



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

JOINT STANDING COMMITTEE ON THE NATIONAL CAPITAL  
AND EXTERNAL TERRITORIES

**Reference: Governance arrangements for the Indian Ocean territories**

WEDNESDAY, 22 FEBRUARY 2006

PERTH

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**JOINT STANDING COMMITTEE ON  
NATIONAL CAPITAL AND EXTERNAL TERRITORIES**

**Wednesday, 22 February 2006**

**Members:** Senator Lightfoot (*Chairman*), Senator Crossin (*Deputy Chair*), Senators Hogg, Joyce, Carr and Stott Despoja and Mr Causley, Ms Annette Ellis, Mr Neville, Ms Panopoulos, Mr Secker and Mr Snowdon

**Members in attendance:** Senators Carr and Lightfoot and Mr Causley and Mr Snowdon

**Terms of reference for the inquiry:**

To inquire into and report on current and future governance arrangements for the Indian Ocean territories, with particular reference to:

- a. accountability and transparency of decision-making in relation to the Indian Ocean Territories;
- b. the role of the Shire of Christmas Island and the Shire of Cocos (Keeling) Islands;
- c. aspirations of the residents of Christmas Island and Cocos (Keeling) Islands for more representative governance arrangements;
- d. the link between more effective governance and improved economic sustainability for the Indian Ocean Territories;
- e. the operation of Western Australian applied laws;
- f. community service delivery including the effectiveness of service delivery agreements with the Western Australian Government; and
- g. proposals for reform of governance arrangements.

**WITNESSES**

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**Committee met at 9.07 am****MILLER, Mrs Virginia, Project Manager, Indian Ocean Territories, Office of Federal Affairs, Western Australian Department of the Premier and Cabinet**

**CHAIRMAN (Senator Lightfoot)**—Welcome. This is an inquiry into current and future government arrangements for the Indian Ocean territories. We have our terms of reference from the minister, which are:

On 11 May 2005 the Senate asked the Joint Standing Committee on National Capital and External Territories to inquire into current and future governance arrangements for the Indian Ocean Territories, with particular reference to:

- a. accountability and transparency of decision-making in relation to the Indian Ocean Territories;
- b. the role of the Shire of Christmas Island and the Shire of Cocos (Keeling) Islands;
- c. aspirations of the residents of Christmas Island and Cocos (Keeling) Islands for more representative governance arrangements;
- d. the link between more effective governance and improved economic sustainability for the Indian Ocean Territories;
- e. the operation of Western Australian applied laws;
- f. community service delivery including the effectiveness of service delivery agreements with the Western Australian Government; and
- g. proposals for reform of governance arrangements.

Before we proceed to questions, do you wish to make a short statement or read something into *Hansard*?

**Mrs Miller**—I just want to reiterate that Western Australia will only be commenting on three of the terms of reference: the operation of Western Australian applied laws; community service delivery including the effectiveness of service delivery agreements with the Western Australian government; and proposals for reform of governance arrangements. The other terms of reference are not of relevance to the state.

**CHAIRMAN**—Did you have a statement you wished to read or make or are you happy if we proceed?

**Mrs Miller**—I am happy to respond to questions. If I have anything further that I wish to add, I will make that comment at the end.

**CHAIRMAN**—I remind witnesses that although the committee does not require you to give evidence under oath, this hearing is a legal proceeding of parliament and warrants the same respect as proceedings of the 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 from the government of Western Australia, which the committee has numbered 11.

You have already indicated that you do not wish to make an opening statement. 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. We will now proceed to questions.

**Mr SNOWDON**—Can you give us a view of your experience of the operation of Western Australian laws as they apply to the Indian Ocean territories? What is the Western Australian government's attitude to the way in which they have worked?

**Mrs Miller**—The way in which the Western Australian laws are applied?

**Mr SNOWDON**—Yes.

**Mrs Miller**—Western Australia has no jurisdiction in the matter of applied laws in the territories as they are Commonwealth, not Western Australian, laws and only the Commonwealth has the authority to amend, suspend or repeal those laws. Therefore, we have no commentary on that at all. We have no involvement in the actual laws that are or are not applied in the territories.

**CHAIRMAN**—What about the law with respect to local government?

**Mrs Miller**—With respect to local government, the same Local Government Act 1995—

**CHAIRMAN**—Is that the Western Australia Local Government Act?

**Mrs Miller**—That is the Western Australia act. It is applied as a Commonwealth law on Christmas and Cocos islands. Therefore, all the requirements of that act are the same in Western Australia as they are in the territories.

**CHAIRMAN**—That is a bit ambiguous. As I understand it, the Western Australia Local Government Act applies in both of the Indian Ocean territories.

**Mrs Miller**—Yes.

**CHAIRMAN**—If there is a breach of that act, what you are saying or implying is that it becomes a Commonwealth breach somehow. How does that happen?

**Mrs Miller**—The act in itself is a Commonwealth act. It is not a state act. Where reference is made to the minister in that Commonwealth applied act, the Commonwealth minister for territories has all the jurisdiction under section 8G of the Territories Law Reform Act. The state minister for local government has no jurisdiction or delegations or powers under that act at all.

**CHAIRMAN**—Even though the territories are governed with respect to their local government requirements under the Western Australian act?

**Mrs Miller**—The Western Australia law is just a template law. It is a look-alike law. It is actually a very effective way of the Commonwealth saving money because it does not have to draft or debate or enact the legislation in the territories. It lifts that legislation from the state and applies it as Commonwealth laws in the territories but wherever you read in those applied laws



‘minister’ or ‘governor’ or any other board or operational person who actually has delegated powers, all those powers are vested in the Commonwealth minister. So it is quite a complex arrangement but, once you get the hang of it, it is not a problem.

**CHAIRMAN**—Thank you for that. That is very interesting.

**Senator CARR**—Is that in terms of enforcement? If there is a breach of the law then the report has to go to the Commonwealth minister, not to the state minister.

**Mrs Miller**—Not the state minister, correct. There are a lot of Western Australian laws that are automatically applied in the territories. As soon as our parliament enacts the laws in Western Australia, they automatically apply in the territories unless the Commonwealth takes action to suspend, amend or repeal those acts. There are about 36 acts that are currently repealed or suspended in the territories. A lot of those acts that are applied are amended to suit the nature or the characteristics of the islands as well, but not every act has that. For instance, I do not know what it is called but there is a bicycle helmet act which states that everyone in Western Australia is expected to wear a bicycle helmet as they ride around the streets, and for very good reason. I fell off a bike once and nearly cracked my noggin. That law, which may not be as relevant to somewhere like Cocos, is also applied per se on Cocos Islands as a Cocos law. Therefore, when Western Australian laws are applied, they are applied as Commonwealth laws in the territories, not as state laws.

**Senator CARR**—So with regard to the question about where the laws are not applicable—that is, the complaints that we have received, for instance, on numerous occasions during this inquiry—it is really a matter for the Commonwealth to seek some sort of exemption for the territories.

**Mrs Miller**—Yes, that could well be the case. Where the laws are clearly in conflict with Commonwealth laws—for instance, your industrial relations legislation is very different from our industrial relations legislation—the Commonwealth law, of its own force, always overrides state law. The hierarchy of laws is that you have got Commonwealth laws of their own force, like the Social Security Act and other laws, right at the top. Then you have the Christmas Island laws and the Cocos Islands laws. Then right at the very bottom you have Western Australian applied laws in the territories. Therefore, you have this pecking order of legislation.

Where a clearly inappropriate act is passed in Western Australia, the Commonwealth government has the power to look at that legislation and say: ‘It’s inappropriate. We want to repeal that’, or they might want to suspend it for a time because it is impossible to enforce or they might find that there is a part of it only that is inappropriate and they would look to amend that. Therefore, all those options are in place. There are dozens of acts that are enacted in parliament but are not applicable in other parts of Western Australia. For instance, the Bunbury Water Board act is not really applicable to Kununurra. So what happens is that those acts just bump around and lie around, and they are not really triggered by any mechanism because they are designated for a locality.

So you have got a lot of those acts in the territories that have no mechanism to trigger them, and that is fine because it would cost a lot of money to go to repeal processes and have all the parliamentary requirements of repealing acts and putting the acts on the table. What the

Commonwealth has done is just applied those acts and commonsense dictates whether or not those acts apply in the territories.

The acts that are necessary for good governance, however, all have service delivery arrangements attached to them, and that is how the Commonwealth provides the administration of those laws in the territories through service delivery arrangements. So where you have the Bunbury Water Board act applied in Christmas and Cocos islands that is irrelevant. No-one is going to take any notice of that. But where you have the Health Act 1911 applied in the territories you have to have a mechanism by which that act can be enforced in the territories, and that is done through the auspices of service delivery arrangements.

**Senator CARR**—As for local government.

**Mrs Miller**—As for local government, correct.

**Senator CARR**—Does the Commonwealth minister have a delegated authority to exempt the territories from Western Australian laws or would a specific legislative instrument like a bill be required?

**Mrs Miller**—That would be a question better directed to the Commonwealth. The authority for the applied laws is contained in the Territories Law Reform Act 1992 and in the Christmas and Cocos acts—the Christmas Island Act 1958 and that. The processes are actually contained there.

**Senator CARR**—Thank you.

**Mr SNOWDON**—I think the answer is that it is amended by regulation.

**Mr CAUSLEY**—You would be aware that since 2000 it has been Commonwealth policy to get Western Australia to take over the territories and manage the territories on behalf of the Commonwealth. I am well aware that you are not the minister, but have there been any public statements by the government in reply to that wish of the Commonwealth to have Western Australia take over management of the Indian Ocean territories?

**Mrs Miller**—If I may, I will just take one step back from that to 1999. In 1999, the Prime Minister wrote to then Premier Court asking his preliminary views on incorporation of the territories into Western Australia. The Premier wrote back to say that he would not be in favour of incorporation, but it would not be his decision; it would of course be a decision of the government. There are constitutional requirements which need to be taken when you alter the limits of a state.

**CHAIRMAN**—When you say the government, do you mean the decision of parliament?

**Mrs Miller**—Yes, the decision of parliament, not the government. That was in 1999 and to my knowledge there has been no other approach made at a political level from the Commonwealth government to the state government on this matter. So even though this might be discussed at officer level or there may be indications that the Commonwealth wished, for very

sensible reasons, to incorporate the territories into the state, there has been no public or private discussion on this matter.

**Mr CAUSLEY**—So there are no willing partners at this stage?

**Mrs Miller**—That has not been tested.

**Mr SNOWDON**—You have a letter to Gordon Thomson which I assume comes from the Premier. I do not know what Gordon Thomson wrote to him about, but the response—

**CHAIRMAN**—Who is Gordon Thomson?

**Mr SNOWDON**—President of the Shire of Christmas Island.

**CHAIRMAN**—Thank you.

**Mr SNOWDON**—There is reference in this correspondence to supporting the view which Gordon Thomson had apparently expressed that there should be a referenda on the issue in the territories if the question were ever put. The Premier says that he supports the idea.

**Mrs Miller**—With due respect, that was Premier Gallop. We now have a new premier and I have not had the opportunity of presenting a position paper or looking at whether he agrees with current policies at this point in time. I would have done it if this committee hearing had been delayed.

**Mr CAUSLEY**—Have there been any approaches at officer level to see whether it is possible to go down this track?

**Mrs Miller**—Not formally, no. I speak with my colleagues from DOTARS on a range of issues, and know what the trend is and what the desire might be. But there has been no structured discussion with that on the agenda in all the time I have been in this position.

**Mr CAUSLEY**—Assuming that it might go ahead, we heard evidence particularly from Christmas Island, and I think Cocos Islands as well, that they had looked at Western Australian law and they said, ‘A lot of the laws do not apply’—as you have just said. This happens in a lot of jurisdictions, not just there. It would not be impossible to have special clauses within an act apply to a particular territory or to different areas of the state, would it?

**Mrs Miller**—But we would not do it; the state—

**Mr CAUSLEY**—I am just assuming, if it was that way.

**Mrs Miller**—If the laws were not relevant to the territories, there is scope to amend those laws to make them more relevant to the territories, yes. I try to keep the state government agencies in control with respect to the way they understand the applied laws as well, because it is confusing for them until they get the hang of it as well. For instance, we would not allude to Christmas and Cocos islands in state legislation to make any amendments with respect to state law, because that is Western Australian law. The correct mechanism is for those laws to be

reviewed by the legal section at DOTARS and for them to make recommendations as to whether or not there are changes that are required. They are then changed by ordinance.

**Senator CARR**—On another topic, I would like to discuss with you the question of these SDAs, the service delivery agreements. On the question of consultation with people who live on the islands, there was some criticism of the SDA on sport and recreation, which we were told was faxed to Christmas Island, signed and sealed, without the community on Christmas Island even knowing that such a SDA was being considered. With you aware of that?

**Mrs Miller**—I was very involved in the actual development of the service delivery arrangement, and I was instrumental in the negotiations between DOTARS and sport and rec. The normal process is for the Commonwealth to take carriage of consultation with the island communities on new service delivery arrangements. With respect, I think that question might be directed to the Commonwealth.

**Senator CARR**—I just want to be clear: as far as you are concerned, it is a Commonwealth responsibility to undertake the consultation processes.

**Mrs Miller**—Yes, it would be.

**Senator CARR**—Would you agree with that description I have just given in regard to the SDA on sport and recreation? Do you think that was a reasonable interpretation (1) of the evidence and (2) of the facts?

**Mrs Miller**—The evidence is correct, I would assume, because I was not involved in that discussion. But I believe that Cocos had a different response to that. Christmas Island said that they had not been consulted on the matter but Cocos island was consulted, so it seems a bit dichotomous that one is and one is not. That is something that perhaps needs to be discussed with DOTARS. There is a flow chart in our handbooks which shows that community consultation is a feature of the development of service delivery arrangements, so I do not know whether there was an oversight or whether—

**Senator CARR**—I will take that up the department. The Premier's submission to this inquiry referred to 'informal channels for discussion' that already exist between the shire councils and the Premier's department. Can you explain to the committee how that process operates?

**Mrs Miller**—Through me.

**Senator CARR**—You are it: you are the informal process.

**CHAIRMAN**—Could I just ask you at this stage if you would be kind enough to state the capacity in which you are appearing before the committee today.

**Mrs Miller**—I am the person within Premier and Cabinet who provides advice to the Premier on service delivery arrangements and Indian Ocean territories matters through my supervisor or executive director, who is Mrs Petrice Judge, within the Office of Federal Affairs.

**CHAIRMAN**—I appreciate that. Thank you.

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**Senator CARR**—So, it is the age-old pattern of public service work, isn't it? It ultimately returns to the question of the professionalism and seniority of key officers. Is that what we are describing to you? Essentially you are the person. If you are not there, the communication does not take place.

**Mrs Miller**—Could I get an example of that sort of communication from you?

**Senator CARR**—I am wondering about the nature of informal networks. If they hinge very much on one person, such as you, what happens when you are not there?

**Mrs Miller**—I think that letter referred specifically to the shire. I think the shire's letter, from memory, asked for service delivery arrangements to bypass the Commonwealth so that the territories could actually engage in discussion on SDAs directly with the state government. I think the letter refers to the fact that that would not be possible because under legislation we, the state, 'and the Commonwealth can only enter into service delivery arrangements'—not the state and the shire of Christmas Island. So the letter was saying that, if the shire has a need to discuss issues, it can contact me directly. The reason there is only me is to keep costs down.

**Senator CARR**—Yes; I am not criticising you for that. I am trying to explain how the process of government works. That is a straightforward and logical explanation. The question then arises in my mind: how do the Australian citizens and the Indian Ocean territories get a say in a formal process about the nature of the services that are being provided to them? You are describing a relationship between the Commonwealth in Canberra, effectively, and the state in Perth. How do the people directly affected get a look in on that process?

