

---

The Parliament of the Commonwealth of Australia

# Report on the visit to the Indian Ocean Territories, 21-25 October 2012

**Review of the Department of Regional Development, Regional  
Australia and Local Government Annual Report 2010-11**

Joint Standing Committee on the National Capital and External Territories

June 2013  
Canberra

---

© Commonwealth of Australia 2013

ISBN: 978-1-74366-114-7 (Printed version)

ISBN: 978-1-74366-115-4 (HTML version)

This work is licensed under the Creative Commons Attribution-NonCommercial-NoDerivs 3.0 Australia License.



The details of this licence are available on the Creative Commons website: <http://creativecommons.org/licenses/by-nc-nd/3.0/au/>.



# Contents

Foreword .....	v
Membership of the Committee .....	ix
Terms of reference .....	xi
List of abbreviations .....	xiii
List of recommendations .....	xv
<b>1 Report on the visit to the Indian Ocean Territories.....</b>	<b>1</b>
<b>Introduction .....</b>	<b>1</b>
The visit.....	2
The report .....	2
Inspections.....	3
<b>2 Governance.....</b>	<b>7</b>
Consultation fatigue .....	11
The Department's response.....	12
Committee conclusions.....	15
<b>3 Economic Development.....</b>	<b>19</b>
Phosphate mining .....	19
The Department's response.....	21
Tourism .....	22
The Department's response.....	26
The Casino.....	28
The Department's response.....	31
Committee conclusions.....	32

---

<b>4</b>	<b>Service provision.....</b>	<b>35</b>
	Telecommunications .....	35
	The Department’s response .....	36
	Roads.....	37
	The Department’s response .....	37
	Shipping .....	38
	The Department’s response .....	40
	Committee Conclusions .....	40
<b>5</b>	<b>Local issues—Cocos (Keeling) Islands .....</b>	<b>43</b>
	Shire of Cocos (Keeling) Islands .....	43
	Committee conclusions .....	50
	Cocos Islamic Association .....	52
	Committee Conclusions .....	54
	Other issues.....	55
	Committee conclusions .....	61
<b>6</b>	<b>Local Issues—Christmas Island.....</b>	<b>63</b>
	Shire of Christmas Island .....	63
	Christmas Island Women’s Association .....	68
	Christmas Island Islamic Council .....	69
	Chinese Literary Association.....	69
	The Department’s Response.....	70
	Arts and Culture Christmas Island.....	73
	Committee conclusions .....	75
	<b>Appendix A – Indicative list of information required for casino concept proposal</b>	<b>79</b>
	<b>Appendix B – Submissions .....</b>	<b>83</b>
	<b>Appendix C – Exhibits.....</b>	<b>85</b>
	<b>Appendix D – Witnesses appearing at public hearings.....</b>	<b>87</b>



## Foreword

The Joint Standing Committee on the National Capital and External Territories has a longstanding interest in the welfare and development of the Indian Ocean Territories. In 2006 and 2010, the Committee conducted two major inquiries into the IOTs, one focused on governance, the other on economic development. In 2012, the Committee resolved to visit the IOTs again, to engage with the local communities on a range of matters, and see what support and direction we could give to both the Australian Government and the local communities in the management of issues affecting the IOTs.

This report is the result of that visit. It addresses a broad range of concerns. It does not purport to be the last word on any of the matters raised – rather, it sets out the views of the Committee based on what the Committee saw and the evidence it took. It also reflects the long familiarity of the Committee with the IOTs. It sets out the concerns of the Committee with regard to a number of issues that will be the subject of more detailed investigation in the future.

The Committee's visit was both enjoyable and frustrating – enjoyable, because it is very easy to spend time in beautiful locations surrounded by friendly people in a relaxed atmosphere; frustrating, because there is a palpable sense that the problems facing the communities in the IOTs have been regularly canvassed, endlessly discussed, repeatedly reported upon, and yet there not enough evidence of meaningful progress. Indeed, it is apparent from the evidence collected by the Committee during the visit that many of the issues raised in its previous reports remain to be addressed.

The report makes over twenty recommendations. About half address relatively straightforward issues, such as funding for roads, aged care, waste management and recreation facilities, coastal management, pensioner air fare concessions, fuel storage and housing – small enough issues from the perspective of Canberra, large issues for the people of the IOTs. These are vital local issues from the point of view of external territories, noting the responsibility that the Commonwealth exercises

over local matters that would on mainland Australia be exercised by State or local governments.

Other recommendations concern more complex issues. In its recommendations, the Committee has sought to address – once again – the thorny issues of governance, economic development and environmental management. These matters require the Australian Government to articulate a clear and coherent vision for the future of the IOTs – one that addresses governance, economic development and environmental management holistically so that the management of these issues occurs within an integrated framework to which the whole of government is committed. There was clear frustration in the communities with the piecemeal approach to policy development and the contradictions in priorities between different sections and levels of government.

