni-a-mr-202119

6.5. Imports

DFAT, NZ Statistics, and OCE are the data sources for calculating merchandise imports into Norfolk Island. Australia is a crucial provider of essential goods for Norfolk Island. Figure 13 shows the historical value of merchandise imports from Australia. According to DFAT data, Norfolk Island imported approximately A\$34 million, primarily manufactured goods from Australia in CY2023, which is an increase of 55% on the previous year.

Figure 13: Norfolk Island imports from Australia, CY2006 to CY2023



Source: DFAT Trade data, <https://www.dfat.gov.au/trade/trade-and-investment-data-information-and-publications/trade-statistics>, accessed 4 August 2024.

Table 9 lists the main imports from Australia in 2023. Machinery and equipment dominate the imports from Australia, followed by food, beverages, and tobacco.

Table 9: Norfolk Island imports from Australia in CY2023.

TRIEC-4 digit	\$000	%
3019 Miscellaneous merchandise trade nes	9,124	26.8%
2431 Machinery for specialised industries	5,125	15.1%
2439 Other engineering products nes	3,558	10.5%
1219 Preparations of food, beverages & tobacco nes	3,531	10.4%
2433 Road motor vehicles & parts	2,319	6.8%
2434 Other transport equipment & parts	1,588	4.7%
2449 Other miscellaneous manufactured articles nes	1,516	4.5%
2441 Household equipment	1,017	3.0%
2442 Textiles clothing & footwear	820	2.4%
2435 Professional scientific & controlling instruments & apparatus	770	2.3%
2432 Office & telecommunications equipment & parts	639	1.9%
2311 Non-metallic mineral manufacturers simply transformed	475	1.4%
2421 Pharmaceutical products	426	1.3%
2423 Plastics & articles of plastic	370	1.1%
3012 Gold coins & other coins that are legal tender	326	1.0%
2412 Iron & steel elaborately transformed	313	0.9%
1211 Meat & meat preparations	290	0.9%
2425 Other semi-manufactures elaborately transformed	249	0.7%
All other	1,528	4.5%
Total merchandise imports	33,986	100%

Source: DFAT Trade data, <https://www.dfat.gov.au/trade/trade-and-investment-data-information-and-publications/trade-statistics>, accessed 4 August 2024

Table 10 summarises the monthly merchandise imports from Australia over the past two financial years, showing significant fluctuations due to diverse shipping schedules to Norfolk Island. These variations are influenced by weather conditions, shipping vessel availability, and other logistical considerations.

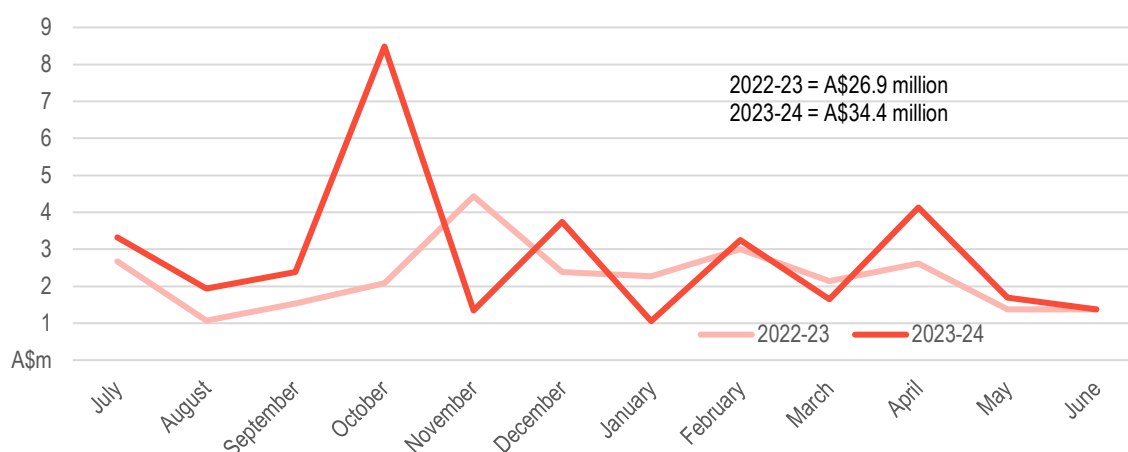
According to DFAT data, Norfolk Island imported \$34.4 million worth of merchandise goods from Australia in FY 2024, marking a 27.6% increase over the previous financial year from Australia.