**Mrs Miller**—There are several mechanisms. The service delivery arrangement process is as transparent as it possibly can be in as much as the residents of Christmas and Cocos islands have access to the actual documents that are prepared, which show the services to be provided, the aims and objectives of the service delivery arrangement and the costs. Each year the state agencies are required to prepare performance reports. These are documented by DOTARS and are available to the Christmas Islanders and Cocos Islanders. In addition, an audit is undertaken by the Western Australian Auditor-General, so that it is a very stringent process. At the end of the life of the service delivery arrangement, it is reviewed by a joint team from the Commonwealth and the state—me being the state—and the residents of Christmas and Cocos islands are invited to input at that point or earlier, if they so choose. At any stage of the way if there is a dissatisfaction with the way services are provided, there is opportunity for those concerns and comments to be heard. In addition, every service delivery arrangement has a contact officer and that contact officer is generally well known to the stakeholders who have need of the service delivery arrangement. So there is that mechanism in place where the residents can actually contact the state contact officers if they have a problem in the first instance or they can contact or let their concerns be known to DOTARS. At the end of the service delivery arrangement, if nobody likes the services that are being provided, then we would recommend that that service delivery arrangement be terminated.

**Senator CARR**—You have described, again, a pretty informal set of arrangements. You are saying that when the review is undertaken, people have an opportunity to comment on the services provided. Is that made clear to people by way of any formal structure or is that, again, an informal process?

**Mrs Miller**—DOTARS undertake that process because it is on island. They write to the shires, they have public notices—just like your committee had public notices to invite people to comment. People are invited to make submissions. But you can only do so much.

**Senator CARR**—So that is a formal process? Are the submissions made available to others; are they public?

**Mrs Miller**—I would imagine they would be public. Everything in this is in the public domain.

**Senator CARR**—Are the meetings minuted?

**Mrs Miller**—Yes. In fact, we prepare reports.

**Senator CARR**—So there would be a way of establishing the nature of the complaint? Is that made public?

**Mrs Miller**—We have not had all that many complaints. I would imagine that if there were complaints we would discuss with the Commonwealth whether or not those complaints should be made public.

**CHAIRMAN**—Do you have any information on complaints?

**Senator CARR**—I am asking about the process by which decisions are made. I am not going into the complaints.

**CHAIRMAN**—I thought you may have had some brought to your attention.

**Senator CARR**—The other question is the matter of costs that has been raised with us: whether or not it is a cost-effective means of delivery. How does the Western Australian government determine its costs in negotiating these agreements?

**Mrs Miller**—We estimate a salary cost and we apply a salary on-cost on top of that. We then include ancillary costs like travel to the territories. When we do our financial statements, for example, the percentage of the time of the level 7 officer—it might be five per cent of their time—which deals with administrative work, preparing reports, doing the budgets, justifying the acquittals et cetera—

**CHAIRMAN**—Five per cent of their annual time?

**Mrs Miller**—As part of their annual work. We might have an operational officer who spends 10 per cent of their time undertaking travel to the territories to inspect the mines, provide advice on roadworks or look at the public housing issues. Every service delivery arrangement has a different component for the extent of time that a state officer might spend in the territory.

**Senator CARR**—If that is the case, is it not possible to give us an average on-cost?

**Mrs Miller**—I can give you the average salary on-cost that we apply. It is a very modest 109.73 per cent of salaries. That has not changed since 1996. At that time, I believe that the Commonwealth's on-costs were 154 per cent.

**Senator CARR**—Are the transport costs included in that? Is there an additional figure on top of that?

**Mrs Miller**—They would be additional. For instance, if you had 20 per cent of somebody's time at a level 7—and, I am sorry, I do not know what the salary of a level 7 is—then you would work it out plus the salary on-cost on top of it. That covers things like the ancillary requirements of running a position.

**Senator CARR**—Do you have any indication of the percentage costs for transport, for instance?

**Mrs Miller**—We generally do a one-for-one with transport costs. If it costs \$2,000 to fly to the territories, then that is listed as a cost. It does not have any on-costs.

**Senator CARR**—Do have any indication of what the transport costs are to the territories? It is obviously \$2,000 per trip, but how many trips are you taking?

**CHAIRMAN**—You could take that on notice if you wish to.

**Senator CARR**—I am trying to find out about your costings—

**Mrs Miller**—Are you referring to my costings or—

**Senator CARR**—No, the state's: Western Australia's costs.

**Mrs Miller**—Each service delivery arrangement has its own costs, and some state agencies visit the territories. An enormous number do not. We have about 30 arrangements in place. There is the cost that is shown in the 2003-04 SDA performance report. Because I knew this question might come up, I did a little calculation of the costs as per the 2003-04 performance report, and the actual estimate for 2003-04 based on the figures in this came to roughly \$2½ million for 30 service delivery arrangements. I notice that, included in that, was a cost of \$365,000 for the delivery of health services, but the retainer for health is only in the order of about \$30,000. So approximately \$330,000 was for inpatient services that are provided to Cocos and Christmas islanders who come to Perth for inpatient hospital treatment. I also notice that with the Department of Justice there was a \$198,000 cost of service delivery, which included, I believe, one prisoner. The incarceration costs in Western Australian prisons are quite high.

**Senator CARR**—Is it possible to get a breakdown for each of the service agreements and the costs that are associated with them, in the manner you have just provided?

**Mrs Miller**—Yes.

**Senator CARR**—I appreciate that. Thank you.

**Mrs Miller**—Could I take that on notice too?

**Senator CARR**—Of course. The figure you used before of 109 per cent for the state—

**Mrs Miller**—Do not forget the 0.73.

**Senator CARR**—Sorry, I have spent enough time around these issues to know how important 0.73 is. The 154 per cent for the Commonwealth on-costs. That was the figure you used—154?

**Mrs Miller**—That was quite some time ago.

**Senator CARR**—How long ago was that?

**Mrs Miller**—That was in 1996.

**Senator CARR**—You have no more recent figures than that?

**Mrs Miller**—No, we have not approached Treasury to see whether they think we should increase our on-costs.

**Senator CARR**—I am particularly interested in the difference between these two—why you are operating on a figure of 109.73 and the Commonwealth is operating on a figure of 154.

**Mrs Miller**—That was then. The Commonwealth may have a totally different figure now. The reason we chose 109.73 per cent was that at that time Treasury had undertaken an analysis of costs and that was in their guidelines. So we assumed that figure because of the work that Treasury had done.

**Senator CARR**—So as far as you are concerned that remains the cost for Western Australia—109.73?

**Mrs Miller**—Yes.

**Senator CARR**—We will have to ask the Commonwealth what it is for them.

**Mrs Miller**—There has been a move for each agency, I believe, in the Commonwealth to be its own business unit, and they might not have a standard on-cost factor. We find that, for ease of operating, it is best to have—

**Senator CARR**—It is actually more efficient. We will ask DOTARS what their on-costs are. They can certainly tell us that.

**Mrs Miller**—Well, if it is less, we do not want to know.

**Mr CAUSLEY**—Mrs Miller, are you in competition in any of these areas with the private sector or is it a negotiated agreement with the Commonwealth government?



**Mrs Miller**—It is a negotiated agreement.

**Mr CAUSLEY**—There are no other competitors in any of these fields from the private sector?

**Mrs Miller**—Not to my knowledge, but that would be a choice for the Commonwealth. If the Commonwealth felt that there were a more competitive private sector body that could provide services, then it is their call.

**CHAIRMAN**—Just to regress, but only slightly, there are about 30 departments from Western Australia that give delivery of services on the IOTs. Does your 2003-04 report have a breakdown for each of those departments?

**Mrs Miller**—Yes, a salary estimate. This is not my report—this report is prepared by DOTARS.

**CHAIRMAN**—It is a Commonwealth report, is it?

**Mrs Miller**—Yes, it is an excellent report. It is one of the initiatives that engenders transparency that the Commonwealth has instituted.

**CHAIRMAN**—What about the contribution your state government makes to compiling that report. Do you have that sort of documentation?

**Mrs Miller**—This report is compiled on the information that is sought from state agencies.

**CHAIRMAN**—Yes. Do you have the information that the Commonwealth government, DOTARS, sources from your government to give to the committee?

**Mrs Miller**—I do not have it, but I could obtain it.

**CHAIRMAN**—We would just like to see which departments are delivering what in terms of costs to the IOTs.

**Mrs Miller**—Is it just costs that you are interested in?

**CHAIRMAN**—Also what the delivery is. For example, you mentioned that you spent or were reimbursed \$265,000 for health services for a couple of thousand people, but for the Department of Justice it cost \$198,000 for one person.

**Mrs Miller**—Sorry, that cost included the prison costs. It was not just—

**CHAIRMAN**—This was the visiting magistrate and so on?

**Mrs Miller**—No, the visiting magistrate would come under the Department of Justice service delivery arrangements.

**CHAIRMAN**—Okay. We can get that information either from the DOTARS report 2003-04 or from information that you were kind enough to take on notice, which was the documentation from the Western Australian government given to DOTARS, part of which they used to compile that report.

**Mrs Miller**—Yes, I can get my hands on that.

**CHAIRMAN**—The Western Australian government has a new Premier. Would you be able to obtain for the committee on notice the disposition of the Premier, and cabinet perhaps, with respect to absorbing the Indian Ocean territories into the Western Australian full framework of the state?

**Mrs Miller**—Do you mean just testing the water, so to speak?

**CHAIRMAN**—Unless you are able to tell the committee—and I am not asking you to guess—could you obtain some information or some evidence of—

**Senator CARR**—Mrs Miller, you should appreciate that this is not a unanimous view. As far as this end of the table is concerned, we have expressed grave reservations about this proposal.

**Mr SNOWDON**—Also, I am not sure that it should be up to a witness to approach the Premier. If we need to approach the Premier we should do it directly.

**CHAIRMAN**—I would be happy to do that. I think that is probably the correct course.

**Mrs Miller**—I think it would be easier to put up a submission if I had a catalyst for the need for that submission.

**Senator CARR**—So you want us to write a letter?

**Mrs Miller**—If you so—

**CHAIRMAN**—The secretariat will note that and we will work out in a subsequent meeting in Canberra the avenue or course we will take to try and obtain a view. What I am trying to get to is this: the previous Premier, Premier Gallop, was of the opinion—with some considerable provisos or provisions, of course—that the Indian Ocean territories could be and maybe should be absorbed into the general structure of Western Australia.

**Mr SNOWDON**—No, I do not think that was said at all.

**Senator CARR**—That is not what the letter said.

**Mr SNOWDON**—In fact, he did not express a view about that. What he expressed a view about was the right of the local community to have a say in whatever happened in the future.

**CHAIRMAN**—Perhaps you can answer the question, Mrs Miller, rather than one of my colleagues.

**Mrs Miller**—I was very intimately involved in the preparation of the information for the Premier, so I do know the intent or sentiment behind the letter. That letter refuted comments that had been made by Senator Ian Campbell which implied that there was a much greater agreement between the state and the Commonwealth on the question of incorporation of the territories into Western Australia. That letter just set the record straight for the benefit of the territories, because there was a lot of rumour and angst about whether or not Western Australia was interested in taking over the territories. There has never been a formal analysis of the pros and cons or benefits and pitfalls of the incorporation of the territories into Western Australia. That would need to be done before the state would even countenance incorporation.

One of the biggest drawbacks on this is the fact that you cannot bind a present government to a promise of future funding. I think you mentioned in your transcripts the question of how mendicant states, or mendicant islands, would sustain themselves. Obviously, they would have to be heavily subsidised. With that sort of subsidy, it would be well for the Commonwealth to say, ‘This is \$80 million that we are giving you to run the territories but, three or four years down the track, they are all yours and you can deal with them.’ The fact is that the territories may never be self-sufficient. That is one of the biggest concerns of the state, if not the biggest. Why would anyone take on something that is likely to be insolvent?

**CHAIRMAN**—Or ‘mendicant’ might be a better term.

**Mrs Miller**—Yes, ‘mendicant’ is a very good word.

**CHAIRMAN**—Yes, I see that, and that is why I prefaced my question with ‘subject to certain conditions’ and ‘if there were some conditions’. Justin, do we have a copy of the correspondence that Mrs Miller is alluding to?

**Secretary**—It is in the submission.

**CHAIRMAN**—Okay. Can I ask you, Mrs Miller, about the policy normalisation of bringing the legislative, administration and institutional frameworks of the Indian Ocean territories in line with those on the mainland. Obviously there are about 30 departments in Western Australia that deliver services or advice in the way of services to the IOTs. From that point of view, what is your opinion—subject to a referendum, as my colleague mentioned—on a changeover? Do you see it as being something that would require significant legislation or is it your opinion that the process of governance of the IOTs is more akin to Western Australia than the Commonwealth?

**Mrs Miller**—If I can speak in my own right, without any constraints—

**CHAIRMAN**—Please do. That will be recorded.

**Mrs Miller**—Thank you. My feeling is that the previous committee that looked at incorporation of the territories into Western Australia set the groundwork for the legislative requirements. Therefore, legislatively, it would be very easy to absorb or incorporate the territories into Western Australia. In my view, there would not be a problem with legislation; it would be the other things that you mentioned: the referendum in Western Australia and the gauging of public opinion on Christmas and Cocos islands, whether it is done by referendum or

not. That would be a choice. The cost of picking that up also would not be the state's responsibility.

I might say that the majority of Western Australians already think that Christmas and Cocos are part of Western Australia because we have the same postcode and they are featured on television programs as the most remote locality in Western Australia. Therefore, you already have that. My personal view is that there would not be too much of a problem with that, but it is the cost of running the territories and it is whether or not the Territorians themselves wish that to be done. We would just have to find a place for Mr Snowdon in Western Australia if that were the case!

**CHAIRMAN**—I intend to retire here; I might take that up with you later on.

**Mr SNOWDON**—Can I just ask you a question about casinos. The Casino Gaming Authority in Western Australia used to provide the oversight of the casino at Christmas Island, is that correct? Was that done through a formal SDA with the Western Australian government?

**Mrs Miller**—No, it was not, because at the time there was an impediment with respect to the industrial laws on Christmas and Cocos being different to Western Australian laws, which would not have allowed WA employees to live and work on the islands under the same industrial conditions. Therefore, we had an arrangement, but not a written one, authorised by the Commonwealth minister and the state minister. But we did try to provide services as well as we could.

**Mr SNOWDON**—Subsequent to the closure of the casino in 1998, has there been any discussion with the Western Australian government about the issue of the casino licence on Christmas Island?

**Mrs Miller**—On the service delivery arrangement, yes, there was.

**Mr SNOWDON**—And what did that entail?

**Mrs Miller**—We arranged meetings with the Department of Racing and Gaming back in 2004, I think, when the question of the casino licence was mooted, to see whether or not the Department of Racing and Gaming could be in a position to provide services.

**Mr SNOWDON**—What was the response to that?

**Mrs Miller**—It was positive; it was not a negative response from the department.

**Mr SNOWDON**—And you have fed that information back to the Commonwealth?

**Mrs Miller**—Yes, that information was, I think, openly available to the Commonwealth.

**CHAIRMAN**—To DOTARS?

**Mrs Miller**—Again, I do not have any documentary evidence of this, but I remember that when I suggested to a DOTARS officer, who has since retired, that the casino could open—well

before all of this discussion took place—he said, ‘It will never happen. The casino will never open.’ I asked why, and he said, ‘Because the Prime Minister has decreed that there will be no more casino licences in Australia.’ That was back in 1999.

**Mr SNOWDON**—It will be interesting to see how he does that, because he does not control state jurisdictions. Nevertheless, that is interesting. I need to ask you: has there been any formal discussion that you are aware of between the Commonwealth and the Western Australian government about whether or not a casino licence should be issued on Christmas Island?

**Mrs Miller**—‘Should’, no. Not to my knowledge.

**Mr SNOWDON**—So any decision the Commonwealth may have taken in relation to that issue, to your knowledge, has not involved any discussion with the West Australian government.

**Mrs Miller**—The West Australian government was involved in looking at a service delivery arrangement which would provide casino type services in the event that a licence was issued. We would have no call in dictating to the Commonwealth whether or not a casino licence should be issued.

**Mr SNOWDON**—I appreciate that. So, as far as you are aware, should the Commonwealth decide that a casino licence could be issued and provided that all the procedures were properly adhered to, you could envisage an SDA being formalised with the West Australian government on the delivery of casino type services in terms of overseeing the casino operation.

**Mrs Miller**—As far as I am aware, they were very positive when it was originally raised and I cannot see why that would have changed—unless, of course, there has been a change, as I said, of Premier—

**Mr SNOWDON**—I understand that, yes.

**Senator CARR**—You mentioned a handbook for SDAs which is used within Western Australia.

**Mrs Miller**—Yes. Again, produced by DOTARS, there is an excellent survival kit that is produced for Western Australian officers which has a flow chart of the service delivery process.

