



## Introduction

### Referral and terms of reference

1.1 On 4 March 2015, then Minister for Infrastructure and Regional Development, the Hon. Jamie Briggs MP, referred an inquiry into governance arrangements in the Indian Ocean Territories (IOT) – Christmas Island and the Cocos (Keeling) Islands – to the Joint Standing Committee on the National Capital and External Territories (JSCNCET). Under the inquiry’s terms of reference the Committee was asked to consider:

- the role of the Administrator;
- consultation mechanisms and best practice for engagement with smaller remote communities;
- local governments’ role; and
- opportunities to strengthen and diversify the economy.<sup>1</sup>

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1 See Joint Standing Committee on the National Capital and External Territories website for full terms of reference, [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/National\\_Capital\\_and\\_External\\_Territories/Indian\\_Ocean\\_Territories/Terms\\_of\\_Reference](http://www.aph.gov.au/Parliamentary_Business/Committees/Joint/National_Capital_and_External_Territories/Indian_Ocean_Territories/Terms_of_Reference)

## Interim report

- 1.2 The Committee decided to produce an interim report that, initially, put aside consideration of governance arrangements, and instead, focused on economic development.
- 1.3 The Cocos (Keeling) Islands have long had a static and small economy. By contrast, Christmas Island has experienced a 'boom and bust' cycle over the years. A recent decline in immigration detention activity on Christmas Island and ongoing concerns about the longer-term sustainability of the Christmas Island Phosphate Mine (the island's economic mainstay) call for alternative economic drivers.<sup>2</sup>
- 1.4 The Committee agreed to concentrate on a few measures it believes have the potential to stimulate the IOT economy relatively quickly and could have a multiplier effect.
- 1.5 The Committee's interim report, *Governance in the Indian Ocean Territories – Interim report: Economic Development*, tabled on 23 June 2015, contained three recommendations centring on:
  - establishing a policy, legislative and regulatory framework that facilitates the reopening of the Christmas Island casino, and conducting an appropriate process to assess proposals from private sector proponents;
  - allowing Christmas Island District High School to accept fee-paying international students again; and
  - a sea freight service that offers more regular and affordable shipping.<sup>3</sup>
- 1.6 The interim report also highlighted the Mining to Plant Enterprises project (MINTOPE) which has been successfully trialling agriculture on exhausted mining lease land on Christmas Island. The Committee outlined the project's significant achievements to-date, and the prospects for developing economically viable crops and businesses into the future.<sup>4</sup>
- 1.7 The interim report is available from the Committee website.<sup>5</sup>

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2 Joint Standing Committee on the National Capital and External Territories, *Governance in the Indian Ocean Territories – Interim Report: Economic Development*, June 2015, pp. 2-3.

3 Joint Standing Committee on the National Capital and External Territories, *Governance in the Indian Ocean Territories – Interim Report: Economic Development*, June 2015, p. 6.

4 Joint Standing Committee on the National Capital and External Territories, *Governance in the Indian Ocean Territories – Interim Report: Economic Development*, June 2015, pp. 37 – 45.

5 Joint Standing Committee on the National Capital and External Territories, *Governance in the Indian Ocean Territories – Interim Report: Economic Development*, <http://www.aph.gov.au/>

## Scope of this report

- 1.8 The interim report noted that a subsequent report, drawing on analysis of existing and additional evidence, would address some of the more complex economic and governance challenges. On the economic front this includes consideration of land management, development and strategies to increase yield from tourism.
- 1.9 As external territories Christmas and the Cocos (Keeling) Islands are administered by the Commonwealth, with the Department of Infrastructure and Regional Development (DIRD) and the Minister for the territories having overall responsibility. Arrangements with the Western Australian (WA) Government provide state-type services.<sup>6</sup>
- 1.10 The Committee has already acknowledged residents' ongoing frustration with the unique governance and administrative arrangements in the IOT, including:
- not having political representation in the WA Parliament, despite the broad application of WA laws;
  - inadequate or ineffective consultation mechanisms at all levels of government;
  - a widely-held view that decisions are made by bureaucrats in Perth and Canberra with little transparency and accountability to the IOT communities; and
  - many layers of bureaucracy and unclear delineations of responsibility in the system.<sup>7</sup>
- 1.11 In its interim report the Committee referred to a range of recurrent issues including:
- the scheduling and regularity of air services to the IOT;
  - the need for dedicated aged care facilities;
  - a shortage of affordable housing;
  - the difficulties of obtaining property insurance;

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6 Department of Infrastructure and Regional Development, *Territories of Australia*, <http://regional.gov.au/territories/>, viewed 11 December 2015.

7 Joint Standing Committee on the National Capital and External Territories, *Governance in the Indian Ocean Territories – Interim Report: Economic Development*, June 2015, pp. 37 – 45.