Table 10: Norfolk Island imports from Australia, FY2023 and FY2024.

	2022-23	2023-24	Change
	A\$000	A\$000	%
Agriculture	3,437	5,299	54.2
Minerals and fuels	218	327	49.8
Manufacturers	14,411	19,057	32.2
Other goods	8,869	9,679	9.1
TOTAL	26,935	34,362	27.6

Source: DFAT Trade data, <https://www.dfat.gov.au/trade/trade-and-investment-data-information-and-publications/trade-statistics>, accessed 4 August 2024

Figure 14: Norfolk Island monthly imports from Australia.



Source: DFAT Trade data, <https://www.dfat.gov.au/trade/trade-and-investment-data-information-and-publications/trade-statistics>, accessed 4 August 2024.

Norfolk Island imported NZ\$7.5 million (FOB basis) goods from New Zealand in FY2024.²⁵ A 23% increase in merchandise imports from New Zealand compared to the previous fiscal year.

According to official data from Australia and New Zealand, the total value of goods exported by these two countries to Norfolk Island in FY2024 is estimated to be around **A\$42 million**.

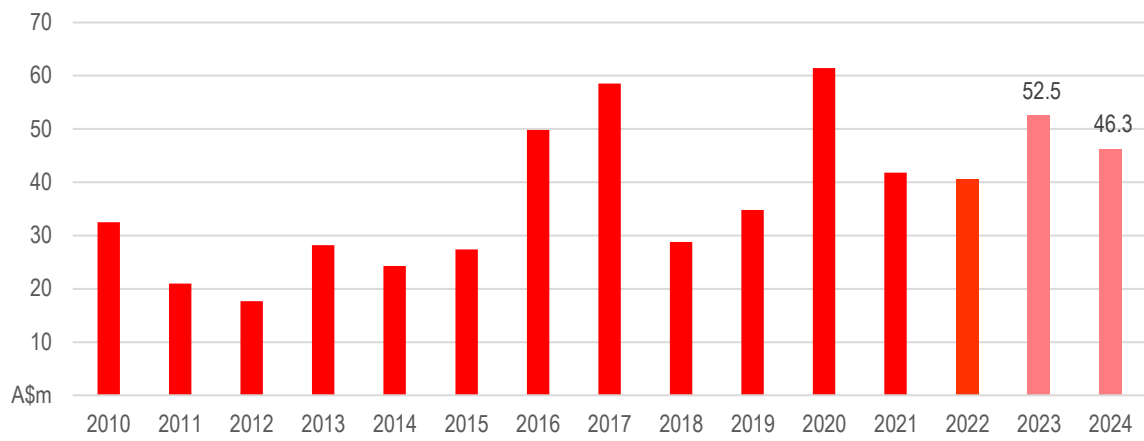
According to OCE data, in CY 2022, the top imports of Norfolk Island are Non-Knit Women's Suits (US\$5.41 million), Refined Petroleum (US\$2.63 million), Raw Tobacco (US\$1.47 million), Electrical Lighting and Signalling Equipment (US\$1.1 million), and Other Edible Preparations (US\$597,000), importing mainly from Australia (US\$9.68 million), Philippines (US\$5.29 million), New Zealand (US\$4.75 million), Fiji (US\$2.6 million), and Brazil (US\$1.96 million).

However, the OCE data for Australia needs to be more consistent with the DFAT data for Norfolk Island. The DFAT data for CY2022 shows that Australia exported nearly A\$22 million worth of goods to Norfolk Island, while the OCE data indicates that Norfolk Island imported US\$9.68 million, or A\$14 million, from Australia. Figure 15 depicts Norfolk Island's estimated total goods imports from all countries.

The value of goods imports declined by nearly 4% due to the decline in number of visitors to Norfolk Island in FY2024.

²⁵ <https://www.stats.govt.nz/large-datasets/csv-files-for-download/overseas-merchandise-trade-datasets/#yearly>

Figure 15: Goods imports to Norfolk Island, FY2010 to FY2024



Source: OEC data converted into Australian dollars based on the average RBA exchange rate between Australia and the United States. DeltaPearl Partners estimated the import values for FY2023 and FY2024.

7. Norfolk Island GTP in FY2024

Table 11 summarises Norfolk Island's GTP in FY2024 based on the income and expenditure approaches discussed and calculated in the above sections.

