



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

JOINT STANDING COMMITTEE ON THE NATIONAL CAPITAL  
AND EXTERNAL TERRITORIES

**Reference: Changing economic environment in the Indian Ocean territories**

WEDNESDAY, 28 OCTOBER 2009

CANBERRA

BY AUTHORITY OF THE PARLIAMENT



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**JOINT STANDING**  
**COMMITTEE ON THE NATIONAL CAPITAL AND EXTERNAL TERRITORIES**  
**Wednesday, 28 October 2009**

**Members:** Senator Lundy (*Chair*), Mr Secker (*Deputy Chair*), Senators Crossin, Ferguson, Humphries and Joyce and Mr Adams, Ms Burke, Ms Annette Ellis, Mr Neville and Mr Turnour

**Members in attendance:** Senators Crossin, Ferguson, Humphries and Lundy and Mr Adams, Ms Burke and Mr Secker

**Terms of reference for the inquiry:**

To inquire into and report on:

The changing economic environment in the Indian Ocean Territories giving consideration to current arrangements, barriers to business development and future need with regard to:

- a. communication services such as broadband internet, digital television and mobile telephony;
- b. transport services and costs including passenger and freight transport;
- c. Commonwealth Government services and programs;
- d. the operation of businesses in the region;
- e. cost and availability of housing; and
- f. the impact of climate change.

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**Committee met at 12.48 pm**

**CHAIR (Senator Lundy)**—Welcome. Firstly, I require a resolution for the receipt of submissions listed in the briefing paper to be received and authorised.

**Mr ADAMS**—I move that.

**Mr SECKER**—I second that.

**CHAIR**—Thank you. That resolution is moved and carried. I declare open this public hearing of the Joint Standing Committee on the National Capital and External Territories. The committee is inquiring into the changing economic environment in the Indian Ocean Territories. Today we will hear from the Department of Broadband, Communications and the Digital Economy, Mr Nyall Ledger and Mr John Sorensen. The evidence given today will be recorded by Hansard and attracts parliamentary privilege. Before introducing the witnesses, I will refer members of the media who may be monitoring this hearing to the need to fairly and accurately report the proceedings of this committee.

[12.49 pm]

**BRYANT, Mr Simon, Assistant Secretary, Australian Broadband Guarantee Branch, Department of Broadband, Communications and the Digital Economy**

**LYONS, Mr Colin, Deputy Secretary, Infrastructure Group, Department of Broadband, Communications and the Digital Economy**

**CHAIR**—I now welcome representatives of the Department of Broadband, Communications and the Digital Economy to today's hearing. Although the committee does not require you to give evidence on oath, I should advise you that these hearings are legal proceedings of the parliament and therefore have the same standing as the proceedings in the respective houses. You have indicated that the Department will not present a written submission to the inquiry. Do you wish to make an opening statement to the committee?

**Mr Lyons**—No. We are happy to try and answer questions as well as we can and if there are particular issues that we cannot supply information on, we are happy to get back to the committee with those answers as soon as possible.

**CHAIR**—I appreciate that and given the time constraints and the late start of this public hearing there may well be several questions to be taken on notice. Your cooperation in that regard will be greatly appreciated.

**Mr SECKER**—Have you had any requests for mobile telephone use in the Cocos Islands? Unless it has changed they do not work there and even the satellite service is pretty dodgy.

**CHAIR**—On the Cocos Islands the mobile telephony service has been patchy to say the least. It does not currently function on Home Island and I understand there is a relatively patchy service still on West Island. Are you able to update the committee on the status of mobile services on Cocos?

**Mr Lyons**—I am not. I do not have that information. I will check in the department in terms of representations we have had. There is a satellite phone subsidy scheme for people who do not have terrestrial mobile reception. I can undertake to find out the extent to which there have been applications submitted there or the extent to which communities on the island are actually aware of that scheme.

**CHAIR**—The issue is that there is a service available. My understanding is that they are ineligible for the satellite service.

**Mr Lyons**—Is it a performance issue?

**CHAIR**—It is a performance issue—Cocos Islands is supported by the local ISP, Christmas Island Internet Administration. My understanding is that on Cocos Islands the decision by that ISP to provide mobile telecommunications services effectively relinquishes accessibility to other subsidised programs. But because it has fallen over on Home Island it becomes a question of

what happens now and who does that responsibility fall with. Telstra was effectively excluded from the customer service guarantee, to any extent that it could possibly be attributed to a mobile phone service anyway, by virtue of the continuing presence of a pretty low-grade PSTN providing dial up internet connections of about 14.4 kilobits per second on Cocos.

What we found on our visit to the islands recently was that Christmas Island Internet Administration expressed the view at the hearing that they are considering their future on Cocos Islands. Their presence there has also rendered things like the broadband service guarantee ineligible because they have been deemed as a metro comparable service level on Cocos because of Christmas Island Internet Administration's investment. That investment is subsidised. It is a long story; I will not go into it. Suffice to say their circumstances are unusual.

