



SHIRE OF CHRISTMAS ISLAND

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Submission

Joint Standing Committee on the National Capital and external Territories

Inquiry into the changing Economic Environment in the Indian Ocean Territories

1 Communication services

Broadband internet

Christmas Island Internet Administration Pty Ltd (CiiA) provides wireless broadband and dial-up internet services on Christmas Island. The Shire of Christmas Island is one of several community based organisations that nominate directors to the community owned “not for profit” company that is responsible for the operation of the .cx TLD.

Various negotiations to link the community owned operation to various business entities wishing to take up government funds for remote internet service delivery have fallen through. CiiA has relied on its own resources to deliver the current wireless and dial-up services.

Questions of broadband speeds being below some mainland standards of service are regularly raised. CiiA has upgraded the service from time to time by purchasing additional bandwidth on the satellite delivery system to provide faster broadband services. The cost of purchasing the bandwidth is the main constraint on improving the speed of the broadband service.

The alternative means of increasing internet speed is to install fibre cable. Access from the proposed undersea fibre cable to be laid between Jakarta and Perth has been investigated. The Attorney General's Department funded the inquiry. Tens of millions of dollars would be required to bring the fibre cable to Christmas Island. Upgrading the distribution network would be another large additional cost.

No solution to the demand for significantly faster internet speeds has been proposed. However the future of Christmas Island will increasingly be determined by our ability to produce services and products that must utilise the most up to date communications systems. We will not be able to compete at home or abroad if we are not at the same level of speed and efficiency attainable in Perth, Jakarta or Broome.

Our future will depend increasingly upon communications based businesses including research and education. Senator Kim Carr’s office is assisting the Shire of Christmas Island to identify opportunities to diversify our economy in those areas. Decisions by

research and education institutions about establishing themselves on Christmas Island will be heavily influenced by the availability of the basic communications infrastructure.

The most powerful research tool for a student, a journalist, a public spirited, well-informed citizenry, is the internet. Many education services are delivered by internet. The key to getting education services located on Christmas Island will be to link research activities that need to be conducted on the Island to institutions that also deliver education courses.

Developing education and research capacity will open up many opportunities for building a population around industries that can utilise the internet to operate anywhere. Christmas Island offers a unique natural environment that will attract researchers and the model for developing capacity in that field will undoubtedly provide a model for many other fields of research and education.

Former Department of Environment official Alistair Graham identified Christmas Island as the best location in the Indian Ocean for a complete ecosystem study. In September 2005 Alistair Graham was the Australian Government Conservator for Christmas Island. He produced a business case for establishing the Christmas Island International Research Centre, which he proposed be established at the old government house on Christmas Island, known as Tai Jin House.

In identifying the outstanding features of the island as a potential research station he listed our remoteness from any other land and the size of the Island (135 square km) as the key features that would attract the best scientists in the world. He said Christmas Island offers an exceptionally high level of investment and operational security.

There is enormous potential for Christmas Island to grow in different directions. But there is no possibility of realising our potential without the internet tools we need. It is highly unlikely that up to date communications can be established on Christmas Island without a very significant government direct investment.

Digital television

Conclusive information about digital television for Christmas Island has not been provided. One account suggests that Christmas Island receives television off the satellite in digital format. It is converted on Christmas Island to analogue for transmission to the community. This account suggests that to transmit digital television will require new transmission equipment that would cost in the tens of thousands, one estimate is \$50,000. We look forward to a conclusive statement about digital television for Christmas Island. It is a much anticipated service.

Mobile telephony

Christmas Island is currently serviced exclusively by Telstra for mobile telephony services. Visitors to Christmas Island who are users of other mobile telephony service providers can not use their mobile telephones on Christmas Island.

The Telstra service provides for voice calls and sms messaging but excludes data transmission. It is not possible to use a mobile telephone on Christmas Island to send emails or photographs. Blackberries are unknown on Christmas Island.

These current arrangements were made between Telstra and the former government when Telstra decided to shut down its analogue network. Christmas Island would welcome a new arrangement that delivers the full service enjoyed by the public on the mainland.