**Senator CARR**—Can we have a copy of that?

**Mrs Miller**—Yes indeed. I will ask my colleagues from DOTARS to forward it.

**CHAIRMAN**—We have gone over time, mainly because we started a little bit late this morning. As there are no further questions, I thank you, Ms Miller, for your attendance here today.

[9.59 am]

**SORENSEN, Mr Bjarne John, Director, Northern Bay Pty Ltd**

**CHAIRMAN**—Welcome. Do you have anything to say regarding the capacity in which you appear?

**Mr Sorensen**—I am an immigrant from Denmark. Bjarne was not very easy to pronounce in Australia, so John became my name. I am here in my capacity as owner and director of Northern Bay Pty Ltd.

**CHAIRMAN**—I remind you that, although the committee does not require you to give evidence under oath, this hearing is a legal proceeding of parliament and warrants the same respect as the proceedings of the 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 from Northern Bay Pty Ltd, which the committee has numbered 4. Are there any corrections or amendments you would like to make to that submission?

**Mr Sorensen**—Not apart from what I have already supplied in the submission and in information supplied on the 17th to Mr Bill Pender, the inquiry secretary. A copy of that was distributed this morning.

**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 wish to make an opening statement?

**Mr Sorensen**—Yes. The reason for me being here is the exhaustion of other avenues to present my case. I am specifically referring to the accountability and transparency of decision making in relation to the Indian Ocean territories. I would like to thank you for the opportunity to freely come here and express my views in relation to the Commonwealth government's dealings and decision making on Christmas Island.

Some of the decisions made by the Commonwealth in relation to Christmas Island have had, in our case, a devastating economic effect on projects undertaken by our small company on the island. Firstly, I mention the location 448 Phosphate Hill Road. When that was advertised, it was misleadingly advertised by the Commonwealth as zoned commercial/residential, which it was not. We found out via the shire that under the new town plan it was public purpose/hospital zoning. It took approximately two years to get the rezoning in order and a development approval following the regulatory process. This involved a huge expense to our company, with lengthy delays getting through the various government institutions. Finally, it resulted in the minister signing off the correct zoning, and we could then get into the development which we had planned.

Finally, with 23 fully-serviced blocks ready to build on, we welcomed the government's announcement that a huge number of houses would be required in connection with the proposed construction of a detention centre on Christmas Island; plus the space port project was still heavily supported by the Commonwealth government in meetings with ministers and presentations on Christmas Island. There was even a draft report by the Christmas Island administration which predicted a population expansion on Christmas Island of up to 5,000 people within three or four years. So everything looked rosy for a small developer who had purchased land to cater for the need of the Commonwealth government.

As was promoted and advertised by the Commonwealth government, their servants and agents that take over from the Commonwealth government, they were going to sell off their housing holdings on Christmas Island and private developers would develop for the need of the Commonwealth government. That was the whole reason for us purchasing that land and going into the development. Basically, we based our investment in location 448 Phosphate Hill Road in good faith, believing in the Commonwealth government.

When the announcement came for the tender of government housing in connection with the immigration centre, the government offered in the tender document for construction firms to build either on privately owned, fully developed land, for which they naturally would have to pay market price, or on free Commonwealth land which was provided by the Commonwealth. Of course, as could be expected, free land was chosen. We believe the Commonwealth government acted unethically and illegally—possibly strong words—with reference to their own policy statement of competitive neutrality, as quoted in the submission, where competition cannot be unfairly pushed on private enterprise.

Back in December we were informed that the Commonwealth needs to provide for an additional 150 accommodation units for the detention centre on Christmas Island. This is for future need, on top of the 250 units it built on free land. It is now our hope that, because of our request to the director of the detention centre project on Christmas Island, the government will recognise our land as it should have been in the first place. It should right that wrong; we want it to go in and look at our land rather than, as indicated by the director, Mike Sullivan, looking at vacant crown land on Christmas Island for the development of the extra 150 houses. We have developed land which we have been unable to sell due to the Commonwealth's action. I here refer to the Valuer General's report and decision to lower the value for which tax is calculated. He lowered the values and in his reason for the decision he stated, as per my submission, that it was due to the Commonwealth government entering into the construction of Commonwealth housing on free Commonwealth land. Values have fallen and land is close to impossible to sell on Christmas Island today.

What we can offer now is for the Commonwealth government to right a wrong, as I said, and take possession of our land. It represents value for money—and here we are talking about taxpayers' money—and I believe the transaction for the Commonwealth to purchase our land is possible under section 40 of the Lands Acquisition Act 1989. It will be hard, and I do not think we should accept the Commonwealth again offering free land in direct and stark competition with a small company like ours—or with anybody, for that matter.

I am here today in the hope that a democratic process will take place through your involvement. I thank you for listening to me. It is pretty hard for me to sit here today. It makes

me a combination of sad and angry. I came out here from Denmark in 1974. After 32 years, all my life savings have gone into Christmas Island. I am not asking for sympathy for a failed business venture, but in this case we are up against the biggest authority in the land—the Commonwealth government—and all our efforts are to get to the bottom of this and get it sorted out. We are not asking for a handout, but recognition that the Commonwealth has done wrong. I appreciate being here today; thank you.

**Mr CAUSLEY**—I am fascinated by the situation. When you say that the land was put up for sale and there was a wrong zoning of the land, who did the zoning? Did the Commonwealth government do the zoning, because the council would not have that ability, would it?

**Mr Sorensen**—The Commonwealth government prepared it through an agent. Its real estate manager on Christmas Island is normally directed through an agent to conduct an auction on Christmas Island. All information given to that agent would, I imagine, come direct from the Commonwealth government. When you are selling a product, the owner of that product would have to give the correct information. In the sales brochure it was advertised as a residential/commercial mix. It is a block of land. I gave you, just for advice, the little pamphlet. It is near the new hospital.

**Mr CAUSLEY**—Subsequent to that, the council said that it was not zoned for that?

**Mr Sorensen**—After the auction we were unable to search to check the correctness of the Commonwealth government's information, because at the time Christmas Island was in the process of a new town planning scheme and there was only a draft. The manager for building and health on Christmas Island at the time, Mr Scott McGufficke, informed us: 'You'd better be careful, John, if you settle on the block because you are not buying a residential/commercial zoned block.' He said we were buying public open space, but later in the paper we found out it was public purpose/hospital. It was situated next to the new hospital. There was an agreement on Christmas Island that Robi Samapow, the casino operator up here, would develop a private hospital on Christmas Island. It goes back to those days when they were planning that site next to the Commonwealth hospital on the island.

**Mr CAUSLEY**—But you actually paid the Commonwealth for the land?

**Mr Sorensen**—We bought it at auction, paid a deposit and subsequently settled on the land. As my submission says, we ended up developing the land and got stuck with it.

**CHAIRMAN**—What do you mean when you say 'developing the land'?

**Mr Sorensen**—We installed infrastructure throughout the land. The land was vacant crown land. We contracted a company to put in water, sewerage, power and stormwater infrastructure, as per the requirement, and created a subdivision on the island with 23 lots on it—zoned R40, duplex and what have you. There was a need for it and we did it in full faith to cater for the Commonwealth government's needs, for private people who would like to buy a block on Christmas Island—being the wonderful island it is by nature—and also for investors who could build and lease back to the Commonwealth government at a profitable rent.



**Mr CAUSLEY**—You say that you are in competition with the Commonwealth, that they are giving free land to be developed and that this has therefore destroyed the market on Christmas Island. Is the Commonwealth itself building houses for employees of the Commonwealth or is it being done by another company?

**Mr Sorensen**—It is being done by a construction company. The tender that was issued—

**Mr CAUSLEY**—For whom—on their behalf or the Commonwealth's behalf?

**Mr Sorensen**—On behalf of the Commonwealth government. The tender entailed the building of 170 accommodation units, which involved three- and four-bedroom houses and bed-sitter units. The contractors could choose between privately developed land, which included ours and that of other people on the island, or they could choose the free land, which meant not paying for vacant Commonwealth land, crown land, if they found it suitable for the development. That is another chapter of it: what was chosen was unsuitable and the costs overran on the development, but I will not get into that.

**Mr CAUSLEY**—So who owns the buildings on the sites?

**Mr Sorensen**—The Commonwealth government. And that is contrary to the statement that in the future it would not own property on Christmas Island; it would fertilise the private market by conducting over a number of years the sell-off of their property on the island. We had previously invested on Christmas Island—we built three houses, as I said in my submission, and we did a redevelopment, the second round, of the old hospital, which was successful. I did believe in the Commonwealth, but this has really knocked us financially on the skull.

**Mr CAUSLEY**—And you have asked for compensation and you have not received it?

**Mr Sorensen**—I was in casual conversation with federal ministers and was advised that the best way to go about this was to seek moral recognition by the Commonwealth government and seek that under the act of grace, which I did not know anything about at the time—that is, where the Commonwealth government could compensate us for our losses as a result of their actions, which did not intend to hurt anybody, including us. That could be right or it could be wrong. But we lost our application for an act of grace, which was denied by the department of finance with the statement that the Commonwealth government had no moral or other obligation towards our company or anything related to that issue.

**Mr CAUSLEY**—Did you take that to the Commonwealth Ombudsman?

**Mr Sorensen**—No, I did not, but I spoke to the Commonwealth Ombudsman when the process of assessing and investigating the act of grace dragged out for a year. Replies from the department of finance took longer and longer—two or three months. Then I spoke to the Commonwealth Ombudsman and asked, 'When could we expect a reply, because we have not had a reply?' The Commonwealth Ombudsman asked, 'In relation to what?' I explained to him that we had asked for an act of grace and expected to have our questions answered so that we could move on, rather than being pushed aside, and asked about what other action we could take. Then the Ombudsman said that he was satisfied with the department of finance's investigations into the matter, which had dragged out.

It was a combination of not complaining that we were put aside—that was a departmental decision—and the delay in processing our application or request for an act of grace. It dragged out for a couple of years. But I think that chapter is a closed book. So what we are looking for by being here today is that this information will get to the highest point. We have corresponded with ministers and departments and have hit a brick wall every time. I am not whingeing or complaining about our failed business venture, but, as I said in my statement before, we are up against the biggest power in the land and we are just a very small company.

**Mr SNOWDON**—Mr Sorensen, you referred earlier to the Commonwealth, or someone, talking to you in December last year about 150 units that the Commonwealth would require in the future. Is that correct?

**Mr Sorensen**—Yes, I heard that.

**Mr SNOWDON**—Who was that conversation with?

**Mr Sorensen**—With Christmas Island administration. I had heard the rumours, which were always running wild on Christmas Island. Then I contacted the administration on Christmas Island—the official secretary or the director. I spoke to a new lady up there, who I had not met but will meet next month when I fly up. She said she had also heard about it but had not had on behalf of the Commonwealth any confirmation of it yet. She gave me the name of the director, Mike Sullivan. I contacted him by telephone first, spoke to him and gave him a brief explanation of the land situation: that we had developed for the Commonwealth last time and had free land. He said, ‘Send me an explanation of the whole matter and next time I am on Christmas Island I will have a look at your block and see if it can be used.’

But in that conversation he also said that the Commonwealth government had directed him to, again, use free Commonwealth land, which hit me pretty hard. I thought, ‘Here is an opportunity for them.’ The land is zoned residential/mixed uses—hospital related or whatever—but the Commonwealth government, being the power they are, can go in and use the land fully serviced. With the cost of developing land on Christmas Island—and I know this is a cost question for a manager or director of a department—a manager can justify using our land because it is developed and available at a cost which the Commonwealth cannot, in my opinion, develop it for today. That is reflected by the so-called Thredbo development, which was done by Consolidated Construction and by the Silver City development 12 years ago when I was on Christmas Island. So I know our development is value for money if it should be used.

**Mr SNOWDON**—What, in your mind, is the process that should be followed if the Commonwealth require another 150 units. How should they proceed?

**Mr Sorensen**—Possibly, in fairness to my colleagues, opposition and competition on Christmas Island, a public tender again. In fairness, I would have to compete with other people. The Commonwealth government has the power referred to it under this Lands Acquisition Act. This is wishful thinking, but its representatives on Christmas Island can make a request. In this case, I would imagine that Mike Sullivan, the director of the detention centre, could say, ‘I want to utilise this land,’ and then send in a form for the minister’s approval for that land to be used. But that is wishful thinking.

**Mr SNOWDON**—Is there a land use plan for Christmas Island?

**Mr Sorensen**—Of the ones we have been able to be informed about there has been from one side to the other side a lot of talk about land use on Christmas Island. But, basically, the Commonwealth government, which is what we have focused on, is the major landowner on Christmas Island and therefore naturally controls all developments. Also, the statement of a sell-off of public owned land and property should help any developer going in, whether big or small, to see an opportunity on Christmas Island. But to answer your question, I have not seen the policy.

**Mr SNOWDON**—The reason I ask is that you say, and I know, that there are large slabs of Commonwealth land. Are those large slabs zoned at the moment?

**Mr Sorensen**—As far as I know they are not. I know there have been discussions about giving the mines compensation for possibly losing their mining leases by giving them pieces of land as a payout. Again, that is not satisfactory for us, because we went to public auction and bought our land; all of a sudden we could be bombarded by somebody getting 200 hectares of free land and competing with us. On Christmas Island, if a container load of beer or groceries were parked down on the wharf, the pubs and the supermarket would go broke. We would all be sitting down there.

**Mr SNOWDON**—The reason I am asking the question is to try to establish whether in your mind there is a plan for the development of Christmas Island.

**Mr Sorensen**—I am not aware.

**Senator CARR**—On the third printed page of your submission, where you talk about the tender process for land, you say that the winning tender was a well-connected Perth based company, Consolidated Construction. Is it your contention to this committee that the tender process was not of a high standard?

**Mr Sorensen**—Yes, it is. It is not only mine; it is that of many companies and builders and generally on Christmas Island. It was a great surprise that Consolidated Construction won that tender. There were Queensland, Northern Territory, South Australian and Western Australian small companies and people on Christmas Island submitting tenders to participate in that expected boom in construction. It was a big surprise when Consolidated was chosen. But I cannot elaborate on it any further. It is to be investigated if necessary. Not only I but also most people on Christmas Island were surprised.

**Mr CAUSLEY**—They were well connected to whom, do you think?

**Mr Sorensen**—It was just the general word that they were well connected. It was also indicated that the minister at the time, Wilson Tuckey, had good connections with it. I put this forward not as an accusation in any way. It is simply what went on on the island and what was common language. How did they get in? No-one had ever heard of them—the people from North Queensland or the Northern Territory or wherever they came from who had tendered, including a small building company in Perth who had tendered on behalf of us. We had a two-part tender, where we offered the land and a builder offered to build for the Commonwealth government.

That was rejected. Of course, it was disappointing. Speculations and rumours and stuff ran wild. So when I use the words 'well connected', that is based on what I have just said here.

**Mr CAUSLEY**—So you did not have absolute evidence; it was just the scuttlebutt around the place?

**Mr Sorensen**—No, I have no hard evidence on it. But, after the event, down the line, it is also common knowledge that Consolidated Construction took on the major part of that tender building which was nicknamed Thredbo Village on Christmas Island. It was built on a water course and was sliding. Some of it cannot be used and what have you. That was the free land that was given. They spent millions and millions of dollars doing that development. It was only based on rumours also that it was compensation to them to allow them to construct a \$70 million alternative port on the east side of Christmas Island. But that is only based on rumours. Perhaps I should not say that. I am not used to sitting in front of politicians in parliament.

**Senator CARR**—In fact, this is the only place you can talk in those terms!

**Mr SNOWDON**—Whatever you say here is protected.

**Senator CARR**—As long as you do not say it outside.

**Mr SNOWDON**—Do not walk outside and repeat it; say it now.

**Mr Sorensen**—I am 62 and I want to spend my freedom in Australia. I love it.

**Mr SNOWDON**—What was the tender process? Can you remind us what the tender process was for that residential land?

**Mr Sorensen**—A preliminary tender meeting was arranged by Bill Taylor, the administrator on Christmas Island. He invited all small business people on the island—construction, contractors and everybody else that Bill Taylor thought should be there. We were one of them because we had a block of land there and had done small developments on the island. So we sat in the meeting in Bill Taylor's conference room. The meeting was, I believe, a hook-up with GHD and Commonwealth government representatives. I am not sure who from the Commonwealth was represented in the telephone hook-up to Perth.