Based on the data sources and assumptions, Norfolk Island's GTP in FY2024 is estimated at \$139.4 million, reflecting a 1.9% annual decrease.

Table 11: Estimated Norfolk Island's GTP in FY2023 and FY2024

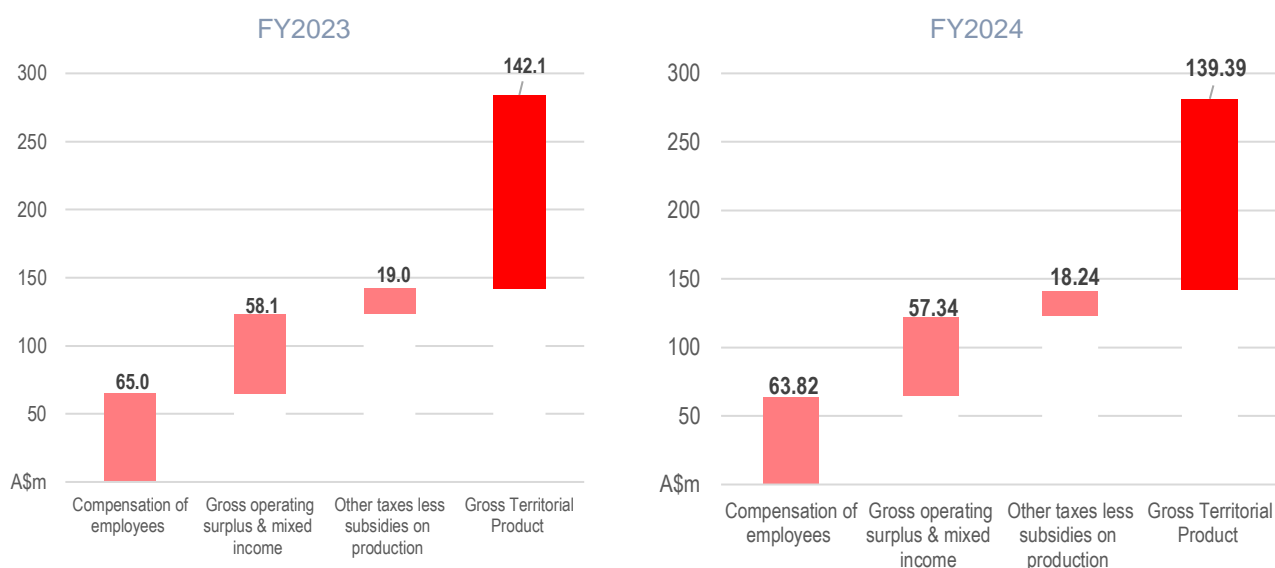
Income approach				
	2022-23 (revised)		2023-24	
	A\$m	%	A\$m	%
Compensation of employees	65.0	45.7%	63.82	45.8%
Gross operating surplus and mixed income	58.1	40.9%	57.34	41.1%
Other net production taxes	19.0	13.3%	18.24	13.1%
Gross Territorial Product (GTP)	142.1	100.0%	139.39	100.0%
Expenditure approach				
Private final consumption expenditure	81.7	57%	85.45	61%
Government expenditure	32.0	23%	27.34	20%
Gross fixed capital formation				
<i>Private</i>	5.1	4%	6.37	5%
<i>Public</i>	19.5	14%	17.20	12%
Exports				
<i>Tourism</i>	53.5	38%	48.88	35%
<i>Merchandise</i>	2.8	2%	3.14	2%
Imports	-52.7	-37%	-48.99	-35%
Gross Territorial Product (GTP)	142.1	100%	139.39	100%

Source: DeltaPearl Partners estimates based on various sources

Figure 16 provides the income side components of the GTP in FY2024.

- Labour income constitutes 46% of GTP, followed by operating surplus and mixed income (41%).
- Of the estimated 2,214 residents²⁶ 1,098 were employed at an average annual employee compensation of \$58,136, approximately 22% lower than the average yearly compensation for employees on the Australian mainland.

