



6.3 Other Revenue Raising Options

Other new revenue options still require serious consideration even though they will undoubtedly be unpopular. However it is essential to the long term sustainability of Norfolk Island for new revenue raising options to be identified and implemented. This does not negate the need to address current barriers to expenditure reductions as previously identified, or to fully explore strategies to increase the efficiency and effectiveness of current service delivery.

The revenue required by Administration is far greater than can be achieved through expenditure cuts alone.

Recommendation 30

That approval be given for intense investigation into new revenue options as soon as practicable.

Attachment 19 reviews issues of taxation design that need to be considered when looking at any new tax. The tables below outline some of these areas, describing the criteria for assessing the appropriateness of proposed revenue streams:

Criteria	Comment
Equity (Progressive or Regressive)	Is it Fair? A <u>progressive tax</u> is one that seeks (in some measure) to redistribute wealth. An example of this may be a GST that has a high rate on luxury goods but does not tax staple foods. A <u>Regressive tax</u> is one which does not seek to address this issue. For example, a Poll Tax or Head Tax.
Certainty	Will it be possible to accurately predict revenue?
Minimise Avoidance	Is it difficult to avoid?
Convenience	Are there convenient payment options?
Ease of Implementation	Can it be implemented without undue complexity and cost?
Efficiency	Is there a good balance between the cost of Implementation and the associated revenue?
Transparent	Is it likely that the public will clearly understand the basis of the tax or charge?
Not focused on taxing tourists	Does it avoid increasing taxes on tourists?
Not dependent on a Govt Business Monopoly	Does it support the "level playing field" approach of Competition Policy?
Applies User Pays Principles	Is it based on payment for use of a service?
Likelihood of Public Acceptance	How likely is it to be acceptable to the public?



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Using these criteria taxes and charges can be assessed using the following matrix.

	Equity	Certainty	Minimises Avoidance	Convenience	Ease of Implementation	Efficiency	Transparent	Not Focused on Tourists	Not Government Monopoly	User Pays	Likelihood of Public Acceptance	Total (Revenue Options)
Taxes:												
Income Tax												
GST												
Land Rates												
Customs Duty												
Capital Gains Tax												
Charges:												
Trunk Calls												
Local Calls												
Vehicle Rego												
Waste Disposal												
Total (Criteria)	0	0	0	0	0	0	0	0	0	0	0	0