

Economics can only be separated from the political and social fields within academia. The economic activities of humans are affected by many factors other than pure financial return, Social and/or political input or ambition can over-ride purely economic stimuli on many occasions. This is especially true of communities with high amounts of what is known as social capital. To illustrate; Rubbish is free...but no-one wants it...in places with high social capital there is no litter...someone has picked it up...but they actually don't want it. The causal effect is not economics.

Social Capital is hard to define, but is visible in the community as volunteer networks, social clubs, caring after your own elderly, looking after each other's kids, and helping people down on their luck. Cocos is rich in social capital. Home Island and West island having their own distinct brands, and also a fused one.

The path we are ambling down with no particular schedule or destination is consuming the social capital of the community. There is a strengthening belief that we are incapable of looking after our own affairs and a growing unrest and distrust in the administration is surfacing. This is indicated by the burgeoning number of focused committees (esp on home island), their brief moment in the light, and their consequent languishing. More committees every year, less political and social cohesion and less respect. It is obvious that these initiatives are in response to being under-represented...not over represented

The community of Cocos unlike many on the mainland has governed itself for the vast majority of its settlement history. It had evolved its own system of governance, had its own courts, surviving the ravages of time, storm and tempest. We now find ourselves as a "non- self governing territory" through no fault of our own, but rather as an oversight of a remote bureaucracy.

There is no road map or five year plan for Cocos, now or since integration. No-one was charged with making the rules work, just making the rules was enough. The integration of Cocos and the mainland is deadlocked. I doubt if anyone really looked into the technical and legal hurdles. We are now bound into an imperfect (Non-existent) integration, which is being further eroded, with territory unique interpretation of the EPBC act, a Commonwealth Quarantine barrier, and some sleight of hand with the citizen/immigration legislation that I can't even get my head around.

Cryril Northcote Parkinson (author of the Parkinson's business laws) would have a field day in the external territories, and would (I am sure) make some rather cruel observations. I cannot compete with the master, but would put the following observations as "territorial law"

Adopting first;

Parkinsons Fifth law. If there is a way to delay an important decision the good bureaucracy, public or private, will find it.

Parkinsons law of delay. *Delay is the deadliest form of denial.*

Simon's law *Routine drives out planning: the urgent takes priority over the important.*

Law of unintended consequences *The actions of people (and especially of governments) always have effects that are unanticipated or unintended. These often outweigh the intended effects.*

The law of targets *A level set as a target maximum becomes the de facto minimum, and vice versa.*

JCR's Territory law

1. **law of syncopation.** Bureaucracy will always be out of step.
2. **law of relevance.** Politics and its end game has the highest priority.
3. **law of indigiphobia.** Don't trust the locals.
4. **The déjà vue standard.** When in doubt get a consultant to reinvent the wheel.
5. **the unsexiness factor** No one is interested, if they are, they are powerless (and can't be trusted anyway). (with the brewers droop and lost condom corollaries)
6. **The precept of political gravity** Change is only possible from the top down.
7. **Teflon lexicon dynamic** To verbalise is to discharge responsibility.
8. **Sand box budget law** Budget overruns are only permitted on immigration budgets.
9. **citizen's redemption principle** It is easier to seek forgiveness than it is to gain permission.

Ok I've had my fun, I could probably come up with a few more. But this is meant to be serious venue, and some profound issues will be tabled before you. You will in turn make your recommendations, and these recommendations will be taken under advisement, and then the "laws" will kick in.

An over arching issue for governance of the external territories is the lack of checks and balances. Errors in judgment that can cause huge impacts on the territories are treated very lightly, and rarely are the proponents even chastised. To go into specific detail here would not be a good use of our time.

Issues that are complex are resisted by a standing bureaucracy, they are paid wages and a simple life is a lot easier. There are no benefits (to the bureaucracy) for getting it right, and there are no detrimental effects (to the bureaucracy) if they get it wrong. In fact a beneficial policy that causes extra work is likely to be ignored or misapplied to such a degree that the status quo reverts.

Whilst WA state taxes are levied in the territory, WA state policy isn't. I would question The Commonwealth's right to levy extra taxes on its citizens, just because they live in an "external

territory” , and If you are going to do it then (as a matter of respect) it should come with the policies current in WA at the time, or the result will be socio/economic imbalance.