Figure 16: Norfolk Island GTP – Income Approach, FY2023 and FY2024



Source: DeltaPearl Partners estimates based on various sources

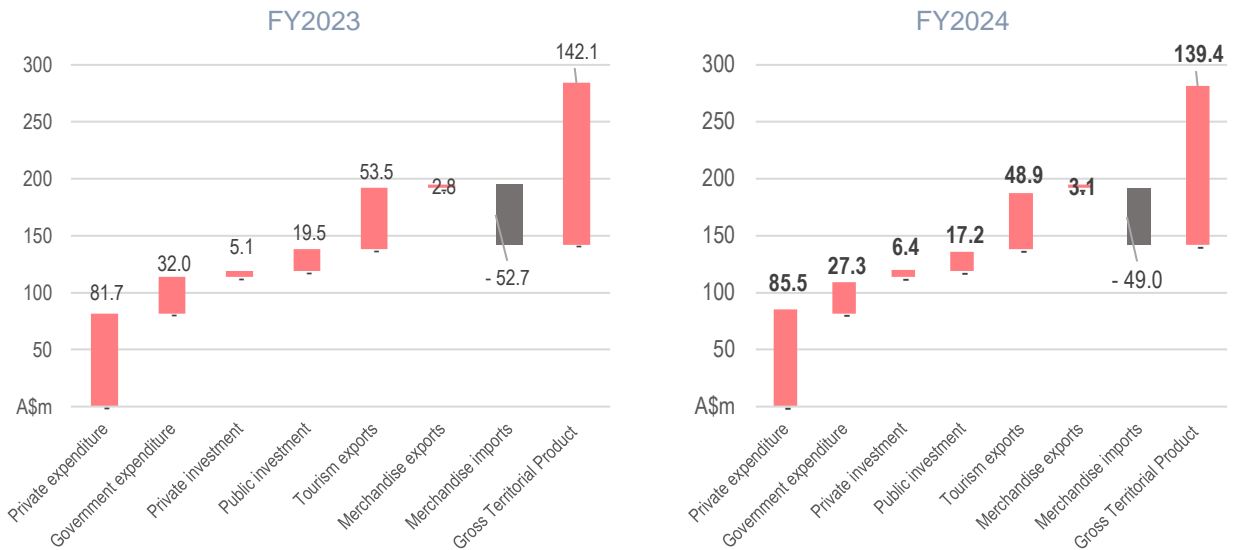
Figure 17 provides the expenditure side components of the GTP in FY2023 and FY2024.

- Tourism is an essential contributor to Norfolk Island’s GTP.
- In FY2024, Norfolk Island attracted 30,629 visitors; down slightly from 32,232 visitors in FY2023.
 - The tourism estimates for Norfolk Island indicate that the average duration of stay for visitors is seven days in FY2023. During their stay, visitors spend approximately \$236 per person per day. This level of spending amounts to nearly \$53.5 million, which represents a significant 37.7% of the entire Norfolk Island economy.
 - During their stay in FY2024, visitors, on average, spend approximately \$224 per person per day. This level of spending amounts to nearly \$48.88 million, which represents a significant 35.1% of the entire Norfolk Island economy.
- Private demand for goods and services is another significant driver of economic activity on Norfolk Island. It contributed 61% to GTP in FY2024.
 - On average, Norfolk Island residents consume 18% less in value terms than mainland Australians. The prices on Norfolk Island are relatively higher than those on the mainland, but the volume and the composition of goods and services consumed differ, and barter is common.
- The government sector is a significant component of expenditure on Norfolk Island. Government service provision demands goods and services from Norfolk Island and the mainland, another significant driver for the GTP. Government expenditure (excluding wages) contributed 20% to the GTP in FY2024.

²⁶ As at end of FY2024.

- For estimation purposes, the capital grants received by the NIRC were used as a proxy for government investment in Norfolk Island infrastructure. The estimated government investment, both private and public, contributed 17% to the GTP.
- As most goods were imported into Norfolk Island, the net goods trade is significantly negative. After accounting for tourism exports, the overall trade balance is slightly positive and contributed about 2.3% to the GTP.

Figure 17: Norfolk Island GTP – Expenditure Approach, FY2023 and FY2024



Source: DeltaPearl Partners estimates based on various sources

The estimated per capita GTP (current prices) for Norfolk Island was \$62,959, significantly lower than the mainland GDP per capita, which was \$98,702 in FY2024.

8. An estimation of 10 years of GTP

Figure 18 summarises the estimated nominal GTP and real (inflation-adjusted) GTP levels for Norfolk Island.

The average annual nominal GTP growth between FY2014 and FY2024 was 5.55%, higher than the Australian nominal GDP growth of 5.3% for the same period.

