



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

JOINT STANDING COMMITTEE ON THE NATIONAL CAPITAL
AND EXTERNAL TERRITORIES

**Reference: Review of annual reports 2001-02 of the Department of Transport and
Regional Services and the Department of the Environment and Heritage**

THURSDAY, 13 MARCH 2003

COCOS (KEELING) ISLAND

BY AUTHORITY OF THE PARLIAMENT

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JOINT COMMITTEE ON THE NATIONAL CAPITAL AND EXTERNAL TERRITORIES

Thursday, 13 March 2003

Members: Senator Lightfoot (*Chair*), Mr Causley, Ms Ellis, Mr Johnson, Mr Neville, Mr Snowdon, Mr C. P. Thompson, Senator Crossin, Senator Hogg, Senator Lundy, Senator Scullion and Senator Stott Despoja.

Senators and members in attendance: Senator Crossin, Senator Hogg, Senator Lightfoot, Senator Scullion and Mr Snowdon

Terms of reference for the inquiry:

On 21 March 2002 the Committee resolved that, in respect of its review of the Annual reports of the Department of Transport and Regional Services 2000-01 and the Department of Environment and Heritage 2000-01, which stand referred to the Joint Standing Committee on the National Capital and External Territories by the House of Representatives, it annually monitors the External Territories in order to review the development of services and the implementation of programs to a standard commensurate with equivalent mainland communities. In particular, the review should consider:

- Justice and community safety;
- Education;
- Environment and heritage;
- Health and community care;
- Transport, housing, land management and other urban services;
- Economic development and tourism;
- Social and welfare services;
- Utilities

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Committee met at 8.35 a.m.

CHAIRMAN—Good morning, ladies and gentlemen. I declare open this public hearing of the Joint Standing Committee on the National Capital and External Territories review of the reports of the Department of Transport and Regional Services and the Department of the Environment and Heritage for 2001-02 in relation to the external territories. The aim of this review is for the committee to monitor whether services are developed and programs implemented on Cocos (Keeling) Islands to a standard commensurate with equivalent mainland communities. It is incumbent upon the Commonwealth to provide a good standard of services to all Australian citizens and this committee is mandated under its resolution of appointment to review the government's management of all Australia's external territories.

The purpose of its visit to Cocos (Keeling) Islands is to enable the community to learn the Cocos (Keeling) Islands community's views. An important role of parliamentary committees is to take parliament to the people and encourage direct contact between members of the public and members of the parliament. Committee inquiries enable members to be better informed about community views. It should also be noted that this committee has an all-party composition.

On 21 March 2002 the committee resolved to monitor the provision of services in Australia's external territories through a review of the annual reports of the Department of Transport and Regional Services and the Department of the Environment and Heritage for 2000-01. On 13 November 2002 the committee resolved to extend its review of the annual reports of these departments to include the annual reports for 2001-02. The committee also resolved that all submissions and exhibits received in relation to the committee's review of the annual reports of those aforementioned departments be considered as evidence in its review of the annual report for the most recent year, 2001-02.

At the conclusion of the inquiry the committee will table its findings, conclusions and recommendations in the parliament in a report which will be publicly available. The committee normally authorises submissions for publication and they will be placed on the committee's web site. Some copies are also available here today from the secretariat. To date, the committee has received 16 submissions from interested parties. If you would like further details about the inquiry, please ask any of the secretariat staff present at the hearing for assistance. Mr Ron Grant, Shire President of Cocos (Keeling) Islands, is appearing to give evidence in a private capacity.

[8.38 a.m.]

GRANT, Mr Ronald James (Private capacity)

CHAIRMAN—On behalf of the committee, I welcome Mr Grant. His submission is No. 16. These hearings are legal proceedings of the parliament and warrant the same respect as proceedings of the parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The committee has received submission No. 16 from you. Are there any corrections or amendments that you would like to make to your submission?

Mr Grant—There are none.

CHAIRMAN—The committee prefers that evidence be taken in public, but if you wish to give confidential evidence to the committee you may request that the hearings be held in camera and the committee will consider your particular request. Before we ask you some questions, do you have an opening statement?

Mr Grant—No, thank you.

CHAIRMAN—Do you propose that we should go directly to questions?

Mr Grant—If you could, please.

CHAIRMAN—Could you just tell the committee what your particular concerns are so that we get some idea of where we should centralise our questioning.

Mr Grant—My particular concerns relate to a number of points. The first point is the actual future status of the territories.

CHAIRMAN—When you say ‘territories’—

Mr Grant—By ‘territories’ I am referring to the territories of the Cocos (Keeling) Islands and Christmas Island. At the current time, both territories are non-self-governing territories. We have an administrator appointed by the Commonwealth. Through a series of negotiations and correspondence with the minister, Wilson Tuckey—who has the responsibility for the territories and the department—it has become very obvious that the Commonwealth government is working to a timetable for the transfer of state type services, and certain non-government activities it has currently engaged in, from its own areas of responsibility to either local government or to private enterprise. The basic concern I have is that as both territories are non-self-governing the residents of the territories have no say at territorial level. They do have a say at local government area level through local government councils and also at the federal level through elected members of parliament, but specifically in relation to territorial affairs the communities have no say at all.

CHAIRMAN—Perhaps you could tell the committee what you would propose to the committee so that your people on this series of islands did have some say at government level.

Mr Grant—As I am appearing in a private capacity, all my comments are of a private nature and do not represent any organisation that I hold an elected position with. I am a firm believer that people residing in both territories—that is, Christmas Island and the Cocos (Keeling) Islands—have a right to a form of determination in government policies that affect the territories at a state level. I firmly believe that the territories of Christmas and Cocos should ultimately be welded into one new territory—which, for the sake of convenience, we will call the Indian Ocean territory—and they should have an elected assembly, which would be rather small—five members, say.

CHAIRMAN—Which territory?

Mr Grant—That is, the new territory—which for the sake of convenience we will call the Indian Ocean territory—should have an elected assembly.

CHAIRMAN—Just the one assembly for the two territories?

Mr Grant—Just the one assembly for two islands, with representatives from both islands being elected to that assembly. That assembly should have its own bureaucracy based within the islands and that assembly should assume responsibility for state type functions like health, education, law enforcement, justice, economic development. I believe the residents of the territory have that right. We are the only community, to the best of my knowledge, in Australia that does not have the right of elected representatives at territorial level. I believe also that it is absolutely essential that the residents of the territory have the right to be heard on how funding is allocated to state territorial services such as education and health.

There have been fairly significant moves in this area. The councils of Christmas and Cocos islands have met together and have adopted a common strategy, which they will be taking back to their communities in the next few months to obtain the community's views on the alternatives. I believe that is a summation of this issue.

CHAIRMAN—What other subjects did you have that you wished to put to the committee? We have probably about 20 minutes of your allocated time.

Mr Grant—I think that it is absolutely essential that we move into a demographic study for the territory. At the present time we have no demographic information of a territorial nature. Without that information we cannot adequately plan for infrastructure development, whether that be housing, education or health services. That is absolutely essential to be done for both territorial and local government purposes. The last demographic study was done in the very early 1990s and has not been updated since that date.

I will move on to the point of the former animal quarantine station. Currently, the animal quarantine station falls under the jurisdiction of the Australian Quarantine Inspection Service. It was for a period of time used as a detention centre for and reception processing of illegal immigrants, but at this present time it is back under AQIS's control. It is vacant. We are not aware of the plans for the development of that station. It has been vacant for many years and

there is a crying need by the community, both in West and Home islands, to have facilities for small businesses and also additional housing, which are available down there.

Mr SNOWDON—Can you jog my memory. When it became redundant in 1996-97, there was then a proposal by AQIS to sell it, wasn't there?

Mr Grant—There have been several proposals. One was a proposal by AQIS to sell it to the highest bidder. DOTARS felt that it was inappropriate because it would mean that one person or one corporation would have control over a significant portion of the land. They worked on an alternative scheme that AQIS transfer it to DOTARS and DOTARS would put in a redevelopment scheme which would be a combination of housing, small business and recreational facilities. But at this point in time it still remains with AQIS, so no advance has really been made.

Mr SNOWDON—I know you are not talking in the capacity of a councillor, but has the shire had any discussions about the possibility of its seeking a transfer of that land to the shire for its use?

Mr Grant—It has been very generally discussed, but the position DOTARS had at the last discussions was that, no, they would prefer it to be developed by DOTARS in accordance with their own master plan.

CHAIRMAN—Could we let Mr Grant get his evidence on record and then we can come back and ask him questions.

Mr SNOWDON—It was just that that was an important point to raise in the context.

Mr Grant—There have been several proposals. One was a proposal by AQIS to sell it to the highest bidder. DOTARS felt that it was inappropriate because it would mean that one person or one corporation would have control over a significant portion of the land.

CHAIRMAN—I think they are all important points, Mr Snowdon.

Mr SNOWDON—You are cranky.

CHAIRMAN—If you could just finish your evidence and then we will go to questions, Mr Grant.

Mr Grant—I also believe in relation to land management there needs to be a far more comprehensive integrated land management scheme between the Commonwealth government and the local government. This has been highlighted by the Buffet Close development where the actual property, which is referred to as Buffet Close, was put up for auction in October and failed to attract a bidder. I believe we really need to have a proper integrated land management plan for the development of that site, and eventually for the development of the quarantine site, in conformity with the land management schemes of the shire, which owns six-sevenths of the land on Cocos. I have also supplied the committee with details of the problems that residents on West Island who are currently renting Commonwealth houses are having. There has recently been a Homeswest survey as to eligibility of people who may actually either rent or purchase

houses, but the residents who were surveyed have yet to be advised of the results of Homeswest's investigation.

In relation to environmental issues, this is a very piecemeal approach. Developers in certain cases are asked to do extensive environmental reports. In my particular case with Silverfox, which is a corporation owned by my wife and me with Pulu Cocos Resorts, we spent 4½ years doing a full environmental impact assessment, which has now received approval with Environment Australia. But other developments, for example Buffet Close, have no requirement to do environmental impact studies and their impact on the environment is just as significant as Pulu Cocos Resorts. I believe there is lacking a comprehensive development strategy for the territory as a whole which takes into account not just economics but also the social impacts of any economic development. I believe it is absolutely essential, if this territory is to advance in the future, that such a development strategy be prepared.

I want to raise the issue of the power station on Home Island. Between two to three years ago the power station on Home Island was burnt down. Since that date power has been supplied through the use of, you could say, portable/emergency generators. There are frequent power outages on Home Island due to overloads which cannot be picked up by those emergency generators. We have been informed that the Commonwealth government is shortly to go out to request for tenders for the construction and operation of an alternative power station on Home Island, but this has taken approximately two to three years to advance this issue. They are the main points that I wish to raise with the committee.

Mr SNOWDON—I will go to the start of your presentation. I think there are a number of people, including myself, who are very sympathetic to the idea of having an Indian Ocean independent representative body of some description. Were you envisaging, or is it proposed, that in terms of staffing you would absorb the current administration that are both on Christmas and the Cocos islands as part of that new structure?

Mr Grant—If I could just go back and look at what presently happens. Currently, both Christmas and Cocos have an administrator and on both islands there is a deputy administration/official secretary who controls a significant amount of staff on the islands. In addition, the Department of Transport and Regional Services maintain a Perth office which has responsibilities in certain areas for both territories and in addition to that there are Canberra based staff. The vision I would have would be that you would have an elected assembly with a chief minister, under whom there would be a chief executive officer with his own staff who would replace the current staff and administration in the regional office at Perth and a great many staff in Canberra.

Mr SNOWDON—So in other words, it could be budget neutral in terms of any cost to the Commonwealth?

Mr Grant—It would be more cost effective. I turn the committee's attention back to the report of the department to see the actual extent of the administration costs. If you look at the pie chart that was done by the department in the current report, a significant amount—many millions—is going to administration which I firmly believe could be reduced if the administration was moved back into the territories.

CHAIRMAN—Could you table that report?

Mr Grant—I will.

Mr SNOWDON—We have got it.

CHAIRMAN—It is okay; we have it, Mr Grant.

Mr Grant—I just mention that the administration costs were \$13.8 million for the administration of the two territories.

Mr SNOWDON—We will talk to the department about the breakdown of that, but I am more interested in the concept. So you would see a structure which would be elected either directly or indirectly presumably. Would it be direct elections you are proposing from the community or indirect via the shires? What is it you are proposing?

Mr Grant—No. The shires perform a local government function. They would still retain a local government function, but election to a territorial assembly would be by direct voting.

Mr SNOWDON—So is it proposed that there be two members from Cocos and three members from Christmas, or what is the proportion you would be looking at?

Mr Grant—The proportion would be based upon population. As Christmas has a higher population, obviously they would have more elected members. But I do not think that that should be a point that we should hang ourselves up on. We should look at the future political, social and economic development of the territories as a whole rather than going backwards and forwards as to who has the most members.

Mr SNOWDON—That leads me on to what I want to pursue just for a moment. You talked about a comprehensive development strategy. The same issue was raised with us on Christmas Island about the lack of focus, or what was perceived to be the lack of strategic planning, by the Commonwealth in relation to the future directions for both communities. Is that a view which you share?

Mr Grant—Not really. Basically since October 2001 the shire council on Cocos Island has developed what we call levels of government meeting. We have two meetings—one on Cocos and one in Canberra. The one on Cocos took place in June last year and the one in Canberra took place in November last year where we worked towards a common strategy for the development of social issues. It is in a very early formative phase and there has been no comprehensive development plan developed from those meetings, but the initial steps have been done.

Mr SNOWDON—I think you may have misunderstood me. I am asking the question as to whether the Commonwealth has, in your understanding, a blueprint for the future development of the two territories?

Mr Grant—No, they do not.

Mr SNOWDON—That is the response I was after. In relation to the AQIS site, if you tie your comments together—and I must say that I share your view, although I would argue most

strongly that the Commonwealth should transfer the AQIS site to the shire and allow the shire to develop it within its planning framework for it to gain the benefit from it. I do not believe it should be DOTARS that takes that responsibility, and I put that on the public record. I will be arguing most strongly that that be the case. You talked about Buffet Close, is it?

Mr Grant—Yes.

Mr SNOWDON—Who is responsible for that development?

Mr Grant—The development is actually the Commonwealth government's.

Mr SNOWDON—So it is a Commonwealth government development. Yours was a private development.