Given CIIA's offer to accept any available Commonwealth funds, should such funds be available, to build a replacement mobile network for Cocos (Keeling) Islands, using some of CIIA's existing infrastructure on Cocos, the Committee may give consideration to upgrading the Christmas Island mobile telephony services to mainland "next generation" standards under similar arrangements.

The Shire of Christmas Island asserts that the Commonwealth is responsible for ensuring these services are provided to the Territories at the standards that apply on the mainland for broadband internet, digital television and mobile telephony.

2 Transport - passenger and freight services

Shipping

Sea freight to Christmas Island is delivered by one shipping service operated by Zentner Shipping. The service operates out of Fremantle and some freight is shipped from Singapore via Fremantle to Cocos (Keeling) Islands and Christmas Island. A second service, Cocos Traders operated up until 1999 – 2000 but ceased because two shipping services were not viable after the closure of the Christmas Island Resort in 1998.

Despite these circumstances of monopoly there have been few attempts to test the cost of using alternative providers. The attempts in the last eight years have been restricted to occasional shipments on the ships that carry phosphate from the port of Christmas Island. The mining company now refuses to accept the constraints and costs imposed on its business by its ships carrying and unloading inbound freight.

Zentner does not have a set schedule of freight rates for all containers shipped. There is a general rate published for freight measured in cubic metres. Business operators pay different rates for full containers of dry, chiller and freezer containers and Zentner does not disclose all of these rates. These rates are confidential information. Container rates can be obtained for; cars approximately \$5,000, and a full container of general cargo is more than \$6,000.

During the swell season the port can be closed for weeks at a time. Delays to unloading have resulted in a surcharge being added to each container. In 2006 a surcharge of \$845 per container was collected by Zentner Shipping. The company required this additional payment because of the delays to unloading caused by the swell and the breakdown of the wharf crane. The surcharge was maintained over several months for many voyages that were not affected by the delays. The shipping company collected the surcharge to offset their additional costs due to the delays during the swell season.

There is no subsidy for sea or air freight shipped to Christmas Island. The high cost of building houses, shops and roads or eating and drinking healthy food is directly attributable to the high cost of freight. The lack of healthy affordable fresh food is an oft quoted reason for people leaving Christmas Island.

Roads

The Shire of Christmas Island recently called tenders for the provision of granite aggregate from the mainland for road construction. The locally produced limestone aggregate is not suitable for roads on hills and curves because it becomes smooth and dangerously slippery when wet. It will cost the Shire of Christmas Island \$315 per tonne to use the aggregate sourced from the mainland. It will cost a mainland Shire Council \$30 per tonne to use that same aggregate on the construction of their roads. The huge additional cost in this comparison is the sea freight component.

The Shire of Christmas Island does not have capital reserves for road building. Each road built is a project that the Shire must make application to the Commonwealth to fund. The road system is critical transport infrastructure for any economy.

Road infrastructure is also a planning issue for all Shire Councils. On Christmas Island we have been badly served in the planning for the Immigration Detention Centre (IDC) at North West Point. A sealed road should have been built to service the IDC. If normal Shire planning procedures had been followed as any other developer would be required to do, the Council would have approved the project, with a condition that the developer seal that road to North West Point. The Commonwealth did not follow normal planning procedures. The Council was ignored and the project was completed without the road being sealed. Commonwealth funds should be provided to the Council to seal that road.

It should be noted that the Regional and Local Community Infrastructure Programme funds made available to all local governments on the mainland are not available in the IOTs. We are not considered local governments under the terms of the funding arrangement. The Attorney General's Department is working on this issue so that these funds can be accessed by the IOTs Shire councils. In the meantime the Minister for Home Affairs is offering IOT budget programme funds to the Shire of Christmas Island for infrastructure development. An allocation of \$345,000 for Stage One of the dual use Pathways Project for cycling and walking trails has been approved by the Minister for Home Affairs .

Air Services

The Territories currently receive two air services: a domestic service from Perth and an international service from Kuala Lumpur and Singapore.