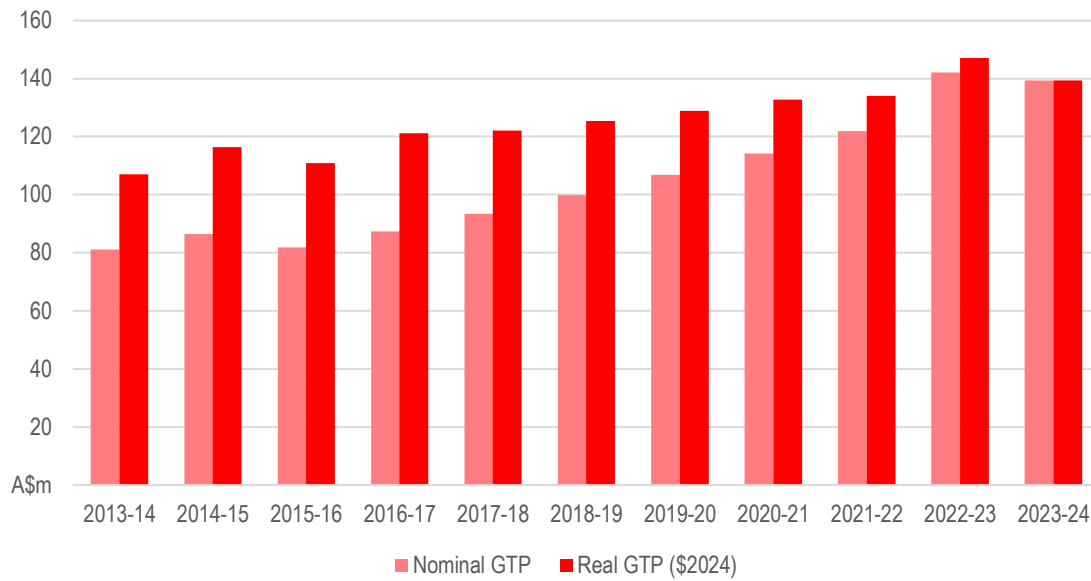
The real GTP for Norfolk Island was calculated using the Retail Price Index (RPI), sourced from NIRC, which reinstated the inflation calculation for the island in 2022. On Norfolk Island, inflation movements have largely aligned with those experienced in mainland Australia and New Zealand. For the June 2024 quarter (Q2) on Norfolk Island:

- Quarterly inflation was 0.56% using the new basket of goods, weights, and model, compared with 0.98% in the March quarter (Q1 2024) and 2.46% in the December quarter (Q4 2023) using the old model and weights.
- Using the old weights and model, annualised inflation was 2.42%, compared with 1.84% up to the end of the March quarter (Q1 2024) and 1.25% up to the end of the December quarter (Q4 2023).

In comparison, Australia's annualised inflation for FY2024 was 3.8%, while New Zealand's quarterly inflation rate for FY2024 was 3.3%.

Between FY2014 and FY2024, the estimated real (inflation-adjusted) average annual GTP growth on Norfolk Island was 2.79%, higher than the Australian real yearly real GDP growth of 2.31%.

Figure 18: Nominal and real GTP of Norfolk Island, FY2014 to FY2024



Source: DeltaPearl Partners estimates based on KPMG (2019) and various sources outlined above.

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10. Appendix A: Methodology and Previous Estimates

10.1. Methodology

DeltaPearl Partners' GTP methodology is consistent with guidelines provided by the ABS,²⁷ the Organisation for Economic Cooperation and Development (OECD),²⁸ and the Australian Department of Infrastructure, Transport, Regional Development, Communication, and the Arts.²⁹

The ABS publications present three methods of estimating GDP in the Australian System of National Accounts: the output, income, and expenditure methods. In Australia, the combined presentation of the three methods is referred to as the GDP accounts. Although each measure should result in the exact estimate of GDP conceptually, different estimates of GDP are obtained when the three measures are compiled independently using various data sources. However, integrating the annual Australian national accounts estimates with annual balanced Supply-Use tables ensures that the exact estimate of GDP is obtained for all three approaches for years in which these tables are available. Figure 19 illustrates the measurement of GDP in these three ways.