Mr Grant—That is correct.

Mr SNOWDON—So your private development was subject to an environmental impact assessment and the Commonwealth's wasn't. Is that correct?

Mr Grant—That is correct.

Mr SNOWDON—Thank you.

Mr Grant—I will just move back to Buffet Close if I could. Originally the Commonwealth took the position that basically they would put Buffet Close on the market and if somebody actually purchased it they would be responsible for the development of that subject to very stringent conditions, but they had no takers. On 26 February Minister Tuckey at a meeting with the shire said that his preferred option now would be to hand over the development of Buffet Close to the shire and let the shire actually do the development, which the shire fully supports. We said that if we could get our foot in the door as a shire the quarantine station could be the next step down.

Mr SNOWDON—That would be logical. About the housing issue, I think there are seven or eight properties that you list in your submission. What latest communication have those lessees had from Homeswest about the Commonwealth's intention in relation to those properties?

Mr Grant—There has been no direct link between Homeswest to the individuals. We believe Homeswest has already advised the administration on Cocos, but we are still waiting to receive from the administration on Cocos in fact what were the decisions to be made. From memory, there were going to be four: people met certain criteria whereby they could actually rent on a subsidised rental basis; they could actually purchase because of income levels; or they could not purchase or rent at all because their income levels were too high. There was a fourth one, which I have forgotten. To this point in time, to the best of my knowledge, nobody has been advised of the decisions.

Senator CROSSIN—I refer to the situation with the power station. I take it from your opening comments that you understand that the Commonwealth is just about to tender for that; is that correct?

Mr Grant—That is correct. My understanding is that an expression of interest has either gone out or will be going out for the construction and operation of the power station.

Senator CROSSIN—An expression of interest or an actual tender?

Mr Grant—The term I heard was ‘expression of interest’. Normally what happens is that they put out an expression of interest, with a tender document attached, to see how many people will actually respond and then they go through a selection process.

Senator CROSSIN—So why has it taken two or three years? Has any explanation been given as to that?

Mr Grant—That would be best addressed to the Commonwealth because I am not in a position to answer that.

Senator CROSSIN—It is not the power corporation here that is actually responsible for replacing that station?

Mr Grant—At the moment, Water Corporation, under contract to the Commonwealth, provide the management for the actual infrastructure for power, water and sewerage. So the decision to call for and award a tender remains with the Commonwealth government, not with Water Corporation.

Senator SCULLION—In regard to the demographic study, I think it is a very useful recommendation. Obviously, it is very difficult to deliver services in a strategic way without understanding the demographics. What aspects of the demographic study to be conducted would not be conducted as part of the census—for example, population trends and changes? What particular aspects of island life in terms of a demographic study will the census not pick up?

Mr Grant—Really, with the census, the census comes back with a certain amount of information, but what we are really looking for are the forward projections. We really want to know, based upon a demographic study, what are going to be the ageing brackets, particularly for younger people and older people, because that will impact upon our educational and medical services; but also they will impact upon the housing requirements. What we are really looking for is a demographic study based upon the census to start with but projections forward based upon current trends.

Senator SCULLION—So the trends would be set between the most recent census in September and the census prior to that and that would—

Mr Grant—That would be a starting point. There are significant changes that have been occurring since those censuses. For example, on West Island there have been a significant number of private individuals that have actually arrived on the island to establish businesses since that date, and some of those businesses are tourist operations which fluctuate with percentages; but also on Home Island there has been a slow but sure trickle of people off the island. We really have to use them. It is just a starting basis. Use them as a perimeter and use them as a projection.

Senator SCULLION—Perhaps you can take this on notice. I know it is bit of a task, but there are a number of questions on the census forms and I think what you are getting to is that that is not sufficient information; we are not asking all the questions. Just on notice you might want to put your mind to an additional series of questions that could be provided to give us a lot more comprehensive understanding of the demographics here on the basis of the next census.

Mr Grant—That is not a problem. I will take them on notice and supply them to the committee.

Senator SCULLION—In regards to the quarantine station, you talk about a DOTARS plan that involved recreational areas, accommodation, small business—that sort of thing. Was that actually an articulated plan?

Mr Grant—It was most definitely an articulated plan, yes. It actually had a layout and had quite a lot of documentation supporting it. Deb Blaskett, who is based in DOTARS Perth, is tasked with that job of producing that plan.

Senator SCULLION—As far as you know, what is the status of that at the moment? You are just not sure where it is up to?

Mr Grant—At the moment it is just suspended because DOTARS cannot do anything until AQIS make the decision as to how they are going to dispose of that property.

Senator SCULLION—The onus lies with the actual decision of AQIS to transfer the land to DOTARS.

Mr Grant—Exactly.

Senator SCULLION—In terms of the environmental impact statement, there is this inconsistency of approach. When you talked about the Commonwealth relinquishing themselves of the land and they actually placed some stringent requirements on it, were any of those requirements environmental requirements?

Mr Grant—No. They were developmental requirements.

Senator SCULLION—Can you remember the nature of the requirements?

Mr Grant—It was basically time frames to actually develop the site, put in the infrastructures and make the designs available to the public.

Senator SCULLION—What was the nature of the environmental impact statements? What was the nature of this potential disturbance to the environment that you would have had to ameliorate in some sort of EIS?

Mr Grant—Just to give you a history, with Pulu Cocos Resort the first thing that had to be lodged was a notice of intent. Following on the notice of intent we had to lodge a draft environmental management plan that was reviewed several times. The final environmental plan went in. Based upon that, a floor study had to be done. The area of the Pulu Cocos Resort is a

former disused coconut plantation which has been significantly changed from its original environment to make it into a plantation. It is heavily overgrown now. But we had to go right through. I have no objections to that; in fact, it was an extremely good exercise to go through. What I strongly object to is other developments that go ahead, whether they are tourist operations here which do not actually lodge an environment impact study, or, reasonably significant by Cocos standards, developments such as Buffet Close.

Senator SCULLION—Were there reasonable similarities in the nature of the area? Were they similar sorts of areas? Were they disused coconut plantations?

Mr Grant—They were former sections of the former coconut plantation. But environmental impacts go beyond that. Environmental impacts go to not only the actual area; they go to the following: one, is there the capacity in the infrastructure, water power and sewerage to support it; and, two, what are the impacts of the additional population increases upon the environment where it is close to a marine? There would have been at least as many people who could have potentially stayed at Buffet Close as at Pulu Cocos Resort. Whether or not the Commonwealth has a requirement to do one or not because it is the Commonwealth is beyond the point. The point is that we live in a very environmentally fragile environment here and any significant proposal should be assessed.

Senator SCULLION—Does the shire have a strategic plan, or is it developing a strategic plan, for development of the island?

Mr Grant—No. I am here as a private individual, but I can respond to it as a councillor. The shire has a series of plans. We have a principal activity plan, we have a strategic plan and we have a budget, which is a financial budget which is backed up by documentation. The principal plan is a five-year plan as is the strategic plan and we will be going through a reassessment of that shortly. Yes, it does.

Senator SCULLION—In terms of the Commonwealth having a strategic plan, not for the territory but certainly for Cocos (Keeling), it would obviously be in everyone's interest if they were to reflect the existing plans and certainly ensure that they were incorporated as part of any activities they had on the island. Rather than developing something as an independent Commonwealth strategic plan, they should look to recognising the existing plans that are there from the shire; would that be reasonable?

Mr Grant—It is quite reasonable. I believe there has got to be an integrated approach between the Commonwealth and the territory on local government to ensure that we protect the environment and also really develop sustainable business. And, also, I think it is absolutely critical—the resources that each of the levels of government can allocate are finite—to make sure we do not duplicate in the allocation of resources.

Senator SCULLION—Even in your capacity as an individual, I know you have a great deal of contacts on the island. Are there any other individuals or organisations that are developing similar strategy plans in their particular area of competence?

Mr Grant—The Cocos (Keeling) Islands Economic Development Association, of which I am the president, does have a business plan, which is a strategic plan also. Outside of that, if you are referring to other major organisations, I cannot comment on that.

Senator HOGG—I seek a couple of points of clarification in respect of your concept of moving to an assembly. How would there be a relationship between the Indian Ocean territories and the federal government? How would that operate?

Mr Grant—There is no intention for a new territory not to be part of the Commonwealth of Australia. It would be a territory of the Commonwealth of Australia. We would move from a non-self-governing status for two territories to a self-governing status for one territory as part of the Commonwealth of Australia.

Senator HOGG—So it would be a self-governing territory of the Commonwealth of Australia?

Mr Grant—Most definitely.

Senator HOGG—The Northern Territory has federal representation in the federal parliament. You would not be seeking that type of arrangement, would you?

Mr Grant—No. Basically, I would see the government at three levels. Local government, which is the shires, would continue. I would see a territorial government as an assembly which is the equivalent of a state parliament. And then it would be up to the Commonwealth government to decide how the federal territory would be federally represented. It might be exactly the same way as we have now; we are represented by senators from the Northern Territory and a member from the House of Representatives in the Northern Territory. There may be no change in the federal status at law.

Senator HOGG—So it is basically taking over the role of DOTARS, is it not?

Mr Grant—No, it is not so much DOTARS; it is really replacing the administrator with his bureaucracy, whether it is located in the islands or in Perth or Canberra, with a chief executive officer accountable to an elected assembly with its own bureaucracy.

Mr SNOWDON—I know that you are in your private capacity, but you would be aware that a number of SDAs with the Western Australian government are currently under review or have been reviewed? Are you aware of that?

Mr Grant—Yes, I am aware of that.

Mr SNOWDON—Has there been any engagement with the shire about the content of those SDAs and has the shire been represented on the negotiating team for those SDAs?

Mr Grant—We will split that question into two parts. Firstly, is the shire aware of it? From time to time when an SDA comes up for review, officers from the Commonwealth government or the Western Australian government will come to Cocos. They will actually see a range of people, including the shire. So, yes, on SDAs they will let the shire know that they are coming up for renewal and ask whether we have any views on it. As to whether we are involved in the consultation on the terms and conditions of the SDAs, the answer is no.

Mr SNOWDON—Under your proposal, if there were to be a continuation of SDAs under a new assembly, depending on what the assembly determined, you would have the assembly as the partner, not the Commonwealth in the first instance?

Mr Grant—Exactly. The laws of Western Australia as extended to the Cocos and Christmas islands would remain the same. The assembly would basically not have the administrative structures in place to be able to make the laws work, so they would still work through SDAs. But the assembly would replace, basically, the minister in Canberra and the bureaucracy in discussing the terms and conditions of SDAs.

Mr SNOWDON—So say, for example, in relation to a particular piece of state government legislation—let us say it is about the environment or some aspect of the environment; it does not matter what it is—it was determined that aspects of it should not apply to the island territories. Currently the arrangement is that the minister, on recommendation from DOTARS and the administration, can issue a regulation to amend the law. I presume that under your proposal you would have contemplation and consideration of that issue by the assembly, which would then make a recommendation to the minister to amend the law by regulation. Is that what you would be proposing?

Mr Grant—Not really, no. If, for example, under the Environmental Protection Act of WA something came in as to the disposal of asbestos by landfill—which we just do not do here—basically what would happen is that in the Western Australian legislation references to the state minister, which are currently replaced by reference to the minister for territories, would be replaced by a reference to the chief minister of the assembly. So, if the Western Australian legislation was changed, it would flow through the chief minister down to his chief executive officer. They would say, ‘This is not appropriate. We don’t bury asbestos on Cocos.’ They would go back by regulation and amend that. So there would be no need to go back to the Commonwealth minister.

Mr SNOWDON—We can discuss that. I would be interested in seeing what legal advice you have got on that issue and how you propose to do it. I think there are some legal issues which need to be contemplated.

Mr Grant—I am sure there are many legal issues. I just revert to the situation of the ACT and the Northern Territory. The situation would be extremely similar to that. The difference we have is that we have adopted Western Australian law as the law of the territory, and the effect is that they could change law in WA which could flow through automatically to affect the law here. The only way to stop that, if it was not applicable, is by the chief minister and the assembly saying, ‘We don’t accept that. By regulation we take it out.’ But we still need that modern body of law.

Mr SNOWDON—It is just that in the case of the Northern Territory, for example, the administrator, who is responsible to the minister for territories, can refuse to sign or assent to bills of the Northern Territory assembly and the minister, through the executive council, can refuse to enact laws of the Northern Territory. In practice they are independent, but in theory they are absolutely subservient to the Commonwealth, thus the issue about statehood for the Northern Territory. So there are a number of ramifications.

Mr Grant—Sure. I understand that.

CHAIRMAN—Mr Grant, I thank you for your attendance here today. If there are any matters on which we might need additional information the secretary will write to you. You will be sent a copy of the transcript of your evidence to which you may make editorial corrections. On behalf of the committee I thank you again for your attendance here today.

Mr Grant—Thank you.

[9.14 a.m.]

KNIGHT, Mr Signa, Chairman, Cocos Islands Co-operative Society Ltd, through Mr Pirus, Interpreter

O'GRADY, Mr Alan, Financial Controller, Cocos Islands Co-operative Society Ltd

PIRUS, Mr Balmut, Company Secretary, Cocos Islands Co-operative Society Ltd

CHAIRMAN—I welcome the witnesses from the Cocos Islands Co-operative Society Ltd. The committee has not received a submission from you. Do you now wish to lodge a submission?

Mr Knight—That is correct.

CHAIRMAN—Do you have a submission?

Mr Knight—We wish to put forward things that we—

CHAIRMAN—You want to give oral evidence?

Mr Knight—That is correct.

CHAIRMAN—The committee prefers that evidence be taken in public, but if you wish to give confidential evidence to the committee you may request that the hearings be held in camera, or without the public, and the committee will consider that request.

Mr Knight—We will just do it in public.

CHAIRMAN—Thank you. Before we ask you some questions, do you wish to make an opening statement?

Mr Knight—Yes.

CHAIRMAN—Please proceed.

Mr Knight—Within the cooperative businesses, we would first like to start with the ferry contracts. As chairman of the cooperative and employers of the main service with the co-op, as far as we are aware, we are hearing from the minister that the ferry service will be expired in March and it will be tendered out and any successful tenderer will be providing the service on their own, except for a little bit of a subsidy for the school kids. We are very concerned for residents living on Home Island without a proper ferry service; that it will be a crisis—that everything will be harder for the community on both islands. This is a community benefit.