Following the explanation of the process that they wanted to take, I raised my concerns when I was asked by Bill Taylor. He did not just ask me; he asked whether anyone had a concern or question in relation to it. I put my hand up and said, 'I do—the competition with free land is going to kill us off.' Bill Taylor answered, 'You raised your question in the wrong form, Bjarne.' I said, 'Look, I have not had any other opportunity.' Bill Taylor said, 'I'll take it to the minister and follow it up in writing, with a copy to the minister's secretary.' We never had a reply on it. The process went on and the tender was issued and, just as we mentioned, construction went ahead. It was not only Consolidated Constructions. There were a couple of small contractors and building firms that also got land, and one of the questions I would like to have answered is about the statement by the administrator—

**CHAIRMAN**—The administrator and Bill Taylor are one and the same?

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**Mr Sorensen**—The administrator was Bill Taylor, yes, and Jarl Andersson was his official secretary. We asked whether it was possible that the Commonwealth government under this tender would take our land—and they were offering free land—and then give a choice. This is not speaking only on behalf of Norton Bay but on behalf of other people on the island who had developed available land. Jarl Andersson, on behalf of the administration, said that it was impossible—that the Commonwealth government could not and would not buy private land. So that was the end of that story.

Paul Ferguson, a good mate whom I have known for many years who lives at Bunbury, owns a block on Christmas Island. The Commonwealth government in the tender process ran a little bit wild in quoting what was private and what was Commonwealth land. Paul Ferguson's land was listed as Commonwealth land and he was lucky that a building company chose that block to build on. Paul was not aware of this. Rather than stopping the process of the tender, the owner, Paul Ferguson, was contacted and told, 'Look, we have quoted your land as free Commonwealth land. We would now like to buy it from you.' So for us who had asked whether the Commonwealth would buy land, it was possible but only with the excuse that the Commonwealth had made a mistake—or their servants, GHD or whoever did it.

**Mr SNOWDON**—You referred earlier to correspondence from Bill Taylor to the minister—is that correct?

**Mr Sorensen**—We wrote a letter to Bill Taylor confirming what was said at that meeting and thanking him for taking our concerns to the minister.

**Mr SNOWDON**—How did he take those concerns to the minister?

**Mr Sorensen**—He said that he would take our concerns to the minister and we sent a copy of that memo or fax that we gave Bill Taylor to the secretary of the minister. We had no reply.

**Mr SNOWDON**—Could you provide us with a copy of that memo?

**Mr Sorensen**—Yes.

**Senator CARR**—Just remind me: who was the minister at the time?

**Mr Sorensen**—They were changing ministers up there. We had Ian Macdonald. In the process of our rezoning we sat down in our meetings and when it went beyond 12 months for various reasons—the WA town planning processes, the shire, the Commonwealth, the Canberra office, travelling from here to Canberra and spending time on Christmas Island—we decided to ask for a meeting. We were given 10 minutes with the minister, Ian Macdonald, when he came up and he asked Mr Taylor, the administrator, for our complaint or request to be sorted out quickly so that we could get on with our development as we had been delayed. The minister asked Mr Taylor, the administrator, who was at fault and the administrator replied, 'We are,' meaning the Commonwealth. Ian Macdonald's words were, 'Sort it out then,' and basically that was the end of that meeting. We were happy with the 'sort it out' statement and possibly it was sorted out quicker than it would otherwise have been. But it still it took a long time following that meeting before we could get stuck into our—

**Mr CAUSLEY**—When was this?

**Mr Sorensen**—I cannot state. It was during the process of rezoning.

**Mr CAUSLEY**—You said ‘Ian Macdonald’ but it would have been Ian Campbell, wouldn’t it?

**Mr Sorensen**—Ian Macdonald. Following him, I think, was Wilson Tuckey and then came Ian Campbell.

**Senator CARR**—Who was the minister at the time of the tender process?

**Mr Sorensen**—That was Wilson Tuckey. But there was a mix in our opinion on the island after this tender because of the involvement of the immigration department. So there was also Mr Ruddock, the minister for immigration at the time. He also came up and made statements and speeches on Christmas Island in relation to all the big things that were going to happen. Wilson Tuckey, as minister for the territory—

**Mr SNOWDON**—That was the meeting on the 12 March 2002? I was present at that meeting at the Christmas Island Club.

**Mr Sorensen**—Yes.

**Senator CARR**—And the ‘well-connected’ reference here: are you referring to Mr Tuckey?

**Mr Sorensen**—Yes.

**Senator CARR**—Is Mr Tuckey’s son involved with Consolidated Construction?

**Mr Sorensen**—I do not know. I heard that but I am not aware of it myself.

**CHAIRMAN**—What about the deposit that you paid to the Commonwealth? Are you still trying to pursue that or is that still being denied you?

**Mr Sorensen**—It is still being denied and we are pursuing the deposit paid at the old hospital. It is a whole saga—and that is the one you are referring to, isn’t it?

**CHAIRMAN**—Yes.

**Mr Sorensen**—We are pursuing that. We would like to get reimbursed. We only learned recently when we raised the question—and again it was an act of grace—that the administrator apparently had paid out to some people. I do not want to dob in people who have had financial satisfaction, but in consulting those people and asking them, they said that they would be very happy for me to be because our request for the return of the deposit was denied with a statement that the department was not aware of anybody ever having had a refund because, as per contract, we failed to settle due to the circumstances on Christmas Island. The bank thought it was risky business on Christmas Island so they withdrew the loan offer they had given us and we could not settle and lost our deposit. The administrator stated that he could confiscate our deposit under his

jurisdiction and under his authority. We have asked the department for finance to provide us with information about the jurisdiction and the act under which the administrator had that authority. For five or six months now we have been waiting for a reply in relation to that.

That information is needed. We were informed by the appeals tribunal that we must be given that information and we are entitled to it. Financial satisfaction is basically what we are after. It was an expensive affair and we did not choose not to settle on the property. At the next auction I managed to find a good investor rather than a bank—a businessman, a commercial lawyer in Perth—who supported me. We went in and were successful, so that puts aside the statement that we made a commercial decision not to settle. We developed the old hospital. I believe that when you visited Christmas Island you stayed at the Sunset, which is part of the old hospital. It went well. Following that we did the location 448.

**CHAIRMAN**—Would you be kind enough to make the correspondence which you had with the administrator and/or DOFA available to the committee?

**Mr Sorensen**—Yes, all of it.

**CHAIRMAN**—My second question relates to your deposit. Unless it is commercially confidential—in which case I will not request an answer—can you tell the committee the amount of money that was involved?

**Mr Sorensen**—At the auction we were successful at \$501,000 for the old buildings. A deposit of 10 per cent was paid—\$50,001. When we put in an act of grace application, or request, we claimed the deposit, plus reasonable interest over the years of the money that was forfeited. We have not claimed—

**CHAIRMAN**—Have you forfeited \$50,001?

**Mr Sorensen**—The total amount is about \$95,000.

**CHAIRMAN**—With accumulated compound interest?

**Mr Sorensen**— Yes, with accumulated interest. Under this act of grace request, again, we thought we would be reasonable and not claim what in a commercial law situation would probably be the case—here we did not get the hospital in the first place because of events on Christmas Island; the bank withdrew the loan offer and so forth. We went in and bought a second time.

We could also say that, rather than go it on my own and make, say, \$1.5 million, I was forced to take a partner in and go fifty-fifty. I am still very happy with the result of it—we had a financial win out of it—otherwise I would not have gone to the next project on Christmas Island. But the amount was \$95,000 claimed.

**CHAIRMAN**—That includes capital and compounded interest, aggregation.

**Mr Sorensen**—Yes. It is actually up to the date of application in February 2004 when we lost our application—the \$50,000 plus flat interest up to that date, \$95,000, no side costs. There are a lot more expenses to it if we start accounting, but that is what we claimed.

**CHAIRMAN**—We have gone over time. Unless there are further questions—

**Mr SNOWDON**—There is one thing, perhaps as a final question. Mr Sorensen, you talk in your submission about other events on Christmas Island, including the issue of the casino. You would have heard my question of the previous witness. Have there been some decisions or non-decisions taken by the Commonwealth which have affected the viability of Christmas Island now and in the future?

**Mr Sorensen**—In general terms?

**Mr SNOWDON**—Yes.

**Mr Sorensen**—Yes, absolutely. The one that springs to mind first is taking away the casino licence from Christmas Island. It has affected the island enormously. My association with the island goes back to 1988. It started in the early 1990s. I was there when the casino opened and was an occasional visitor at the restaurant and social venues. Occasionally I would put \$5 on the roulette. Taking that away from Christmas Island was more or less a shock to everybody, and it became common gossip or knowledge that it could be because Kerry Packer had taken over Burswood casino in Perth. Personally I believe that could be true. Christmas Island was denied a big employer—300-plus people were working there. It was a much more functional, happy society. There were problem gamblers, as I have heard other people express; they are everywhere. But to take it away from Christmas Island because it was no good for the community! Up in Poon Saan, in the Chinese club, whenever they meet the big dollars are rolling—mainly with the Chinese but other people are occasionally invited in to bet with them. There is internet gambling and whatever. Wherever people would like to have a bet, they would find a way to have a bet, so there was no moral reason to take away the gambling licence from Christmas Island.

Furthermore, I would like to support Michael Asims' statement that they had a group of people with X amount of dollars—\$60 million, from memory—who would refurbish the resort and the casino and get it up and running. The minister was all in favour until the deadline for the Burswood takeover. I think government decisions in that respect have hit Christmas Island in later times harder than anything else. That is the biggest one I can think of, but there are minor, small ones.

**CHAIRMAN**—I just put it to you, Mr Sorensen, that Burswood being acquired by Publishing and Broadcasting Ltd was more a coincidence, perhaps, rather than any evidence that you have. Is that correct?

**Mr Sorensen**—Perhaps and, as I said, it is based on speculations and rumour, of course. The speculation goes that there was a Commonwealth government election coming up and, to speak frankly about it, Mr Howard, the Prime Minister, would call Kerry Packer—I would imagine up on that level it would happen—and say, 'Look, Kerry'—



**CHAIRMAN**—But you really have no evidence for that, do you?

**Mr Sorensen**—Then: ‘I happen to own a newspaper and you have an election coming up, but you’ve also got control of that casino on Christmas Island. So, my paper will help you win the election if you close that casino.’ I am glad I am under privilege, otherwise—

**CHAIRMAN**—But what I am asking you is whether you have any evidence of that.

**Mr Sorensen**—Absolutely no evidence.

**CHAIRMAN**—That is all I was trying to get at.

**Mr Sorensen**—It is all bullet holes—

**CHAIRMAN**—Thank you for the other bits and pieces. They are going to make interesting reading.

**Mr SNOWDON**—But you would say that is a common view amongst people on Christmas Island.

**Mr Sorensen**—When I say ‘common’, it is lately. I left Christmas Island two years ago to live permanently back here in the hills. But I speak to people out there, and it is gossip, yes.

**Mr SNOWDON**—Scuttlebutt.

**CHAIRMAN**—Thank you, Mr Sorensen, for your attendance here today.

**Committee suspended from 10.40 am to 10.54 am**

**GRANT, Mr Ron, Shire President, Shire of Cocos Keeling Islands, and President, Cocos Keeling Islands Development Association**

*Evidence was taken via teleconference—*

**CHAIRMAN**—I welcome you. I remind you that the committee does not require you to give evidence under oath but this is a legal proceeding of parliament and warrants the same respect as proceedings of parliament itself. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The committee has received submissions from the Cocos Keeling Island Shire Council, No. 5, and the Cocos Keeling Islands Economic Development Association, No. 6. Are there any corrections or amendments you would like to make to these submissions?

**Mr Grant**—No, there are no corrections or amendments.

**CHAIRMAN**—The committee prefers that evidence be taken in public, but if you want the committee to take confidential evidence, you may request that 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 Grant**—No, there is no need for an opening statement.

**CHAIRMAN**—It is a plenary meeting here this morning, quite open.

**Mr SNOWDON**—What is your impression of the way the applied Western Australia laws are operating? Are they operating effectively on the Cocos Islands, as far as you are concerned?

**Mr Grant**—I will answer this in my capacity as the President of the Shire Council. The Western Australian laws which are applied as Commonwealth laws have provided the territory with a modern body of law. I have been a resident of Cocos (Keeling) Islands since 1986. I am well aware of legislation that existed prior to the application of Western Australian laws. At the time we have a good body of Western Australian law applied as Commonwealth law. The laws are constantly being reviewed and we do have a process. So, in general, I am quite satisfied with the Western Australian laws that have been applied as Commonwealth laws to the territory.

**Mr SNOWDON**—What about the issue of service delivery agreements and your council's or community's involvement in the settling of those agreements with the Western Australian government? What involvement do you have in those processes?

**Mr Grant**—The SDAs are put in place where Western Australian law is applied as Commonwealth law to the territory. Where DOTARS does not have the expertise or the resources to service the legislation they enter into an agreement with the WA government department. We have regular contact with DOTARS and, more importantly, with those government departments that do have SDAs, both on and off Cocos. As I think the committee are well and truly aware, a regular review of the SDAs is done, the last one being 2003-04, where the effectiveness of those SDAs is gone through and reported upon. We do have quite a

large input into that document in relation to the Department of the Premier and Cabinet, Western Australia, plus the individual SDAs.

**Mr SNOWDON**—So if you have an issue with an SDA where, say, a problem emerges—I cannot think of one—within the framework of a particular agreement, how would you address the issues that emerge? Would you go directly to the state government department or agency, or would you go to DOTARS?

**Mr Grant**—I will give you an example. The local government act of 1995, WACKI, is the Western Australian act applied as Commonwealth law to the territory. The SDA for that is with the Department of Local Government and Regional Development, WA. From the shire's point of view, we felt that the local government area was well and truly covered but the regional development area was lacking. We raised that directly with DOTARS, both in Canberra and in Perth, which has responsibility for SDAs and liaises with the state departments. Within a reasonably short time frame we had people from the Department of Local Government and Regional Development sit down with the council and go through the regional development area. We put in our input and now the SDA has been expanded to include areas of regional development.

So we work primarily through DOTARS to start with because they are there with the minister to ensure that policy and legislation are applied and it is normally then handed down to the SDA, where we get involved in the nitty-gritty.

**Mr SNOWDON**—How would you describe your relationship with DOTARS?

**Mr Grant**—I would describe the relationship with DOTARS as the best that we have had in the 20 years I have been in the territory. To give an example, we have a monthly teleconference with the general manager of DOTARS in Canberra. We have a monthly teleconference with the director of DOTARS in Perth and also one with the director of DOTARS for Christmas Island. After the visit by the new administrator, Neil Lucas, last week, we have agreed to put in place a teleconference once a month with him. We also have regular visits with DOTARS in Perth and Christmas Island, and we make a point, when we travel to Perth or Canberra, to have a regular briefing session with DOTARS. We also have two face-to-face meetings per year with DOTARS, one on Cocos and one in Canberra, where we go through issues that we are concerned about in relation to the application of WA laws or DOTARS-delivered services in the territory. Currently, both DOTARS and ourselves believe we have a very good working relationship.

**Mr SNOWDON**—So there is good and effective communication?

**Mr Grant**—Very effective communication and it is on a very regular basis. Outside those regular teleconferences and visits, we also have ad hoc ones at officer levels, where the CEO of the shire will discuss issues with the various directors and staff of DOTARS or vice versa.

**Mr SNOWDON**—What about over issues to do with infrastructure development, land release and other economic opportunities? I am referring to the quarantine station, the potential or otherwise for developments there, issues to do with Rumah Baru and previous decisions about putting infrastructure there. What discussions have taken or do take place with you to get your input into what is being decided in relation to those sorts of things?

**Mr Grant**—In relation to DOTARS, their expenditures flow in two ways—their operating expenditure and their capital expenditure. In relation to capital expenditure, DOTARS supply the shire here with a very detailed forward commitment of DOTARS capital expenditure before it is actually included in their budget and it goes for departmental or ministerial approval as part of their operating budget. We sit down and go through that and give our input to ensure there is no duplication of acquisition of capital assets or we give our preferred timing in relation to projects. The last list we got was late last year, and there was capital expenditure projected of about \$12 million to \$15 million, off the top of my head. We gave our input, saying, ‘Some of this equipment you’re purchasing, the shire is purchasing; there’s duplication. In relation to the timing of some of these projects, we would prefer to look at a different timing.’ So we do have quite regular contact on capital expenditure.