There also needs to be a clear commitment to fund and implement policy. The IOTs has been the subject of numerous reports outlining strategies and solutions, but few have been implemented. The Committee has recommended the funding and implementation of existing strategies on economic development, tourism, provision of services and environmental protection. Perhaps the most important of these is the report of the Expert Working Group that examined threats to Christmas Island's unique ecology. Key species on Christmas Island have suffered catastrophic decline because of a range of factors – most notably the Yellow Crazy Ant. Without urgent remediation, a number of species face extinction. The Committee has therefore recommended that the Australian Government fund and implement the recommendations of the Expert Working Group as a matter of urgency.

The need for an integrated approach to policy is highlighted by the economic situation in the IOTs. The three pillars of the economy on Christmas Island are the phosphate mine, immigration detention and tourism. There are few synergies between these sectors, much conflict and no coordination. The phosphate mine has a limited life, immigration detention is not expected to be a permanent fixture, and tourism is, as yet, underdeveloped. There also remains the open question of the future of the Christmas Island Casino. In addressing these issues, the Committee has recommended the development of an economic strategy for the IOTs to transition them from heavy reliance on government activity and mining towards sustainable private sector activity. Within this context, the Committee has sought an Australian Government commitment to: the extension of the current mining leases and reconsideration of new mining leases within the context of creating environmental management investment; the funding and implementation of existing tourism strategies; and the reopening of the Christmas Island Casino, should a satisfactory proposal come forward.

Implementing these recommendations will require two things: money and a change in mindset in the federal bureaucracy. The IOTs are in the difficult position

of answering to the Commonwealth for the delivery of state and local services, something the Department of Regional Australia, Local Government, Arts and Sport is perhaps not always, despite good intentions, in the best position to provide. Even mediated through the local shires and Service Delivery Arrangements with Western Australia, the delivery of state and local services still require acuity and flexibility on the part of the Department. In short, the Australian Government can't bluntly apply Commonwealth rules to the delivery of state and local government functions. It needs to focus on the needs of the communities in the IOTs, and make the necessary adjustments to the law to allow it to do so.

I would like to thank all those who contributed to the visit and the report. The Committee appreciates the efforts of all those who gave evidence and made submissions. It also appreciates the many people on the Cocos (Keeling) Islands and on Christmas Island who facilitated the visit, especially the Administrator Jon Stanhope, his predecessor Brian Lacy, and Liyana Pereira, their executive assistant. I would also like to thank my Committee colleagues for their strong bipartisan support for the visit and the report; and the secretariat for their work in making it all happen.

Senator Louise Pratt  
Chair







## Membership of the Committee

Chair            Senator Louise Pratt

Deputy Chair   Mr Luke Simpkins MP

Members	The Hon Dick Adams MP	Senator Judith Adams (until 4/4/12)
	Ms Gai Brodtmann MP	Senator Trish Crossin
	Ms Anna Burke MP (until 9/10/12)	Senator Gary Humphries
	The Hon Simon Crean (from 22/4/13)	Senator Stephen Parry
	Mrs Natasha Griggs MP (from 20/8/12)	
	Dr Andrew Leigh MP (until 22/4/13)	
	The Hon Bruce Scott MP (from 9/10/12)	
	Mr Patrick Secker MP (until 20/8/12)	
	Hon Peter Slipper MP (until 24/11/11)	

## Committee Secretariat

**Secretary**

Mr Peter Banson

(from 13/2/13)

Mr Peter Stephens

(until 8/2/13)

**Inquiry Secretary**

Dr William Pender



## Terms of reference

That the Committee review the Department of Regional Development, Regional Australia and Local Government Annual Report 2010-11





## List of abbreviations

AFMA	Australian Fisheries Management Authority
AFP	Australian Federal Police
AQIS	Australian Quarantine and Inspection Service
CI	Christmas Island
CITA	Christmas Island Tourism Association
CKI	Cocos (Keeling) Islands
CLA	Chinese Literary Association
DAFF	Department of Agriculture, Fisheries and Forestry
DEEWR	Department of Education, Employment and Workplace Relations
DFES	Department of Fire and Emergency Services (WA)
DIAC	Department of Immigration and Citizenship
DRA	Department of Regional Australia. Local Government, Arts and Sport
EWG	Expert Working Group
FHOAG	First Home Owners Grant
GST	Goods and Services Tax
HACC	Home and Community Care

IOTs	Indian Ocean Territories
IOTGA	Indian Ocean Group Training Association
IRPC	Immigration Reception and Processing Centre
JSCNCET	Joint Standing Committee on the National Capital and External Territories
NBN	National Broadband Network
PRL	Phosphate Resources Limited
RDA	Regional Development Australia
RDO	Regional Development Organisation
SDA	Service Delivery Arrangement
SOCI	Shire of Christmas Island
WA	Western Australia



# List of recommendations

## 1 Report on the visit to the Indian Ocean Territories

### Recommendation 1

The Committee recommends that the Australian Government, as a matter of urgency, commit sufficient funds to give effect to the recommendations of the Expert Working Group on Christmas Island, as set out in its final report.