In the last year or so the cooperative has been advised—not in writing; we have not seen anything in writing—that if the shipping companies become one—there used to be two shipping

companies, Cocos Traders and Western Shipping—the Commonwealth will put a subsidy into the freight processing into the islands. We have watched it for a while and nothing has been confirmed. That will be the issue.

The third issue we would like to raise is the provision of essential services, such as the Commonwealth Bank or the bank agencies and the Centrelink agencies. What we hear or what we see is that the shire or any other department is getting out of it because there is no income or there is no money in it. We will be left with a company like the co-op, which sees that essential businesses have to be looked after for the community benefit, even though there is only a little money in it. As a commercial operation we are here to make money, but because of the importance of the business we always have to carry it.

The fourth one is the funding or the grants that have actually been put back into the islands for the various services and agencies on the islands. Sometimes the money that has been put into the islands could have been better utilised for the individual or the community or the residents. It has actually been used by agencies of the Commonwealth, rather than put back into communities for things such as training and so on.

There is also concern from residents of Cocos Island, particularly on Home Island, with the sewerage project that was put in by the Commonwealth. There were two different projects—one is on Home Island and one is on West Island. We learn that the Home Island sewerage pump is smaller or is not as good as the one on West Island. If we have a lot of rain, that facility is going to cause a lot of problems on Home Island.

There is also a grant of about \$27,000 to set up moorings for the purpose of a cyclone season, a cyclone coming into Cocos. A lot of the moorings that were set up on Home Island were for the purpose of public transport or bigger vessels. Likewise, on West Island it was mainly set up for individuals, not for that purpose. But that never happens on Home Island, where a proper mooring was set up in front of all the beaches there for individual usage.

We also want to go back to training of school kids who have just left school. In the old days there used to be a lot more money in the bucket, but nowadays there is very little and we never see any proper training services being provided like we had in the old days when we had five or six apprentices or various kids doing various projects or jobs. At the moment, that is very quiet. We need to see more apprenticeships for our kids, or a training program for that matter.

Last but not least is the issue of air fares for Cocos Island. We know a lot of agencies and departments are looking into the various options of air services into Cocos Island, but what the chairman is concerned about is air fares. The ticket is actually getting more expensive nowadays than when we used to have a proper airline. It used to be about \$700 or \$800 and now it has become about \$1,700 to travel from here to Perth and return.

CHAIRMAN—Thank you. Do you have a short statement that you wish to make, Mr O’Grady?

Mr O’Grady—Probably all I would like to do is clarify some of the points just for completeness. Mr Tuckey has mentioned a few times on the island that the ferry costs \$700,000 and that it is one of his reasons for seeking a more efficient and competitive service. Whilst \$700,000 is the correct figure, it actually encompasses the whole service, including the ferry, the

R. J. Hawke search and rescue, the bus service, the maintenance of the marine assets and a number of other small things which are rolled into this contract. The actual ferry service itself, taken alone from the bus service and all other services that I mentioned, would be less than 50 per cent of that \$700,000. Just for the record, I would like to make that comment.

The Commonwealth Bank is a vital service on the island. We used to receive \$9,000 a quarter from the Commonwealth Bank to run that agency. They have since trimmed that back to \$3,000 a quarter, which means that the cooperative is currently suffering a loss on the Commonwealth Bank. But it is a case of: what else do we do? It is very disappointing. There was a little bit of a 'take it or leave it' attitude from the Commonwealth Bank. I do not think that they were very interested in keeping the agency on the island. However, without a bank, we certainly would be in dire straits.

Similarly with the Centrelink office, we are getting paid \$7,000 a quarter from that, which basically covers the wages, and on top of that they have generously allowed another \$27 a week to cover our postage, electricity and profit. So, once again, it is almost a contract that is not worth doing. However, if we did not pick it up, the local community, especially the Cocos Malay community, would have no option but to try to talk to someone in Perth about not only employment opportunities but other social security matters. Their language is slightly different from Indonesian and Malay. So I would anticipate that they would have real problems trying to communicate with a Centrelink interpreter in Perth.

I would just like to reiterate also my concern, as the manager of the cooperative, about employment opportunities. There are no new carpenters, electricians, plumbers—just basic tradespeople—coming through the community from either island. Robyn Jenkins, I believe, is going to hold a meeting in the near future to see what we can do about this, but, as the older population retires, it will be somewhat difficult to imagine just how these very basic services are going to be run if there is nobody on the island to do them.

CHAIRMAN—Thank you.

Senator SCULLION—I was just interested in the potential for what, I suppose, it could be said the Commonwealth may be looking for. I do not understand entirely the object of going to this privatisation, but in other terms it has always been referred to as full cost recovery for some operation. On the basis of, let us say, a ballpark figure of \$350,000, if Mr O'Grady's figure is about right, that means that full cost recovery on the basis of five round trips a day would mean that each trip each way would cost you \$5. Just on the basic numbers, that is \$360,000. Notwithstanding that it is not as simple as that, let us just say that it was \$5 each way; what would be the impact on the community if full cost recovery to that extent was implemented?

Mr Knight—Can you just clarify that?

Senator SCULLION—Let us say we went for full cost recovery. On that basis, it would be \$10 for a return trip. What sort of impact would that have on the community of both Home Island and West Island?

Mr O'Grady—When the \$2 fare was introduced per one-way trip, there was a lot of dissension, particularly amongst the workers who have to come across here every day. Very few West Islanders go to Home Island to work. It is mostly the other way around of course—that is,

Home Islanders coming here to work. I think \$5—that is a figure picked out of the air—is probably not unrealistic. I would say that it would have a very large impact. Most of the workers are in basic trades, as we are saying. They are probably not on large incomes like in some of the cities. Sorry, but what was the other part of the question? There was the fare part and what—

Senator SCULLION—I was just actually asking about the impact, and I think you have gone towards that. Would you be able to tell me, Mr O’Grady—an average, if you like—the expected income of a worker who is travelling across there? I know there are a whole range of them, but perhaps you could just give me a bit of an idea of the sort of income that they would be on.

Mr O’Grady—The average range of incomes on the island would be from \$15,000 for cleaning, probably, to your very experienced tradesmen and employees of the Water Corporation, which would be up around \$37,500 I would imagine.

Senator SCULLION—So for some of them \$50 a week would be a considerable percentage of their income.

Mr O’Grady—That is correct.

Senator SCULLION—When the minister talked about a subsidy, he talked about the schoolchildren. Was there any discussion about other people like pensioners, people who wish to visit the services on this island, the communications centre or all the services on this island? Was there some subsidy to access those services?

Mr O’Grady—Yes, there was. Minister Tuckey outlined that he would cover the cost of the schoolchildren coming to West Island. He also indicated that in line with other subsidised services in Australia he would cover the cost differential between a subsidised fare and a full fare. There is some formula there that he did mention the last time he was up here. So, yes, he offered to cover that as well.

Senator SCULLION—The Commonwealth have placed, very appropriately, a number of services such as health services on Cocos (Keeling) Islands. It just appears from my visit that all the services are pretty much on West Island—the majority of the services are on West Island—and the larger population actually lives on Home Island. The issue of access is very important and the issue is of having to now pay to get access to those services. Again, if people are now asked to have this impost in terms of work, do you think they will find some alternative means of travel?

Mr O’Grady—For three months of the year you could safely come across in a small boat. However, for the other nine months of the year it is quite difficult. I would say not. My experience has been for the occasional user to come across on the ferry has not been a real issue. The real issue was the daily travel to and fro of the workers, because it is the largest cost for them. The occasional user does not seem to have been too concerned. Minister Tuckey did offer to cover the cost of those subsidised services, as I say, per a formula that he said was in operation in, I think, Western Australia. Whether it would make a large difference I am not too sure. I think the daily to and fro of the workers and the teachers is the issue.

Senator SCULLION—You mentioned that people may come across the water in other smaller vessels. You said it would be difficult. Do you mean dangerous?

Mr O’Grady—Definitely. The wind is too dangerous to come across.

Senator SCULLION—So there is a possibility that people would seek alternative transportation and that in seeking that alternative transportation to access services on West Island would in fact be placing their lives in more difficult and certainly dangerous circumstances?

Mr O’Grady—They could. They certainly should not travel across in small boats during the trade season.

Senator SCULLION—Unless of course they want to make more money or they want to offset—

Mr O’Grady—The cost.

Senator SCULLION—Thank you, Mr O’Grady. I have a technical question with regard to the sewerage system. Have you so far had any problems with the sewerage system not having the capacity?

Mr Knight—Only when we have a lot of rain and it overflows the actual sewerage holdings.

Senator SCULLION—So that has already happened?

Mr Knight—It has. Basically what is in there comes back into our toilet. Because it is full, it goes back where it comes from.

Senator SCULLION—So you are saying that some raw sewage comes back up through the system?

Mr Pirus—That is correct.

Senator SCULLION—With regard to the \$27,000 for moorings, I was not sure from your evidence what the moorings were intended for. Perhaps you could just go through that again—that is, whether they are private or public and whether they are on Home or West islands.

Mr Knight—We believe that the funding was given for public vessels like the ferry and Commonwealth agencies like the police and Parks Australia, but a lot of the time it has actually been utilised by private users as well.

Senator SCULLION—Has that money been expended?

Mr Knight—No, that is the only funding we have so far.

Senator SCULLION—Could you tell me how many moorings you expect to create from that much money?

Mr O'Grady—I might be able to add a little to that. I think Parks Australia applied for a grant for what I call the yellow moorings. They were primarily there to protect the coral as the other forms of moorings were things like railway wheels, large concrete blocks and other things like that that tended to drift around or could be dragged around, breaking up the coral. Parks Australia applied for a grant for these very specific types of mooring that actually screwed into the coral and therefore would not be dragged around and break up more coral. In relation to the placement of the buoys, I think there were five on Direction Island for private moorings. There were five on West Island at Rumah Baru. As Balmut has indicated, I think three of those went to Parks, police and a private operator and the other two are just for general use. On Home Island—I could stand corrected—I thought that there were four over there for general use as well. I am not too sure of the issue with the chairman, whether they would like more on Home Island, but that money has been fully expended and the moorings that Parks applied for have been put where we said that they would be.

Senator SCULLION—Thank you.

Senator CROSSIN—I am interested, Mr O'Grady, in your breakdown of the ferry services. During the estimates process for the last year or so we have only heard that figure of \$700,000 given to us in relation to the actual ferry service.

CHAIRMAN—Senator Crossin, do you wish the chairman of the co-op to be informed of what you are saying as well as Mr O'Grady?

Senator CROSSIN—Okay. Do you have a breakdown at all on the amounts attributed to the other aspects? If you do, can we have those if you have an idea of what they might be?

Mr O'Grady—I do have a one-page document here. I would probably just like to clear that through Robyn Jenkins if that is all right. It is all commercial contract stuff with them. I do not have a problem and the department of transport do have this document.

CHAIRMAN—Mr Pirus, would you ensure that Mr Knight is kept fully informed. Thank you.

Senator CROSSIN—She is not currently here. If it is not possible for you to get it, we will certainly pursue it during the estimates process. So you are actually saying to us that it is probably \$350,000 or less for the actual ferry service?

CHAIRMAN—Because it may take some time, the committee would be happy if that is taken on notice. Would that suit, so that we get the full and final answer to the question?

Senator CROSSIN—That is all right.

CHAIRMAN—You can take that on notice.

Mr SNOWDON—Forgive me, but I understand that what we are trying to do here is seek the approval of the administration to table that document so we have that information?

CHAIRMAN—Yes. So take that on notice, get the approval and then you can come back to the committee or to the Administrator.

Senator CROSSIN—Mr Pirus, you said that funding or grants provided to this community had actually been given to other Commonwealth agencies rather than to community groups or businesses. Do you have an example of that?

Mr Knight—As chairman of the co-op and as a resident of the Cocos (Keeling) Islands, I am not fully aware of the background of the Commonwealth agencies—the Cocos (Keeling) Islands administration, Parks Australia and the Cocos police. Even though they are all agencies of the Commonwealth, I do not know whether they are all in one particular budget scheme. It seems that more funding can be used better for the community in the various agencies. It seems that the police and Parks Australia can get a new boat or extra utes or vehicles if they need them. Even though there is funding for different agencies, they are all on the same island, Cocos Island. That funding can be utilised better for a lot of community set-ups or businesses that can help especially the school leavers—more like in a training purpose.

A lot of time as residents we hear there is funding coming to the islands. It goes into various accounts. In reality we never see how that funding is spent or how it has been divided—whether the agencies or various individuals have got it—to be used for the sake of the community.

Senator CROSSIN—In relation to the freight subsidy, who was the minister who suggested that if the shipping service went to one ship the freight subsidy might be available?

Mr Knight—As far as our memory goes, we think that when Ian Macdonald was the minister for the island it was actually mentioned at that time.

Senator CROSSIN—Was it ever in writing or was it something he said at a public meeting.

Mr Pirus—It was very close. He was very promising, but we never saw it in writing at that time.

Senator CROSSIN—Did he give that commitment at a public meeting, did he?

Mr Pirus—I suppose. The manager could help us with making it more clear than what we are trying to say.

Mr O'Grady—I have been here for three years now. If there was a subsidy paid it would have been prior to that. When I came on-island there were two shipping services. As they were both competing with each other there were no freight subsidies paid to either company. Since then there has been one shipping company. We have approached Minister Tuckey a couple of times on different variants of freight subsidy. The cost of getting chiller and freezer stuff to this island is very expensive and we are looking for a bit of a subsidy on those two containers. I think a figure of \$215,000 a year was mentioned—I have not actually seen it myself—that was paid to this island as a freight subsidy to help keep the freight costs down. At the last meeting with Minister Tuckey, he certainly was not of the view that any freight subsidies would be paid to the Cocos (Keeling) Islands. The issue of a subsidy for simply the freezer container was also not greeted very positively. So at this stage we believe we are on our own. We tried the issue of fresh fruit and vegetables and those sorts of things for which the costs are quite prohibitive on-

island. If we could get some relief in that one area alone it would be better than seeking the whole \$215,000.

Mr SNOWDON—I would like to go back to the question of the ferry service. How many people does the co-op currently employ running the ferry service and the attendant activities?