I suggest as a stepping stone to a more democratic process that the Administrator of the Territory (for Christmas) and the official secretary (for Cocos) be voted by the residents of the Territories. It might be more palatable if a short list is approved first, and the Position be the community's representative ...not the Commonwealths'...they have too much already.

Further that the waters and lands of Cocos be declared a “local government area”... this will negate the heavy handed application of the EPBC act by empowering local government to address the real (but narrow) interests of the environment in a balanced manner.

I re-iterate my firm belief that the plebiscite that was carried out is being ignored in a majority of ways. The Commonwealth is in default of its agreements with the Cocos Community and the UN. Prior to the plebiscite, legislation was passed by a remote government with no effective democratic process. This is still true. It is also the definition of a colonial government.

The economics of the Island were dominated by a single source of income, this has changed from a working coconut industry to the social security, but still true.

There was an expectation on the signing of the MOU in 1991 that the commonwealth would take the community back to full employment.

It is a bit of an insult after so many years after the plebiscite to be still governed by Australian “external” powers. What happened to integration “in all equality”?

Further to this I believe that the territories resources, be it fish, water or minerals should be vested in the residents of the territory, decisions as to their disposal should be generated by those resident. Too many decisions are made in an arbitrary manner by bureaucrats with little or no reference to the citizens. Resources like big eye tuna are available, but there is no political will to develop them, no vested interests and no local authority either.

I am worried that the cost of infrastructure and services is controlled by “policy” and that it does not reflect true cost. The Commonwealth can change policy tomorrow and watch the community die due to over capitalization. We are over reliant on fossil fuel for generation of power and water. To be more specific.... In Australia would any state/council be happy to produce water using diesel power? Especially when there is a massive ground water resource suitable for tapping within 10 k. This is a flagrant waste of tax-payers dollars, and should have been done the right way first time! I would be interested to see the actual costs of producing water on Home Island with real power generation costs levied. To rub salt into the wounds the expenditure in the territories is held up as some kind of proof of good governance, even though much of it is wasted, and most spent on “commonwealth agenda” items (the refugee centre come to mind).

The zone tax allowance has become meaningless. The cost of living on Cocos has spiraled out of control for the last 7 or 8 years. I doubt if anyone has bothered to do CPI for Cocos or Christmas Islands, but I would bet that our CPI has been in double digits for every year for the last 8 years. Relief from the GST was seen as the response to this, but that is now laughable. The major causes for increases in CPI can be laid at the door on the Commonwealth, these are destabilizing the business confidence in the community, and causing real economic hardship to those in the private sector trying to make a living on Cocos Islands.

Compliance costs have reached epic proportions. Many of us do more than one job, and many of these are strategic and required for the communities benefit. I will list for you some mine. Commercial dive ticket. Master 5, dangerous goods security card, shot-firer ticket, fireworks operators ticket, bluecard, marine security card, federal police clearance, commercial fishing license, vessel survey, commercial fishing boat license, commercial fisherman, aquaculture permit, Cites permits, first aid, responsible service of alcohol, plant and algae import, Environmental impact statements, deck officer, fuel specialist. I'm sure that is not all of them, but you get the drift. If I do not spend over 20 days a year in compliance I would be surprised.

I currently import plants from Australia for gardening and semi commercial purposes. I co-operate fully with the Quarantine officers, and each year renew my permits (sometimes six monthly). I would strongly suggest that a database of permitted plants/materials be started. This would be in the control of Quarantine. Plants on the list would not require permits. New species would need to be cleared as they are required. Currently the permit system is free...but that is just a matter of policy.

Personally I cannot believe that territories are getting serious economic advice. If this forum is the way to discharge the responsibility to create an economic agenda, then you are barking up the wrong tree. Most opinions vented here will be narrow self-serving items. The reason you are being presented them is because they should have been dealt with earlier by a lively , effective, responsive, and representative system, but they haven't. The Commonwealth is responsible for all levels of our governance but appears they are relying on ad hoc consultancy to cherry pick issues in isolation, and then pretty much ignoring the advice.