In relation to projects like Rumah Baru and the quarantine station, the unfortunate thing is that the larger the organisation, the slower the process. That is not just government; that is big business too. So some of the projects do not move as fast as we would like them to move. But we understand the departmental and political process and that some projects just do not go ahead as fast as we would like them to go ahead. But that is the environment that DOTARS and the minister work in.

**Mr SNOWDON**—How do you deal with changes to the way plans are made? I am not aware of the current proposal in relation to a wharf, but I understand that Rumah Baru has been effectively shelved. Is that your understanding?

**Mr Grant**—If we go back to this committee’s hearings on Cocos in 1994, where they looked at the future of transportation on Cocos, particularly the infrastructure, the alternatives put forward included Rumah Baru. That was close to 12 years ago. I think we can all agree that the original proposals that flowed out of that are virtually not going anywhere. DOTARS approached the shire with a number of different options. Western Stevedores on Christmas Island, on behalf of DOTARS, have had meetings with us to look at alternatives. So the proposal has been scaled down, most probably to a more realistic approach. As I said, we maintain our regular teleconferences and discussions with DOTARS and we are kept informed as to where they are going. But the process is slow, for sure.

**Mr SNOWDON**—What about the quarantine station? Can you retell for us the history of the speculation about the quarantine station over the last four or five years, what your requirements are and what you would like to do with it? I am referring to a previous minister effectively not being able or prepared to make a decision about how the quarantine land might be used in the future, and to where we are now, where I understand there is some agreement about how some of the quarantine land might be allocated back to the shire.

**Mr Grant**—With the closure of the quarantine station, in relation to the very specific role for animal quarantine, the station was permitted to run down. Nobody could really make a decision about where it was going. It has to be clearly understood that it was not DOTARS’ area of responsibility and DOTARS did have to tread quite lightly and softly in pushing forward alternatives. About 18 months ago, one of the previous councils expressed a preference that part of that land be used for the promotion of tourism, together with alternative other sites. That has not really gone ahead. We had long discussions with DOTARS at various officer levels. The very interesting thing is that DOTARS have now changed their approach very substantially after

sitting down with the shire at length, to where they would prefer the alternative of shire land being used for tourism, for the tourism to be scaled right back to be a small, sustainable operation and to use the lease that the shire has entered into recently with Pulu Cocos Resorts for a tourist development as a model for future leasing of land for tourism that they would support.

The shire has a document called *Vision 2010*, which is a future-planning document. It is in the PowerPoint presentation. We have been pushing our view that we really need land at the station, particularly for fuelling, to develop a technology park to promote economic development. Over the last six months the discussion of DOTARS has gone down that track, and in the last discussion we had with DOTARS in November last year their preferred option was for part of the land to be transferred to the shire to develop a technology park; two of the very large sheds at the southern end to be transferred to the shire to assist the shire in establishing a more realistic depot operation; part of the land to basically go to water resources; and part would be held by DIMA as an immigration receiving and processing centre. So we have come a long way in promoting where the shire would like to go. We have had a very good hearing from DOTARS, and once the elephants have come through and been processed we can hopefully advance the shire's views even further to the event where we get an actual transfer of the land.

**Mr SNOWDON**—So the elephants will come and go and then hopefully things will change?

**Mr Grant**—That is the plan. But, as I said, we are working in a very realistic political and departmental environment. As I previously said, the bigger the department the slower the process, so I am not expecting anything to happen overnight after the elephants go. At least we are moving together with DOTARS in the right direction.

**Mr SNOWDON**—I have one more question. What is your view about potential future governance arrangements for the Indian Ocean territories?

**Mr Grant**—I will take a little bit of time to address this issue. You can see the summary of the shire's views in our submission. It really comes down to a small number of concise points. Firstly, we firmly believe in the need for an education program for the residents of the territories. What are the options for sustainable future governance? What are the advantages and disadvantages of each option? We believe that it should be delivered by a neutral party. We believe that, after a period when people have had the opportunity to look at the options in the documentation if they want to, they should be able to have a referendum to indicate to the government their preferred option on future governance. At the end of the day, it will go back to the government of the day for the minister and his parliamentary colleagues to look at the preferred option and see if the territories really have the capacity and capability to go down that route.

At the moment we are a non-self-governing territory of Australia. The way the shire here looks at it, our parliament is the federal parliament, we have approximately 70 senators and 150 members of the House. We have elected members that represent us in the House of Reps and the Senate, but we do not restrict ourselves to just the members representing us; we believe we have access to any senator and any member of the House who has expertise and experience in areas we would like to promote. Whoever has the numbers will have the government of the day. The government of the day will appoint a minister to oversee policy and the application of legislation. The quality of the legislation can be applicable to Australia as a whole or very

specific to the Cocos (Keeling) Islands. The Commonwealth has as its representative the administrator, and to assist the minister in the performance of his portfolio responsibilities we have DOTARS.

We work within the current framework and we have developed our own political strategy based upon *Vision 2010* and another document called *Island 2010*. We believe that while we are looking at future governance options, which will take some time, we have to use the current system as effectively as we can and that is what we are doing at the present time. The key area we have access to is policy that has been developed that is specific to the Cocos (Keeling) Islands.

**Mr SNOWDON**—Thanks, mate.

**Mr CAUSLEY**—Mr Grant, when we were over at Cocos there was some discussion about a proposed tourist resort—it was on either West Island or South Island; I am not sure. Do you have a development plan for the islands?

**Mr Grant**—This is going to put me in a bit of a difficult position. As I said, I am appearing here as the president of the shire council and president of the EDA, but the development you are referring to is one that is being done by my own private company. Take that on board. I will not go into specifics but I will give you the general overall view. From the shire's point of view, *Vision 2010* very clearly identifies the direction the shire is moving in relation to economic development. From the Cocos (Keeling) Islands Economic Development Association's point of view, their document which is referred to as *Resources 2010* provides a very clear indication of the strategic direction and the projects that are currently being undertaken. So in relation to tourism both the shire and the EDA have a very specific strategy for that development.

The Economic Development Association have also produced two documents, which are in hard copy or on CD, entitled *Investment guide to the Cocos (Keeling) Islands* and *Sustainable tourist development in the Cocos (Keeling) Islands*. They are both comprehensive documents. But the key thrust flowing through all the documents is a focus on South-East Asia, not the Australian mainland. We have a population of a quarter of a billion people within roughly two to three hours flying time to the north of us, whereas going to Australia, taking account of the distance of 2,700 kilometres, you can only tap into about 20 million people throughout Australia. So the thrust of all the documents is looking to the north, looking to that larger population, both for investment and also as an area for services and products. So, to answer your question, yes, there is a well-defined strategy.

**Mr CAUSLEY**—Do the local people have any say in the land usage decisions, and who makes those decisions?

**Mr Grant**—I will put on my hat as president of the shire council. Six-sevenths of the land on Cocos is held freehold by the shire. The wording is that the land is to be held in trust 'for the benefit, advancement and wellbeing of the Cocos islanders'. The first issue that comes out of that is that the council effectively owns land but acts as the trustee. Therefore, in relation to any use of land which is trust land, not only does it have to comply with local government regulations and acts but it has to comply with the wishes of the community. The overriding consideration in relation to the community is for their advancement, wellbeing and benefit.

Anybody that wishes to actually develop land must approach the shire and must comply with the legislative framework, which includes getting environmental approvals from Environment Australia, and at the same time must indicate very clearly that they have consulted broadly with the community and have community support. And at the end of the day, if you enter into a lease, the lease can only be for a fairly short period—for example, 30 years plus a rollover of 20 years; it cannot be sold because of alienating the trust terms; and the party that would sign that lease on behalf of the community would be the shire council.

At the same time, it must indicate very clearly that the consultants have worked broadly with the community and have community support. But, at the end of the day, if you enter into a lease, the lease can only be for a fairly short period. For 30 years plus a rollover of 20 years it cannot be sold, because it will alienate the trust terms. The party that would sign that lease on behalf of the community would be the shire council. In relation to Commonwealth land or private land, if you wish to get environmental approval for development, you have to go through a community consultation process, and that must be proven before you can even get any kind of environmental approval. I hope that answers your question.

**Mr CAUSLEY**—Yes, basically anyway. In your submission in your last paragraph, 7.4.8, you say:

With Southeast Asia, one of the most dynamic regions in the world to the immediate north of the—

territories—

a self governing—

territory—

could be in an extremely advantageous position in relation to economic development.

Could you expand on what the shire sees as an opportunity for self-sufficiency?

**Mr Grant**—As I have quickly touched upon, South-East Asia is close to us. It has major international airports, such as Jakarta. Those airports are not just international; they are regional domestic hubs. South-East Asia is a really good source for investments, plus a market for your tourists—taking into account the short flight time and the fairly unique environment for tourists on Cocos—provided it is sustainable. I use the term ‘sustainable’ in the broadest possible terms—not just financial but socially and in relation to natural resources. I firmly believe, even with the current system of government that we have, which is a non-self-governing territory, there is the right combination of the private sector, governments of all levels, and community. That area to the immediate north of us can be developed, which would mean improvement in the levels of services and the standards of living for the rest of the territory.

**Mr CAUSLEY**—So you would have to attract developers to set up a suitable type of tourist destination, I would expect, and then try to attract an airline to fly into the area. Would that be the plan?

**Mr Grant**—I will step outside of the role that I am actually giving evidence in to the role of chairman of my own private company. That project is a multimillion-dollar project, and it has full environmental approval. It has had a lease agreement negotiated with the shire council, which was approved by the state planning commission of WA. Raising investment funds is absolutely no problem because we have a very clear strategy, which includes an investment strategy and a marketing strategy, aimed at South-East Asia. At the end of the day, when you go to a group of investors, you have to not only have environmental approval and a lease agreement in place but also be able to indicate how you will get your tourists here—in other words, fly—how you are going to get your construction material here with a shipping service, how you are going to handle on-island and what the human resources are going to be. In each one of those areas you have to be able to convince that investor or the provider of those services that they are going to get a good return upon the capital invested and that their investment is secure. Ultimately, they should want to make their investment. But it is my own personal experience that it is not a major obstacle, provided you go through it step by step and your business stands up to very intense scrutiny.

**Senator CARR**—I have only got one question. I think the other members of the committee have canvassed the broad questions raised in your submission. I would like to raise the issue of global warming. You indicate to us that you have concern about that. How important is the threat of global warming to Cocos? What is the evidence for your opinion?

**Mr Grant**—Global warming has now moved from the sphere of academia to being a really practical concern. In fact, in last week's *Australian* newspaper Tuvalu was stating that they are going to have to move 16,000 people within the next few years. It is a fairly well-documented fact now that there is a degree of global warming. In relation to Cocos (Keeling) Islands, we are fairly fortunate that at the end of Home Island Jetty we have one of the NOA monitoring devices, which can be assessed online in the community. It has been there for about five or six years now, monitoring the increases in sea level and the range of tides that we are getting. So we have a monitoring station here, which is one of several throughout the Indian Ocean. From a global warming point of view, increases of sea level really interest us for a number of reasons. First would be the loss of land area. Second, as we lose land area, what are the impacts upon our freshwater sources through water lenses? Third, as we lose land area, how is it going to impact upon our waste management strategies?

We do have a real concern about it. We have addressed this issue with DOTARS. We do have links now in relation to those areas of DOTARS that are looking to that area of greenhouse effects. The short-term effects are very minimal. The medium-term effects also are minimal. But, as to the long-term effects if it still continues, the prediction is that by the year 2010 there could be an increase of anywhere between 0.7 metre and one metre in sea levels, particularly through the Indian Ocean. We are noticing that already in certain areas close to Australia. We have an investor in relation to a project for the Economic Development Association on sea cucumber, who has licences in the Torres Strait Islands, and he says it is a known fact now that they are losing islands there to increasing sea levels.

The shire is producing another document towards the middle of this year called *Security 2010*, which, among other things, is looking at the impact of increasing sea levels and at which areas are going to be affected. One of the things that will come out of that document will be: will it be a bad thing or a good thing? Providing you can maintain sufficient land area for your population



and maintain the quality of your water lenses, if there is a loss of land, can you turn that to your advantage? I hope that answers your questions.

**Senator CARR**—Thank you very much.

**CHAIRMAN**—Mr Grant, I will just finish off by asking you a couple of questions about governance. Do you think that self-government for the Indian Ocean territories would necessarily bring greater economic benefits?

**Mr Grant**—That is a real two-edged sword. If you had, for example, an elected assembly, would it be in a position to make decisions that related to economic development, and subsequent social development, faster than the current system? Or does the current system that we have provide us with greater areas of support and access to larger resources than you might have as an elected territory government? As I said previously, it will always come back to this: what does the community want, and, when the government accepts the preferred option of the community, does the community have the capacity and the capability to really go to another level of government? That is going to be the crux of it. Are the human resources in the territory basically up to making a territory with a local assembly more effective in economic and social development than the current system? That is in a nutshell. It really does come back to human resources.

**CHAIRMAN**—But those resources are fiscal resources.

**Mr Grant**—Well, on fiscal resources: if you look, for example, at the Shire of Cocos (Keeling) Islands, we have a budget which is quite small. We spend about \$2.7 million a year in operating expenses and possibly \$1 million plus on capital expenditure. We operate it very effectively. If, for example, the fiscal base increased, obviously our staff would increase—obviously we would recruit people with the expertise. Once you step up above that—I have seen figures of many million floated around in relation to the annual operating expenditure for the Indian Ocean territories—you are moving to a very different ball game at the level of staff and elected members to manage that form of resources. I have been in a position in the private sector in South-East Asia where we managed resources like that, and we really had to recruit worldwide to get the best possible people to be in a position to manage those resources.

**CHAIRMAN**—So where would you increase your revenue from the islands? How would you increase your revenue from the islands?

**Mr Grant**—My firm belief is that the private sector in the island needs a real good kick in the bum. Really, the driving force in the island has always been the government. Whether the government is seen at the federal level or the local level, it has been the driver. The private sector tends to ride along on the coat-tails of the government sector. In the future for Cocos—and I am only speaking specifically for Cocos—the private sector has to be far more active. One of the areas is tourism and the other area is marine resources. If you can make those work at a sustainable level, you can create employment, you can create revenue, you can create taxes that flow back to the government. Taking into account the small population base and the small land mass, the ability of the territories to produce really significant incomes, taxes and employment is quite restricted.

**CHAIRMAN**—What is inhibiting you now under a local authority from growth that you would gain under a more independent structure?

**Mr Grant**—Basically, there is nothing. As I said, we believe in, and have worked very strongly in the last few years for, very good communications for governments. In many cases the governments, provided they feel that you are very efficient and very effective and you have a clear sense of direction, are willing to sit down and look at transferring services. But the services that they can transfer are always constricted by the small size of the population and the small size of resources. At the end of the day, the amount that DOTARS could effectively transfer across to the shire here would not be a huge amount.

**CHAIRMAN**—Do you think that your prospects of economic growth would be better if you were absorbed into the Western Australian system, something akin to Lord Howe Island and New South Wales?

**Mr Grant**—I think it would be an absolute disaster—not so much that it is not a good thing, but let me give you an example. If the Cocos (Keeling) Shire was a local shire of Western Australia and we wanted to discuss an issue on local government, regional development, education, health or community development, we would have to deal with four government departments and four separate ministers. Here we have one-stop shopping: one minister; one department. If you have a very good political strategy and you have the respect of that minister and the department so that they can see that you know where you are going, it works far more effectively than if you incorporate into WA. But you must know the game, how it is played politically and within the department to make it as effective as possible. So the current system would work far better than being incorporated into WA, which would add another layer of governance.

**CHAIRMAN**—Would you believe that your penchant for more self-government—I am loath to mention a system—would be enhanced by having the one assembly for the two Indian Ocean territories?

**Mr Grant**—I believe any cooperation between the two territories can only be mutually beneficial. The facts are that both territories have a small population and both territories have a degree of infrastructure and resources. If the two territories could work far closer together, you could most probably streamline the resources that you are using and prevent some duplication. I think also by making the two fairly unique territories work closely together from an economic development point of view, it becomes very attractive for, for example, tourism or other resources to attract investments and people from South-East Asia.