Mr O'Grady—There are six full-time employees on the ferry. There is one full-time mechanic and one full-time apprentice. There is a part-time marine supervisor and there are three part-time bus drivers.

Mr SNOWDON—What is the unemployment rate on the islands?

Mr O'Grady—I do not know.

Mr SNOWDON—We will find out. Have there been any undertakings given by Mr Tuckey or his department about the fate of those employees should this service be privatised?

Mr O'Grady—Not at this stage, no.

Mr SNOWDON—So no undertakings have been given about guaranteeing ongoing employment for these people on the islands?

Mr O'Grady—No.

Mr SNOWDON—Are there any possible alternative operators currently on the island?

Mr O'Grady—No.

Mr SNOWDON—As I understand it, expressions of interest have been called nationally.

Mr O'Grady—That is correct, in the *Australian* newspaper.

Mr SNOWDON—So it is potentially possible for an operator from Perth, say, to come up here with his or her own crew and run these ferries?

Mr O'Grady—It would be possible, yes, certainly. There may be a mothballed ferry somewhere in Australia and an operator may envisage that he could operate a ferry on this island, yes.

Mr SNOWDON—Thank you. When did you take over the Centrelink operation?

Mr O'Grady—We took over the office on about 1 November 2002.

Mr SNOWDON—Was there any prior discussion between you and the shire about your taking over that service?

Mr O'Grady—Yes, there was.

Mr SNOWDON—Why did you undertake to do the service?

Mr O’Grady—The shire needed the office space that the current Centrelink office was in. I am not privy to the shire’s details, but I have it that they were also quite dissatisfied with the remuneration that was paid by Centrelink. They have definitely been running a Centrelink office for some years and maybe it all came to a bit of a head and the shire said, ‘Well, enough’s enough; we are not prepared to run it at a loss any further,’ so then Centrelink cast around. We have built a small office in coordination with the Indian Ocean Group training officers in Cocos and we have provided a small office for the Centrelink officer, the current one that was working at the shire. He is now working out of the small office.

Mr SNOWDON—I am looking at the sequence of events here. The shire presumably indicated to Centrelink they were not interested in any further continuation of the contract with them. Did Centrelink then approach you, or did you approach Centrelink?

Mr O’Grady—Centrelink put out an expression of interest to the island and when they got no responses they rang us at the co-op and we could see that if we did not do something it was going to go.

Mr SNOWDON—So when you sat down, did they come on to the island to discuss the terms and conditions?

Mr O’Grady—They did.

Mr SNOWDON—Did they undertake to review those terms and conditions?

Mr O’Grady—No, I think they were fairly rigid that that was the fee, if that is your question.

Mr SNOWDON—Yes. Can I just go to the question of the Commonwealth Bank. What discussions have you had with the Commonwealth Bank subsequent to their cutting back the—

Mr O’Grady—Their recommendation was that the agency go from being four days a week on both islands to open one day a week on both islands; so, say, a Monday on this island, a Tuesday over there. We have since cut it back to two days on both islands. It has been very hard, particularly on Home Island where there are a lot more banking customers. We certainly could not cut it down to one a day. It just would not work. As it is now, the Commonwealth Bank agency on Home Island particularly is chock-a-block. I have since written recently to the Commonwealth Bank to see if they might review their commission arrangements. I understand that we will not get the \$9,000 ever again, but a bit of an increase on the \$3,000 would be welcome.

Mr SNOWDON—The co-op pays the salary of teachers assistants?

Mr O’Grady—That is correct.

Mr SNOWDON—Why is that?

Mr O'Grady—That is a difficult question to answer. It is one of these things that seems to be back in history. The teachers aides are under our award. They are all Cocos Malay and most of the teachers aides have been there many, many years and it just seems to be a continuation of a practice that has been on Cocos and has continued on.

Mr SNOWDON—Has the co-op approached the administration and the department about taking over that cost?

Mr O'Grady—I have not, no. It is a full cost recovery from the school. It is a fairly straightforward task and I have not got any real complaints with the—

Mr SNOWDON—It is funded by Education through to you?

Mr O'Grady—Definitely. There are no problems with that contract. We pay the wages fortnightly. We send an invoice to the education department in Broome and within a couple of weeks they pay us. No, that is working fine.

Mr SNOWDON—I wanted to clarify whether there is a cost to you, but there clearly is not?

Mr O'Grady—No.

Mr SNOWDON—Can I just ask about the power station on Home Island. Is that an issue?

Mr Pirus—As far as the residents on Home Island are concerned, it is an issue. We were promised a new power station to be built not at a co-op location but for sewerage. But until now we have never seen any drawings or projects put forward to the community that it will be happening in the near future—not in the distant future. We certainly have a problem—the current temporary power just died on itself, just a blackout every time now and then. There is no-one there because everybody is over on West Island now.

Mr SNOWDON—On the question of air services, as I understand it the department is about to go out, if it has not already, to the market to seek expressions of interest in running the air service. Have there been any discussions within the community about what an air service might look like? For example, there has been some discussion, I know previously, about using Christmas Island as a hub for passengers from Cocos to Perth?

Mr O'Grady—I think there have been quite a number of discussions about the different forms that air services could take. I am on the tourism council, so I certainly have heard them. Whether the Home Islanders have been involved, I am not so sure. I definitely think that DOTARS are looking around for the best solution. As you know, we have gone to a Thursday-Sunday charter, which is certainly an improvement for Cocos Island. I do think they are fully aware of our needs and at the same time trying to keep the costs down for our tourists on the island as well.

Mr SNOWDON—What I am trying to get at is: has there been any community discussion about the potential for offering different modes or different types of air service?

Mr O'Grady—There have not been any public meetings about what we would like, but I would say that they have been speaking to the interested groups like the tourism groups and other groups on the island, yes.

Mr SNOWDON—But they have not spoken to the co-op?

Mr O'Grady—No.

Mr SNOWDON—You would think they might, would you? The co-op seems to be a fairly important organisation around the place, employs a lot of people?

Mr O'Grady—They have not spoken to the co-op directly, no.

CHAIRMAN—Thank you, Mr Snowdon, and may I thank Mr O'Grady, Mr Knight and Mr Pirus for your attendance here today. If there are any parts on which we might need additional information, the secretary will write to you. You will be sent a copy of the transcript of your evidence to which you can make editorial corrections.. And before you leave, I understand, Mr O'Grady, that you are prepared to table the confidential DOTARS document, provided the committee holds that in confidence as well.

Mr O'Grady—That is correct.

CHAIRMAN—Is it the wish of the committee that that document be tabled and be held in confidence? There being no objection, it is so ordered. Thank you again, gentlemen. Did you wish to say something, Mr Pirus?

Mr Pirus—On behalf of the cooperative, the community would like to thank the committee for listening to us and for having us this morning.

CHAIR—Thank you, Mr Pirus. Thank you again, Mr Knight.

Proceedings suspended from 10.05 a.m. to 10.14 a.m.

JARVIS, Mr Robert Charles, Chief Executive Officer, Shire of Cocos (Keeling) Islands

CHAIRMAN—Good morning again, Mr Jarvis, and welcome. These hearings are legal proceedings of the parliament and warrant the same respect as the proceedings of parliament itself. The giving of false or misleading evidence is a serious matter and may be regarded as contempt of parliament. The committee has received a submission—No. 15—from you. Are there any corrections or amendments you would like to make to that submission?

Mr Jarvis—No. I guess it is still an accurate reflection of our views at the time. There have been some movements, of course, since then with the department.

CHAIRMAN—We will give you time, Mr Jarvis, to explain those differences when you give an oral statement to the committee. The committee prefers that evidence be taken in public, but if you wish to give confidential evidence to the committee you may request that the hearings be held in camera and the committee will consider your particular request. Before we ask you some questions, do you wish to make an opening statement?

Mr Jarvis—Yes. Certainly the bulk of our discussions are about what is going to happen when the Commonwealth finalises its process of withdrawing from service delivery and some asset management on the islands and who will take up those responsibilities. Much of our submission is directed to what the shire's involvement might be in that process. There have been some slight changes since then because the shire of Cocos (Keeling) Islands and the shire of Christmas Island have had some discussions about the withdrawal from the Commonwealth of both territories and have sent a letter to the minister asking him to consider some proposals, including the formation of a regional council which might at some time in the future be responsible for state type services. As the president of the council mentioned earlier, there was also a request to start a public debate about some form of local decision making—some form of self-determination.

CHAIRMAN—Do you wish the committee now to proceed to questions or do you have anything further to add?

Mr Jarvis—I am happy to proceed to questions.

Senator CROSSIN—Mr Jarvis, in relation to the Commonwealth divesting some of its interests here in the island, the ferry service being one of them, has there been any discussion with the shire council about taking over some of those provisions?

Mr Jarvis—Minister Tuckey did mention to us, on not the last visit but the visit before, that the shire might consider taking over the ferry service, and the shire has declined. We did express interest in the port management side of the thing, but certainly not in operating the ferry service. I guess that is because there is a reluctance on the part of the shire to be involved in activities which can be fulfilled by other commercial operations on the island.

Senator CROSSIN—I understand that there is a time line of 1 July 2004 for withdrawal of some services by the Commonwealth. Can you give us some background to that and the significance of that for the council?

Mr Jarvis—I guess its only significance to the council is that it does affect our forward planning. We are required under the Local Government Act to prepare a principal activities plan every year, which looks forward for five years. We are currently late for our principal activities plan because we had the understanding that some sort of time frame and schedule for asset transfers would have come to us by now.

Senator CROSSIN—What sorts of assets are we talking about?

Mr Jarvis—We believed from our discussions that the first ones would be mobile plant and some of the buildings associated with the service and storage of that plant, and that further down the track some buildings might come across to the shire as well. Originally, some form of schedule was to be with us by mid-January, but we understand that the officer in the department was temporarily put on other duties and has only just returned to that role. So there has been a delay. It has meant that our forward plan was held up and now, because of our budget preparations, we will have to go ahead with our five-year plan based on the status quo rather than something that might or might not come from the Commonwealth.

Senator CROSSIN—When are you expecting to see some paperwork from them about this?

Mr Jarvis—As I say, we had expected to have seen it by now.

Senator CROSSIN—You have been given no renewed date?

Mr Jarvis—No. Greg George from the department was here several weeks ago and said that the person was now back in the role and was working on it and they hoped to get something to us fairly soon. We have received some comments about staff housing—that they believed staff housing would be transferred to the shire, similar to what happened with Christmas Island; that the shire should take some responsibility for maintenance of those houses now, and that any costs we incur, if the houses are not transferred, we could recoup from the Commonwealth. So that is some detail that they have given us.

Senator CROSSIN—On Christmas Island the Administrator has actually set up some sort of advisory committee. Does such a structure operate here on Cocos?

Mr Jarvis—Yes, the Administrator has an advisory committee on Cocos.

Senator CROSSIN—And the shire is represented on that?

Mr Jarvis—The shire is represented on it.

Senator CROSSIN—How effective is that advisory committee?

Mr Jarvis—I guess it is effective in the sense that it gives the Administrator an opportunity to interact with organisations on the island, for us to provide him with some feedback and for him to give us some indication of where the Commonwealth is going. I believe it does not meet as often as it does on Christmas because the Administrator does not come to Cocos as often.

Senator CROSSIN—So how often does it meet?

Mr Jarvis—Perhaps three or four times a year. It may be more often. I could be wrong, but I think it is about three or four times a year.

Senator CROSSIN—Who is represented on it?

Mr Jarvis—Certainly the shire, the co-op, the small business association and the police. I guess the key agencies on-island are represented on there.

Senator SCULLION—Notwithstanding the current delays that are outside of your purview, when would you expect that principal activities plan to be completed?

Mr Jarvis—It has now become a high priority, because our budget is supposed to be based on our principal activities plan and the public is given the opportunity to comment on it. So within the next few weeks a review will be done and presented to council for approval to advertise. I have had some discussions with the shire president and the councillors, and they believe we can wait no longer and we must proceed. We could get ministerial approval to delay it further, but that just further complicates our budget process.

Senator SCULLION—Would it be possible to avail the committee of that activities plan when it has completed the public approval process?

Mr Jarvis—Certainly.

Senator SCULLION—Thank you very much. You mentioned in response to a question about the running of the port and associated services that as a general principle you would not undertake activities that would perhaps be the normal area of commercial activities of someone else on the island. Who else on the island do you think has the capacity to run the port services and the taxi service?

Mr Jarvis—The ferry service used to be a shire operation. We divested ourselves of it because at the time it was actually a serious loss-making venture for the shire. Then the cooperative took it over. I guess what we are concerned about is that if we take it over we are really shifting people around rather than changing anything. We see the cooperative probably as one of the best on-island groups to run it, given their size and resources. The alternative that I believe is being looked at is an off-island operator coming here. I know that they have gone out for expressions of interest and the shire has been approached by a couple of potential operators asking about skills, services and how frequently the services currently run.

Senator SCULLION—You talked about the devolution of asset management on the island as with service delivery. We have identified the nature of the assets at the moment—certainly plant and eventually buildings. Can you share with me the process for that devolution? Is it simply a paper process that simply says, ‘These assets and plant now belong to you: crack on’ or is there some other process, some financial arrangement that takes place within that process?

Mr Jarvis—There has not been that much detail provided to us, except that they have to go through an internal accounting process first. The Commonwealth is now in accrual accounting, the same as the shire. They cannot just hand them over without making some accommodation for that in their own accounting system. We believe that is why the delay will be 2004. They believe that there are a number of issues that need to go to Treasury to be costed and for Finance

to give approval for some of these asset transfers. But the finer details have not been shared with us. They have said that some of the smaller pieces of plant—mobile plant, rather than the buildings—might be transferred earlier rather than later, perhaps even in this financial year.

Senator SCULLION—You are not aware of any plans at all for this transfer to actually cost the shire at all?

Mr Jarvis—They have not mentioned any cost to the shire. Certainly, with the mobile plant, they did ask that we look at dry hiring the vehicles, because they were giving them to us, and that we should provide the Commonwealth with some consideration. We have had some discussions with them and said that we do not wish to dry hire because of insurance issues. Certainly, although the plant would be transferred to the shire at no cost—that is the suggestion—we also believe that it is part of the suggestion that when that plant eventually becomes beyond its serviceable life there will be an expectation that the shire will replace it. So we believe that any consideration needs to keep that in mind—that, yes, it is a gift, but it is also a depreciating gift and needs to be replaced at some time in the future. We are having some discussions with them now about the possibility of a special rate over a limited period of time to provide them with some compensation for the transfer. But certainly the dry hire is an issue for us because of the added insurance cost.