The regular domestic service operates twice weekly and flies between Perth, Christmas Island and the Cocos (Keeling) Islands. The service alternates between a clockwise loop on Friday and counter-clockwise loop on Monday. Two additional services have been in operation since mid 2009. They are offered on Wednesdays and Saturdays to cater for DIAC's increased demands.

Australian Indian Ocean Territories Airlines (AIOTA), using a chartered Malaysian Airlines aircraft, flies from Kuala Lumpur and Singapore to Christmas Island every Saturday. The Department of Immigration and Citizenship (DIAC) operates occasional charter flights between Perth and Christmas Island to support its detention and processing activities on Christmas Island.

Air services can play a significant role in our economic development. The level of economic activity on Christmas Island tends to fluctuate. Large scale construction

projects (such as the construction of the Immigration Reception and Processing Centre) or other large projects (such as the now-closed Christmas Island Resort) inject large figures into the local economy and highlight the dependence of the economy on special projects or events. Such projects have tended to maintain the Christmas Island economy, but through a boom- bust cycle.

The expected closure of the Christmas Island phosphate mine (scheduled to take place sometime before 5 February 2019) will result in a huge decline in the size of the local economy.

One of the special factors affecting economic development has been the remoteness of the Indian Ocean Territories (IOTs). Remoteness is a direct result of the high cost involved in reaching the territories. If a Perth resident can spend \$276 for a return flight to Singapore to shop over the weekend, Singapore is no longer remote although it is a four and half hours flying time from Perth. A flight to Christmas Island non-stop from Perth will take three hours and ten minutes and it will cost \$1100 return even at its cheapest.

For that price, a person can fly to Guam through Cairns, a journey of nine and a half hours across the red centre of Australia and into Micronesia. There can be no solution to the “remoteness” of the IOTs unless there is a necessary economy of scale. For small territories like the IOTs, there will never be enough domestic demand to bring down airfares to the level that will attract sufficient tourism to mitigate the closure of the mine and hedge against the possible slowdown of immigration activities on the island.

Measures must be taken by the Commonwealth to allow the Indian Ocean Territories certain strengths in competition with other States and Territories and regional destinations to attract sufficient tourists to create the economy of scale. It is unlikely that Western Australian tourists will come to Christmas Island or Cocos Islands when it costs only half the price to get to Borneo or Maldives. South East Asian tourists will not pay the extra to get to IOTs when they can get to Cairns at roughly 2/3 the price in a package that includes five stars hotels, which neither territory possesses at the moment.

The IOTs need policy adjustments that take advantage of the IOTs’ unique geographical strengths and insularities and their separate immigration and customs regimes. Developing an economy from these qualities will depend upon our ability to attract mainland and regional investors and allow for the diversification of the economy away from sole reliance on the phosphate mining industry.

Duty Free Tourism and Visa Waiver for Island Visitors

Our remote location provides ideal conditions for duty free tourism. Models of this economy exist in Europe and Asia. A good case study is Andorra, a remote medieval co-principality under the protection of France and Spain deep in the Pyrenees. Its population was eight thousand in the 1960s and the economy was based on tobacco and smuggling. Today duty free tourism, the mainstay of Andorra's tiny, well-to-do economy, accounts for roughly 80% of GDP. An estimated 9 million tourists visit annually, attracted by Andorra's duty-free status and by its summer and winter resorts. Attractive for shoppers from France and Spain as a free port, the country also has developed active summer and winter tourist resorts. With some 270 hotels and 400 restaurants, as well as many shops,

the tourist trade employs a growing portion of the domestic labour force. Its population has also increased to about 88,000, of which 66.7% are from France and Spain.

Despite the formation of the European Union, Andorra still maintains its unique fiscal status. Its negotiations on duty-free status and relationship with the Union began in 1987, soon after Spain joined. An agreement that went into effect in July 1991 sets duty-free quotas and places limits on certain items--mainly milk products, tobacco, and alcoholic beverages. Andorra is permitted to maintain price differences from other EU countries, and visitors enjoy limited duty-free allowances. Andorra also progressed from an economic basket case which was dependent on handouts and service provisions from France and Spain to becoming a sovereign member of the United Nations, only dependent on France and Spain for defence and foreign policy matters.