Their circumstances have, by and large, prevented individuals from accessing subsidised and support programs for broadband internet access, but the company currently providing that broadband internet access and mobile telephony is considering their future on Cocos. That presents a very serious situation for residents there with that mobile service in a state of disrepair and uncertainty about the future. We do know that the technical person working for Christmas Island Internet Administration plans to leave the island late this year. We are actually heading for a crisis. I think probably the best thing we can do is encourage you to investigate and report back to the committee on what options BCDE believe are available for securing broadband connectivity at an affordable price and reliable mobile telephone services on Cocos Islands in particular. I could talk about this forever. It is unique.

**Mr Lyons**—They are caught between two—

**CHAIR**—It is unique. The complicating issue, and I would be really interested in the department's view on this, is that there is a government presence through the Attorney-General's Department on Cocos and on Christmas. They procure their own two meg connection with the satellite so in that sense are separate to the business case that Christmas Island Internet Administration is able to run.

But there are all kinds of issues emerging from that as well, like AG's own investigations as to what their connectivity needs are for the future and how that could possibly impact positively and negatively on the prospect for the continuation of a private company's—or a not-for-profit in Christmas Island Internet's case—services on that island. It is coming to a head and our report will be critiquing not only this level of service but also issues relating to digital television and radio coverage and so forth. We think there will be a lot there for you to respond to. By having you appear here today, we invite you to investigate for yourself and come up with your own thoughts and ideas, and provide evidence back to the committee about where you think it is going.

**Mr Lyons**—We would be happy to do that. I think you are more familiar with the details on the islands than we are. It does seem as though they have been caught between two stools; between having a provider there that is making them ineligible to receive government subsidised programs and the performance being patchy and their future uncertain. I am not sure, but if they did withdraw the broadband services on those islands then those people would be eligible for the broadband guarantee—but it may not be as simple as that.

**CHAIR**—It is not as simple as that because you need someone there.

**Mr Lyons**—You need an ISP to want to do it.

**Mr Bryant**—It might be useful for me to give you a bit of background from our perspective because we have had dealings, overtures and inquiries from both of those territories going way back to the start of the HiBIS program in 2005. The challenge has always been remote location. Over the years we have had various satellite providers under our program express an interest in possibly going there. We got to the stage where one of our registered providers—Clear Networks—I think in 2007 was proposing to enter a partnership with the Christmas Island Internet Administration to establish an upgraded wireless network. That ultimately fell through. I think one of the difficulties was the provider actually being able to overcome the logistical challenge of actually dealing with that remote location.

As you say, the Christmas Island Internet Administration does have a metro-comparable service. That plan was actually developed to meet our requirements. Therein lies a bit of story in that they were quite keen, obviously, to maintain their presence at that time. Our best technical advice, bearing in mind that it is very difficult to understand exactly what is going on without going over there and doing a detailed investigation, was that the service was functioning but was probably not very sustainable and robust going into the future. What you say does not surprise me at all—that they are considering relinquishing that. I agree with you that we need to think through how we can proactively support the replacement service out there. I think the added issue, and it is one that Colin may wish to comment on in overview, is the role of the NBN in covering that area as well.

**CHAIR**—Yes, that was my next question. With the advent of the NBN, notwithstanding the current debates going on in the chamber, but working on the basis that we will have an NBN that will be required to deliver 12 megabits per second to the citizens on these islands, it has put the committee in a position where I would like to reflect, in deference to my colleagues here, on what those options may look like in our report—to achieve that in anticipation of knowing that is where we want to go; rather than report and recommend on the basis of what an interim measure may look like in anticipation of NBN, if you understand my point.

**Mr Bryant**—Yes, I do.

**CHAIR**—It really does become a question of: if there is investment to occur on Cocos Islands specifically at this stage, ought that investment be of the nature that can achieve that policy outcome of 12 megabits per second at some point in the future? I would like some advice or feedback from the department as to whether, in the department's view, that is the right kind of thinking when dealing with such extreme locations such as Cocos (Keeling) Islands—which have no prospect of anything other than always getting bandwidth from a satellite and therefore, having a pre-determined cost determining the economics of connectivity on the islands regardless of who is accessing it—and what the terrestrial distribution of that bandwidth ought to look like in the context of the NBN.

**Mr Lyons**—Certainly, we are also working on the assumption that it is the government's commitment to deliver 12 megabits per second to what is called the 10 per cent, on the basis of the government's objective to get fibre to the 90 per cent, and that that includes those islands.

Also, the implementation study process is working through how that mix will operate between wireless and the satellite and what the arrangements will be for the wireless and satellite delivery—the timing, the rollout schedules. I cannot sit here and say that those issues are determined now because they are key essential issues as part of the implementation study. We are aware, and I know the government is aware, that the transition path is the other part of that equation for these 10 per cent areas—an upgrade or transition path. It is clearly an issue we are looking at as part of the implementation study but it is not something I can provide any commentary on at this stage.