**CHAIRMAN**—It may seem apparent, but what do you see as the best economic growth for Cocos (Keeling)?

**Mr Grant**—At the moment, from economic development, small-scale tourism would be one thing. What you have to understand is that when tourists come to Cocos they want to see something. That is why the Cocos (Keeling) Island Economic Development Association has a broad range of projects which go from the coconut oil project down to the mengkudu, the beche de mer project, the black-lip oyster pearl project and also the tuna project. When people come to Cocos, especially from South-East Asia, they normally only come for holidays of four to seven

days. They are not long stayers but they really like to pack a lot into that, so you have to have a number of niche economic developments they can go and look at whose products they can buy and provide them with an interest while they are here. Again, it has to be put in perspective. It has to be sustainable and by the sheer land area and population, it will not be huge. It will be reasonably small.

**CHAIRMAN**—Given the geographic isolation of Cocos-Keeling and the very small population, is it an expectation that the same services should be delivered by the government on Cocos-Keeling as are provided on the mainland?

**Mr Grant**—Again, it is a doubled-edged sword. Members of the committee have visited the Cocos (Keeling) Islands. Since I have been here, since 1986, the government has changed from the Australian Labor Party to the Liberal Party and the National Party coalition. Basically, over that 20-year period, no matter which political party has been in government, the residents of the territories have received fairly good services, taking into account the small populations and distance from the mainland. That includes areas like local government, education, health, community development, infrastructure, like the airport, other infrastructure projects, like powerhouses and that, and the waste water management plant. So you would most probably find that in some regards the population of the territory of the Cocos (Keeling) Islands is in advance of some of the more remote communities in areas like Western Australian or some of the other states. I do not think you can really fault the government on the services they are providing as a baseline. They can always be improved. But, once again, taking into account the small population and the small land size, I really feel that governments of both political persuasions have done quite a good job on Cocos, and that is improving all the time. You just have to look around and see what the changes are to appreciate, over a 20-year period, how much progress has been made.

**CHAIRMAN**—Thank you for your time today. It has been most interesting listening to you, even with this telephone hook-up. If there are any matters on which we might need additional information, the secretary will write to you. On behalf of the committee I thank you again for your participation today.

[11.32 am]

**WATKINS, Mr Kel, Sole Proprietor, Freightshop**

**CHAIRMAN**—Before you proceed, Mr Watkins, let me go through the statutory recitation I am obliged to make. I remind the witness that, although the committee does not require you to give evidence under oath, this hearing is a legal proceeding of parliament and warrants the same proceedings of parliament itself. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The committee has received a submission from Freightshop, which we have numbered one. Are there any corrections or amendments you would like to make to that submission?

**Mr Watkins**—No.

**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 wish to make an opening statement?

**Mr Watkins**—Freightshop is a freight-forwarding company that has the freight contract for both of the ways that you can get to the islands. We do all of the airfreight. We have been doing airfreight to the territories for 11 years, but have been the sole provider for the last five years.

**CHAIRMAN**—And that operates out of Fremantle?

**Mr Watkins**—No, out of the international airport. I have given you a little bit of literature. In case you do not know, when a plane comes in from wherever it might be, all the goods have to go to a cargo terminal operator. There is Qantas, Perth Cargo Centre, Australian Air Express and Freightshop. Each of those cargo terminal operators looks after certain airlines, so Qantas does Garuda, their own flights and Singapore Airlines and so on. We only do National Jet Systems.

A client then has to go and collect documents from the cargo terminal operator at a cost and then it depends if the goods are over or under \$1,000. This is under the change that came through in October last year. If the goods are over \$1,000, they have to find a licensed Customs broker, who then puts it on to the system and gets it cleared by Customs. It then may or may not go through quarantine before the client can pick up the goods. If the goods are under \$1,000, you can go to any entity that is on the ICS system, the interactive cargo support system, who then does the same thing. They clear the goods and may or may not have to pass them on through quarantine.

None of the other cargo terminal operators will clear the cargo for you. Qantas, Perth Cargo Centre or Australian Air Express are not Customs brokers; although they may be on the ICS system none of them chooses to clear the goods. So the difference for the territories is that once the plane comes in it comes to us, and if it is under \$1,000 we can clear it. So we can do two jobs as one. In that way it has decreased the costs slightly to the islanders for goods under \$1,000. My

submission is about goods over \$1,000. We are not licensed Customs brokers so we farm that out and have the job done by a licensed Customs broker.

On the last page I have jotted down the various permutations of getting goods into the country. Goods under \$1,000 not requiring a quarantine inspection is the cheapest way in. All the charges are our charges, and for that the cost is \$57. For goods under \$1,000 that require an AQIS inspection which we can do through the computers and they do not physically have to come and see the goods the cost is \$107. For goods under \$1,000 requiring a physical AQIS inspection—in other words, they want to actually come out and physically look at the goods—the cost is \$199. For goods over \$1,000 not requiring quarantine inspection the cost is \$188 and for goods over \$1,000 requiring quarantine inspection the cost is \$330.

My submission is on behalf of the islanders. There is nothing in it for Freightshop either way. My submission is about goods that either go up to the islands and we know they are going to come back or goods that come down from the islands and we know that they are going to go back to the islands. It is the cost of getting those goods in. For example, if a tradesman tenders for a small job and takes up his toolbox with 100 kilos of tools, when he comes back he might find that, because they are tools, Quarantine wants to see them and he has got a \$330 charge to get his tools back into the country. However, if they were under \$1,000 and Quarantine did not want to see them, it would be \$57.50.

A lot of people get caught. They think, 'This is Australia but I've got to pay to get my stuff back.' Surgical equipment quite often goes up to the hospitals for a one-off surgical procedure. It might be a \$50,000 machine but it goes up. Obviously it is surgically cleaned up there but still, because it is surgical equipment, Quarantine say they want to see it so it is \$330 to get it back into the country. If somebody's car breaks down and they crack the cylinder head, normally it is cheapest to repair them so they send it down to get it repaired, but it costs \$330 to get it into the country, and so on. So it is this area of goods that are going up there for a job and we know they are going to come back or goods that are sent down for calibration or repair that we know are going to go back to the islands. On the islanders' behalf, I feel that there should be another way to do this without it costing \$330. Basically that is my submission.

**CHAIRMAN**—Let me just start before I go to some of my colleagues. For all intents and purposes, then, both the Indian Ocean territories are treated as foreign entities for the purpose of Customs. In other words, if something was brought in from Mauritius, it would not cost any more than \$330 to bring those goods in, even if it left here to go to Mauritius.

**Mr Watkins**—It probably would be a little more. To pick up the documents from the cargo terminal operator would cost a bit more. Roughly, in answer to your question, yes. It does not matter whether the goods are coming from Zurich, Mauritius or Singapore: the territories are treated as an international destination. As I said, that flummoxes a lot of people who think they are staying in Australia.

**CHAIRMAN**—Have you any idea what is the aggregation of the impost by Customs with goods over \$1,000 returning to Australia?

**Mr Watkins**—Customs itself charges \$41.10. If you have a look at goods over \$1,000 requiring or not requiring AQIS inspection, our \$57.50 is still there, there is \$41.10 for Customs and then \$90 for the licensed customs broker.

**CHAIRMAN**—What do you think that \$330 would cost, say, Cocos (Keeling) Islanders altogether? Have you any idea of that figure?

**Mr Watkins**—I do not have a split-up for each island, but we would do four to five of those a week.

**Mr SNOWDON**—That is 75 grand.

**CHAIRMAN**—That is a lot of money, isn't it. What danger is there if goods over \$1,000 come back in? You mentioned tools. I find it ludicrous that we are sending elephants to Cocos (Keeling) Islands for quarantine and then, if something comes back from Cocos (Keeling) Islands that is perhaps not of an animal nature—say, a medical machine—because of its cost it is quarantined.

**Mr Watkins**—It is quarantined. Quarantine have a thesaurus of words, and all of those words will trigger the requirement for an inspection. To give you an idea, last week—I think it might have been from Cocos Island—they sent back a bronze plaque. I do not know why. Maybe they wanted something added to it or something like that. But 'plaque' triggered the quarantine.

**Mr SNOWDON**—One would think about tooth inspections, toothpaste.

**Mr Watkins**—So it was \$117 for them to come and inspect the bronze plaque.

**CHAIRMAN**—Was the bronze plaque attached to something, perhaps a wooden frame?

**Mr Watkins**—No.

**CHAIRMAN**—It was just a bronze plaque?

**Mr Watkins**—It was just a bronze plaque. In the 11 years I have been involved with the territories I have never seen Quarantine inspect something and say: 'That's bad. We will burn it, fumigate it, destroy it or whatever.' It has not happened.

**CHAIRMAN**—Are there any other islands that are an integral part of Australia—of course Cocos (Keeling) Islands and Christmas Island are—that you are aware of that have these imposters?

**Mr Watkins**—I do not know.

**Mr SNOWDON**—What we do know is that Groote Eylandt, Bathurst Island, Melville Island—none of the inhabited islands off the coast of the Northern Territory, for example—do not have that requirement.

**CHAIRMAN**—And that includes Lord Howe Island, the multiplicity of islands off Queensland—insofar as they are an integral part of that state—Kangaroo Island and the Bass Strait Islands. None of them have that—I know that. I thought we might have an incident where there was another quarantine situation.

**Mr Watkins**—I think it is because you can fly out of those islands to another country. Via Christmas Island you can go north.

**Mr SNOWDON**—But you can do that from any other island, too. You might not have a commercial airline, but if you have got a charter you can charter out of the country.

**Mr CAUSLEY**—AQIS do have some checks on the Torres Strait Islands.

**Mr SNOWDON**—Yes, but that is because of the seagoing stuff. You can physically fly out of Bathurst Island and go to Indonesia.

**Mr Watkins**—I appreciate that the Bureau of Statistics, mostly, want to know how much money is going out of the country and how much is coming into the country. I presume that is how they get their balance of payments figures. In that respect they treat that as an export. For everything we export the dollar value is added to our balance of payments figures for exports and vice versa. But, as I said, if something is going up and back then it should not worry the Bureau of Statistics if it does not get recorded.

**Mr SNOWDON**—What are the costs for going up? Are there costs for going up in addition?

**Mr Watkins**—If the goods are over \$2,000, we have to declare it to Customs, which is where I think it triggers the Bureau of Statistics. That has a \$25 charge.

**Mr SNOWDON**—And that is regarded as an export?

**Mr Watkins**—That is an export. That is to get an EDN, an export declaration number.

**CHAIRMAN**—I find that quite extraordinary. It sounds simple enough, but when you aggregate it—I am taking on face value Mr Snowdon's quick mental calculation of the rounded figure of \$75,000—it is an inhibiting factor. It also seems very strange that, although it is an integral part of Australia and although the Constitution says there should be free trade between the states, here is an impost on the most vulnerable of our Australian communities. There is no doubt that Cocos (Keeling) Islands, and Christmas Island to a lesser degree, are very vulnerable to these sorts of charges.

**Mr Watkins**—I can see the reasoning behind it. It is to stop people, say, from buying plasma TV sets in Singapore and sending them on down to Perth. Obviously they would have to pay all the related costs—import duties, GST or whatever it is. I am just concentrating, as I said, on things that go up and back. It is a net zero at the end of the day.

**CHAIRMAN**—I do not know if the same is applying to Norfolk Island, which has international flights—unlike Cocos (Keeling) Islands, which I understand does not have international flights. It may have some private aircraft coming in there but it does not have

international flights. They could suffer the same irregularity by bringing goods into Norfolk and then transporting those goods back to Australia. I do not know under what provision, but then I think the Norfolk Islanders handle their own customs.

**Mr Watkins**—It creates a considerable problem, too, for people who buy, say, a \$1,005 photocopier or printer or whatever that arrives up there and is not working. Then somebody—whether it is the Christmas Islander who gets stuck with it or the company that produced it—decides it is not worth bringing it back. So they scrap it. It just seems to me in this consumer age to be terribly wrong that they may as well throw it in the ocean as bring it back and repair it.

**CHAIRMAN**—Yes.

**Mr CAUSLEY**—It might surprise you that it is happening on the mainland, too, these days. We do not repair things; we buy another one. These broker-to-broker figures for customs seems high to me at \$90. Are these set fees regardless of what time it takes?

**Mr Watkins**—No, you can shop around. We regularly shop around to find a broker who can do a little better.

**Mr CAUSLEY**—What does the broker do for \$90?

**Mr Watkins**—That is a good price.

**Mr CAUSLEY**—But what do they do?

**Mr Watkins**—They basically type the information into a computer, wait and then a little flag comes up that says, ‘It’s clear.’

**Mr SNOWDON**—So they type a descriptor in as to what it is?

**Mr Watkins**—Yes. There are a couple of pages of information and they have to find the AHEC code. There is a book with all the codes that lists everything in the world and you find a code. Basically it is computer work. It is good money if you can get it.

**Mr SNOWDON**—What happens if it is flagged—say I have an item and they punch the information in and it is flagged as something which needs attention?

**Mr Watkins**—Occasionally Customs do ‘redline’ something. Generally anything over I am not sure if it is \$10,000 or \$20,000 gets redlined and Customs reserve the right to go and inspect it. But generally whatever happens as far as Customs is concerned it does not alter the price that anybody charges. Quarantine is the one that costs a lot. That \$117 is a minimum charge by Quarantine to come out and look at it and stamp the airway bill and go away again.

**Mr SNOWDON**—It is the cost of bringing a Quarantine person over to have a look at the product and make an assessment?

**Mr Watkins**—Yes. There is a way that this could be bypassed, but technically it would not be right, I guess, given that there are all these procedures in legislation. If Freightshop had the green



light to just go ahead and say: 'Look, we know that went up there last week and here it is coming back again. We can treat it as a less than \$1,000 item not required to be seen by Quarantine.' We can do that. As we put it on the system, we just take a box. That would get it straight back in at \$57.50. We would need permission to do that, obviously, because it is not worth less than \$1,000.

**Mr SNOWDON**—So every item which is airfreighted up is dealt this way. What about sea freighted items?

**Mr Watkins**—They still require an export consignment—an EDN—which is \$25. I am not sure of all the requirements, but I suspect they are largely the same for sea freight. I had probably best not answer it, because we do not do sea freight.

**Mr SNOWDON**—But as a freight consolidator you expect similar treatment, regardless of the means of transporting to and from?

**Mr Watkins**—Yes. I do not think the Quarantine requirements are nearly as strenuous by sea. They may just say, 'Right, fumigate that whole container,' and 50 people have goods in there. I had better leave it as I do not know.

**Mr SNOWDON**—We might ask the secretariat to inquire on our behalf.

**CHAIRMAN**—I am sure they would be delighted to do that, Mr Snowdon!

**Mr SNOWDON**—And tell us by one o'clock!

**CHAIRMAN**—Are there any other aspects of freight and the contact that you have with the IOTs that are of concern to you? For instance, do you see the present air contact that we have with the IOTs as going on—not going on ad infinitum; nothing does that except death and taxes? Do you see that as being some sort of problem to you? Do you think about the longevity or the lack of longevity of those flights?

**Mr Watkins**—There are two parts to that. The actual cost of getting freight to the islands, if you compare it with getting freight to other international destinations, is I think reasonable. The documentation side of it is \$55. You cannot do it for that to anywhere else in the world—it is \$100-plus now just about. The freight charge itself of \$6.45 a kilogram, when you compare it with something of equal distance like Jakarta or Singapore, is high, but it is an island and it is a special flight, so I do not think it is an unreasonable charge. Export freight charges I think are fair enough.

The actual provision of freight services at the moment is adequate. It just depends on what finally does or does not go ahead on Christmas Island. Cocos Island freight is very static. Briefly, there are three flights a week: National Jet Systems do two of them and they do the triangle—both islands. On the Thursday flight we concentrate on putting Cocos freight on first, because there is another flight going almost at the same time to Christmas Island with almost unlimited capacity. So we get Cocos freight away on the Thursday. Food, mail and medical supplies are the priority. Then on the Monday flight we pick up the rest of the Cocos stuff plus whatever might come in over the weekend for either island.

The other method is a charter flight with Aust-Asia Airlines, which comes down from Singapore now. It was Denpasar. It is now Singapore to Christmas Island. It has a lot more capacity. We are sending up to three tonnes a week that way.

