



Rural and Regional Affairs and Transport Legislation Committee

Submission to the Inquiry into Northern Australia Infrastructure Facility Amendment (Miscellaneous Measures) Bill 2023 [Provisions]

Dear Committee members

Thank you for the opportunity to provide a submission on the proposed changes to the Northern Australia Infrastructure Facility Act 2016, which will see the inclusion of the Indian Ocean Territories (IOT) in the definition of Northern Australia.

The Indian Ocean Territories

Australia's remote Indian Ocean Territories (IOT) comprise Christmas Island and the Cocos (Keeling) Islands. The islands boast unique natural assets in their flora and fauna and marine life, as well as harmonious multicultural communities. The region is environmentally important: a large part of Christmas Island is a national park, and marine parks have been declared throughout the IOT. The Australian Government manages both islands as external territories and is responsible for ensuring good governance and service delivery throughout the IOT.

Christmas Island and the Cocos (Keeling) Islands are close neighbours geographically, and share similar challenges and opportunities such as remoteness, climate, and proximity to Asia. However, there are differences including demographics, aspirations, and potential opportunities for development.

Christmas Island is located 2,605 km from Perth and 490 kilometres from Jakarta. The island is at the tip of a 5,000 metre submarine volcano. The highest point is 361 metres above sea level. The area of the island is 137.4 km, over 60% of which is national park. The island has 1,692 residents. At the 2021 Census, 60% of households reported that a non-English language was spoken at home. Languages spoken include Malay, Mandarin, Cantonese, Min Nan, and Indonesian.

The Cocos (Keeling) Islands are located 2,935 km from Perth and 985 km from Christmas Island. They are a group of 27 low-lying coral islands that form two atolls. The total land area is 15.6 km. The 593 residents of the Cocos (Keeling) Islands are located on two of the islands: Home Island and West Island. The majority of residents are Cocos Malay and live on Home Island. At the 2021 Census, 70% of households on the Cocos (Keeling) Islands reported that a non-English language was spoken at home, being Cocos Malay, a unique dialect of Malay. The remaining population identifies as being of European descent.

The economic drivers of Christmas Island and the Cocos (Keeling) Islands are distinct. Christmas Island's largest private sector employer is Phosphate Resources Ltd (PRL) who operate a range of businesses including mining, logistics, agribusiness, port services, energy, maintenance, and asset management. PRL's is contributes approximately 50% of the Islands Gross Regional Product (GRP) and directly and indirectly 50% of the jobs. The remainder is from Commonwealth Government service provision and a small tourism industry. The Cocos (Keeling) Islands economy is heavily reliant on Commonwealth-funded projects and activities. The IOT has a modest tourism industry with potential for future growth. However, broader accessibility challenges, limited tourist facilities, and elevated travel costs, are impediments to sustained growth in tourism. There are also challenges related to the reliability and cost of freight and air travel, public infrastructure, food security, access to land for economic development and availability of housing.

Response: The bill amends the definition of 'Northern Australia' within the Act to include Christmas Island and the Cocos (Keeling) Islands, collectively known as the Indian Ocean Territories.

The Christmas Island Business Association Inc has been advocating for several years for the inclusion of the IOT in the definition of Northern Australia in the Northern Australia Infrastructure Facility Act 2016. Because of the strategic importance of the IOT Territories to the Commonwealth (see relevant links below), it is essential to maintain viable communities in the IOT and sustainable economies which can support them. On Christmas Island mining is finite and unlikely to continue beyond mid 2030. While PRL has made good progress in diversifying its business more effort and support is needed in order to realistically transition from a narrowly-based economy to one which is diversified and more sustainable. A major constraint to development in the IOT is access to finance therefore inclusion of the IOT into Northern Australia and access to the NAIF becomes critically important.

The IOT are geographically and politically a part of Northern Australia, forming part of the electorate of Lingiari in the Northern Territory. The region faces similar issues of remoteness and isolation that impact the development of other parts of Northern Australia. It is critical that the IOT region is considered part of the Northern Australia agenda, and the proposed change to the geographic coverage of the Northern Australia Infrastructure Facility (NAIF) legislation is welcomed and fully supported.

Additionally, the exclusion of the IOT from the NAIF definition of Northern Australia also has had wider implications, given the definition has been used by other Australia Government agencies to determine whether the IOT form part of Northern Australia for public policy purposes. For example, the IOT were excluded from the Australian Competition and Consumer Commission (ACCC) inquiry into Northern Australia insurance because the ACCC used the NAIF definition of Northern Australia.

Response: The bill also clarifies that the objectives of the Act include the provision of financial assistance for the development of Northern Australia economic infrastructure for the benefit of Indigenous persons.

The Committee may be unaware that prior to settlement of the IOT, respectively 1890 for Christmas Island and 1820 for Cocos Keeling Islands the Islands were uninhabited. There is no archaeological or anthropological evidence of any indigenous habitation prior to settlement. The requirement for an Indigenous engagement strategy for NAIF projects, that demonstrates objectives for Indigenous participation, procurement and employment in the region of the project, would therefore be of no benefit to the local populations and businesses in the region. In fact, this requirement could be potentially an impediment to local companies being eligible for finance through NAIF. We suggest for

the IOT, a local participation, procurement and employment strategy would be more suitable, and would likely benefit the local populations and regional economy.

Relevant Links;

Joint Standing Committee on the National Capital and External Territories - Report into the Strategic Importance of the Indian Ocean Territories.

https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/National_Capital_and_External_Territories/~/_link.aspx?id=30C52611D44C4D7E9DB2E2BA5516BA56&z=z