**CHAIR**—Sure. Could I ask you to take on notice if you are able to describe to the committee what the range of options may look like, remembering there are a couple of unassailable facts that will not vary, and that is that Cocos will derive its bandwidth from a satellite; it will need to be distributed on-island and that includes across the bay to Home Island from the point of reception now which is on West Island. My thought is that there is probably a model of distribution on-island that could be serviced with the current two-meg download and therefore have upgradeability when the NBN policy comes into place. So there may well be some expenditure required now to distribute the existing bandwidth. Whether it is Christmas Island internet or another entity to service that need in the intervening period, whatever investment occurs, under whatever subsidy, it needs to be done so with a view that it would be effectively able to support a 12 megabits per second service, obviously with a fatter pipe from the satellite. That is really where I think we need to go. Any advice you can give on supporting or critiquing or analysing the merits of what ought to happen right now in anticipation of the NBN would be most welcome to the committee's deliberations.

**Mr Bryant**—It might be just useful for me to make a brief comment from the ABG perspective because, in a sense, with the NBN being rolled out we have to think about how ABG services are scalable to that next level of service, or move in that direction. It seems to me, just straight off the cuff, that a satellite wireless reticulation model would be the most appropriate, particularly given the topography of Cocos (Keeling) is ideal for that and clearly that is what is there now. For the committee's information, our program currently supports a WiMAX service on Yorke Peninsula in South Australia through Internode, which is actually delivering six megabits per second and is readily upgradeable to 12 megabits per second, as we are advised by Internode. I think the technology on the wireless side is there. Clearly, the impediments when looking at a remote location such as Cocos (Keeling) Islands is the cost of satellite bandwidth to support that kind of throughput. As part of my branch's role, we run a technology advisory unit and that unit is looking closely at satellite technologies and where they are going. The finding we make for having a 12 megabit service via satellite, whether it be direct to home or to a wireless reticulation infrastructure, is that the key issue in the cost and the business viability of doing it is not so much achieving the throughput, it is really how intensively the service is used—that is, what download people are doing on a monthly basis.

**CHAIR**—Yes, how fat the pipe needs to be from the satellite.

**Mr Bryant**—Yes, and that is what really drives the costs and drives the provisioning. As soon as you get up to, for example, streaming video on a large scale you are looking at some pretty enormous costs currently over satellite. That is really where the challenge is going to be.

**CHAIR**—Is anything under the current broadband guarantee program geared towards subsidising satellite download costs or the pipe from the service of the satellite in the way that we have described for the Cocos (Keeling) Islands?

**Mr Bryant**—There are a couple of things. Firstly, our biggest current satellite provider is APN and it provides a service to remote parts of Australia which we think is pretty attractive. For example, 15 gigabyte monthly downloads—I think five gigabytes at peak and 10 gigabytes of peak with speeds peaking at up to four megabits per second but averaging around one to two, which is pretty solid—costs around the \$60 to \$70 mark per month. We think this is a pretty attractive package and is welcome out there. With the current technologies that kind of performance is available already under our program. The other thing I point out to the committee is that under recent changes to our guidelines our current incentive payment is \$2,500 per premises to install and provide a satellite service for three years, but we have introduced an extra payments capability so we can have a \$6,000 per premises total payment specifically to take into account remote locations and difficult-to-reach locations.

**CHAIR**—Can you take on notice whether or not that particular APN service can service the footprint of Cocos Islands?

**Mr Bryant**—Yes, I am happy to do that.

**CHAIR**—Because the wireless reticulation of the bandwidth on the islands currently in place is in definite need of an upgrade—and I have some technical information about what is perceived as being necessary in the short term to upgrade that to be able to service higher bandwidth needs—this means that the model may well be more of a central receiver upgrade and getting the bandwidth across to Home Island rather than on a user-by-user subsidy. Does the flexibility exist within that user base subsidisation of \$2,500 or \$6,000 to consolidate that in some way to help cover the costs of the island-wide equipment upgrade?

**Mr Bryant**—If I understand the question correctly, you are saying: if the service were to fall over because it has become antiquated and does not work any more, would our program cover the costs of either replacing or substantially upgrading the wireless reticulation component, and would the provider be eligible for a subsidy if people receive that wireless service? The answer is yes.

**CHAIR**—Okay, but the issue is that they probably will not need a subsidy because they have the Cat5 in place on Home Island. The bandwidth is actually received via radio waves across the bay, but then, unusually, distributed via cables on Home Island. It is actually a different model.

**Mr Bryant**—Our program works—

**CHAIR**—It is going to be a pretty unique situation that might not technically conform with the way—

**Mr Lyons**—Are you saying that the subsidy would be needed for the wireless transmission element of it?

**CHAIR**—Yes.

**Mr Lyons**—And also for the satellite input?

**CHAIR**—Yes, for the cost of bandwidth from the satellite. Do you see what I mean?

**Mr Bryant**—Yes, I think I understand. At the end of the day if the users cannot get the required level of service, whether it be the current standard of the ABG or in future that standard is lifted, then there would be funds available to get up to the right standard. As to how it would work, there may be a commercial network there that needs to be upgraded and we can determine an upgrade payment, if the full payment is not required. That would be worked out on a case-by-case basis, as has already happened. If a particular part of the network is the problem, again those funds can be applied to that.