**CHAIRMAN**—Via Singapore?

**Mr Watkins**—Yes, via Singapore. It was via Denpasar and then it was via Jakarta. With the services at the moment, we rarely at the end of a week have freight left over in the warehouse. National Jet Systems try to give us a minimum of 600 kilograms per flight, so that is 1,200 for the week. That is adequate for Cocos Island almost whatever happens. Then the other one can take everything for Christmas.

**CHAIRMAN**—When you say ‘the other one’, do you mean the other flight?

**Mr Watkins**—Aust-Asia Airlines. The two National Jet flights give us a minimum of 600 kilograms on each one.

**Mr SNOWDON**—How do you freight to Singapore—by Qantas?

**Mr Watkins**—Singapore Airlines, mainly because Aust-Asia Airlines charter a SilkAir flight, which is related to Singapore.

**CHAIRMAN**—And SilkAir is going to go via Denpasar?

**Mr Watkins**—No, SilkAir go straight from Singapore to Christmas Island.

**Mr SNOWDON**—What is the difference in freight cost to Christmas Island using the SilkAir route as opposed to the National Jet route?

**Mr Watkins**—None. It was slightly cheaper but, when they were flying from Jakarta and Denpasar, the charges that were levied, both on and off the books, got higher and higher and higher. So Aust-Asia Airlines has just slowly brought their charges up to match National Jet Systems’.

**Mr SNOWDON**—Could I clarify that? Aust-Asia fly Perth-Singapore, Singapore-Christmas, and can land freight in Christmas at the same cost per kilo as Perth-Christmas by National Jet?

**Mr Watkins**—Almost. Aust-Asia does not do the Perth-Singapore leg. We just go on the commercial Singapore Airlines. But, in answer to your question, yes.

**Mr SNOWDON**—The total cost?

**Mr Watkins**—Yes, the total cost to the clients is the same.

**CHAIRMAN**—That has been very interesting. I thank you for your attendance here today, Mr Watkins, and 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.

[11.56 am]

**JARVIS, Mr Robert Charles, Private capacity**

**CHAIRMAN**—Welcome, Mr Jarvis. Would you like to say anything about the capacity in which you appear before the committee today?

**Mr Jarvis**—I appear here because I was the CEO of the Shire of Cocos (Keeling) Islands between April 1998 and October 2004.

**CHAIRMAN**—I remind you that, although the committee does not require you to give evidence under oath, this hearing is a legal proceeding of parliament and warrants 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 a contempt of parliament. The committee has received a submission from you, submission No. 3; are there any corrections or amendments you would like to make to your submission?

**Mr Jarvis**—I would like to make a general comment in that, when I gave that evidence, it was shortly after I left Cocos to come to Western Australia.

**CHAIRMAN**—I will give you the opportunity to do that in just a minute. Just let me get through these statutory obligations I have. 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. Now, before we ask you some questions, do you wish to make an opening statement?

**Mr Jarvis**—I would like to say that it is some time since I first indicated that I would like to give evidence to this hearing and it was postponed. I took the liberty of calling the Shire of Cocos (Keeling) Islands in the last few days to update my information and I believe that, since the time when I first came back to Western Australia from Cocos, there have been a number of positive developments which I believe conflict with my original evidence. I was very pleased to hear of those changes. So it is a general statement. I spoke to the shire president at length, asked him specific questions relating to my evidence, and there have been a number of changes which I believe I have been very positive.

**CHAIRMAN**—Would you like to make an opening statement and then perhaps weave in those changes that have been made since you wrote your statement?

**Mr Jarvis**—I believe the relationship between the shire and the Commonwealth has significantly improved. I believe that some of the officers have moved on. I do not mean any disrespect to them, but I believe the relationship now with the Department of Transport and Regional Services is a very positive one. Some of the conflicts that had arisen during the time that I was there have since been resolved. I am very pleased about that, as I have a personal interest in the success of the Indian Ocean Territories.

**CHAIRMAN**—Would you like to tell the committee what those conflicts are—in a generic sense, if you do not wish to put it in detail?

**Mr Jarvis**—There were some issues about the shire wanting certain assets that Christmas Island shire had been given and I believe some undertakings have been given by the department that those assets would be forthcoming—specifically, a depot for the shire on West Island, which has been a contentious issue over a number of years. Christmas Island received a depot funded by the Commonwealth for some hundreds of thousands of dollars; the shire of Cocos was paying rent for a relatively inferior facility on West Island. I believe that issue is about to be addressed with the transfer of some assets and I am looking forward to hearing that that is the case.

**CHAIRMAN**—Do you wish to read in any further statement?

**Mr Jarvis**—I would be happy to answer questions rather than read the statements, because, as I say, I believe there are some corrections, or changes of heart, about some of my evidence since I arrived back in Western Australia.

**CHAIRMAN**—That is very good. We would be delighted to ask you some questions.

**Mr CAUSLEY**—In your original submission, which you may like to clarify, you say:

The cause of greatest concern for the Shire's and many residents is the role of the head of the Territories section of the Department of Transport and Regional Services ...

Is this a battle of the two bulls to see who is the most dominant in the paddock?

**Mr Jarvis**—I never saw it that way at all. In fact, the head of the department probably had some cause for feeling that way. The department head saw himself as the equivalent of our state government, and it was a statement that that particular person made on a number of occasions to me and to the shire. I guess that rankled a little, because we did not elect him; he was a Commonwealth bureaucrat. That person has moved on and I have not heard any similar comments. However, in effect, it is probably still the case that a number of decisions are made by the head of the department as a de facto state government. They are to do with transfers of assets and various day-to-day issues which affect residents and the local governments.

**Mr CAUSLEY**—Going through a few of the things here, I am just wondering whether in fact it was a shire responsibility or whether it was not a government responsibility. Would you be saying that there just was not enough liaison, I suppose, between the two bodies? Some of it seems to be that the government did have to make the decision and that it was not a shire responsibility.

**Mr Jarvis**—If we are talking about governance issues, we would have expected some of the decisions to have been made by an elected person, and I believe that the head of the department may have felt considerably more latitude than that in the day-to-day operations of the territories. I give an example of the heritage buildings on the islands, where the shire had been told that it was our responsibility to ensure that the Heritage Act was being maintained. When we received applications for building licences for buildings that had been listed as being of heritage

importance, we read them chapter and verse on what was required and then it was referred to the Heritage Commission.

A number of buildings—houses—were altered by the local Commonwealth administration without consultation with the shire. We know that the Commonwealth has an exemption, but various ministers had suggested to the shire that they would do the right thing and submit plans to the shire. We were concerned that a number of buildings were altered by the Commonwealth. The buildings were altered in a way that made them more liveable, so I have no concern about that at all. They were good designs and they were good alterations. The fact of the matter was that we were bound to require developers to submit plans and then refer them to the Heritage Commission.

When the matter was raised with the local administration, the comment was that ‘we are exempt’. We knew that, but various ministers had given undertakings that they would submit plans to the shire. I believe that is being done now, and that issue has been resolved. But at the time it was of concern to me that we were giving a mixed message to developers—the shire told them they had to do certain things and the Commonwealth had actually undertaken to change some of their own buildings without going through the same process.

**Mr CAUSLEY**—When we were over at Christmas Island, in particular, there was quite a substantial amount of evidence to support having an independent government or interim body to govern the Cocos (Keeling)-Christmas area. I come from the North Coast of New South Wales, and we have just had a forced amalgamation of five local government areas into a body of about 80,000, because the state government said they were uneconomic. As an administrator, how do you see that self-government over there could be financially and politically viable?

**Mr Jarvis**—The economics of it is something I am not qualified to talk about. I was concerned about the introduction of state legislation and the application of Western Australian law to the two territories. I felt there should be an interim body, which probably would be best done as a joint Christmas-Cocos islands group.

At times, I believe Commonwealth legislation has been applied when it needed to be modified before it was applied. I will give an example. The Western Australian Local Government Act requires that a copy of a local law is sent to the joint house committee, which is a Western Australian parliamentary committee. No such body exists in the Commonwealth, and we ran into a dilemma when someone contacted a lawyer and challenged one of our local laws. The reason they challenged it was that it had not been to the joint house committee. When I spoke to the department of local government in Western Australia, they asked, ‘Why would you send it to us?’ It is a Western Australian committee and has no jurisdiction over the Commonwealth. It is there to look at compatibility with other Western Australian laws, rather than with Commonwealth laws. That is a simple example. When laws from the state are applied in the territories, there should be some consideration given to certain elements of those pieces of legislation which do not quite fit. In that case, it was the basis for someone prepared to make a legal challenge against a shire’s local law-making ability.

I feel that a body that was local and had representation from the two shires and other bodies and that could look at the application of Commonwealth legislation in the two territories could resolve some of those anomalies. In the end, when any body is mentioned in state legislation that

does not exist in the Commonwealth, it defaults to the minister for territories and local government. That can be very appropriate. I am not criticising that. But there are times when the minister might be the proponent and also the appeal body because of the way it defaults to the minister. That could be a problem in some circumstances. I cannot give any specific examples of when it has been a problem, but it could. If the Commonwealth was developing Commonwealth land for sale, for example, the shire imposed planning restrictions and the Commonwealth appealed then the planning appeals tribunal would default to the minister unless that has subsequently been given to the state planning appeals tribunal.

Those are the sorts of issues that need to be looked at when state legislation is applied. The example I mentioned did cause us some concern. We were facing litigation. We believed we had done the correct thing. It did not eventuate, but it was an anomaly that we saw as potentially dangerous.

**CHAIRMAN**—It was Caesar appealing to Caesar.

**Mr Jarvis**—There was no federal equivalent of the Joint House Committee, which is two state chambers that get together, look at a new local law and see if it contradicts or complements existing local and state laws. It is a requirement for a shire when they are promulgating a local law that they send it to that committee for comment and to make sure it meets its requirements. There is no Commonwealth body which meets that requirement.

**Mr CAUSLEY**—On the issue of self-government, in your opinion, how could an elected body in Cocos Keeling and Christmas have financial rigour when they were not getting most of their funds from their own constituents but from grant funds from the taxpayers of Australia?

**Mr Jarvis**—The best way I can answer that is to say that one of the models that the two shires were looking at was the formation of a regional council under the Local Government Act of Western Australia. It would give them some joint responsibilities for things like waste management and other issues which regional councils typically do. We saw that as a way of sharing resources, some other issues and even staff. The two shires, for a period of time, did share staff. We shared a principal work supervisor and, at the time, that worked very well. We also felt that that might be an appropriate body to look at such things as local laws. We had a federal minister at that time who was asking the shires to take on additional responsibilities in health and was even asking the shires to consider taking over the medical facilities and look at policing and at taking over responsibility for the schools.

That minister is no longer the minister, and I do not believe subsequent ministers have had that view. But at that time, quite a considerable amount of comment was made to the two shires that they should consider taking over those key services. We thought that could be best done through a regional council, in the first instance, with additional powers given to it. It was an interim arrangement in which the population would need to be widely canvassed about any further advance into self-determination.

I do not know that the issue has ever been broadly canvassed with the residents of either territory, and I believe that would be the next step. But I thought at the time that a regional council would be an appropriate first step to get some cooperation between the two shires and some economies of scale, and also to look at what other tasks the Commonwealth might like to

give it to satisfy some of the minister's requests. Again, those minister's requests, I believe, are no longer being pushed at the two shires because that minister is no longer the minister.

**Mr SNOWDON**—For the sake of the committee, there was some work done on cost-shifting, as I recall, and the minister was Minister Tuckey.

**Mr Jarvis**—That is correct.

**Mr SNOWDON**—For the benefit of my colleague down the end of the table and for the sake of the discussion, we know that in the case of the Northern Territory they are a mendicant territory: 80 per cent of their budget revenue comes from the Commonwealth. So there are examples of where self-governing territories, or in this case the Northern Territory, are dependent on Commonwealth resources. So I do not think we should be too fazed about the prospect of self-governance or more self-governing responsibilities and then the issue of the fiscal approach. Since you have come away from the territories, have you had any further thoughts on these sorts of issues which you have not put in your submission but which you might like to advise us of now?

**Mr Jarvis**—A view that I still hold is that it is very unlikely that the two communities would want to become part of Western Australia, and I understand that is still the proposition of the department—that the two territories should become part of Western Australia. I am not sure, because it has never been tested, whether or not the people of Western Australia would want to inherit the two Indian Ocean territories. If I am correct in those assumptions, I believe the people in the territories would like to see some form of self-government so that they have some say in some of the decisions that are made about their day-to-day lives.

I still believe that a small start, with considerable Commonwealth involvement—because, as you mentioned, they are the major funder of the two territories—and the involvement of the two shires, being the only two elected local governments because there is no state government, would be an ideal model to test the waters. I believe that, if they were given the opportunity to jointly receive funds for various issues, to carry out some services which the Commonwealth wishes to devolve—and at various times the department has been very keen to devolve certain responsibilities to the territories—then it would be a way of seeing if that worked, if it had the support of the community, and the federal government could then consider further advances. The two shires, I believe, are still willing to join together for that purpose and I think it would be a very useful way of giving the residents a feeling that they have some say in their own position.

The other issue about applied legislation, I suppose, is that Western Australian ministers live or die politically depending on the success of their legislation. If it is considered to be a bad law in Western Australia, it changes. The residents of the Indian Ocean territories do not see themselves as having any say in that. When a law is applied in the territories, they have not voted for the minister who has actually put it in place or the government that has put it in place, but it is applied almost universally to the territories. I think there have been some very good pieces of legislation that have been applied in the territories, and Western Australia has some good models. And I am not saying that the laws that have been applied are bad; I think there have been some anomalies. But I think there is a feeling amongst residents that they have a certain electoral powerlessness in what is applied.



**Mr SNOWDON**—So there is no process for the implementation of state laws—

**Mr Jarvis**—I believe that, generally, when state laws are changed or amended, they are applied.

**Mr SNOWDON**—What I am getting to, though, is having, say, a honeymoon period of six months for the application of any law. It would be referred back to a body which is based out of the islands community so they could consider and make recommendations to the minister about the application of the law. Would that be one way of addressing this?

**Mr Jarvis**—I think that would be a very good first step. The two councils and even some elected community members being initially involved with the Commonwealth might provide a very useful interim way to have a look at some form of self-determination. I understand the economics of the two territories only too well, having run a shire in a very remote location. I recognise the costs associated with that and the differences with working in local government on the mainland. I understand the economics of it all and that the Commonwealth will for some time be putting its hand in its pocket to fund the two territories. But I think the residents, although a small group, do feel that they would like to have more of a say in decision making. This would be not a bandaid or a sop to their concerns but a useful first step in perhaps considering a broader involvement of the community in self-determination, particularly in the application of law.

**Mr SNOWDON**—Can you think of any area where an SDA could be carried out by the local government or the shire as opposed to the West Australian government?

**Mr Jarvis**—There may be some. I think most of the SDAs work extremely well. The local government one in particular, which I am most familiar with, works very well. I can think of some conflicts of interest where the SDA provider in Western Australia may be asked by the Commonwealth to do a particular study. Say the planning authority was asked to provide some planning advice to the Commonwealth. They would then not be seen by the shires as independent, because they have provided planning advice to the Commonwealth. When a development application comes in, that is the body that the shires would refer their decisions to. I think there is a potential for a conflict of interest when an SDA has a contractual arrangement with the Commonwealth and is also seen as the repository of knowledge on that legislation. They are sometimes contracted by the Commonwealth to perform some functions for them. I think that can potentially be a problem. But I must say as a general remark the SDAs have worked extremely well.

**CHAIRMAN**—Given the not inconsiderable experience that you have gleaned—is it over six years?

**Mr Jarvis**—Almost seven years.

**CHAIRMAN**—That is a long time for a CEO to be sentenced on those isolated territories. Given that experience, do you think the people of Cocos would be better served with more autonomy in the delivery of, say, the SDAs?

**Mr Jarvis**—I do not know that there are the resources and expertise locally for many of the SDAs. That was one of the concerns I expressed when we were asked to look at taking over the schools. Dealing with education departments across Australia, whichever one is chosen, is not an area of expertise that necessarily resides in the territory. But I think the people who live there do have a sense that decisions are made without their involvement and consultation is not always good enough. To say ‘yes’ or ‘no’ is a good deal more important than having someone tell you what will happen. I am scratching my head as I speak to think of an SDA which the shires could do. There may well be some, but a lot of them require fairly large bodies of expertise in a department in a place like Perth—for example, land administration, health, education or the department of local government. I certainly would not suggest that local governments became the department of local government up there because then the watcher would be watching the watched, if you know what I mean.

