



SUBMISSION50.....

Mr Quentin Clements
Secretary
Joint Standing Committee on
the National Capital and External Territories
Parliament House
CANBERRA ACT 2600



Dear Mr Clements *Quentin*

Please find attached the Department's answers to questions taken on notice at the 28 March hearing of the Joint Standing Committee on the National Capital and External Territories.

I hope to provide the Committee with some additional information concerning the hearings held on Cocos (Keeling) Islands and Christmas Island shortly.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mike Mrdak', written over a horizontal line.

Mike Mrdak
First Assistant Secretary
Territories and Local Government
/ May 2003

The application process for a casino licence.

The application process for a casino licence is covered in the *Christmas Island Casino Control Ordinance* 1988 (available at: scaleplus.law.gov.au) and it is as follows:

- Applicant must complete an application form. (attached). If the form were to be changed or updated any changes must be approved by the Minister and tabled in Parliament;
- The Casino Surveillance Authority (CSA) assesses and investigates the application; and
- The CSA then makes a recommendation to the Minister as to whether the applicant is a fit and proper person to hold a casino license.

There is no appeal against the Minister's decision to refuse to grant a licence in the Ordinance. However, as the decision would be one made under an enactment a review under the Administrative Decisions Judicial Review (ADJR) Act in the Federal Court could be sought.

Christmas Island Youth Coordination Committee (Club Hi)

As with other aspects of the Commonwealth's operations in regards to the Indian Ocean Territories (IOTs), the Department is seeking to normalise its arrangements at the Christmas Island neighbourhood centre. This involves the establishment of leases for all tenants.

The Department is supportive of the youth organisation on island. However, in order to be consistent with its approach to other non-profit groups and be transparent in its administration, a lease agreement is required.

The lease recently negotiated with the Club-Hi was the last of the non-profit organisation leases put in place. In recognition of the work of the Committee, the rent was heavily discounted from the assessed value (a discount of 40% per annum).

The lease provides free rental for one year to enable the club to explore funding arrangements. During this time the club applied for and was granted a \$15,760 grant from the Commonwealth in its role as 'State' government of the IOTs. The grant was paid in late March to assist in meeting the costs of providing a musical development program.

Cocos Marine Contract Breakdown

The annual contract amount for the CKI Marine Services is \$690,286. This amount covers the provision of the ferry service, the bus service and the management of the marine assets. It also covers some ancillary expenses such as professional indemnity insurance for the Co-op and the survey of the vessels. This contract does not include the cost of fuel, asset repairs and depreciation.

As you are aware, the Department is progressively going out to the market to tender for the provision of these services following expiry of the existing contracts. Accordingly, we are unable to provide a detailed breakdown of these costs at this time without adversely impacting on these tender processes by providing base line provision cost information reducing the opportunity for the Commonwealth to obtain more economic provision.

Cocos Ferry Employment Levels

The Cocos Co-op employs six crew, one mechanic and one part-time supervisor in the provision of the ferry service.

Cocos Shipping Subsidy

The last shipping subsidy to the IOTS was the freight subsidy applicable to the Cocos (Keeling) Islands which was removed in the late 1980s.

During the period 1988 to 1993 the Commonwealth established a fully independent and privately operated freight forwarding system (Joint Islands Supply System -JISS) while retaining the required legal operating and financial control. JISS was structured as a non-profit making, fully accountable, cost recovery system, in which consolidated freight rates were set and were revised regularly to cover total operating costs.

A scoping study was undertaken on behalf of DoTaRS in 2001 and the advice received from this study indicated that the volume of freight being shipped to the IOTs from Fremantle made it profitable for one operator and while this commercial service operated between Fremantle and the IOTs, any form of subsidy was without basis.

The Department is unaware of any indications that subsidies would apply in the future. A State Government subsidy does apply for services to the Kimberley ports along the WA coast, this subsidy being implemented to offset the additional costs being borne by shippers due to the requirement vessels servicing these "cabotage" ports are to be crewed by Australian crew on Australian Ships. This is not a requirement for vessels servicing the IOTs. The cabotage on Christmas Island was lifted some years ago.

Subsidies do operate on the IOTs Air Service for the carriage of fresh provisions including fruit and vegetables. This subsidy allows these goods to travel at a rate approximately 30% lower than the standard airfreight rates.

Cocos Home Island Sewerage Problem

The Department has been advised that the event described by Mr Knight and referred to by Mr Snowdon occurred on the 29th and 30th January 2002, when significant rainfall fell on the Cocos (Keeling) Islands. At this time, the vacuum system construction contract was still in the construction commissioning phase. The contractor was also experiencing technical and logistical difficulties during the

commissioning phase of the project which amplified the problem significantly. The technical difficulties experienced by the contractor were rectified prior to the hand over of the system to the Commonwealth.

Since the system has been handed over to the Commonwealth in April 2002, there have not been any reports of similar problems occurring during heavy rainfall events. Nor have there been any reports of any ongoing problems with the vacuum sewerage collection system, by either the householders, the Shire, the Water Corporation or Cocos Administration that would affect householders in the manner described by the Cocos Island Cooperative representatives.