Figure 19: An illustration of GTP measures in a supply-use framework

	FOR USE	Intermediate Usage							Final Use												
		Industry 1	Industry 2	Industry 3	Industry 4	Industry 5	Industry 6	Industry 7	Total Intermediate use	Final Consumption Expenditure	Final consumption – Households	Final consumption – Government	GrossFixed Capital Formation - Private	GrossFixed Capital Formation – Pub. Ent.	GrossFixed Capital Formation – Gen Govt.	Change in Inventories	Exports	Final Demand	Final Use		
	FROM INDUSTRY																				
Intermediate Inputs	Industry 1																				
	Industry 2																				
	Industry 3																				
	Industry 4			Quadrant 1									Quadrant 2								
	Industry 5			Intermediate Usage											Final Usage						
	Industry 6																				
	Industry 7																				
	Total intermediate use																				
Primary Inputs	P1 Compensation of Employees																				
	P2 Gross Operating Surplus and Mixed Income																				
	P3 Taxes Less Subsidies on Products			Quadrant 3									Quadrant 4								
	P4 Other Taxes less Subsidies on Production			Primary Inputs to Production											Primary Inputs to Final Usage						
	P5 Complementary Imports																				
	P6 Competing Imports																				
	Australian Production																				

Source: ABS's System of National Accounts (2021).

DeltaPearl Partners has developed a supply-use table (SUT) for Norfolk Island based on various publicly available data sources to estimate the GTP consistently across three methods. SUTs are

²⁷ <https://www.abs.gov.au/statistics/detailed-methodology-information/concepts-sources-methods/australian-system-national-accounts-concepts-sources-and-methods/latest-release>

²⁸ <https://data.oecd.org/gdp/gross-domestic-product-gdp.htm>

²⁹ Australian Government, Department of Infrastructure, 2019, *Measuring Gross Regional Product*. Available at: <https://www.bitre.gov.au/publications/2019/measuring-gross-regional-product>

accounting schemes in the form of matrices that record goods and services originating from domestic industries or imports and how these supplies are allocated to various intermediate or final uses, including exports (see Figure 20).

SUTs increase the quality of GTP and related aggregates by providing a framework to detect and resolve inconsistencies in different data sources. They are also powerful analytical tools that permit users to access information on detailed production functions, consumption, export, and import baskets or to derive input-output tables, adding to the analytical usefulness of these statistics.³⁰

The GTP in this study is estimated in nominal terms (current prices) in FY2024, backdated to KPMG (2019) estimates for FY2014, and expressed in real terms (2024 prices) between FY2014 and FY2024 using established retail price inflation data for Norfolk Island developed by DeltaPearl Partners.

Figure 20: Approaches to Measuring GDP

GDP Production Approach
 The GDP production approach (GDP(P)) derives from the concept of value added. Gross value added is the difference between output and intermediate consumption. GDP is the sum of the gross value added of all resident producer units, plus taxes on products minus subsidies on products.³¹

$$GDP(P) = Output - Intermediate\ use + taxes\ on\ products - subsidies\ on\ products$$

GDP Expenditure Approach
 GDP is equal to the sum of the final uses of goods and services (all uses except intermediate consumption) measured at purchasers' prices, less the value of imports of goods and services. This derivation is called GDP, and it is measured by the expenditure approach (GDP(E)).
 The 2019 estimate employed this approach, excluding gross capital formation or investment, to measure Norfolk Island's GTP.

$$GDP(E) = Final\ consumption\ expenditure\ by\ households\ (C)\ and\ Government\ (G) + Gross\ Capital\ Formation\ (I) + Exports\ of\ Goods\ and\ services\ (X) - Imports\ of\ goods\ and\ services\ (M)$$

GDP Income Approach
 The GDP also equals the sum of primary incomes distributed by resident producer units. This derivation is called GDP, and it is measured by the income approach (GDP(I)).

$$GDP(I) = Compensation\ of\ Employees\ (COE) + Gross\ Operating\ Surplus\ (GOS) + Gross\ Mixed\ Income\ (GMI) + (Taxes\ on\ Production\ and\ Imports - Subsidies\ on\ Production\ and\ Imports\ (Net\ taxes))$$

Source: ABS's System of National Accounts (2021).

10.2. Comparison with previous GTP estimates

Since the mid-1990s, various attempts have been made to estimate the size of the Norfolk Island economy. The Commonwealth Grants Commission (CGC) made several attempts, followed by ACIL Tasman (2012), CIE (2014), and KPMG (2019). These studies vary in the methodology used and the period assessed.

Table 12 compares Norfolk Island GTP in FY2023 and FY2024 with previous GTP estimates. Although they are not strictly comparable due to differences in data sources and methodologies, they nonetheless provide an estimate of GTP.