**Mr Lyons**—Simon can clarify for us that you still need a provider—a commercially viable provider that wants to do it and is being subsidised for that element of it and provided it is not going to be falling over in two months time.

**Mr Bryant**—That is exactly right.

**CHAIR**—Yes, I am very familiar with the criteria that a company has to meet to be eligible to access the Australian Broadband Guarantee. But my understanding is that the investment on that upgrade would currently be contingent on a change in the current circumstance as opposed to Christmas Island internet saying they are not sustainable in the future, therefore they require this kind of support now. All we have from Christmas Island internet is that they said on record they are not sure about their ongoing investment. They raised directly with the committee—for which we are very grateful—the fact that their tech support person on Cocos Island is leaving, so a lot of the questions I am asking are quite speculative in what may happen. But I do not quite know how to express what it would take for Christmas Island internet in terms of support for them other than to persist and try and replace that person.

**Mr Bryant**—If the question is whether ABG funds are available to support providers who might be struggling to be sustainable, the answer is no. It is not aimed at doing that. It is aimed at providing services through a sustainable provider where those services are not available to a sufficient standard, so I would have to say no.

**CHAIR**—That is my understanding and I think that is their understanding which is why it is a bit of a bind. I should add just for completeness that Telstra's presence on Cocos is limited to a PSTN and my understanding is their capacity for dial-up internet connection remains at 14.4 kilobits per second, so not even meeting USO standard.

**Senator FERGUSON**—I am part of the Yorke Peninsula service and have been connected with broadband through internode now for nearly 3½ years. Although I am a luddite when it comes to the intricacies of modern technology, I must tell you that I do not ever want a faster broadband speed than what I get through that wireless technology and I cannot quite understand why the rest of Australia does not have the same view. It is a wonderful service at \$40 a month.

**Mr Bryant**—We have had very positive feedback on the service from the Yorke Peninsula community.

**Senator FERGUSON**—I do not know anybody who is unhappy with internode.

**Mr Bryant**—We have had no complaints at all.

**Mr ADAMS**—In the future you will understand.

**Senator FERGUSON**—I may.

**Ms BURKE**—Sorry, I came in late. The only other issue we found on Cocos—and I am not sure it relates to what you do as well—is that the mobile phone network is not working. I am assuming you covered that off when I was not here. From our point of view it was frustrating but from a local's point of view or from the perspective of doing business or for visitors it was an issue, and it had not been working for quite some time.

**Mr Lyons**—We discussed that it is a bit of a catch-22. It makes them ineligible for a satellite phone subsidy because there is a service.

**Ms BURKE**—Yes, there is a service there, even though it is not working and has not been for quite some time.

**Mr Lyons**—We have undertaken to look at that issue as well. I am not sure how I can respond other than saying we will have a look at it.

**CHAIR**—We are short on time, so I want to ask a couple of questions on notice with respect to Christmas Island. A complaint was specifically raised with us about the requirement to share radio bandwidth in the sense that the community radio station on Christmas Island is required to share the same frequency with the mainland ABC local radio from Perth on the west coast. They expressed frustration about this from the ABC radio listener's perspective, but we can also take it for granted that whether community radio sustains a longer time service or not it would be optimal if both services could function within their own bandwidth.

**Mr Lyons**—The services received on Christmas Island for ABC radio and the community radio are both on the same bandwidth.

**CHAIR**—They take it in turns?

**Mr Lyons**—They take it in turns—a shared times sort of thing?

**Ms BURKE**—And they are missing out on the sport.

**CHAIR**—The complaint we received specifically was that because the ABC local radio transmits sport there is this horrible dilemma of loving community radio and the local content, but actually missing out on very desirable radio content that the citizens there believe they have a reasonable right to access on a continual basis. They are not asking for a local ABC on Christmas Island but they would like to get a continual service from ABC radio.

**Mr Lyons**—That community radio station is permanently licensed, you do know?

**CHAIR**—I understand so, yes. There is no question about the legitimacy of the arrangement, just a concern about the—

**Mr Lyons**—That is an issue we can probably take up with ACMA.

**CHAIR**—We thought so. The final one is the digitisation of television services. The good news is, of course, that they do receive a digital television signal from the satellite already. The trick is in the distribution. I am more familiar with Cocos, but they do distribute the signal on an analogue basis on island as the old system. What plans are in place for both Christmas and Cocos islands to distribute that digital television signal received from the satellite on a digital basis to permit the enhanced services associated with digital television?

**Mr Lyons**—You said they have got a digital input but they are only distributing the analogue chase stations; they are not distributing—

**CHAIR**—No, they are distributing it in analogue form. They receive it digitally—

**Mr Bryant**—They are getting the satellite feed to one point?

**Mr Lyons**—They are getting the services, but it is analogue?

**CHAIR**—Yes, they receive it digitally but it is like the big problem is resolved. The small problem is, essentially, the servers and the physical technology on island converts it back to analogue to pipe out across the terrestrial distribution network on Cocos Island. I am pretty sure it is the same on Christmas Island.