## 2 Governance

### Recommendation 2

The Committee recommends that the Australian Government formulate a vision or strategic plan in direct consultation with the island communities for the future of the IOTs. This vision will articulate:

- better governance and administrative arrangements
- a greater degree of administrative autonomy
- a commitment to the funding and implementation of existing strategies commissioned by the Commonwealth in respect of
  - ⇒ economic development
  - ⇒ the provision of services
  - ⇒ protection of the environment
- the aspirations and needs of the island communities
- how different aspects of government policy will be coordinated.

### Recommendation 3

The Committee Recommends that the Australian Government develop a formal mechanism to allow consultation with and feedback from the Indian Ocean Territories' communities in relation to the application of Western Australian law to the IOTs and the negotiation and implementation of SDAs.

### Recommendation 4

The Committee recommends that the Australian Government conduct a full biosecurity assessment of the IOTs.

## 3 Economic Development

### Recommendation 5

The Committee recommends that the Australian Government develop and commit to an economic strategy for the Indian Ocean Territories to transition the economy of the IOTs from its current situation, heavily reliant on a mining or government activity, to one based on sustainable private sector activity. This strategy is to be formulated by the Australian Government in conjunction with the local communities.

### Recommendation 6

The Committee recommends that as part of its overall economic strategy for the Indian Ocean Territories and in the context of creating environmental management investment, the Australian Government commit to the extension of the current mining leases and re-examine new mining leases on Christmas Island.

### Recommendation 7

The Committee recommends that as part of its overall economic strategy for the Indian Ocean Territories, the Australian Government commit to the implementation of existing strategies commissioned by the Commonwealth to develop tourism in the Indian Ocean Territories, and develop long term arrangements to secure air services, including subsidising flights to Asia, and improve tourism-related infrastructure and facilities.

### Recommendation 8

The Committee recommends that the Australian Government commit to the reopening of the casino on Christmas Island and that it facilitate the approval process to allow this to happen if a proposal comes forward.



## 4 Service provision

### Recommendation 9

The Committee recommends that the Australian Government commit to extending and upgrading mobile telephone services in the Indian Ocean Territories to provide access to 3G/4G telephone services.

### Recommendation 10

The Committee recommends that the Australian Government provide road funding to the Indian Ocean Territories on a more flexible basis, with longer grant periods, rolling funding, and more local discretion upon how the funds are used.

### Recommendation 11

The Committee recommends that the Australian Government commit funds to the sealing of the road to the Immigration Reception and Processing Centre as a matter of priority.

### Recommendation 12

The Committee recommends that the Australian Government review its policy towards shipping of freight by plane and ship to the Indian Ocean Territories with a view to leveraging off Commonwealth efficiencies to find the most cost effective outcome for the communities in the IOTs.

## 5 Local issues—Cocos (Keeling) Islands

### Recommendation 13

The Committee recommends that the Australian Government provide funds for the construction of a recreation centre/cyclone shelter on West Island as a matter of urgency.

### Recommendation 14

The Committee recommends that the Department of Immigration and Citizenship develop a cyclone contingency plan for its operations on the Cocos (Keeling) Islands which will provide safe accommodation meeting Australian cyclone standards on island for asylum seekers in the event of a cyclone without undue risk or inconvenience to the local community.

### Recommendation 15

The Committee recommends that the Australian Government urgently address the insurance problems facing the communities of the Indian Ocean Territories, if necessary by investigating the provision of insurance to those communities.

#### Recommendation 16

The Committee recommends that the Australian Government provide the necessary funding to implement a comprehensive waste management strategy on the Cocos (Keeling) Islands, including funding facilities for the incineration of organic waste and the safe removal of inorganic waste from the islands.

#### Recommendation 17

The Committee recommends that the Australian Government fund the stockpiling of geofabric bags for the better management of coastal erosion on the Cocos (Keeling) Islands.

#### Recommendation 18

The Committee recommends that the Australian Government take steps to improve the opportunities for local businesses to participate in work under contract, including by separating large tenders into individual parts or allowing local businesses to tender for parts of contracts.

## 6 Local Issues—Christmas Island

#### Recommendation 19

The Committee recommends that the Australian Government provide increased storage capacity for petrol on Christmas Island as a matter of urgency.

#### Recommendation 20

The Committee recommends that the Australian Government commence planning for, and funding of, a dedicated aged-care facility to be collocated with the Christmas Island Hospital.

#### Recommendation 21

The Committee recommends that the Australian Government undertake a comprehensive housing survey to establish levels of availability and demand for housing in the Indian Ocean Territories.

#### Recommendation 22

The Committee recommends that the Australian Government provide funds for the raising of the sea wall in the Kampong, with a view to facilitating design and construction within the next two years.

#### Recommendation 23

The Committee recommends that the Australian Government adjust the rules for the pensioner airfare concession, which currently provides for an annual flight to Perth, to allow for an equal concession to be put towards flights to Asia.

**Recommendation 24**

The Committee recommends that the Australian Government provide the necessary funding to implement a comprehensive waste management strategy on Christmas Island, including funding facilities for the incineration of organic waste and the safe removal of inorganic waste from the island.

**Recommendation 25**

The Committee recommends that the Australian Government make the Regional Price Index for the Indian Ocean Territories publicly available.