Senator SCULLION—My last question relates to employment on the island and the capacity for employment, particularly of apprentices. We have had some evidence that you may have heard today that the level of apprentice recruitment is far lower than it has been in the past. Does the shire council have any apprentices at the moment?

Mr Jarvis—No, we do not.

Senator SCULLION—Perhaps you could share with us why that is the case. Is there just simply no need? Is it that you have a fully trained work force and there is no need for future apprentices—those sorts of issues?

Mr Jarvis—We have a large number of very qualified and experienced carpenters. It is likely that beyond 1 July this year we will be looking at making a number of those carpenters redundant as we transfer the houses to Home Island residents. We will no longer have the responsibility for house maintenance and there will be some redundancies. We are trying to accommodate as much as we can through natural attrition and we have a number of ageing workers who are looking at retiring. That will certainly soften the blow.

Determining exactly how many people we will lose depends a lot on how quickly the Commonwealth asset transfer takes place. If we receive a substantial number of plant items and a number of buildings, that will certainly mean that some of the people who might have been made redundant would have a job. So it is difficult to quantify what the impact will be, but we look like losing some tradespeople. I guess that has a short-term benefit for other organisations on the island in that it releases some very qualified carpenters into the market, but we do not have any apprentice carpenters. If the plant comes across to us, we have one mechanic at the moment and certainly we would have to increase the number of staffing involved in that. We would have a look at the economics of taking on an apprentice mechanic at that time.

Mr SNOWDON—Could you explain to me the relationship between the shire and the co-op?

Mr Jarvis—Relationship? There is no formal relationship at all, apart from the fact that a couple of weeks ago we had our first ever joint meeting and had some discussions about the future of Cocos. But that is the first time that it has happened in the five years that I have been on Cocos. Certainly, the relationship is cordial, but there has been no official or formal relationship between the two.

Mr SNOWDON—The reason I just want to pursue this for a moment is that, as I understand the history of the co-op, the co-op was virtually the sole employer on the island until the mid-1980s and then, as a result of the establishment of local government, the devolution of responsibilities, et cetera and new emerging exercises, the co-op has had some financial difficulties. The co-op is the largest employer on the island, is it not?

Mr Jarvis—I am not sure what their establishment is. I was under the impression that we were probably very close to the largest employer. We employ 29 FTEs.

Mr SNOWDON—We did ask the question, but I do not know what the answer is—

Mr Jarvis—The co-op employs a number of casuals, particularly when stevedoring operations in shipping is happening. If you aggregated those into FTEs, they may have more than us, but I am not sure.

Mr SNOWDON—As I understand it, they are responsible for the supermarkets.

Mr Jarvis—Yes.

Mr SNOWDON—Airport services.

Mr Jarvis—Yes.

Mr SNOWDON—They do the marine—the stevedoring.

Mr Jarvis—Yes.

Mr SNOWDON—They pay the teachers and provide an education as well. So they are involved in a lot of activity on the island, are they not?

Mr Jarvis—They certainly are. They are a longstanding organisation on the island.

Mr SNOWDON—Does your strategic plan or the planning of your organisation encompass their view of the world?

Mr Jarvis—The principal activities plan does not, because it is required to reflect our proposals for expenditure and operations. We do have a strategic plan, which looks at a much broader view than that and makes statements about supporting sustainable economic development and also environmental concerns. There is a crossover there, of course. Our principal activities plan has a fairly large statement and expenditure item for environmental activity, particularly waste management.

Mr SNOWDON—Is there any likelihood that in future your planning may involve some joint meetings with the co-op?

Mr Jarvis—Certainly, the last meeting was very successful and both organisations are looking at making it at least several times a year.

Mr SNOWDON—I am heading down this course because I am interested to see the devolution of, firstly, the withdrawal of the Commonwealth from services and then what appears to be apparent competition between the co-op and the shire over the possible running of some services.

Mr Jarvis—I am not aware of—

Mr SNOWDON—For example, you were approached to do the marine services.

Mr Jarvis—It was just suggested to us that we might consider it as one of a number of other prospective tenderers.

Mr SNOWDON—You see what I am getting at. It seems to me that there is some need for some more cooperation, especially in terms of planning, in terms of the future interests of this community. I just want to raise that point. In terms of Rumah Baru, what is your understanding of where that is at the moment?

Mr Jarvis—That was something that was discussed when the minister was here the last time. My understanding is that with the original proposal for the offshore island the tenders came in well and truly above what was budgeted. There has been a design done for a greatly abbreviated project—a much smaller offshore island with less facilities on it and a smaller onshore component—and the designs are on public display. At the same time the minister has requested that, if anybody else has some bright ideas about how it might work, they certainly should make those submissions. I understand that the economic development association has already made a submission and we propose to put in a brief submission. The brief submission that we would put in, though, is not dissimilar to what has been proposed by GHD.

Mr SNOWDON—What was the original time frame for this?

Mr Jarvis—We understood that it would be well and truly under way during this calendar year—probably towards the middle of the year, a commencement, and well and truly under way by late this calendar year.

Mr SNOWDON—Is that your current understanding of what it will be?

Mr Jarvis—No, that was the original project, based on the tender closing dates et cetera. There was somewhere between a three- and a six-month set-up time suggested for tenderers to start getting stuff to the island. I am not sure that mobilisation would have been that quick, but that is between them and the shipping company. But certainly there was an expectation that by later this year the project would be in full swing. We had a number of the tenderers contact the shire about providing the road-making work and certainly about plant hire.

Mr SNOWDON—So the current time frame, presumably, is beyond this year and into some time in the next year and beyond?

Mr Jarvis—I believe they are having some discussions with the tenderers. I do not know the Commonwealth's rules about tenders, whether they can actually go back to that select group and ask them to submit a price or whether they need to go back to public advertising. I am not familiar with their requirements. If they can do it that way, with a select group of tenderers, the process might not be too long. If they have to go back to a full-blown tender process it could substantially add to the time frame and I suspect we would not see anything until next calendar year.

Mr SNOWDON—I noticed in your submission you express a view that you would be keen to make a bid for the services which Water Corporation currently undertakes. What does it do? What are the services it provides?

Mr Jarvis—The ones that we are particularly interested in are the utility services—water, sewerage, power. That is in council's strategic plan. Their reasons are social rather than economic. They were concerned that with off-island operators skills transfers were not happening and that there was the potential for an off-island operator to join with the shire, provide the service and do a skills transfer program. We have had some discussions with such a company off-island that is very keen. I believe since this submission was made there is going to be an expression of interest coming out soon for the construction and operation of the Home Island power station. Certainly, the shire will be having some discussions with this company with a view to putting in a bid.

Mr SNOWDON—Are there any preference clauses in the tendering arrangements to employ local labour?

Mr Jarvis—I would assume so. I do not know that the ad has even gone out yet. I have checked with DOTARS about when the ad is going out and I am waiting for a response. As recently as yesterday the official secretary here was trying to find out where that advertising process was at. But I would assume so. It is certainly something the shire has always pushed with tender processes—that wherever possible local employment be considered. I think there has been a problem in the past where it has been a box to tick off. They call Indian Ocean Group Training, find out what skills are available and that is all they are required to do under the tender documentation. They tick the box and then bring substantially their own workers from off-island. I am not sure how you get around that.

Mr SNOWDON—There are a number of ways. But are you aware of any other preference clauses in the tendering of proposals to ensure local involvement?

Mr Jarvis—For Rumah Baru or for—

Mr SNOWDON—For contracts generally but Rumah Baru in particular. The power station would be a good example.

Mr Jarvis—As I say, the documentation is not ready for the power station yet so I will be interested to see that. But Rumah Baru, I believe, basically talked about the same process; that you needed to get in touch with Indian Ocean Group Training to find out what services were

available. However, what DOTARS and GHD did arrange on-island was a seminar with the potential tenderers and everybody was able to present to them the details of what skills they had, what plant and equipment they had, hire charges et cetera, and there was, I guess, a pep talk given to the potential tenderers about how they should seriously consider local employment.

Mr SNOWDON—What response has there been from DOTARS about the potential for the shire to take over these services?

Mr Jarvis—To take over?

Mr SNOWDON—The services that the Water Corporation is currently undertaking?

Mr Jarvis—Certainly, I believe that they are encouraging us, like anyone else, to tender for it. I do not know that they are giving us any special preference, but they have said, 'Here's your opportunity. The paperwork is coming out. Have a bid.' It would not be done just as the shire, as I have said. It would be a joint venture with an off-island company.

Mr SNOWDON—What interest might there be in taking over other services such as education and health?

Mr Jarvis—Education and health was one that was put to us by the minister at very short notice. We have said formally to the minister that we would consider any service so long as there were sufficient resources to maintain standards and there was some saving to the Commonwealth, which was obviously its objective. We have not specifically said that we would take on education and health, and in fact at one stage we advised the department that we were not interested. Subsequent to that, at the Indian Ocean Territories Forum, both Christmas Island and Cocos Island shires have stated that if in the future a regional council is formed and then subsequently an assembly, which would be a de facto state government, if you like, that body might well be the body to take over education and health. That is as far as the council formally has gone.

Mr SNOWDON—Do you know, when this was dropped on you by the minister, whether it was dropped onto anyone else? Were there any other discussions with other people in the community? Was there broad community discussion about this question?

Mr Jarvis—It was broad in the sense that it was announced at a public meeting, an administrators advisory committee meeting. So some of the affected parties were there at the meeting and were as surprised as I was when it was announced.

Mr SNOWDON—Has there been no further attempt to discuss it within the community; for example, with the co-op, congress or its membership or the women's council or the Islamic community?

Mr Jarvis—It may have been, but I certainly was not party to those discussions.

Mr SNOWDON—We will seek clarification of that.

CHAIRMAN—Thank you, Mr Jarvis. On behalf of the committee, I thank you for your attendance today. If there are any matters on which we need additional information the secretary will write to you. You will be sent a copy of a transcript of your evidence, to which you may make editorial corrections, if any. On behalf of the committee, again I thank you for your attendance here today.

Mr Jarvis—Thank you.

[10.40 a.m.]

LEIST, Mr Lloyd Charles (Private capacity)

CHAIRMAN—Welcome, Mr Leist. These hearings are legal proceedings of parliament and warrant the same respect as proceedings of parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The committee has not received a submission from you because this is an impromptu appearance today and we recognise that. The committee prefers that evidence be taken in public, but if you wish to give confidential evidence to the committee you may request that the hearings be held in camera, and the committee will consider your particular request. Before we ask you some questions, do you wish to make an opening statement?

Mr Leist—Yes, please.

CHAIRMAN—Please proceed.

Mr Leist—I have only got one basic concern. I recently purchased through DOTARS, from the Commonwealth, Oceania House. There was a subdivision done on it whereby three-quarters of the gardens will go to council, apparently, and the ocean strip will go to council. And then, of course, there was some sort of gifting of the contents of Oceania House to the council-cum-museum. I am not quite sure of this. The Perth museum was sent up here to do a collective study of the contents of Oceania House, which they did. There was also a botanical survey done of the total garden area.

But back to the content side of things, my main area of concern was the original four Clunies-Ross busts that were in the main entry and the proclamation board. The proclamation board has been in that house since day one, since it was presented to Clunies-Ross. The busts have been there probably since the 1940s or so. When I spoke to Deb Blaskett, who handles this whole situation for Oceania House and the gardens, she said that because the Commonwealth was not sure of who would be the lucky tenderer for Oceania House it consulted with its legal department, with the heritage department and with the museum and decided that the contents should be removed and gifted across to either the council or the museum for safety in lieu of the fact that whoever came into the house could of course sell the stuff or do whatever they wished to do with it.

I was probably lucky enough to get it on the basis that I am a pretty committed heritage buff. Consequently, to my way of thinking, the last thing I would be doing is bumping off the busts and the proclamation board. I said to Deb, 'I think, Deb, that's wrong. These things should have remained there, because the Burra Charter emphatically states that whatever the contents—and, specifically, major contents—of a place are, they should remain within that place.' The analogy is that, when a person dies, you cut the body in half and bury it in two graves. Consequently, she said, 'Lloyd, sorry about that, but it's pretty much a fait accompli. Legal advice says that we can do it.' The heritage department did not really want to see it happen—I do not think. Deb said, 'We chose to take legal advice. We've done it this way and now it's all over red rover.' I said to her, 'I don't expect to ask for the busts and the proclamation board back immediately but, when I have restored the house, which will take a number of years, I'm certainly prepared to open the

major section of it to the public, and I would think the correct thing would be that the bust and the proclamation board should come back to their original situ.’ She said, ‘All you can hope for—keep your fingers crossed—is that you can do some sort of loan back deal with council or the museum.’

The reason for my submission is the fact that there needs to be some form of notation made before this goes off down the track and into the dust. In a few years time everyone will say, ‘Well, the museum owns that and the council owns that. We’re not interested in your story,’ and it will be lost. I really feel that some form of arrangement should still be made at this late stage to say emphatically that when I have got the place ready for the public these things should be given back to Oceania House while still in ownership of the council—it does not worry me—and I would sign some sort of a bond or whatever to accommodate the loss if they get stolen or whatever the case may be. The appendix to this is, unfortunately, that at the moment at the museum the busts are packed in cardboard cartons. They are lying on the floor in the museum. The museum is not secure. You can walk in any time and sometimes very late at night. I said to Deb Blaskett, ‘Anyone could walk in with an airways bag and pick up these busts.’ I am pretty sure the proclamation board is over at admin somewhere, so that is probably pretty secure. In the interim, I feel that the busts should certainly be put in a very secure place because they are extremely valuable and so is the proclamation board.

I know from previous experience and from friends that in previous years when the government took over, and prior to that, a horrendous amount of stuff was stolen from Oceania House, such as books from the library, teak doors from the house and timber from the house. It just went west of the wall and no-one knows about it. I said to Deb that the same thing could happen with the busts and things like that. She said that it has not happened to date. I said that she cannot hold that opinion forever, because with Internet deals like they are now and information travelling around there is a fair chance that it would be easy for people to come across with that bag and take them. For instance, half the busts are bald. I am sure that if Warren Snowdon snuck in there and knocked off a couple he would have a prime excuse, because you have got the same shaped head, mate. So he would have a watertight excuse that he had not stolen them. Thanks very much for listening to my submission.