**Mr Lyons**—We will talk to our digital TV people.

**CHAIR**—Great. I think that is probably all we have got time for. I am happy to follow up with you and—

**Mr Lyons**—We will clarify what we can do.

**CHAIR**—Yes, if you want some follow up, ask me questions about what the situation is out there. I might be able to just point you in the right direction for more detail to help you with your inquiries.

**Mr Bryant**—Thank you for that.

**Mr Lyons**—Thanks.

**CHAIR**—Thank you very much for appearing today. We would really appreciate it if you could get any additional information to us by 4 November—which is not very far away.

[1.18 pm]

**LEDGER, Mr Nyall, Private capacity**

*Evidence was taken via teleconference—*

**CHAIR**—I welcome Mr Ledger to today's hearing. Although the committee does not require you to give evidence on oath, I should advise you that these hearings are legal proceedings of the parliament, and therefore have the same standing as proceedings of the respective houses. We have received written submissions to this inquiry from you, and now I invite you to make an opening statement to the committee.

**Mr Ledger**—I applied for a fishing licence for the Cocos (Keeling) Islands in 2004. I was granted an exemption by Mr Rogers, who was then at the Western Australian Department of Fisheries. A consultancy was to take place and apologies for the time span given for the delays in granting the exemption. Since then nothing has happened. Everything has slowed down. The director of commercial fisheries does not send emails. He does things verbally. When anything is sent, it is sent through the resource manager, Rachel Green, in a delayed format. Last year, to get the report that took nearly two years to be done by WA fisheries, I had to go through freedom of information. I actually got to talk to the fisheries director that was relieving last year, and when he found out what was going on he straightaway called for an inquiry into what was going on.

Since then nothing has happened. Everything has slowed down. The director of commercial fisheries does not send emails. He does things verbally. When anything is sent, it is sent through the resource manager, Rachel Green, in a delayed format. Last year, to get the report that took nearly two years to be done by WA fisheries, I had to go through freedom of information. I actually got to talk to the fisheries director that was relieving last year, and when he found out what was going on he straightaway called for an inquiry into what was going on.

The gentleman who did my survey in 2006 is Dr Jamie Seymour. He is the chief marine biologist from JCU and also appears on the Discovery Channel. He is one of the top people in the world in marine biology. The survey he did for me was not used and not even looked at. The reason he was called over to do a survey was to figure out not what was over on the islands but what was not seen by the people that did the first survey in 2002, who were a couple of young people who had just finished their marine biology at JCU in Townsville and were over in Cocos and commissioned by the fisheries minister. They went through and looked at the inside of the lagoon. It came through that a very low-grade fish was predominant, and they wrote that was basically all that was in the lagoon.

I went over there in 2003 and did do an extensive survey but a fast one, because I was only over there for five days, and found a fish that was medium-quality value—the same as in the Torres Strait, deepwater redfish—in significant numbers that could make a viable fishery, and I made the application in that context. That is what I was looking for. When I was over there in 2003 national parks and so on all spoke of large deepwater blackfish and also teat fish. The fisheries WA survey that was done in 2006 before Dr Jamie Seymour got there—and with no notification that they were even surveying at that time—found nothing. They only found a very

small amount of redfish. In 2004, in Cairns, Jamie Seymour and I spoke to Lindsay Joll, who was the director of commercial fisheries. He was of the understanding that Jamie, if he did go over to do a survey, was going to do the survey on the condition of looking at the survey of 2002 versus what I saw in 2003.

Rachel Green, who is the resource manager, came into the picture in June 2006. She was the one who organised the survey. She told me when I rang that I had no right to even talk about the fishery. She did not realise that my application was going through extensive selection procedures. Also, one of my referees was Mark Elmer, who was the commercial director of fisheries Queensland. He was not contacted as a referee for me. He was actually retiring from Queensland at the time. When the applications were all but over inside the fisheries, he said, 'I've never heard anything from fisheries.' I said, 'They're doing it right now.' He said: 'What's the number? They haven't rung me whatsoever. If a manager has his name as a referee he'd be the first to be contacted, because managers don't give references normally.' He rang me back and said that he gave me a good reference.

Since then it has just been a matter of ringing all the time and getting no response whatsoever from Fisheries. The thing is that when I was over there I did have public meetings, because DoTaRS wanted to know what was going on. That was through Wal Young at that stage. John Curnow was the manager of WA fisheries. I had a meeting in April 2003, when I came back from Cocos. I sent a letter to Mr Young, a debrief on everything that had happened in Cocos, who was spoken to, what was asked about, what was offered and just a general breakdown of how I would do the business over there.