**CHAIRMAN**—In your time on the island as a CEO, did you ever meet under the umbrella of the Western Australian Local Government Association or the Country Shires Association?

**Mr Jarvis**—Both the shires are now affiliated with sections of the Western Australian Local Government Association. The association has at times included draft resolutions from the two shires at the Australian Local Government national assembly and has provided the two shires with a voice through the Western Australian local government system, and that has worked exceptionally well.

**Mr SNOWDON**—One of those recommendations, was it not, was a resolution on self-government?

**Mr Jarvis**—Yes, it was.

**CHAIRMAN**—Once again I am leaning on your experience. If there were a plebiscite or referendum taken with three choices on Cocos—leaving Christmas Island out of it for the moment—those three questions would probably be: ‘Do you wish to remain the same as you are today?’ ‘Do you wish to be incorporated or absorbed into Western Australia as a local government and remain a local government?’ and ‘Do you wish to have more autonomy, along the lines of but not exactly similar to the Norfolk Island Legislative Assembly?’ What do you think, in your experience, may be the outcome of any plebiscite or referendum?

**Mr Jarvis**—My guess would be that one of the options would be rejected, and that would be the option to become part of Western Australia. If the question were phrased differently—‘Would you like to have more say in the decision making about how laws are applied in your territory?’—I think there would be a very strong response that, yes, they would like to have more say. In relation to the autonomy questions, I think they would want to know what the beast looked like before they said yes to it; I think it is too general a question. But, if the question were very definitely ‘Would you like to have a greater say in how decisions are made about your freight services, your tax regimes, your local laws and your applied legislation?’ I believe the answer would be ‘Most certainly.’

**CHAIRMAN**—How do you think that increase in the decision-making process should or would manifest itself?

**Mr Jarvis**—Again I think there needs to be an interim body set up with the Commonwealth, the two shires—and I push the two shires, because they are elected by the residents under the local government cycle—and community representatives to form a body as a trial with a range of responsibilities for the applications of state laws, for example, and perhaps oversight of local government activities and maybe other Commonwealth activities on the island. They are actually oversighted from Canberra or Western Australia at the moment. They may provide a very useful tool for the Commonwealth to get a better oversight of how services are delivered on the island and make the local populations feel like they have more say. I am conscious of the fact that someone from the territories office in Perth is here. When I say decisions are made off island, the relationship between the territories office and the shires is a very good one.

**Mr SNOWDON**—Come on!

**Mr Jarvis**—My experience is that it is a very good one.

**CHAIRMAN**—I think that is reasonable.

**Mr Jarvis**—I think they have endeavoured to understand the needs of the two shires quite well. There have obviously been issues between the shires and the territories office from time to time. When I am talking about decisions that are made from off island, I am talking about decisions that are made in Canberra at main office level which affect the islands—the introduction of ferry fares and the introduction of a whole range of things where it just happened and locals felt like they were powerless to do anything about.

**CHAIRMAN**—If you are able to reduce it to words, how would that deliver better services to Cocos (Keeling)? And isn't it reasonable to believe that the isolation of Cocos (Keeling), without taking regard of the low number of people there, means that it is almost impossible to deliver mainland style services on Cocos?

**Mr Jarvis**—I think there are some services that will never be delivered in the territory to mainland standards. Some of those are overcome by allowing residents to fly to Western Australia for the delivery of some of those services. I am talking about major surgical services and those sorts of things. Some of the SDAs have overcome that by regular visitation to the territory. I think oversight of how those services are delivered is something that the territorians could do very well, rather than that oversight happening from Canberra, where they have to send someone from Canberra to do a fact-finding exercise, if you like, to find out whether those services are being delivered well.

I certainly do not wish to advocate tokenism; it is a matter of a genuine concern that decision making should have a local component. We know that governments are elected to govern, and the federal government has a seat which encompasses the two territories. We understand that—and I am saying 'we' even I do not live there anymore, as I still feel very much a part of the place. But people do like to feel that they have some say in the direction of their lives and the decisions that are made around them. It is not a festering sore, but I believe it is a concern amongst people there. It raises its head when unpopular decisions are made where people in the territory may have been able to resolve the same issue if they had been consulted and been given the opportunity to provide a solution.

**CHAIRMAN**—Isn't it almost certain that it is only government that can supply potential on the island for increased employment, for children to go into trades and for children to learn some skills other than the ones they are currently denied? If that is affirmative, couldn't the Defence Department potentially supply those skills that are needed merely by its increased presence on Cocos?

**Mr Jarvis**—I have never lived on Christmas Island, though I have been there for holidays, so I cannot speak in any informed manner about Christmas Island. I think Cocos has the potential to provide substantial employment at local level. I think the fledgling idea of a coconut oil industry on island has real possibility, and the shire has had a study done on the potential for that. In these days where biodiesel et cetera is being looked at, there is the potential for a genuine industry to be developed in the territory producing cold-pressed coconut oil, which I believe is an excellent source of biodiesel. It could certainly replace the diesel that is carted to the territory now to run things like diesel generators. It would obviously require an investment from the Commonwealth or private enterprise. A private enterprise had shown some interest in it. Unfortunately, I have been away for some time now and I do not know where that is at. It was estimated in a study that some 36,000 coconuts a day fall on Cocos (Keeling) Islands. There is potential for that to be transposed into cold-pressed coconut oil and some figures could be done on the cost of transporting that to Jakarta to go to the rest of the world. There is also potential for coconut shell to be used to make high-quality carbon for the gold mining industry. Those sorts of industries have the potential but they would require a considerable investment.

When I left there was a fish farmer from South Australia who had been expressing some interest in tuna farming on Cocos. I do not know where that is at. He was having difficulties getting licensing arrangements and in some respects it was due to the overlap of Commonwealth and state laws. I attended a meeting in Canberra with the gentleman and the department said that the Commonwealth laws may be relatively easy but state laws may be more difficult and would need to be overcome. He was disappointed with that, but I believe he was still pursuing that. I am hoping that that might come to fruition.

I believe there is the potential for strong local industry to provide some employment. However, the idea of a patrol boat or a plane based on Cocos to do surveillance work has been toyed with by residents and the shire. Obviously that would provide some strong local employment as well in servicing the crew et cetera.

**CHAIRMAN**—Does that interest extend to correspondence with the relevant government departments?

**Mr Jarvis**—Do you mean Defence?

**CHAIRMAN**—Yes, in regard to the plane or the patrol boat.

**Mr Jarvis**—I cannot recall. I do apologise. I cannot recall whether we raised it with ministers or the department when they were on island. We certainly did raise the other issues with regard to potential industries on island, but I do not know if that was ever raised.

**CHAIRMAN**—What is the landed cost of diesel on Cocos?

**Mr Jarvis**—I could not give an informed answer because after I left the oil prices skyrocketed and I have no idea what the current diesel price is. Certainly there was an inequity in the price of unleaded petrol between West Island and Home Island. Home Island unleaded fuel came in drums and had to be decanted and West Island fuel was bulk delivered. The shire has overcome that. They started doing the earthworks when I left. We already had the tanks on island. They have now built a fuel depot on Home Island which they have leased to the cooperative. Bulk fuel is now being delivered on Home Island, which has apparently considerably reduced the differential fuel cost between Home and West Island.

The shire's concern was that it would hold back any economic development on Home Island particularly and that it was inequitable because of the difference between two communities which are only nine kilometres apart. The shire also had a major concern about the number of drums that it was required to dispose of in what is a very small landfill area. At one stage, the shire crushed hundreds of them and had them sent to Singapore. Another major issue for the shire on Cocos is that they have very small landfill areas.

The shire have done a lot about waste minimisation with assistance from the Commonwealth for capital costs, including chipping hard plastics to reduce volume, crushing glass bottles to reduce volume and shipping as many aluminium cans as they can off the island at a cost, because they do not have the space. On the acreage that they have got, if you dig down more than a metre it starts to fill with water, which is a concern. You can only use the land that is off the fresh water drinking lens, so that is a real economic issue.

One of the concerns we had—and I guess this is another issue for self-determination—is that some of the biggest producers of waste are Commonwealth services on the island. The disposal of refrigerators and stoves by teachers on the island et cetera is a real concern because you cannot bury fridges and stoves in the small landfill there. The alternative is to ship them back to the mainland and the freight costs are prohibitive, or crush them or deal with them in some manner where they are degassed first and then sent to Singapore—again, at incredible cost. The shire is seen as the responsible body and, at various times, it has been told it needs to be done on a cost recovery basis. To impose the costs for the disposal of a refrigerator or a stove would place an incredible burden, I think, on the residents. The shire has had to beg, borrow or steal, if you like, to find the money and join with the Commonwealth when the Commonwealth has been sending bulk waste off island and getting stuff sent to Singapore.

I am sure the Commonwealth has the same high costs in getting stuff that cannot be buried there off island as well. It is a really expensive problem that is not going to get better because as they use up the available landfill sites off the water lens—and they are using them up pretty quickly—they are going to reach a point where there is nowhere else to dispose of rubbish. I see that as a medium-term rather than a long-term problem.

**CHAIRMAN**—I will just ask the secretariat, while we are on that subject, whether they can get the prices of diesel and other fuel delivered on the island.

**Mr SNOWDON**—I can tell you that the price of fuel at the bowser on Cocos when we were there was cheaper than it is in most communities in the Northern Territory.

**CHAIRMAN**—That is interesting.

**Mr CAUSLEY**—There is no GST.

**Mr Jarvis**—I think the other fact might be that it is delivered by a ship, a tanker, rather than by road transport. That may mean that there are some economies of scale with bulk transport.

**Mr SNOWDON**—The other thing is that the introduction of the hybrid power system has had a fairly significant impact on their diesel consumption, I think.

**Mr Jarvis**—They were just starting construction when I left, and I have seen photos of the finished wind farm. The shire took some pride, I believe, in pushing very hard for wind generation to be included in it. I believe it has provided a significant benefit.

**CHAIRMAN**—I am very interested in wind power—in anything that gives us renewable power. In the United Kingdom, all of the most recent wind power has gone offshore. They have put them on old oil platforms or small islands because of the noise. There was some figure given—I think it was 900 birds a year each turbine kills. Finding these nice little feathered creatures at the bottom of the turbines every morning was not pleasant.

**Mr SNOWDON**—In this case, our friends on Cocos might see it as a boon.

**Mr CAUSLEY**—Seeing that we are digressing, I have an investment in my electorate which will give you tidal power so that we do not have to worry about any currents. I want to clarify some evidence that was given this morning. One is planning. I come from New South Wales, so it has devolved to local government in New South Wales with some overriding powers for the state. What is the process over there. Who does the planning? Is there a development plan for the area?

**Mr Jarvis**—Yes, there certainly is. The scheme was adopted, and this was certainly adopted after I left. The process was very well advanced when I left and was waiting for adoption.

**Mr CAUSLEY**—So this is fairly new, is it?

**Mr Jarvis**—When I arrived in 1998 they had a proposal before the state Planning Commission which did not follow the model scheme text. It was a flawed document. It was an old Commonwealth land use plan. It was not a forward-looking document at all. It referred to the quarantine station as a quarantine station and all other Commonwealth lands according to their current use and provided no flexibility for the planning authority of the shire to make decisions about any future use if they should become private. Because it did not follow the model scheme text, we withdrew it from the state Planning Commission. It would have been a disastrous document for us. It was inflexible and only reflected what was on the ground.

We did a cost-sharing arrangement with the City of Belmont at the time, who sent up a planning officer and did a greenfields town-planning scheme which followed the model scheme text under the Western Australian system. It took a long time for the process to go through. I will not say it took much longer—because it is always a slow process anyway, even for mainland local authorities—but it did take longer than normal. The Commonwealth, of course, were a major stakeholder and also made major contributions to it. I believe it was finalised last year.

You may have to correct me if I am wrong, but I think that was when the town-planning scheme actually came into existence.

I saw that as a real achievement, because it did provide the opportunity for the shire to look at Commonwealth land as it became private and have some planning control over it without fear of being challenged by developers over its town-planning scheme or lack thereof. I think it is an excellent document, and it was produced with the kind cooperation of a local government in Western Australia, although the shire had to pay its costs, of course.

Basically the town-planning system and approval process mirror Western Australia's. I believe that, more recently, some of the powers of the federal minister have been devolved to state bodies, to the state minister and to heads of department. So, over the years, territories office have started to fix some of those anomalies, where devolution of authority to certain bodies to make them more like Western Australia has happened.

**Mr CAUSLEY**—So in the past there could have been some confusion over the right land use. I think the claim was that they bought land considering that there was a certain land use and then found out that it was not available for that use.

**Mr Jarvis**—The town-planning scheme was for a number of years a town-planning system in application, and every year we had to renew a notice which said basically that the shire will give due regard to its town-planning scheme in application making decisions. That is a Western Australian process as well. But I do not know which particular property you are talking about.

**Mr CAUSLEY**—We are talking about Christmas Island, which is probably different, but I am just trying to get some planning issues in my mind because the claim was that this was put up by the Commonwealth for sale and it was supposed to have a certain land use and when they went to develop it they found that it was a different land use. Was it a bit confusing, going back—how many years was it; was it 1983?

**Mr SNOWDON**—It was 2002.

**Mr CAUSLEY**—It was 2002, was it?

**Mr Jarvis**—Christmas Island, similarly, when their scheme was finalised had to amend it almost immediately—that is my understanding; that is what I have heard—because there were some anomalies in it. That may be what caused the situation. With the one on Cocos, once we got rid of the document that was before the state Planning Commission, which was a flawed document, and we went through the planning process and put our draft scheme in place, I do not think that sort of confusion could have arisen. I certainly think the Commonwealth was very aware of what the scheme said and I believe the residents were very aware of the issues. Of course, Cocos is intrinsically different in that 60 per cent of the land area is owned by the shire and the pockets of privately owned and Commonwealth land are quite small. So there probably is less potential for conflict on Cocos, where the shire is the major land-holder.

**CHAIRMAN**—There is no gazetted town site on Cocos, is there?

**Mr Jarvis**—There are two town sites.

**CHAIRMAN**—Are they gazetted?

**Mr Jarvis**—Yes, they are. The scheme covers those town sites. There are a number of things which are still to be done that are shown on the town planning schemes, and I believe they are in train now. One of those is a cemetery for West Island, which is now being surveyed and readied.

**Mr CAUSLEY**—That really goes to my second question. I was going to ask if there is surveyed private land on the island and, for that matter, if your knowledge of Christmas Island extends to it, and who keeps the register of title?

**Mr Jarvis**—The registers are all kept by the Western Australian Department of Land Information. They have all the cadastral information for the survey work in the two territories. In fact, we received a commemorative first land transfer under the DOLI system—a little plaque with a copy of the plan, which we used to hang in the shire office as a sort of commemoration of them finally achieving that. But Cocos is extensively surveyed both by the Commonwealth and private parties. When I say private parties, some of the land which is shire land was required to be surveyed because the leases are over portions of a particular lot rather than the whole of the lot. It has required an internal survey to be done for a leasehold. The shire has had to do a lot of that. They cannot sell the land because it is held in trust, but they are able to lease it under certain conditions. So a lot of internal survey work has had to be done by licensed surveyors.

The Commonwealth on a number of occasions has had surveyors on the island who have gone back and confirmed a lot of their original survey work because some of the maps which were held locally by the Commonwealth were incomplete or incorrect. They have now gone back and corrected some of those. Some of those related to reserves that had been vested in the shire. For example, two reserves were shown on locally held maps whereas our documentation showed that those two reserves had been amalgamated. But DOLI, and formally DOLA, which was its predecessor, had records of all of those transactions.

**CHAIRMAN**—You have been a wealth of knowledge today, Mr Jarvis. Thank you very much indeed for your attendance. If there are any matters on which we might need additional information, the secretary will write to you. On behalf of the committee, thank you very much for your attendance and your evidence today. It was nice to see you again.

**Mr Jarvis**—Thank you. It is a pleasure to try and help some part of the world which I still feel very fondly about.

Resolved (on motion by **Mr Snowdon**):

That this committee authorises publication, including publication on the parliamentary database, of the transcript of the evidence given before it at public hearing this day.

**CHAIRMAN**—I thank Hansard and Broadcasting, who do an excellent job, and our secretariat, who do an equally good job.

**Committee adjourned at 12.43 pm**