CHAIRMAN—Not at all. Thank you, Mr Leist.

Mr SNOWDON—From what I understand, there are two issues here: Firstly, the security of the items; and, secondly, their display.

Mr Leist—Yes.

Mr SNOWDON—I can understand your point about the museum, in that they are not being displayed appropriately at the moment. Have you had any discussions with the council about the prospect of them putting them on permanent loan to you for display in the residence?

Mr Leist—Not at this point in time. That was supposed to happen—that is, Mr Jarvis is going to sit down with me at a later date and say, ‘These are the things that council feels they need and don’t need and these are the things that should be in the museum.’ Apparently the WA Museum has classified on the heritage side as A, B, C, D or 1, 2, 3, 4 in heritage value, so that could still be an event. But the point I am making is that, even at this late stage, some sort of commitment could be put by the Commonwealth to the council, if in fact they are the owners of

these things, to put them back on permanent loan or they could have them for a period of time down there. Tourists visiting Home Island do not want to necessarily just go to the one place to see everything—especially when it is out of context, because that stuff belongs in that place, was there from day one and should remain there.

Mr SNOWDON—If you were to have a discussion with the shire—let us assume the shire owned them for the purposes of this exercise—and you put a proposition to the shire that you would like to have some or all of these items on permanent loan and some of the furniture back or whatever, would you agree to have those on public display at various times so that people could actually access them?

Mr Leist—That is what I am saying. When I have done my thing on Oceania House I want to put up the usual photos to make it like a mini-museum within itself in that hallway section. Even if it is open to the public for one day—whether it be a Wednesday or whatever—that is how I would do it. That is why I said to Deb Blaskett that I can appreciate at this point in time with the house not being open to the public I cannot hold my hand up and say, ‘I need those things back there.’ I think I could secure them well enough; I do not think that is a problem. But the fact is that it is not fair. If the museum was to display them in the interim, all well and good. But, as I say, one of my fears is that at the moment they are not secure. They are just sitting there on the floor. And that is dangerous stuff, because they could either get broken—they are cast bronze—or stolen.

Mr SNOWDON—I just make the point that on my understanding and knowledge of the shire I would have thought they would be quite receptive to that sort of proposition. So I am surprised that there has not been that discussion.

Mr Leist—In terms of what happened, I suppose you would have to refer to it as a major balls-up. You could not call it anything else. On the last day of settlement there was an exodus of the stuff from Oceania House at a late date. Everyone was in a mad rush and of course damage was done to the house, to the timberwork and to the floors. So the whole thing went wrong in everyone’s department and then there was the best pack of buck-passing you have ever seen in your life. Consequently, that is what happened.

Mr SNOWDON—Maybe, Mr Chairman, we could communicate to the shire and get their response to these sorts of proposals.

CHAIRMAN—Yes; that note has been made, Mr Snowdon.

Senator SCULLION—I think we should place on the record just how lucky we are to have somebody with a philanthropic approach to heritage values, in any event.

Mr Leist—I am halfway there!

Senator SCULLION—We should all be very pleased that someone like yourself has actually purchased the house and that the heritage issues are high on your agenda. Do you know if the department of heritage actually had some arrangement with the council in terms of when they will be looking after it? I ask because they made that decision about it not being appropriate for it to be at the house, for whatever reason, Do you know if there is any condition that the council is holding?

Mr Leist—No, I am totally in the dark about that.

Senator SCULLION—In terms of clarification, again, you would like the busts stored somewhere else, in a more secure position. I understand you have a concern that, if you do not have some memorandum of understanding in writing now—the busts at some later stage, in the interim six or seven years or whatever it takes to restore the house to that condition—the story will have been forgotten.

Mr Leist—Yes, and the proclamation board. They are the two items. The busts and the proclamation board are the mainstay. As I say, when you read the Burra Charter, it has absolutely gone against every facet that they speak about.

Senator SCULLION—Would you have a list of other items of significant heritage value that are associated in a cultural context with Oceania House and are no longer there but remain on—

Mr Leist—There is a terrible instance of one of the cots that I made a bit of a fuss about because I have certain beliefs myself, spiritually, and a lot of that is in context with that particular house and a lot of that is Cocos Malay belief as well. One of these little cots got removed—the older one—and things went a bit wrong there. Again, that sort of stuff should not have been removed. There was no consultation with the Cocos Malays to say, ‘We’re shifting this furniture.’ The museum did not think to ask around the community, and of course that caused a bit of an upset.

Senator SCULLION—Would it be possible for you to provide the committee, on notice, with a list of those items that you think in context should be continually associated with the house, irrespective of where they are held at the moment? There might be a list of furniture or other items that you believe should eventually return for those reasons?

Mr Leist—I think that the list I have got is back in Perth.

Senator SCULLION—On notice, at some stage, at your convenience, I wonder if you would be able to provide the committee with that list?

Mr Leist—Which would unfortunately conflict, because I think it is a fair thing, in a way, that the museum has a certain amount of stuff, but are were other sundry items that could have been left with the house.

Senator SCULLION—It would be useful to have a list of those materials that you believe should still be in context with the house rather than with the museum.

CHAIRMAN—You can send that list to me, Mr Leist, or forward it direct to the secretary, whatever is most convenient. I thank you, on behalf of the committee today, for your evidence and for your attendance. If there are any matters on which we might need additional information, the secretary will write to you. You will be sent a copy of the transcript of your evidence, to which you can make editorial corrections.

[10.58 a.m.]

CROLL, Mr Gregory John (Private capacity)

CHAIRMAN—Welcome, Mr Croll. These hearings are legal proceedings of parliament and warrant the same respect as proceedings of parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. Do you have any comments to make on the capacity in which you appear?

Mr Croll—I am appearing as a parent and as a longstanding resident—of five years.

CHAIRMAN—You have forwarded a written submission to the committee, No. 18. Are there any corrections or amendments you would like to make to your submission?

Mr Croll—I have added a few more bits and pieces to it, so I would like to go through it.

CHAIRMAN—Would you like to read those in at some later stage?

Mr Croll—Okay.

CHAIRMAN—The committee prefers that evidence be taken in public; however, you have requested that your evidence be given in camera. Is it still your wish to give confidential evidence to the committee or are you prepared to give it in public?

Mr Croll—I am prepared to give it in public now.

CHAIRMAN—That is excellent. Before we ask you some questions, do you wish to make an opening statement?

Mr Croll—My submission is about the construction of a tidal pool as close as possible to the main town side on West Island. I would just like to point out right from the word go that I am by no means an expert in the construction and maintenance of tidal pools. Despite being surrounded by water, the only two places to swim on West Island are Trannies Beach and the yacht club. The yacht club is really subject to the tides and is not an accessible swimming spot very often on most days. Both of those locations are seven kilometres away and it is very difficult to go for a swim if you do not have a vehicle. I think a tidal pool should be dug out of the reef as close as possible to the Cocos Beach Motel. This section of beach is central to all West Island residents and could be used by tourists as well as the school. About 20 years ago there was a tidal pool which was used, out the front of house 1. It was perfectly fine; lots of people used it. But it fell into disrepair because whoever was in charge of maintaining it decided that they were not going to maintain it anymore. It ended up filling up with rocks and sand and is no longer there.

Building a tidal pool in the location I have mentioned would, I think, be a fairly inexpensive way of providing access to swimming facilities and water based activities for the communities on both islands. Many Home Island residents come over to West Island on the weekends and for

the charters. While they are here, they spend a lot of time sitting out under the tree and hanging around. If there was a place where they could take their kids swimming, they would definitely use it. A tidal pool would not have to be very large or very deep. Trannies is really only waist-deep. It would not take very much, I do not think, to dig it out of the reef. Up until five or six years ago, Trannies was bulldozed about twice a year to clear away any of the rocks or sand that the tide brought in. Trannies Beach was maintained and now it is starting to fill in a bit with rocks and sand. There is a small natural pool on the western side of Pulu Maria. That is a safe place to swim, but to get there you have to walk across a channel of sharp rocks and that makes it an underutilised facility. If a tidal pool or a section of reef was shown to be too difficult, another option might be to construct a semicircular concrete structure close to the beach so, as the tide comes in, it fills up with water; when the tide goes out, the water stays there. That could be used as a small swimming-cum-wading pool. To maintain that, I would imagine you would just have to pull the plug out, sweep the sand out and wait for the tide to come back in to fill it up again. When the Grants Commission were here—I think it was in 1999—they identified a real lack of swimming facilities on Cocos when you compare the Cocos community to similar sized communities on the mainland. That concludes pretty much the main points I have.

CHAIRMAN—Thank you.

Senator CROSSIN—I am having trouble trying to picture how this looks. Is it actually a concrete facility?

Mr Croll—No. Initially, when Rumah Baru was going to go ahead, I imagined that there would be lots of heavy equipment that would make the job very easy. You get a tractor down on the beach in front of the lodge and take out a small section of the reef close to shore, just to make it waist deep. When the tide comes in, it fills up with water. When the tide goes out, the water stays there and provides a place to swim. That is in its simplest form.

Senator CROSSIN—What sort of ongoing maintenance does it then require? Just the constant dredging of the sand out of it?

Mr Croll—From the information I got from the person who used to live here as a child 20 years ago, when there was a pool and it was maintained, every so often, depending on the time of year, the pool would fill up to a degree with sand from the tide. A tractor would go out and dig it out and then it would be fine again. The issue with that is the rust on the vehicles that were used to do that. If they are going into the salt water or onto the beach at low tide, they would be more prone to rusting faster. That is why I think the decision to stop it was made by whoever was in charge of doing that—because they were concerned about the maintenance costs of their vehicles. But there are ways around that. You could pick a vehicle to do it, like a tractor, get it down there, do the job and then hose it off with the fire hose to remove any sand. Or you could double or triple protect it against rust to help reduce the speed—

Senator CROSSIN—So this is not something the shire council has thought of? It is not a proposal that has been put to them?

Mr Croll—No. I think the shire council would be reluctant to—but I do not know. It has been bandied about before, but no-one has actually ever done anything. I thought it would be a good idea to make a formal submission and see how you guys go with it.

Senator CROSSIN—If the Rumah Baru project goes ahead, though, you are saying there will be equipment on the island that could do it, at least initially?

Mr Croll—I think the equipment is already on the island, but it is a matter of convincing someone to do it. If I was an owner of a big bulldozer and that was my only source of income, then I would be reluctant to take it down and dig out salt water sand on the beach on a monthly basis or whatever.

Senator SCULLION—I have always said that there is more money chasing good ideas than the other way around. This is obviously a good idea. I actually had to swim over the reef this morning in front of where we are staying. To get on the other side of the breakers it is a fair way out. It certainly would have been a lot easier exercise this morning to be swimming in a tidal pool. Would the site of the original tidal pool be a suitable place or would you be proposing to put it somewhere else?

Mr Croll—I am not 100 per cent sure. As far as I know, the tidal pool that was here a while back was in front of house 1—somewhere a bit further up that way. I would prefer, and I think it would get a lot more use, if the tidal pool was as close as possible to this spot, downtown. It would get the most use. The Home Islanders come over for charters. It would be much easier, and they would use it a lot more, if they just had to walk across the road and then down into it. Plus it is a nicer beach. It is a nice beach there in front of the Cocos Beach Motel. If we could get a tidal pool there, I do not think it would be very difficult for it to become a really popular spot for the communities on both islands. You could set up a little sitting area and people would definitely use it. So I would say not to use the one that was there before but try and build one closer to downtown.

Senator SCULLION—Obviously good ideas need a lot of support. What are your general feelings of support in the community? You must have spoken to people in the community.

Mr Croll—There is 100 per cent support from all tourist related operators. They would love to be able to say that people who come and stay at any of the accommodation facilities on the island—

Senator SCULLION—Perhaps I could put it like this: has anyone expressed resistance to it? Has anyone said, ‘We don’t think we should do that,’ because of whatever?

Mr Croll—The only resistance I have had is from people in conversation saying, ‘You’ll never be able to do it because no-one would want to put their tractors down there in the salty sand.’ That is the only issue. Then some people are saying, ‘You don’t know how fast it would fill up with sand or rocks or whatever—how much maintenance would be required.’

Senator SCULLION—Obviously it is a process that would require some planning. This is the sort of event that would normally trigger an environmental impact assessment. Obviously there are processes. I am assuming you are coming to the committee saying, ‘I’ve got a really good idea. It is going to require perhaps more experience and somebody to take ownership of this,’ and perhaps you are seeking advice on how to proceed from here. Would that be a reasonable assumption?

Mr Croll—Yes; I am not qualified to do it.

Senator SCULLION—I will leave it up to the chairman to make some comments on that, but thank you for that. So there has been no written application to anybody or any actual plans, apart from general discussions in the community about the idea?

Mr Croll—As far as I know this is the first written application to anyone about it.

Senator SCULLION—To this committee?

Mr Croll—That is it, yes.

CHAIRMAN—Thank you, Mr Croll, on behalf of the committee, for your attendance here today. If there are any matters on which we need additional information, the secretary will write to you. You will be sent a copy of the transcript of your evidence, to which you may make editorial corrections.

[11.11 a.m.]

EVANS, Mrs Tracey (Private capacity)

CHAIRMAN—Welcome, Mrs Evans. These hearings are legal proceedings of the parliament and warrant the same respect as the proceedings of parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The committee has received a submission from you. Are there any corrections or amendments you would like to make to your submission?

Mrs Evans—No.

CHAIRMAN—The committee prefers evidence to be taken in public. However, you have requested that your evidence be given in camera. Is it still your wish to give confidential evidence to the committee?

Mrs Evans—I think so.

CHAIRMAN—Is there any evidence you can give in public?

Mrs Evans—Yes, sure.

CHAIRMAN—We will proceed with the evidence you can give in public. When you come to your in camera or confidential evidence I will ask the committee if they agree with that. They are very cooperative. I do not want to anticipate what they may say, but they are very agreeable people. Then we will have to ask the public to leave. Please proceed with what you want to say in public.

Mrs Evans—I am not here in any capacity of knowing exactly what I am talking about. I am here for the community. I think we lack facilities here. To give you my background, this is my fourth year of teaching in the Cocos (Keeling) Islands. I also taught for three years on Christmas Island, so I believe I have a fairly good understanding of the Indian Ocean territories. Having been in the physical education and health line of work, I believe that my proposal here is based on fairly good knowledge.