My experience in beche-de-mer is in Queensland fisheries, in the Torres Strait. I am the only non-traditional holder of a licence for beche-de-mer in the Torres Strait. I hold the only commercial boat licence in processing boats. I have 17 years experience in the Torres Strait in dealing with islanders and Indigenous people. They changed their own law to get me in back in 1993. I came in after Mabo, not before the Mabo decision was made. I had done everything in the Torres Strait that I think was humanly possible to keep the stocks at a good level. For the last seven years I have not operated beche-de-mer because Mark Elmer, two years before he left, said that fishing stocks were low. He said, 'I know that where you've been operating your catch records are up to date and everything's right, but for the integrity of the fisheries could you stop.' I stopped. I also stopped operating any further at Warrior Reef back in 1997 because the depletion rate was extreme. There was basically nothing left due to people in buying boats being greedy and buying everything. As far as I am concerned, with the fishery in Cocos I did an application. The people that helped me do the application were Steve Jackson from the National Ocean Office, Tim Skewes from CSIRO and Jamie Seymour. Mark Elmer was a referee, and there was also our local politician, Warren Entsch.

**CHAIR**—Mr Ledger, in terms of the current status my understanding is that you are still awaiting a formal response from both the Attorney-General's Department and the WA fisheries department and that you have been waiting 11 months for that response. Is that your current situation?

**Mr Ledger**—Yes.

**CHAIR**—Have you explored your problem with the Commonwealth Ombudsman given the administrative nightmare you have endured?

**Mr Ledger**—Not the federal one. I did make application to the Western Australian state one through Ron Grant. They came back to say that the director general was the first person to talk to. I have rung him on three or four occasions and sent emails to him and have had no reply. It is exactly the same as what has happened in the week leading up to the Monday that has just gone. I rang Lindsay Joll every day and I did not get a return phone call or an acknowledgement. I was switched straight through to the direct line to his office that I have always rung.

**CHAIR**—I have let you talk for quite some time; I think that because of our limitations in time that was the best way to get your evidence from you directly, so to speak. But, regarding the letter of support from the POPK that notes that your business would be likely to generate additional employment opportunities on the Cocos (Keeling) Islands, can you describe for the committee's benefit what prospective employment could be created if the licences were granted and whether the nature of this employment would be casual, full time or part time and so forth.

**Mr Ledger**—I can go straight back to the Torres Strait. I first operated in the Torres Strait, on Stephen, York, Murray and Darnley islands. What we are talking about with Cocos is much the same; that is why I made reference to Cocos being a small place. Stephen Island is roughly the same size. Only 80 men, women and children live on Stephen Island. The same thing applies on Cocos; you have big tides at certain times of the month. Big tides occur at full moon when there is a big outflow and a big inflow. That means that you do not have to be a swimmer, you do not have to be a diver, you can walk around on the top of the reef or walk waist deep in water. Everyone with a 20-litre bucket can fill it up. Employment wise everyone makes a dollar, the kids even made a dollar on the islands in the Torres Strait. With a 50-tonne quota you are probably looking at six people full time in a factory situation. You are probably looking at a part-time workforce of maybe 30 or 40 all the time.

**CHAIR**—That would obviously have a very significant impact on employment opportunities on Cocos (Keeling) Islands given the population levels and the current very high unemployment.

**Mr Ledger**—When I was at the public meeting the elders were there and people representing the community. I did not think it was a very big meeting but the Administrator from Christmas Island was over and I think we had close to 30 people and he said it was the biggest meeting he had ever been to on Cocos. In the Torres Strait you have 200 or 300 people turn up. Everyone on the island comes to see what you are talking about. Most of the people there were great for the simple reason that in the Torres Strait you have people who want to swim, in Cocos you have people who want to work in a factory situation. Where I come from it is always the reverse, so it was great to see that people would actually work in a factory situation.

Also on the Cocos Islands there is the quarantine station which was vacant. I know there are some people in there now. I was at the stage of talking to some people about letting us have a section at rental price. It would be a cheap way of setting up because you are already AQIS approved so you do not need to spend hundreds of thousands of dollars. Also with the Cocos Islands where beche-de-mer could start would be as an actual export from Cocos (Keeling) Islands. It could have its own label on it. It is too far, the freight is too expensive to be sending out water. The drying of the product would have to be done there. I did also say when I was there

that I did not want to have a large boat over there. I would prefer it to be land based so that the Malay Cocos people and also the non-Cocos Islanders could have employment.

**CHAIR**—That is very helpful. I do not have any further questions and I do not think my colleagues do either. Is there anything you would like to say before we move on?

**Mr Ledger**—Thank you very much for the opportunity to speak. I started this in 1997. I wrote to the then Deputy Administrator, Deb Blaskett, asking about a permit to take beche-de-mer from Cocos Island. I am still waiting for an answer and I am still getting nothing from Lindsay Joll and Rachel Green. The whole thing with this process was that there were going to be negotiations and talk and there has been nothing from WA fisheries. Why I agreed to letting Lindsay Joll do a review is beyond me.

**CHAIR**—Mr Ledger, thank you very much for your participation in today's hearing via teleconference. If you have any additional information you would like to forward to the committee, you need to do so by Wednesday, 4 November. You will be sent a copy of the transcript of your evidence to which you can make corrections of grammar and fact.