³⁰ International Monetary Fund (2018), An algorithm to balance Supply and Use Tables, prepared by Michael Stanger, Statistics Department. <https://www.imf.org/en/Publications/TNM/Issues/2018/11/02/An-Algorithm-to-Balance-Supply-and-Use-Tables-46033>

³¹ (ABS (2006) Product taxes are payable on goods and services when they are produced, delivered, sold, transferred, or otherwise disposed of by their producers. GST, customs duties, excise taxes and taxes on financial and capital transactions are examples of taxes on products.

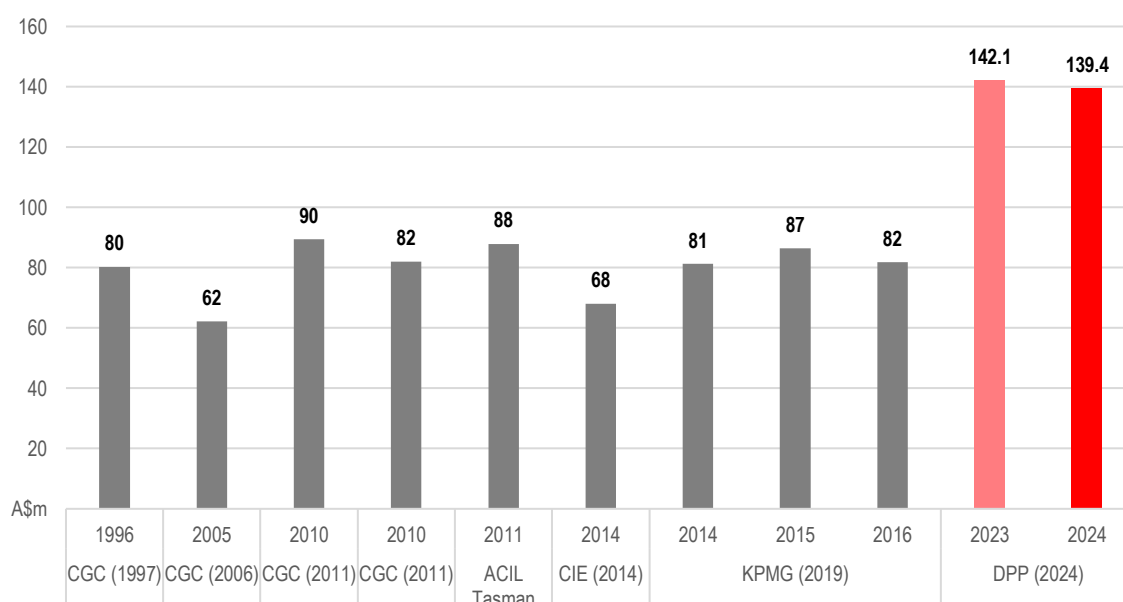
As seen from Table 12, most earlier estimates suggest that Norfolk Island's GTP for 2014–2016 was in the range of \$80–\$90 million per year. The main outlier is the estimate of CGC (2006), which, at approximately \$62 million annually, is much lower than the other estimates. Per capita income estimates equate to \$45,000–\$50,000 per person (or around \$32,000 per person based on the CGC's 2006 estimate), compared with Australia's GDP per capita of nearly \$68,672 in 2013-14.

Table 12: A comparison of Norfolk Island's GTP estimates

Study	Financial year	GTP (\$ million)	Norfolk Island population	GTP/person	Australian GDP/person
CGC (1997)	1996	80	1,772	\$45,316	\$29,198
CGC (2006)	2005	62	1,915	\$32,428	\$46,171
CGC (2011)	2010	90	1,815	\$49,311	\$59,663
CGC (2011)	2010	82	1,815	\$45,179	\$59,663
ACIL Tasman (2012)	2011	88	1,795	\$48,969	\$63,991
CIE (2014)	2014	68	1,670	\$40,719	\$68,672
KPMG (2019)	2014	81	1,757	\$46,215	\$68,672
KPMG (2019)	2015	87	1,752	\$49,372	\$68,736
KPMG (2019)	2016	82	1,756	\$46,583	\$69,175
DeltaPearl Partners (2024) revised	2023	142.1	2,209	\$64,312	\$96,110
DeltaPearl Partners (2024)	2024	139.4	2,214	\$62,959	\$98,702

Source: Various.

Figure 21: A comparison of Norfolk Island's GTP estimates



Source: Various.