My proposal is for a multipurpose recreational facility to be built on Cocos Island or for us to utilise the facilities that we already have here on the island. Basically, I think—this is very personal—that Cocos Island has a lack of physical space and buildings to promote recreation and cultural events. Our facilities at present are inadequate and in disrepair. We have situations now where people are very keen and have great ideas but have no facilities to follow this through. West Island is severely lacking in facilities to support clubs. It is very discouraging to note that all of these facilities need to be centred—or most of the facilities are—here at this club.

Most sporting teams and clubs involve children and some Cocos Malay community members. The sale of alcohol on the premises at the club is both inappropriate and culturally insensitive to

the needs of those two groups of people: the children and the Cocos Malay community. I am in no way damning this club—it is a brilliant club and fantastic for social functions—but it is not really encouraging to the Cocos Malay community or to the children that alcohol be sold once sporting functions are on.

I believe that we need to foster a healthy lifestyle in our community. We need to foster interpersonal skills across the two cultures. We need to encourage skills, physical activity and self-management skills. What I am proposing for today is that somehow we create a multipurpose facility for everyone in the community, both islands, to be used for sporting activities: basketball, netball, badminton. There is a whole range of sporting activities that I personally would use it for; a gymnasium, for example. We have a situation at the moment—I do not know if I should say this in public—where we have put our personal gym gear over at the met shack. We probably should not be using that little area and we have been told that that will not be in use for very much longer. Here is a group of people who will no longer be able to work out. It is a little area where we love going. We have got nowhere to go. I believe also that it could be used to run Indian Ocean group training basic courses. We have excellent people coming out with skills such as mosaics, leadlighting. We could have displays of arts there. There are also wet-weather activities. Come April we have some pretty strong downpours and being inside is pretty boring. We really have nowhere to go other than here. There are many very vibrant clubs on the island—the historical society, the dive club, the fire brigade—and we have lots of people in groups but with no real meeting place. Also, night events such as discos for the kids—including blue-light discos—socials, cultural dances, white elephant stalls and auctions all occur now, but they are all battling to find a place to go.

Back to the Home Island gatherings. I was talking to some Home Islanders in the last week, and it was really refreshing to know that they really want to come over here and be more involved in sporting activities. They are now, but it is once every two or three months. They would like to be involved on a weekly basis. If we did have such an area and we could have the Home Islanders come over on a weekly basis, perhaps to play a game of basketball, maybe we could also house them there. Maybe we could have a place where they could sleep over for the night because of the ferry situation that we have. It is a bit of a dream at the moment, but I have this vision. If we did have a hall, perhaps we could invite the Cocos Malays to use this facility more and maintain it ourselves.

With my proposal I have got a couple of options. One is that we come back to the Q station—our wonderful Q station. We have all of these vacant sheds and buildings out there that are not being used. I guess that you have all got views on what you are going to do with them or what should be done with them. I would like to push the utilising of one of those sheds: maybe we could clean up and paint the area and put markings on the ground in one of the sheds for basketball, netball and badminton. We could hang some pictures there and make it a welcome place for young and old, Home Islanders and West Islanders—a gathering place. It would probably not be airconditioned, but it has fans. All we need to do is make sure that the power and the water are on and clean up the grounds. Perhaps we could make it a community use facility, maybe with a user-pays system, so the community members can maintain it themselves. Maybe the clubs could have a weekly roster for cleaning up the grounds or whatever. Basically, volunteers would run it, so there would be very little cost, whether the council took it on or admin kept it on or whatever. That is the first option.

The second option is to build a facility south of the donga; the donga that is very small and cannot really be used for much. My vision is a cultural hall—a shed, a building or whatever you would like to call it—big enough to house a game of some sort, with power, lighting, fans, airconditioning and, of course, shower facilities. I believe that this sort of facility could enhance cross-cultural relationships, again with the idea of the Cocos Malays staying over at night if they use the area and maybe paying a small fee if they are attending an event there.

My third option is perhaps the option that I went into more: laying a cement slab that would be used for basketball or netball, with rotational goals, lighting and shade sails. That would be the cheapest option, I guess, if you were not going to use the Q station. I see basketball and netball and those sorts of games as being the spirit of the community, the hub of the community. Have you ever been to any small country town where they do not have basketball or netball? The school is in a fantastic situation. In a couple of weeks time we have got a state netball male teacher coming on-island. What a shame that we are not going to utilise that skill of that teacher. I am not sure if he is aware that there is no netball court, but it is going to be pretty sad for him. As a teacher, I have taught in many small country towns—the list is as long as my arm—and I have 16 years of experience under my belt, but I have never been to a centre where these two sorts of facilities are not available.

CHAIRMAN—Have you made a submission to the local authority here, the Cocos (Keeling) local authority?

Mrs Evans—No.

CHAIRMAN—What about to the Western Australian government, seeing that the teachers are raised from the WA government? Have you sought any assistance from them?

Mrs Evans—No, I have not. This is my first go.

CHAIRMAN—I think that you have done a marvellous job, particularly seeing as it is your first go. Just one other thing: who has the responsibility for the maintenance of the facilities that are now in, as you said, a state of disrepair?

Mrs Evans—I am not really sure. The outside, I guess, is a council mowing contract. The actual looking after the area is fine but, as to the actual buildings themselves, I do not know who owns them. I think that it is admin, is it?

CHAIRMAN—The shire?

Mrs Evans—They are just very old. The space is just not adequate, basically. The physical space, if we are talking about the donga or here, is fine. Here is fine—it is not in disrepair—but it is just not sensitive to people's needs.

CHAIRMAN—Thank you, Mrs Evans.

Senator HOGG—Just briefly, in your vision, who would manage the maintenance and upkeep of the facility? Would it be a community based separate company? Would it be the shire council? Would it be the Commonwealth?

Mrs Evans—The ownership of the building, I would assume, would fall on the shire. The actual maintenance of the building inside—and maybe even outside if there was a lawn facility or whatever—would fall on the clubs. We have a situation here where we have a very strong contingency of people in clubs. Most of us are in two or three clubs and there is never a lack of hands-up help for whatever to be done around the areas. But we just do not have a home. I think there is consensus amongst people on the island that if you have not got something to call your home you do not look after it.

Mr SNOWDON—I am interested in the fact that you have not discussed the prospect of this facility perhaps being on Home Island.

Mrs Evans—I have discussed it mainly with the Home Island teachers on West Island, because I do not get a lot of contact with the Home Islanders. It is always an option, but then have you got the same drive—that is, have the Cocos Malays got the vision or someone to up and run it? I am really here to push the West Island barrow, because we have so many clubs here. I am not sure the same number of clubs exist on Home Island. But I believe whatever we have here we should have over there. I believe in duplicate facilities. There is a big lagoon that reaches between us. Why should one get one and not the other? We have all got similar needs.

Mr SNOWDON—So there is no basketball court over on Home Island?

Mrs Evans—No.

Mr SNOWDON—There is a soccer field.

Mrs Evans—There is a soccer field. They have got quite a large oval over there. It is not a soccer field as such, but they can play soccer on it.

Mr SNOWDON—I am just interested in your issue of healthy lifestyles. Given the health profile of the community, I would have thought it would be a priority to have some sorts of facilities on Home Island?

Mrs Evans—Sure; I totally agree.

Mr SNOWDON—In terms of this island, the only oval is this excuse out the side here. Is that right?

Mrs Evans—Not really, because we cannot house anything in here.

Mr SNOWDON—What I am trying to get at is that the only playing field is here.

Mrs Evans—Yes. My school oval is the airport. Basically, I can be in the middle of a lesson and, if a plane comes in, we have to take off. We have no shade and we have no grass. We mow weeds out there. There are divots in it. Basically, it is not good enough.

CHAIRMAN—Is that a whole community effort? Does someone in the community come and do something of that nature, such as plant grass?

Mrs Evans—We are not allowed to build any facility whatsoever or put trees or anything on the runway. We have been down that road through many letters last year, and nothing is allowed to be built on the runway.

CHAIRMAN—But that is not because of a lack of community spirit though.

Mrs Evans—Gosh, no. Definitely not.

Mr SNOWDON—I think that your proposal is a very good one. I am just trying to get in my own mind what sort of multipurpose facility we are talking about. Presumably there are people here who like to play soccer or rugby or Aussie Rules.

Mrs Evans—Definitely.

Mr SNOWDON—So there is no oval. There is a large space just up the road there that—

Mrs Evans—Oval space is not a problem. The oval space of the school, which I want to keep separate anyway, is a problem for us. But that is not your issue; that is our issue.

Mr SNOWDON—Hang on; it is our issue.

Mrs Evans—An open playing field is fine. I am really looking at an indoor facility: something to keep us out of the rain; something we can lock up, call home and take care of; somewhere we can hang pictures and put floor markings down.

Mr SNOWDON—It is just that I am aware that we are having built on Christmas Island some time in the near future a multipurpose facility which will, as I understand it, be built adjacent to the playing grounds up near where the sports oval is. It would seem to me to be an appropriate thing to do—that, if you are going to build a multipurpose sporting and recreational facility, it has access to some grounds. I do not know who plays cricket here, but I cannot imagine you would get a great cricket game out the side here.

Mrs Evans—Yes, but we have cricket here; we have great matches here.

Mr SNOWDON—I am sure you do, but what I am trying to get at is that the dimensions of this field out here are such as not to be conducive to a decent games of Aussie Rules or rugby, for example. So there are extreme limitations on outside sporting facilities as well as inside sporting facilities. That is the point I am trying to make.

Mrs Evans—And a hard-court playing area. If I cannot have an indoor facility, I would love just a slab, basically, with a bit of shade on it. Playing anything in the middle of the day here is extremely uncomfortable.

CHAIRMAN—Warm.

Mrs Evans—More than warm.

CHAIRMAN—Thank you, Mrs Evans, for your appearance here today.

Senator CROSSIN—Did Mrs Evans want to present something in confidence?

CHAIRMAN—I think you have given all your evidence and that you do not require it to be in confidence.

Mrs Evans—Yes, that is fine. Thanks.

CHAIRMAN—Thank you for drawing that to my attention, Senator Crossin. I should have cleared that up. If there are any matters on which we need additional information, the secretary will write to you. You will be sent a copy of the transcript of your evidence, to which you may make editorial corrections.

Mrs Evans—Thank you.

[11.30 a.m.]

CLUNIES-ROSS, Mr John George (Private capacity)

CHAIRMAN—Mr Clunies-Ross, good morning. Welcome to this committee. These hearings are legal proceedings of the parliament and warrant the same respect as proceedings of parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The committee has not received any submissions from you. The committee prefers that evidence be taken in public. If you wish you can give evidence in camera, but I understand that you are happy to give evidence as is the usual custom before the committee today and the public. Before we ask you some questions, do you wish to make an opening statement?

Mr Clunies-Ross—I want to give some written evidence later on to save me reading it out.

CHAIRMAN—You can ask for it to be tabled, if you wish.

Mr Clunies-Ross—It is something that is factual and historic and has been presented previously, but it just needs to be warmed up. It is a bit of an old chestnut. I do not think we need to go into it in great depth.

CHAIRMAN—You can request that it be tabled, I will put it to the committee and then you can speak to it. Is that your preferred position?

Mr Clunies-Ross—I think so.

CHAIRMAN—There being no objection, it is so ordered. Thank you, Mr Clunies-Ross. You can now proceed with some oral evidence.

Mr Clunies-Ross—The paperwork that you will receive in copy is some work I have done over a number of years to try to create a credit union for the islands. A number of committees have come back—and I think Senator Lightfoot has been on one or two of them—and they have recommended the formation of a financial institution for the Cocos (Keeling) Islands. A very serious deficit in the business sector is that we cannot lease heavy equipment. We cannot borrow against buildings. We cannot get cashflow loans, bridging loans or any of the other business facilities available to anyone on the mainland. We have done a lot of work over the years on the formation of a credit union. It is feasible, the report you will get will show that it is feasible, but it will require a fair input of money. The figures bandied around are \$100,000 to \$250,000. The position that has been maintained by the Department of Finance is that they are not in the business of supporting financial institutions. So it has hit a bit of a brick wall.

I have touched up a number of local businesses, including eNIC, our Internet sponsor, and the kind of money that we are asking is probably just a little bit too hard for everyone to go into. This is a capital adequacy requirement. It is not cash money; it is a capital adequacy requirement for the banking—that is all. We have hit a wall. In a normal situation, I think the state government would be the place to go to in this situation. We do not have a state

government and the federal government does not have a facility to facilitate us on this issue. I have hit a brick wall. I have been running this program since 1996 and it is just a chestnut that I want to warm up. It is a huge hole in the financial sector in the territory. It is rather irritating when people can get jobs because they can get a bank guarantee to finish the job and a local company cannot.

CHAIRMAN—Before we go to questions, the committee did take evidence from Mr Knight, Chairman of the Home Island Cocos Islands Co-Operative Society Ltd. We were concerned to hear that the Commonwealth Bank is downgrading its services there. During a short break that we had for the obligatory tea at mid-morning, I spoke to the secretary, Mr Quinton Clements, with respect to the Police and Nurses Credit Society. There are both police and nurses on this island. I understand that they have up-to-date, state-of-the-art electronic banking facilities which could be utilised here via Internet or via telephone. We intend to come back to Mr Knight and his society and would come back to you on that same basis, Mr Clunies-Ross, if that was of some assistance to you. We have already, in a sense, put that in motion.

To declare my interest, I bank with the Police and Nurses Credit Society and I find that getting money from it without any collateral is very difficult. On the other basis, its banking services are second to none. It is an extremely understanding, considerate, polite organisation to deal with, and you can deal with it on a one-to-one basis. Generally speaking, when you ring you are not required to press five or six numbers in order to get a bank balance or what have you. So we intend to come back to you and Mr Knight.

Mr Clunies-Ross—To pull the wheels off your wagon a little bit, no credit union created in the domestic states of Australia is empowered to stretch to the external territories. We are still an external territory; we are still overseas. We are a foreign country as far as the banking regulations go. If we create our own facility it is a different story, but at this stage any credit union I have talked to—I have talked to a number—eventually bumps its head against the fact that it cannot have a branch overseas.