**Mr Ledger**—Thank you.

**CHAIR**—For the purposes of continuing our hearing whilst taking into account the demands of parliament, Senator Ferguson moves that we form a subcommittee to allow our hearing to continue. I declare that carried.

[1.36 pm]

**SORENSEN, Mr John, Director/Owner, Northern Bay Pty Ltd**

*Evidence was taken via teleconference—*

**CHAIR**—I welcome Mr John Sorensen to today's hearing. Although the committee does not require you to give evidence on oath, I should advise you that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings of the respective houses. We have received a written submission to this inquiry from you. Do you wish to present any additional submissions or make an opening statement to the committee?

**Mr Sorensen**—Thank you. I respect that. I have a very short opening statement. My submission concentrated on two issues under the terms of reference, involving the operation of business in the region. With my history and experience on Christmas Island they are the ones I will focus on, not only for criticism but also for constructive criticism for a better future and an easier go on Christmas Island.

Under B in my submission I refer to obstacles and delays we have experienced in relation to what we call unprofessional behaviour and stuff put to us by the local authorities. I specifically refer to one issue when, in November last year, we lost our request for clearances for a development on the island. Today we are still being delayed, but it looks as if there is a light at the end of the tunnel and titles to the project we are doing, a six-lot tourism development, should be issued within a few weeks. The other issue—

**CHAIR**—Okay.

**Mr Sorensen**—I beg your pardon—

**CHAIR**—I just said that is interesting.

**Mr Sorensen**—Of course there are individuals involved, but as I said earlier I mainly raise this issue to make sure that in the future professional people will be there. This has been proven to be a delaying factor—that people unprofessionally requested things which were unnecessary. I happened to be the one who raised the issue, but I could also list another few incidents. I prefer not to waste much time. You are very welcome to ask questions. I am not slinging out something I cannot defend in any way, so you are welcome to ask questions on that issue.

The main reason, though, that I put in my submission is the other issue listed under A. That is the issue related to our purchase of location 448 on Christmas Island in 2002. It has already been in front of a committee. That was in 2005 and in the report in 2006 following thorough investigations it was clear that the Commonwealth government at the time, the Howard government, did not do the right thing and the recommendations were that our small company has been hurt very much and should be financially compensated. We have looked at the options, of course, and we have been constantly told by public servants and a few politicians to present new evidence and arguments, but we cannot see that your colleagues in 2005 and 2006 missed

something. I do not think they have. We have searched for new evidence and I just find it incredible that the Commonwealth government, which was found by the joint standing committee to have not done the right thing, can say that it does not support this. Of course it can say it, but that should not be the way it should be handled. We did take advice—not legal advice, but an opinion—and the barrister who we spoke to said that the statement should be a lot shorter. He said that it is basically a conflict of interest for the Commonwealth government to comment on its own guilt, so to speak.

**CHAIR**—What do you see as the appropriate solution to that specific complaint you have against the Commonwealth government? What is your view on how that ought to be resolved?

**Mr Sorensen**—Thank you for asking me that question. It is now getting on to a few years and it has been a very frustrating period because I have also got a small business to run. Since the Commonwealth government have bluntly rejected it, my solution would be an invitation to lodge a reasonable claim for compensation as recommended. That compensation should be based not on what we dream up but on professional statements from land valuers and from any institution that could give the correct and proper advice as to what sort of moneys are involved. An act of grace, which at the beginning of this issue was a completely new concept to me on living in Australia, has been mentioned. But if an act of grace were to be rejected on the grounds that there is no new evidence and whatever, I do not know if that is the way to go. The end result that we expect is basically to be granted fair and reasonable compensation. At the least, there should be an invitation to lodge an application for compensation.

**CHAIR**—Have you taken this particular complaint regarding the Commonwealth and your belief in your entitlement to some compensation to the Commonwealth Ombudsman?

**Mr Sorensen**—I have discussed with the Commonwealth Ombudsman the possibility of lodging it but, with all due respect, Senator Lundy, I would see it being buried and being another waste of time. Excuse me for that. The Ombudsman is an institution for which I have great respect. Coincidentally, the ombudsman is an institution that started in the part of the world that I came from, Denmark in Scandinavia, and it is a good one because it keeps the politicians honest and straight, so to speak. So I have great respect for it, but to lodge it with the Ombudsman would probably be another couple of years of red tape and new evidence and what have you. I have reached the conclusion after corresponding with government and public servants—and excuse me for expressing it this way—that, in short, the Commonwealth government—the Howard government to start with and the new government, for which I have much great respect—should be quite ashamed and embarrassed for taking advantage of their powerful position against a small business person. This is not crying over what happened. I am a battler. I battle along and we have to live, but it is very frustrating.

**CHAIR**—Thank you for that evidence. It is very clear to the committee where you would like to see this issue go. I will change tack and ask you about some of the ideas expressed in your submission. This is a bit of an open question, so please be mindful of the time. If Christmas Island did receive a big injection of funds, say \$1 million, to promote Christmas Island as a tourist destination, how would you recommended that money be spent? What would you place a priority on, in terms of Christmas Island's most immediate needs, to promote tourism effectively?