Another case study is Jeju Island in South Korea. A special autonomous island province at the tip of South Korea, it was traditionally the poorest area in Korea. Female sea divers called Haeyos were the main breadwinners and that was seen as a major scandal in patriarchal Korea. High agricultural taxation provoked the Jeju Uprising in 1948.

After the restoration of democracy in South Korea, President Kim Dae-jung established a task force on the "Jeju International Free City". A study commenced in February 2001 with the plan to virtually reshape the island in the model of such international cities as Hong Kong and Singapore. The plan calls for making the entire island visa-free and allowing imports and exports to be free of tariffs in designated zones, such as the main airport and seaport.

The plan includes opening more duty-free shops and building an information technology industrial complex on the island. By 2006, the GDP of the province was projected to be 8.5 trillion won (about US\$8.5 billion), approximately 15 million won per capita. The provincial government's budget for 2006 was projected at 1.1 trillion won, an increase of 10% over 2005.

Tourism represents a large proportion of Jeju's economy. For most tourists, travel to and from the island is mainly through Jeju International Airport and transport within the island by rental cars. Some local products are popular with tourists, including Jeju's special tile fish and mandarin oranges.

Aside from souvenirs and duty-free shopping, Jeju also has become the main operations base of Daum Communications, a leading Korean internet site, and sole owner of Lycos search engine. The vast majority of Lycos internet backroom programming works are done on Jeju Island. Jeju Island is able to compete for tourists and even in the sphere of information technology with Seoul and other better off provinces of South Korea.

A visa waiver regime is in place for Jeju Island. By July 2007, all nationals except for nationals of Macedonia, Palestine, Cuba, Syria, Libya, Iran, Iraq, Nigeria, Ghana, Afghanistan, and Sudan were able to visit the island visa-free for 15 days. As a result, the number of visitors to Jeju doubled in nine months. In particular, the number of people who entered the island without a visa quintupled to 22,537 compared to the same period the previous year. Most of the people who visited Jeju visa-free were Chinese, who made up 99 percent of visitors.

Beside tourists going to Jeju to take advantage of the duty free shopping and visit a mini version of South Korea when they might not satisfy immigration requirements to visit mainland South Korea, there are foreign Lycos executives and programmers who can visit backroom headquarters and touch base without going through the hassle of applying for a visa and waiting weeks for approval. Jeju is also becoming a favoured place in North East Asia to hold conventions.

At the same time, South Korea can also ensure border integrity and national security concerns are catered for without adversely affecting economic considerations. Jeju Island has experienced an economic revival and the central government in Seoul is providing less taxpayers money to subsidize the island.

A similar model can be instituted on Christmas Island. During the era of the casino, Indonesian visitors, with sponsorship of the Resort, were allowed to visit the island for up to five days without applying for a visa as long as they did not proceed to mainland Australia or Coco Islands. This clause of the immigration regulations was only removed in 1999 by the Howard government.

Now that the island is excised from the migration zone, it is less likely immigration complications that could occur. Coupled with the duty free regime on the island, this would provide a great base for the island to develop an alternative and diverse economy.

Air Services will provide the major economic link to make the island the Asian gateway to Australia and vice versa. The Christmas Island economy could also employ workers from Cocos (Keeling) Islands.

There will be those who question such an open immigration policy coexisting with the Immigration Processing centre on the island. One last case study will be used for comparison so that this concern can be laid to rest. Guam, the United States' "Gibraltar of the East", has a similar visa waiver program. Foreign visitors may be admitted into Guam under the current Guam Visa Waiver Program if:

- the visitor arrives on a Guam Waiver Program signatory carrier,
- is travelling only to Guam (no onward flights to other U.S. destinations is permitted),
- is classifiable as a visitor for business or pleasure,
- is solely entering and staying on Guam for a period not to exceed 15 days,
- is in possession of a round-trip non-refundable and non-transferable transportation ticket bearing a confirmed departure date not exceeding 15 days from the date of admission to Guam,
- is in possession of a completed and signed Guam Visa Waiver Information Form (CBP Form I-736),
- waives any right to review or appeal an immigration officer's determination as to the admissibility of the visitor at the port of entry into Guam;
- waives any right to contest, other than on the basis of an application for asylum, any action for deportation of the visitor.