The new vacuum sewerage system for the Cocos (Keeling) Islands was designed and constructed in accordance with Western Australian Water Corporation standards and guidelines. The collection system, which was completed in March 2002, consists of gravity sewers from property plumbing fixtures to the property boundary, which empty into a concrete storage collection pit (typically one pit services two properties) which is then progressively emptied by suction from vacuum mains.

The vacuum mains lead to a central pump station, which provides the vacuum to the system and also pumps the sewage to the Waste Water Treatment Plant (WWTP). Treated effluent is pumped from the WWTP via an ocean outfall pipeline to an outlet at the edge of the reef, at a water depth of 16m on Home Island.

The pumps at the Home Island vacuum pumping station are sized smaller than the ones provided on West Island because the pumping distance is far less and therefore does not require as high a head to deliver the sewage to the WWTP. The pumps in the Home Island pump station are manufactured by the same company and are also of the same quality as those installed at the West Island pump station.

Mr Knight and Mr Pirus advised the JSC that raw sewage comes back up through the vacuum system into the toilets. The Department has been advised that this scenario is not technically possible. However, if there is a failure of the valve located in the collection pit outside a house, the pit gradually fills up as the plumbing fixtures in the house are used, until a point is reached where sewage will overflow at the disconnector trap which should be located outside the house and lower than the floor level of the house.

If there is a back up of sewage in the outside pipes, the toilet may not flush properly, and the level may temporarily build up in the toilet pan (similar to what would be experienced if there is a blockage in the plumbing). If the house plumbing has been constructed correctly, the wastewater from the showers, basins, sinks etc should discharge outside the house through the disconnector trap. At no time can sewage from the collection system flow back up through pipe work into the house. Failures of the valve in the collection pit are rare in a well-maintained system.

There have been no reports by the operators (Water Corporation) or others that the system on Home Island has suffered anything other than minor operational problems (which are to be expected in any sewerage system where blockages can occur) since the system was officially commissioned.

During heavy rainfall periods it is likely that a significant volume of rainwater enters the vacuum sewerage system. This is because some areas of the Kampong are prone to flooding and so in turn disconnector traps outside houses and other sewage ports become flooded. Roads on Home Island shed water towards the houses, which contributes to the flooding near houses. Flooding does not usually last for long periods of time due to the porous nature of the soil. The stormwater causes the vacuum collection system to have to work harder to clear sewage during extreme flooding events and thus it may become more prone to problems over short periods of time.

The Department recently had an independent consultant review the vacuum sewerage system and the recommendations from his report are presently being examined.

Cocos Home Island Power – Tender for replacement

The Department is still preparing documentation in regards to the tender process and hopes to have final documents issued during May. At that time the Department will provide the Joint Standing Committee secretariat with copies of the tender documentation.

Cocos Airstrip – CASA approved aircraft

The CKI airport pavement was constructed in 1952 and last resurfaced in 1983. It is thought to have been designed for a civilian Super Constellation or similar aircraft with single wheel loads of up to 27 tonnes and a tyre pressure of about 800 kPa. The runway was not designed for the large jet aircraft that have operated at the airport since the late 1960s or early 1970s.

Airport owners are able to rate their pavements, taking account of the size and numbers of aircraft they wish to accommodate, the pavement strength and condition, the desired pavement life, and their pavement maintenance strategy. In November 2000, our consultant, GHD recommended a PCN of 21/F/B/1000/T however taking a slightly more conservative approach the Commonwealth's airport operators, Westralia Airports Corporation (WAC), published the pavement as a PCN of 17/F/A/1000/T.

The PCN refers to the Aircraft Classification Number (ACN) for which the pavement is structurally adequate (subject to tyre pressure limitations). The "1000" refers to the maximum tyre pressure in kPa. Aircraft heavier than the above PCN are permitted to use the pavement under a "concession system" carefully controlled and monitored by the airport manager to address any pavement distress. However, concessions on the pavement loading shorten the remaining design life of the pavement.

WAC have generally allowed unrestricted operations 50% above the PCN (ie ACN of about 25.5) and limited operations at 80% above (30.6). Anything at 100% above the published PCN (ie 34) has been regarded as suitable for emergency operations only.

The current Commonwealth subsidised air service using Avro RJ70/BAe146 type aircraft is not considered to be overstressing the pavements. However, other larger mainly military aircraft that visit the airport do have an impact that will reduce the effective life of the pavement. The aircraft types that fall within the PCN of 17 (plus 50%) include the RJ70, BAe146 and Fokker 100. Typical other aircraft on the Australian register are B737-400, B767-300ER, B747-300, A330-300.

It should be noted that the major damage inflicted on the runway dates back to the 1970s and 1980s when B727s and DC 8s with ACN ratings of around 52 operated as commercial passenger jets to the island. These operations resulted in some major corrective work on the runway being required. This was undertaken in the early 1990's to remove the wheel ruts either side of the runway centreline.

Cocos WaterCorp contract

The two contracts with WaterCorp for the provision of management and operation of utilities and asset and infrastructure management on Cocos are not due to expire until February 2005 and December 2003 respectively.

At this point the Department is not looking to re-tender the utilities contract but is examining the possibility of extending the asset and infrastructure management contract in line with the 2 one year options contained in the existing contract.