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The Committee Secretary  
Joint Standing Committee on the National Capital  
and External Territories  
PO Box 6021  
Parliament House  
CANBERRA ACT 2600

27 March 2009

Dear Committee Secretary

**INQUIRY INTO THE CHANGING ECONOMIC ENVIRONMENT IN THE  
INDIAN OCEAN TERRITORIES**

Please accept the following submission in regard to the above enquiry

- COMMUNICATIONS SERVICES SUCH AS BROADBAND INTERNET,  
DIGITAL TELEVISION AND MOBILE TELEPHONY

Communications services to Cocos is similar to that received by most isolated mainland regions, however the continuity and speed of the service, particularly in regard to internet, telephone and mobile service leaves much to be desired. There is only one provider of broadband internet service, with a monthly fee of \$70 the service is expensive compared to mainland providers, the reception is slow and is subject to frequent disruption and outages.

Cocos does not have access to the mainland mobile networks, however it does have a local mobile service for the island, this service has a limited range and is subject to failure due to the age and fragility of the equipment. Due to the failure of the mobile service Cocos has been without a mobile phone service on Home Island for 3 months, and on West Island for 1 month.

Digital television reception is not available on Cocos. Currently the community receives ABC, SBS, GWN and WIN networks, with good reception. Home Island also has a satellite dish which provides reception for

two Indonesian networks. This satellite dish is supplied by the Shire and is currently in poor condition. The satellite dish on Home Island provides access to Malaysian/Indonesia programs and is cabled to all of the houses on Home Island for an annual fee of \$50 per household.

- TRANSPORT SERVICES AND COSTS INCLUDING PASSENGER AND FREIGHT TRANSPORT

#### Shipping/freight service

Without a doubt, the shipping service has the greatest impact on the economy of Cocos. With a cost freight of approx \$12,500 per 20 foot sea container it would have to be one of the most expensive sea freight services in the world. The cost of delivery of a similar size to our nearest neighbour, Christmas Island is approx \$7,000. It is difficult to understand the difference in cost when the ship visits both ports on the same voyage.

With no other competitor servicing the islands the shipping company has a 'take it or leave it' attitude toward Cocos when we endeavour to negotiate a more equitable shipping rate and service to the islands. The shipping service rarely on schedule and the 6 week cycle of visits to Cocos is rarely met, with breakdowns and rescheduling of the ship extending visits out to two months at times, with no shipping service to the islands for 3 months on one occasion last year.

The cost of freight and the scheduling of the service has a significant impact on how we conduct business on Cocos.

#### Airline passenger service

Cocos receives two commercial flights, Monday and Friday, with additional Saturday flights for school children at the beginning and end of each school holiday period.

Whilst the service schedule is adequate, it is expensive when compared with schedules for other similar distances. A full return airfare costs \$2,200 per adult person. It is anticipated that with the awarding of a new contract to the Indian Ocean Territories (IOT) there will be a reduction in the cost of airfares.

The aircraft currently servicing the IOTs, the BAe 146 has limited seating capacity (approx 56 pax, depending on cargo) to address the passenger demands of both Christmas and Cocos Islands, particularly during busy tourist period of June to October. It is not uncommon to be wait-listed for up to a month during this period. With the construction of the new Rumah Baru Passenger and Freight Facility on West Island there will be greater demand for seats on the aircraft with contractors competing with tourists, visitors and government agency staff.

- COMMONWEALTH GOVERNMENT SERVICES AND PROGRAMS

The Service Delivery Agreement (SDA) initiated by the Commonwealth ensures that Cocos is provided with adequate services and has access to service that the majority of remote mainland communities enjoy. The SDAs provided to Cocos are adequate and addresses the majority of the community's needs.

- THE OPERATION OF BUSINESS IN THE REGION

Cocos was formerly a Government outpost with all services provided by the Commonwealth, however with the gradual withdrawal of the majority of the services by the commonwealth it has created a situation where private businesses have filled the gap in providing these services. This has created a healthy business environment which addresses the majority of the community's needs, there is potential for limited growth to address the current unmet needs of tourists and to add to the tourist experience on Cocos.

The tourist potential of Cocos requires considerable more development, as tourism is seen to be essential for Cocos to achieve a greater degree of financial sustainability.

- COSTS AND AVAILABILITY OF HOUSING

The Shire provides 104 houses on Home Island for the Cocos Malay community, these houses are leased (65%), or rented (35%). The houses either 3 or 4 bedroom and timber framed fibro clad construction. They are built to withstand cyclonic conditions and are maintained in good condition. The cost of rental for a 3 bedroom house is \$135/week, and \$141/week for a 4 bedroom house. Overcrowding is an issue in some of the houses as it is not uncommon for 3 and 4 generations to be living under the same roof. Due to the pressure on existing utilities and limited water fresh supply, there is no potential to construct additional houses on Home Island.

Housing on West Island is in short supply and is expensive when compared with mainland costs. The majority of the houses West Island are owned by the Commonwealth and are used for accommodation of government workers and other private contract staff. There is limited serviced land available and at a cost of construction approximately 2.5 times greater than mainland capital cities there is little incentive for private individuals to build their own houses.

The shortage of available and affordable housing on West Island has a significant impact on being able to attract essential trades people to Cocos, consequently Cocos is without the services of an electrician to undertake maintenance and new work. This necessitates the hiring of electricians from the mainland to undertake electrical installations.

It is anticipated that the release of the 4 houses located on the former Quarantine Station will have a significant effect on housing availability on West Island.

- THE IMPACT OF CLIMATE CHANGE

The kampong, which houses the majority of the population (approx 450) of Cocos is located on Home Island is approx 1.5 metres above sea level. Any significant rise in sea level, or a tidal surge associated with a cyclone or a storm will inundate the kampong housing area of Home Island. Apart from the flooding of the houses inundation of Home Island will affect the sewer and underground power supply, and cause saline contamination of the underground fresh water resource. This would render Home Island uninhabitable for a period of time.

Monitoring of the sea level at Cocos indicates that there has been a slow and continual increase in the in the sea level. This increase has been noticeable during episodes of higher than predicted high tides. These high tides have caused flooding in low lying areas and a rise in the saline level of the fresh water lenses on Home Island.

The settlement area of West Island has an average height of 3 metres above sea level and as a consequence is not affected by rising sea level and inundation in the short term, although any change in sea levels has a significant influence on coastal erosion to all of the islands in the atoll.

A recent report 'Climate Change Risk Assessment for the Indian Ocean Territories' commissioned by the Commonwealth Attorney-General's Department indicates that there will be significant weather and sea level changes to the IOTs over the next 20 years (2030) to 60 years (2070). These changes are going to have an impact on the community of Cocos, and may, in the long term render Cocos uninhabitable.

Please do not hesitate to contact me should you wish to discuss the contents of this submission.

Yours faithfully

Michael Simms  
Chief Executive Officer