In addition to the Federal Visa Waiver Program, the following countries are eligible for the Guam Visa Waiver Program:., Indonesia, Nauru, Papua New Guinea, Solomon

Islands, Taiwan (Residents who begin travel in Taiwan and fly to Guam without an intermediate layover or stop en route), United Kingdom (including British Nationals resident overseas), Vanuatu, and Western Samoa.

Guam is a popular destination for Japanese tourists. Its tourist hub, Tumon, features over 20 large hotels, a Duty Free Shoppers Galleria, Pleasure Island district, indoor aquarium, Las Vegas–styled shows and other shopping and entertainment venues. It is a relatively short flight from Asia or Australia compared to Hawaii, with hotels and seven public golf courses accommodating over a million tourists per year. Although 75 percent of the tourists are Japanese, Guam receives a sizable number of tourists from Hong Kong, South Korea, the U.S., the Philippines, and Taiwan. Significant sources of revenue include duty-free designer shopping outlets, and the American-style malls: Micronesia Mall, Guam Premier Outlets, the Agana Shopping Centre, and the world's largest Kmart.

At the same time, the U.S. military maintains jurisdiction over its bases, which cover approximately 160 square kms, or 29% of the total land area of Guam including U.S. Naval Base Guam and Andersen Air Force Base, where nuclear armed B-52s were based to be deployed over China during the Cold War. If the US federal government is confident enough to allow such access to Guam, the Australian government should not be concerned about operating the Immigration Detention Centre and opening the island to regional tourists.

To provide the Territorial government of Guam the funding to maintain the infrastructure, under the provisions of a special law of Congress, the Guam treasury, rather than the U.S. treasury, receives federal income taxes paid by local taxpayers including military and civilian federal employees assigned to Guam.

Making Christmas Island the hub for air services to the IOTs is the key to development of tourism in the IOTs. It is also Labor government policy to establish Christmas Island as the hub for air services.

3 Commonwealth Government services and programme

The core service infrastructure of our community is provided by the Commonwealth Government. We are well provided for in the school, the hospital, power, water and sewerage systems. These functions are well funded and so are well maintained. They are not self sufficient. The Commonwealth provides a significant proportion of the operating costs of these services. Service charges are set at reasonable levels compared with mainland equivalent services.

The Administration has recently completed a significant number of recruitments to the health service which is tasked to provide community health programmes in accordance with a model developed through community consultations conducted several years ago.

The level of maintenance of the port and airport facilities is not satisfactory when considered over the immediate past five year period. The airport safety equipment and systems should be inspected by an appropriate agency to check the standards are being maintained.

The A Bouy at the port was lost for over three years. This event was cause for concern especially for the safety of ships and crews. The inordinate amount of time it took to replace and reset the A Bouy exposed the Commonwealth to damages claims and the community to the dangers associated with ships breaking their moorings and damage to our coastal environment.

There is a clear distinction between the very reasonable level of funding for the Commonwealth's Administration which provides the state type services to our community and the poor level of funding for the Shire of Christmas Island. The Shire has a low capacity for policy and service development. We have an extremely high level of dependency on the Commonwealth for programme funding. Only 10% of Shire revenue is derived from our rates revenue and owned resources.

The Shire has received conditional Ministerial approval for funding our planning forum which is, in part, concerned with identifying ways and means of developing our capacity to govern ourselves. Capacity building must be an important part of the implementation of the plan for our future - Christmas Island 2020.

4 the operation of businesses in the region

Some services that are important for the operation of businesses on Christmas Island are not being provided. A Health and safety inspectorate can not function in the IOTs, because arrangements have not been agreed between the State of Western Australia and the Attorney General's Department. The lack of enforcement procedures and activities puts the health and safety of workers in the private sector, at risk. Injuries and illnesses at work are costs that workers and businesses should not have to suffer.