- improving telecommunications; and
  - dealing with waste management and coastal erosion.<sup>8</sup>
- 1.12 All of the above topics, have at some point, been the subject of successive inquiries and reports by the JSCNCET and others.
- 1.13 There is a palpable feeling amongst stakeholders that recommendations for improvement by the Committee and others have largely been ignored. As a result little really changes.
- 1.14 The interim report alluded to the high per capita spend involved in delivering services to the IOT.<sup>9</sup> In this report the Committee intends to continue its focus on generating more economic activity in the short to medium term. The Committee will also concentrate on improving the lines of responsibility in the IOT and determining the best and most effective way in which services can be delivered.
- 1.15 Looking to a longer-term solution, the Committee will explore reforming the higher level governance arrangements of the IOT (including by incorporating them into a state or territory).
- 1.16 At the Committee's first hearing on Cocos (Keeling) Islands, the Chair said:
- ...it is certainly our intention to create a report that is not just going to just be the latest in a line of recommendations that nothing ever happens on.<sup>10</sup>

## Conduct of the inquiry

- 1.17 The interim report outlined the Committee's inquiry process to June 2015. This included listing the number of submissions received and public hearings to that point, including those held on Cocos (Keeling) and Christmas Islands, which the Committee visited in April 2015. In addition

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8 Joint Standing Committee on the National Capital and External Territories, *Governance in the Indian Ocean Territories – Interim Report: Economic Development*, June 2015, p. 2.

9 Joint Standing Committee on the National Capital and External Territories, *Governance in the Indian Ocean Territories – Interim Report: Economic Development*, June 2015, Chair's foreword.

10 Joint Standing Committee on the National Capital and External Territories, Chair, *Committee Hansard*, Cocos (Keeling) Islands, 8 April 2015, p. 33.

to hearings, that visit encompassed a range of inspections and interactions with IOT residents, including the taking of community statements.<sup>11</sup>

- 1.18 Subsequent to the interim report, the inquiry received a further 14 submissions. Fifty-three submissions were received in total. A list of all submissions and other documentary evidence<sup>12</sup> is at Appendix A.
- 1.19 Eight further hearings were held in Canberra. The Committee held 14 hearings throughout 2015 and heard from a diverse array of stakeholders including Commonwealth officers, local governments, former and the current Administrators, business owners, community groups and residents. Details of all hearings and witnesses are listed at Appendix B. The transcripts of the hearings are available from the Committee website.<sup>13</sup>

## Report outline

- 1.20 The report commences with three chapters on economic development.
- 1.21 Chapter Two on tourism will cover some of the barriers to tourism growth and the need to further promote and market the IOT as a travel destination. The chapter will re-examine the view that establishing air services to the north i.e. Asia is important for increasing visitors. This is something that could be more economically viable if the Committee's recommendation to facilitate the reopening of the casino is adopted.
- 1.22 Chapter Three assesses the contribution of the Regional Development Organisation (RDO), most notably in relation to community grants that fund the MINTOPE project on Christmas Island. MINTOPE's successes have shown that different crops can be produced, potentially commercially on Christmas Island. There is currently a proposal to commence trials growing medicinal cannabis. Calls for changes to the RDO to increase its effectiveness are considered.
- 1.23 Chapter Four focuses on issues surrounding land management, which some argue, underpins all development. There is a need to prioritise water mapping on Christmas Island, modernise the land trust on the Cocos

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11 Joint Standing Committee on the National Capital and External Territories, *Governance in the Indian Ocean Territories – Interim Report: Economic Development*, June 2015, pp. 4-5.

12 Documentary evidence includes material submitted to the inquiry by stakeholders that is not prepared specifically for the purpose of the inquiry (as submissions are) but may be relevant.

13 Joint Standing Committee on the National Capital and External Territories, *Public Hearings*, [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/National\\_Capital\\_and\\_External\\_Territories/Indian\\_Ocean\\_Territories/Public\\_Hearings](http://www.aph.gov.au/Parliamentary_Business/Committees/Joint/National_Capital_and_External_Territories/Indian_Ocean_Territories/Public_Hearings)

(Keeling) Islands, and develop mechanisms to release Crown land, as part of a strategic vision for the economic diversification of the IOT. An update is provided on the extension of mining leases on Christmas Island.

- 1.24 Three further chapters follow on governance.
- 1.25 Chapter Five looks at the Service Delivery Arrangements (SDA), particularly whether consultation with the IOT community is adequate and effects meaningful outcomes.
- 1.26 Chapter Six examines the role of the IOT Administrator, and whether the position should be strengthened, to bolster decision-making and the capacity to resolve service provision issues.
- 1.27 Chapter Seven will conclude with a discussion about governance reform, including the proposal to incorporate the IOT into a state or territory.