**Mr Sorensen**—I would suggest that if an amount of that size were allocated to Christmas Island, the professional and very devoted people working in the Christmas Island Tourism Association, such as Linda Cash and other people up there, should still be in on it but the money should be spent on an international promotion campaign for Christmas Island, where the island would be known for what it is really is. It has been called, probably many times, ‘Mini-Galapagos’. I fell in love with the island in 1988 when I took a break away from another business I had here. That was the start of my involvement—I probably fell too much in love with the place. There is that much in nature.

The other thing that should be fixed to get tourism is an airline into the island. That has also been raised by other people appearing before your joint standing committee. I am not qualified to comment. To get connections between Asia—it could be Singapore, Kuala Lumpur or whatever—through Christmas Island to Perth would make sense because the amount which is paid to fly to Christmas Island and back again is equivalent to flying to New York, Los Angeles or Copenhagen. All of that should be addressed, plus the shipping to the island in order to get development going. Yesterday, I asked a businessman on the island, ‘You are going to Cocos Island?’ on this issue that he is working on and he said it is very hard. He said, ‘We have just been quoted \$14,000 for a container to carry out that job on Cocos, so that is putting a bit of a hold on it.’

Of the million dollars that you mentioned being given to Christmas Island, promotion in particular would be needed. But promotion for Christmas Island would also need to promote it for what it is, and then have the infrastructure on the island. I think there is excellent infrastructure for the people who live on Christmas Island. I lived there for seven years and I loved it. The schools, the education and the taking care of many issues on the island by the Commonwealth government is superb; better than on mainland Australia in many cases. But to take tourists into Christmas Island there must be the infrastructure to cater for that.

**CHAIR**—That point was certainly made very strongly by the Christmas Island Tourism Association when we conducted our public hearings. I will use this time to explore yet another issue that you have raised that interests the committee. You suggest that the government supports the establishment of a foreign student industry. What level of studies do you envisage for such an industry to be developed? What kind of infrastructure that is not already available do you believe would be required to establish such an education based industry on Christmas Island? I am happy if you prefer to take the question on notice.

**Mr Sorensen**—No, that is fine, if I can say it in short. When we had the Christmas Island Estate, as we called the development location 448, my business partner and I at the time also looked into the establishment of dormitories for international students. We spoke to the representative from the Department of Education and Training in Western Australia in the Kimberley region who takes care of Christmas Island. We looked into the possibility of getting people in from Indonesia, Malaysia and Singapore to get a pre-university course on Christmas Island. We spoke to the headmistress in the high school at the time—a personal friend—about it and the number of places at the high school that could be allocated was very small. The interest from Asia was great at the time. I do not know how great it is today, but I would imagine there is huge potential still and that should really be explored, in my opinion, because it would be a clean, good industry.

I know I have said in one of my points that the casino should open. I have revised that opinion a little bit in another direction. I do not think today that opening a casino on Christmas Island would create any economic development other than that it would create some work. But tourism, foreign students and education facilities in general would be a much better industry for an island such as Christmas Island.

**CHAIR**—Thank you for that and thank you for sharing with us your view on the prospect of a casino reopening. We had the opportunity to explore the views of a number of witnesses in that regard, so I am grateful for that. We have run out of time for this hearing. If there are any other points that you would like to take the opportunity to make to the committee, this is your chance before I close proceedings.

**Mr Sorensen**—Basically, I can say that I am hopeful now and quietly confident that this government, for which I have great respect, will have a look again at the recommendations from the joint standing committee, which are, of course, across the board, from Liberal, Labor and National members. I cannot see any stronger indication that any government with self-respect—and I say again that I believe you have one now—should look at this and definitely put it out and say, ‘Come in and lodge your application for compensation.’ I hope this committee will have respect for your colleagues back in 2005-06 and their work. You do not have to investigate any of it—it has already been done. But please recommend that they stand by the recommendations.

**CHAIR**—Thank you, Mr Sorensen. You will be pleased to know there are many continuing members of this committee who participated in those previous inquiries. Your passion for Christmas Island shines through even via teleconference and we are very appreciative of your time today. If there is any additional information you would like to provide, please forward it to the committee secretariat by 4 November. You will be sent a copy of the transcript of your evidence today, to which you can make corrections relating to grammar and fact. I would like to thank you once again for your participation in today’s public hearing.

**Mr Sorensen**—Thank you, Senator Lundy and all other members of the committee, for allowing me to get in again. I look forward to reading your recommendations—in particular on my issues but generally also very much on the island out here, which deserves better than it is getting. It is a distant part of Australia but it is a very special part of Australia. I think it should get better status than being a bit of a colony or whatever you put it at today.

Resolved (on motion by **Ms Burke**):

That this committee authorises publication, including publication on the parliamentary database, of the transcript of the evidence given before it at public hearing this day.

**Subcommittee adjourned at 1.53 pm**