The Attorney General's Department has invested a significant increase in funding to the Christmas Island Tourism Association (CITA) to develop tourism on Christmas Island.

Insurance for private cars, housing and contents is not available on Christmas Island. Business and public liability insurance is available.

The legal framework for operating the full range of businesses is not in place. Companies are required to be registered in Perth. The Corporations Act does not apply on Christmas Island. We need legislation that allows Cooperatives to be established on Christmas Island. Cocos (Keeling) Islands are served by a Cooperatives Act. Christmas Island is not. And we should be.

The Shire is concerned that the IOT Economic Development Authority anticipated in the Labor Party election policy statement for the IOTs, has not been established. An economic development authority that is served by an executive that is independent of the Attorney General's Department and governed by the elected representatives of the people of the IOTs is the only acceptable formation.

Unwarranted interventions by the Department in 2006 and 2007 led to the cessation of the operation of the Christmas Island Economic Development Committee. The drive to return all decision –making authority to Canberra was destructive of the purpose of the

previous government's initiative, which was to provide the communities with limited funding to promote economic development through locally controlled processes, an essential ingredient for sustainable economies in any society.

Indian Ocean Rim Centre

The Shire of Christmas Island proposes that the operation of businesses should be relevant to the needs of the people of our society. The quality of relationships between people at individual, local and international levels should be a central concern of social, political and economic activity. Christmas Island's location in the Indian Ocean is ideally suited to the development of a large scale social capital venture.

The Indian Ocean is the world's third largest Ocean. It carries half of the world's container ships, one third of the bulk cargo traffic, two-thirds of the world's oil shipments. The region is woven together by trade routes and major sea-lanes. The Indian Ocean Rim constitutes between a quarter and a third of the world's population (close to two billion) which makes it a massive market. It is rich in strategic and precious minerals and metals and other natural resources, valuable marine resources ranging from food fisheries to raw material and energy for industries. It has abundant agricultural wealth in terms of the variety and mass of arable land and has significant human resources and technological capabilities.

Many countries of the Rim are becoming globally competitive and are developing new capacities, which can be jointly harnessed through regional co-operation efforts. This includes India and Indonesia, the world's second and fourth largest developing economies respectively. The development of the Gulf emirates into modern city states revives the rim as an integrated trading centre.

We proposed an Indian Rim Centre be located on the island modelled on the East West Centre in Hawaii. On April 16, 1959 then US Senator Lyndon Johnson proposed the creation of an international university in Hawaii "as a meeting place for the intellectuals of the East and the West." He proposed to the U.S. Senate an educational centre be established in Hawaii to provide for "cultural and technical interchange between East and West".

On May 14, 1960, President Eisenhower signed the Mutual Security Act of 1960 which authorized the creation of a Centre for Cultural and Technical Interchange Between East and West (East-West Centre) at the University of Hawaii. The East West Centre has three major core programmes. The Research Programme conducts studies on economic development, trade, energy, governance, politics, security, conflict reduction, population, health, and environment. The Education Programme offers educational opportunities for students and professional development seminars and workshops for educators from the U.S. and the region. The Student Programme is carried out in partnership with the University of Hawaii and other universities in Hawaii and the continental U.S. Scholarships are awarded annually in an international competition.

Also under the Education Programme are the Asia Pacific Leadership Program (APLP) (a certificate programme for graduate-level students and mid-level professionals), Asia Pacific Education and the Asian Studies Development Program (both work with primary, secondary, and university educators to infuse Asian Pacific content in curricula), and

Education 2020 (a focus on new approaches to educational challenges in the Asia Pacific Region).

Furthermore, East-West Seminars of the East West Centre bring professionals from government, civil society, business and the media together for short-term dialogue and exchange programs to share knowledge and address issues of regional and global concern. Included in the Seminars Program is the Senior Policy Seminar, which brings together top level foreign affairs and security officials, private sector and civil society leaders to discuss key regional issues.