Further to my previous submission on shipping costs in the report titled:

SUBMISSION TO THE
INQUIRY INTO COASTAL SHIPPING POLICY AND REGULATION
HOUSE STANDING COMMITTEE ON INFRASTRUCTURE, TRANSPORT, REGIONAL
DEVELOPMENT AND LOCAL GOVERNMENT
Territories and Native Title Division
Attorney-General's Department
April 2008

“8. Although it is an open market, Zentner Shipping Pty Ltd is the only operator providing shipping services to the IOT. The Government encourages competition in this market; however its small size and value make it unattractive to many shipping operators.”

Local businesses have been steered away quite aggressively by officials in Perth office when exploring alternative shipping. Contractors canvassed for support of competing vessels have been warned off by the same department. Do not be misled this is a huge impost on the communities of Christmas and Cocos Islands, and the Perth territories office is blatantly flouting the stated policy. The Commonwealth and communities have not had value for money for years.

There is a project run in the States called the Harvard Project. It should be required reading for those dealing with “non-self-governing territories”. I give a precis here;

The Harvard Project on American Indian Economic Development was founded in 1987 by Professors Stephen Cornell and Joseph. P. Kalt. Based at Harvard’s Kennedy School of Government, the Project operates in association with the Native Nations Institute at the University of Arizona’s Udall Center.

The Harvard Project’s stated aim is to understand and foster the conditions under which sustained, self-determined, social and economic development is achieved among American Indian nations. At the heart of the Project are three key questions: What works? Where does it work? Why does it work? In other words, what accounts for the economic success of some Indian nations, while others continue to struggle?

The answers to those questions have resulted in the Project’s now well-known formulation of key determinants of economic success: “Sovereignty Matters,” “Institutions Matter” and “Culture Matters.” These findings are described as follows;

Sovereignty Matters. When Native nations make their own decisions about what development approaches to take, they consistently out-perform external decision makers – on matters as diverse as governmental form, natural resource management, economic development, health care, and social service provision.

Institutions Matter. For development to take hold, assertions of sovereignty must be backed by capable institutions of governance. Nations do this as they adopt stable decision rules, establish fair and independent mechanisms for dispute resolution, and separate politics from day-to-day business and program management.

Culture Matters. Successful economies stand on the shoulders of legitimate, culturally grounded institutions of self-government. Indigenous societies are diverse; each nation must equip itself with a governing structure, economic system, policies, and procedures that fit its own contemporary culture.

Along with these three key determinants of tribal economic success, the authors have added two others: “Leadership” and “Strategic Thinking.”

Leadership. Nation building requires leaders who introduce new knowledge and experiences, challenge assumptions, and propose change. Such leaders, whether elected, community, or spiritual, convince people that things can be different and inspire them to take action.

Strategic Thinking. The Indian nation has moved away from crisis management and opportunistic, quick-fix responses to development dilemmas and toward long-term decision-making that incorporates community priorities, concerns, circumstances, and assets.

According to the authors of the Harvard Project, these five criteria do not guarantee success, but they do increase the possibility of obtaining it more frequently. Cornell and Kalt suggest that where those key determinants are in place, “other assets such as education, natural resources,

access to capital and location begin to pay off. Where those things are not in place, those assets are likely to be wasted”

There are no simple answers, policy or philosophy can be found in books, but unless it meshes with the inhabitants of the real world. The government of the day will continue to have dysfunctional relationships with your citizens of the IOTs. The easiest way for the policy and governance to mesh is to allow those under it to choose it. They might not get what they need, but they will always get what they deserve.

The psychology of relationships with The Cocos community has more to do with real politik , inter - person and family relationships. To illustrate; If an official or representative looks an elder in the eye and promises certain things will happen, then this will be related as a truth absolute to the elder’s family and community. If after many years the promises made are not discharged, then this does not negate the truth of the matter, rather, the person that made the promises is too busy and/or important to get around to doing it. This is a double edged sword, as it then can indicate that you have a powerful (if busy ally), but also show your true (if denied) position in that persons eye. Political and policy promises made to the community should come with a disclaimer “ may contain untruths” or even “may contain truth”.

I also attach a copy of Mowbray’s Report, which whilst slightly dated and academically slanted is informative and should be read by the current committee.

I have in the past given suggestions and details on improvements that can be made to the governance of Cocos. These have been discussed with your predecessors, and I find I have less good will and more umbrage as the years go by with no steps forward, and further whittling away of Cocos resident’s rights and privileges.