CHAIRMAN—We will follow that through. It is disturbing to hear that sort of thing. I know it utilises the services of the major banks with respect to credit card facilities.

Mr Clunies-Ross—I understand that, but they cannot give any of their services as a credit union. They cannot open an office here and give us the services we require. Their underwriting bank would be loath to do it as well. The economic model of creating a credit union here is a money multiplier. Basic economics means that if the money is rotated around the communities faster, and with a credit level, the amount of money moving through the community creates wealth. It is just very basic economics. Without that facility, people will not build their porch and they will not buy a new car. They will not do a number of things because they have to pay cash money. If the money moves around quicker, everyone earns their money quicker and it is a good lubricant.

Mr SNOWDON—At the end you made a statement about off-island companies being able to secure work on the basis of getting capital guarantees. Could you explain that to us, please?

Mr Clunies-Ross—In many of the Commonwealth contracts you are required to provide financial information about your company. One of the options is that the bank guarantees you for a certain amount of money for completion of the job. We are either too small or too far away

for any bank to even think about that kind of issue. If you have your own credit union, obviously they will look after the local guys, even if it is \$100,000.

Mr SNOWDON—Has Westpac ever expressed an interest?

Mr Clunies-Ross—I really have done the rounds with every single banking facility in Australia—the Bendigo Bank, everyone. I have talked to everyone and anyone. I have followed up every single lead. Though I have not done it this year, I have done it probably every year since 1996. I have spent a month or two on it each year. Basically speaking, any standing financial institution is not interested in the Cocos (Keeling) Islands.

Mr SNOWDON—Have you had any discussion with the Australian Society of Credit Unions?

Mr Clunies-Ross—Yes.

Mr SNOWDON—What have they said?

Mr Clunies-Ross—They said it was feasible, but asked, ‘Where are you going to get your money from?’ The issue with credit unions is that we have to make our own.

Mr SNOWDON—Are you aware of the Traditional Credit Union that operates in the Northern Territory?

Mr Clunies-Ross—I bumped into the Traditional Credit Union back in 1997 or 1998. The formation was, I think, around then. Marion Granich, who helped with the formation of it, led me to understand that they started, basically, on a grant proffered by the Commonwealth. When we tried to follow that lead, the policy had changed.

Mr SNOWDON—We will establish where they got the money from, but my understanding is that they operated on the basis of savings. What they have done is set up in a number of communities across the Top End now. They are able to provide loans, small business loans and savings accounts. They do all of the things that a normal credit union would do.

Mr Clunies-Ross—The guys I dealt with created the Traditional Credit Union. They were very helpful, but the lack of formation capital and the fact that we are an external territory were the two hiccups, basically.

Mr SNOWDON—Mr Chairman, can we seek the guidance of the Department of Finance and Administration as to the regulations which pertain to credit unions on Indian Ocean territories?

Mr Clunies-Ross—We have found most credit unions have their own individual regulations. Overall, none of them can go out of the country.

Mr SNOWDON—I know, but what I want to do is find out why there are restrictions and, if the restrictions are only notional, why they cannot be fixed.

Mr Clunies-Ross—The next issue is shipping, which is an area I have a lot of expertise in. Again, I have done the rounds, basically, with everyone around and about, including the departments of finance and territories. To my mind, the Commonwealth is the largest single user of not only the air services but also the sea services. The fact that the Commonwealth contract out all the construction does not mean that they are not the client for that transport sector. They create the volume. In that situation they should be stipulating the frequency and everything else of the shipping system. On Christmas Island there are huge volumes, basically, of Commonwealth cargo. Territories say that it is not Commonwealth cargo because private companies are purchasing it and shipping it, but it is for an end user, which is the Commonwealth. There have been huge rip-offs in the shipping sector, where the shipping freight rates quoted one day go up or go down and either the contractor has been squeezed bloodless or has made a huge windfall on the shipping sector alone. I think it is naive for the Commonwealth to continue to use or have their contractors use a system which is not at least managed or controlled or tendered. There is no method.

We have gone through the competition system. Sadly, my family lost that competition system. It does mean that you are prone to whatever outside pressures are on the shipping company. If there is a lucrative contract somewhere else, it might go somewhere else. The actual shipping company that leases the ships might go broke. There are a number of issues which can basically leave us in the lurch, like Stateships did. To go from hand to mouth on shipping is, I think, naive and rather short-sighted.

Mr SNOWDON—What sorts of volumes are we talking about to Cocos?

Mr Clunies-Ross—The domestic consumption of the Cocos (Keeling) Islands is generally eight to 12 containers a month, which is very uneconomic. Any shipping company has to have the flexibility then to be able to ship in 100 containers when, say, the runway is being resurfaced or when Rumah Baru goes ahead. So a single ship company is probably unlikely to be able to provide all of the services. There needs to be a company that has if not one lease then a capacity to get other ships in, for short periods, which can handle the increased flow, and then go back to a ship that can handle six or eight containers.

Mr SNOWDON—How many of those boxes would you say are down to the Commonwealth in terms of direct or indirect?

Mr Clunies-Ross—Normally speaking, this Commonwealth stuff is a bit pulsing. All of the teachers I would put down to the Commonwealth. Each teacher has half a box. There are eight families moved. That is four containers to the end of year, four containers to the beginning of the year, per teacher. Then there is all our admin and a number of other things. The uplifts and downlifts alone, around the Christmas period, between November and February, would be half the uplift and half the down—or most of the down, in fact. That is direct to the Commonwealth. Projects tend to be a lot of containers, once they start moving. Single heavy machinery is a single container equivalent or a truck—or a light truck even—is a single container equivalent.

Senator SCULLION—In relation to the credit union, you talked about \$100,000 to \$250,000. Was that to put in place start-up arrangements, if you like.

Mr Clunies-Ross—Yes, it is done as a capital adequacy. What I have noticed over the years is that capital adequacy can go up and down depending on the legislation of the day. When we

first started I think it was \$120,000 and it went up during some scares to \$250,000. It can be structured as a subordinative debt, where the money is loaned from, say, a Commonwealth department and, as the credit union creates its own wealth, it can pay off that money and it can go back to the Commonwealth.

Senator SCULLION—I just need to understand whether the credit unions are in fact saying, ‘This is an offshore territory and, as part of our internal processes, we do not consider it an appropriate risk,’ or are simply reflecting some sort of Australian statute about operating in external territories.

Mr Clunies-Ross—They all form under their own articles. There is the traditional credit union which services a certain sector of the community, and others are quite specifically geographic to a state even or a city and they cannot go outside that. They are pretty restricted in comparison to, say, banks. All the ones I have talked to cannot go out of the domestic states of Australia.

Senator SCULLION—Do you think that is just because of the nature of the credit union or is that reflecting—

Mr Clunies-Ross—I have had bites—that they will ‘look at coming up’—but when they have talked to their legal departments basically they have said, ‘No.’

Senator SCULLION—So there may be some Commonwealth statute that is an impediment to them?

Mr Clunies-Ross—I think it is within their own articles rather than a Commonwealth statute.

Senator SCULLION—Thank you.

Mr Clunies-Ross—I will comment on a number of issues that have come across the table. As far as plant and the council goes, I work with Cocos Manpower as project manager. Our council here suffers as a council everywhere in their manpower. We find them very inefficient as far as getting projects done on time, in budget. When we want projects done, they will schedule a person and a bulldozer at their convenience, not at a contractor’s convenience. This would be an issue if they take over all the plant and equipment. At the moment, all the plant on Home Island is owned by the council and we would budget three times their cost for machinery on Home Island to do a job that we would do on West Island with our own operators. It would be an issue if they started owning all the machinery here. We would have to schedule a plant owner to come over and do it rather than put our own operators on it. That would be an issue to us.

The other issue on plant replacement is that the Commonwealth in the past have regarded certain machines as strategic machinery in that the Commonwealth requires them to be on the island and the private sector’s use of them is secondary. So we might get a machine which might not quite suit our purposes but would suit the Commonwealth’s purposes 100 per cent. We might not need a big bulldozer, we might need a small one, but as it is we might need to pay for the use of the big one because that is strategic equipment. If there is a cyclone, they want a big one to be able to clean up the runway and stuff like that. In the future, if the Commonwealth still have that interest in having strategic equipment they are going to have to make that known

to the council and come to some arrangement with them on what they actually require on an island at any one time.

In terms of shire and competition, the shire has in the past competed with the private sector in certain areas. They have withdrawn from that. I do not think it is a matter of stated policy or written policy, but as a private sector individual I dislike the council competing in the private sector, because they have a subsidised infrastructure compared to the private sector. Rumah Baru: where do you start on Rumah Baru?

Senator CROSSIN—That is probably the question: when will it start?

Mr Clunies-Ross—My feeling is that the job that has been put up by GHD is doable within budget as long as it is managed correctly. I do not believe that the money that is put up is too much or too little. The proposed design is probably not over the top, though there are certain sectors I would change in it. To go down as far as design goes would, I think, cramp the style. There are a number of jobs coming up which require huge movements of cargo, including the re-laying of the runway, which will be tens of thousands of tonnes of blue metal. Without something that can handle that kind of volume—and that will be up for the next three years, you are in trouble. You are going to have to handle huge volumes of cargo over that jetty. That will be a test case. If it is built and you cannot handle that volume, you have wasted your money.

I have not really fully analysed the construction, but I think it is doable. The hiccup to it is you are bringing in some big companies. They want big telephone numbers just to be involved and they want to walk away with a telephone number of cash in their pocket at the end of the day, because they have taken the risk. That telephone number is an international telephone number. It is not just a local, domestic telephone number. That is what you are going to pay on top to get someone like John Holland or anyone else involved. My feeling is it can be done by the local work force. The problem with the local sector is that we cannot afford to buy the equipment. We cannot afford to buy the steel or the pile drivers or anything else. The way the contractor and the Commonwealth like the contracts to be set up is that everything is paid for, delivered to island and installed before the materials are paid for. That could be nine months from purchase and you pay for it in 30 days, so you have to hold the stock for eight months. In a lot of these jobs, 70 per cent of the job is your materials cost. At the end of the day, it is pretty specific engineered material. No-one can do anything else with it except build a jetty at Rumah Baru. So if anyone goes broke on it, the material is still there at Rumah Baru. I do not think there is a risk of losing it. If the Commonwealth buy it, move it and ship it, it would take a lot of pressure off any local contractor—if the Commonwealth actually became a partner in the construction of the thing the same as some state level or local level governments do.

I think Warren referred to preference clauses a while back. We asked for preference clauses to put in some of the contracts previously. The ones that we have locally for construction and everything else are pretty lightweight. Nothing stronger can be put in, because it interferes with the Australia-New Zealand trade act where all New Zealand companies have to be on a level peg with every Australian company when competing for Commonwealth contracts. I do not think it would be much of an issue to the New Zealanders if they were excluded from Cocos Island contracts. It might be something that you guys at your level might be able to deal with. In state contracts in WA, in the north-west, local guys can charge 10 per cent more. We are not allowed to do that because the contracts are Commonwealth contracts and all New Zealand

bodies must have a level playing field. So it would be at a diplomatic level to renegotiate that one.

Lloyd touched on the museum. We need a body and a budget; just having a shed is probably not quite enough. As Lloyd was saying, there is stuff being moved around and it is just going from pillar to post. It might not be of great historic significance today but it might in 50 years time. That is really what a museum body should be doing—identifying these things and stashing them for future generations.

Tidal pools are doable, and I am all for them. As for the Q station, have you got any information on it, because I would like some. What is going on? Do you know what is going on with the Q station?

Mr SNOWDON—I have no idea.

Senator SCULLION—We have undertaken to find out.

Mr SNOWDON—If we can find out, we will be very lucky.

Mr Clunies-Ross—There are two more issues. One is at the state level, which is that I think we are slowly evolving into some form of state level issue. My feeling is that it should happen sooner rather than later. People like Tracey and Greg coming to this forum is probably not appropriate, but there are few or no other forums for them to air their requests and everything else. Everyone knows that admin works to budget, and it will not enter into the kind of facilities that they are talking about. For the council, it is the same thing; they are budgeted two years in advance, and if you ask them for a facility this year it is unlikely to be in the ground for another three years. The council does not have the financial discretion and neither does the Commonwealth, whereas a state would have financial discretion on that kind of issue. We do not have that flexibility. I think that is where Cocos (Keeling) Islands and probably Christmas Island suffer: whilst we try to duplicate the state level facilities, there is no proactive component in either council, admin or the department of territories. If you have a state government, it is proactive in the economics of the state and on the social side, sports side and everything else. Here, we are sadly lacking that level of proactiveness.

The third issue is a very old chestnut: the integration of Cocos (Keeling) Islands with the mainland. I see very little change since 1950-odd. The Commonwealth government has promised to integrate Cocos (Keeling) Islands with the mainland. I can understand there are some issues there, but our legislation is still passed by a non-representative body. You can argue that it is representative to a certain degree, but we have only one or two representatives within it who have even been to Cocos (Keeling) Islands. It does not show effective political process. Even with 100 per cent of people here voting against something, the Commonwealth can totally ignore their requirements, as is its wont, and do something else.

This is not what was required by the United Nations. Whilst the UN might be slightly swamped by current situations, to me the issue is still pending. The administration of legislation by a non-representative body is still a colonial administration and you will continue to have problems with both territories until such time as there is representative legislation—everything from bike helmets, which are a total farce in Cocos (Keeling) Islands because we have no hills, kerbs or highways, to the main road mining act, which is enforced on Cocos Island with

geography specific to Kalgoorlie. I just do not see that the Commonwealth has really done much more than give a nod to the requirements that the UN has put on the Commonwealth.

CHAIRMAN—Thank you, Mr Clunies-Ross. On behalf of the committee, I thank you for your appearance here today. If there are any matters on which we might need additional information, the secretary will write to you.

I also wish to thank everyone here today, ladies and gentlemen, for your attendance and support of this committee and those people who gave evidence here today. In dispensing the thanks, could I also thank the committee for its dedication over the last week—the Hon. Warren Snowdon, Senator Scullion, Senator Hogg, who is the Deputy President of the Senate, and Senator Trish Crossin. I would also like to thank Quinton Clements and Ms Sara Edson from the committee secretariat, and Sallyanne and Richard of Hansard, who do an excellent job notwithstanding this type of environment.

Committee adjourned at 12.00 p.m.