The East West Centre has cultivated a generation of Asian Pacific leaders exposed to an Asian society thriving within the constitutional and social framework of a liberal democracy. By witnessing how Hawaii evolved into a tolerant, multicultural entity, it allows them to have faith in the universality of certain political principles. Australia can do the same on Christmas Island. We are at the crossroad of the Indic, Sinic, Islamic and Western civilizations. Christmas Island's successful multicultural society will provide the optimum backdrop to this dialogue of civilizations.

This project has huge potential for regional development and will require huge investment from the Australian Government to succeed.

5 Cost and availability of housing

Private sector rentals

The cycle of house sale and rental increases and falls tends to follow the boom bust economic cycle associated with the construction, and now the operation, of the Department of Immigration's Detention Centre.

In March 2002 the Howard announced the decision to build the Immigration Detention Centre (IDC) at North West. Immediately rents increased by 50%. At that time a new housing estate was being completed at Taman Sweetland. Those new semi-detached houses were rented for \$600.00 per week during the construction of the IDC. The commencement of the construction of the centre coincided with an increase of 50 %, from \$320 per week to \$480 per week for an old style 3 bedroom house in Drumsite.

In 2009 private sector housing rents are increasing rapidly. A one bedroom unit in Settlement that was \$150 per week in July 2009 is now \$300 per week. The rent for a terrace house at the roundabout has increased by \$180.00 per week. Many Christmas Island workers and their families rent in the private market. Wages have not doubled in this time and so many private sector tenants are suffering an unfair and unwarranted financial detriment. No price controls exist for the private sector housing market.

The causes of the rapid increases in rents that have occurred this year are commonly attributed to the rapid increase in demand from the Department of Immigration and Citizenship staff and contractors who have come to Christmas Island to work with asylum –seekers who began to arrive in October 2008.

Currently there are forty (40) DIAC staff and over 200 other Government officers and contractors on Christmas Island performing functions related to the receiving and processing of asylum claims from refugees arriving on Christmas Island. The Department built 165 one bedroom units for “fly in / flyout” staff. These units do not provide appropriate living space for staff on long term deployment to Christmas Island, nor are they adequate for housing the number of staff and department contractors requiring accommodation.

It is anticipated that the current number of refugees seeking asylum in Australia is unlikely to diminish significantly. The causes of dislocation that create refugees are not diminishing and may well increase, particularly in our region, in places such as Burma, Pakistan and Afghanistan.

In the news this past week we have heard that Iran has a very significant uranium enrichment capability which the President of the United States of America has said represents a serious threat to peace and stability. Mr Obama said Iran is in breach of its obligations to the international community and the international community may be compelled to apply serious sanctions to Iran.

Such sanctions are usually the precursors to serious instability in countries subject of sanctions. In the case of Iraq warfare, invasion and occupation occurred after the sanctions were applied. During the period of sanctions there was a massive movement of people out of Iraq. Some have come to Australia as refugees through both the formal procedures and by boat via Christmas Island.

Although the mode of travel for most refugees is not the types of boats that are used by refugees who end up on Christmas Island, there is no reason to believe that the numbers of refugees coming to Christmas Island by boat now will diminish in the near to mid-term. For those refugees who have enormous courage, Christmas Island is, and has been for three decades, a path to safe asylum in Australia.

The Shire of Christmas Island, the Union of Christmas Island Workers, the Christmas Island Women's Association, the Chinese Literary Association and the Malay Association of Christmas Island, supported by other community organisations, have requested the Department of Immigration and Citizenship build new permanent houses to accommodate Department of Immigration and Citizenship staff and contractors. These requests have been made through the consultative process established by the Department and Christmas Island community organisations.

The Department of Immigration and Citizenship has offered an arrangement for the Shire of Christmas Island to employ a Community Liaison Officer. We would expect the role of the CLO will include monitoring of impacts such as costs of housing rentals. A proper arrangement for collection of data that could provide measures of economic impacts on Christmas Island of the DIAC operations would assist the Community Liaison Officer. Instruction in design of data collection models and interpretation and analysis would be required.

It should be noted that the costs of rental accommodation on Christmas Island were contained during the period the Christmas Island Resort was operating, due in large part to the Resort providing purpose built accommodation for staff recruited off Island.

Private sector housing ownership

Prices of houses have been increasing steadily over the period 2002 to the present. A small two/three bedroom house purchased in 2003 for \$140,000 is likely to sell for between \$200,000 and \$230,000 in 2009. A house purchased in 2005 for \$165,000, was sold for \$285,000 in 2009 after improvements valued at \$50,000.

House sale prices have not been as volatile as rents. There have been no reductions in prices paid since 2002. There are very few houses available for purchase. Some private rental tenants are beginning to adopt the strategy of buying instead of renting, as the best protection from rent increases. The number of houses available for sale is very low. Some employees of G4S who were required to vacate the DIAC accommodation units at Poon Saan have been searching for houses to purchase for the past eight months. One employee succeeded in his quest last week because a family has decided to sell up and leave Christmas Island. There are very limited opportunities for home-buyers.

Investors are not queuing to invest in housing construction. The house lots at the development called Highland Estate were sold several years ago. Investors are reluctant to invest if they are uncertain about the opportunities to recoup their investment. Many investors are demanding government guarantees of long term leases before they will build.

Crown land should be made available for the Shire of Christmas Island to offer for residential development by Christmas Island residents.

Public sector

The Minister for Home Affairs, through his Christmas Island Administration, provides public housing which is rented to residents of Christmas Island under terms and conditions similar to those operated by the Western Australian Government's public housing authority – Homeswest.

Residents of public housing have made repeated requests to the Christmas Island Administration to be allowed to buy the houses in which they have lived for several years. This request is in keeping with two principles: A promise made should be honoured. And secondly Christmas Island Administration has adopted many operating principles used by Homeswest. The Christmas Island Administration should adopt the Homeswest direct buy scheme or some other similar arrangement for public housing tenants on Christmas Island.

The Christmas Island Administration has promised to make such an offer of sale under a direct sale scheme similar to that which was completed in 1992 to 1994 and secondly the procedures exist for public housing tenants in WA to buy the houses they rent after a qualifying period.

There are two aspects to the right to buy expectations of public housing tenants on Christmas Island. Those tenants who were housed in Blocks 408 and 412 in Kampong

were promised that they would be offered the opportunity to buy the homes they occupied on two separate occasions. Firstly these tenants were to be offered the right to buy their units in Blocks 408 and 412. Secondly these tenants were promised that if they moved out of the Blocks 408 and 412 after the Administration decided to demolish these blocks, then these tenants would be offered the opportunity to purchase the housing to which they were moved after a qualifying period. The expected qualifying period at that time was 5 years continuous occupancy.

The former tenants of Blocks 408 and 412 have made several requests to purchase their housing units. The Christmas Island Administration did commence a process which included obtaining valuations for the properties to be sold to the Administration's public housing tenants. The process stalled and the tenants are now requesting the Administration proceed to offer tenants the opportunity to buy their houses from the Administration.

6 the impact of climate change

Assumptions upon which certain conclusions of the Climate change report produced for the Attorney General's Department are now considered to be out of date. The anticipated change in sea level at Christmas Island by 2070 was thought to be an increase of 60cm. At the time the report was delivered the consultants informed us that the rise in sea level could be up to 3 metres not 60cm as supposed before the report was delivered. There is likely to be a decrease in major storm events but an increase in the severity of the storms. We can expect longer dry periods and wetter wet periods.

The anticipated changes in sea level due to climate change will affect planning for tourism developments in Settlement where land is allocated for tourism accommodation and services.

The Shire needs to obtain additional capacity for planning if we are to lead our community's response to the challenges of climate change.

Given the likely impacts of climate change will be gradual and Christmas Island is considered the best location in the Indian Ocean for a complete ecosystem study, it is timely to consider Alistair Graham's business plan for establishing the Christmas Island International Research Centre. Having "the best scientists in the world" working here might deliver Christmas Island a "best in the world" strategy for dealing with climate change.

Yours faithfully



Gordon Thomson
President