

Local issues—Cocos (Keeling) Islands

Shire of Cocos (Keeling) Islands

5.1 The Shire of Cocos (Keeling) Islands raised a number of issues with the Committee:

- Funding for the design and construction of the West Island community recreation centre
- A cyclone contingency plan for DIAC
- Placing of asylum seekers on regular passenger flights
- The cost of property insurance on the islands
- Waste management
- Coastal erosion
- The future of the quarantine station
- Trades training opportunities.

Recreation centre and cyclone shelter

5.2 The Shire expressed concern that funding for the design and construction of the West Island community recreation centre had not been made available – despite funds initially being earmarked for the facility. The centre was needed as a venue for indoor sports and social functions, potentially as short-term accommodation for asylum seekers, and as a cyclone shelter. This last point was especially significant given the limitations of the current facility (the Cocos Club) as a cyclone shelter and a venue for housing asylum seekers (they are now housed at the quarantine station). This, in turn, raised the question of cyclone

contingency planning by DIAC, given the inadequacy of existing facilities and the potential for asylum seekers to be on island during a cyclone.¹

- 5.3 In response, DRA noted that the initial tender for the recreation centre had failed to receive any compliant bids, and that the funds for the centre had been returned to general revenue. The Government had not yet considered further funding.² DIAC was responsible for the cyclone contingency plan for asylum seekers. DRA explained:

In terms of Immigration's plans you should refer to them for their detailed thinking on the operations of the Q station. We have made available to them the laboratory building. I understand they have had an engineer look at it to give them advice on its suitability as a shelter. I do not have the results of that work; that would need to be asked of them. I understand that their intention is to fly people out as soon as possible but the potential for a cyclone to affect that was the reason we suggested to them that they look at the laboratory building.³

Asylum seekers on flights

- 5.4 The Shire was also concerned about asylum seekers being placed on regular passenger flights. This practice had met with complaints from locals and visitors as paying passengers, and was seen as detrimental to the image of the islands as a tourist destination.⁴ This view was supported by the Cocos (Keeling) Islands Tourism Association, who also raised the issue of passengers being off-loaded from scheduled flights because of weight restrictions related to fuel requirements and excess baggage carried by DIAC and Serco.⁵ Nonetheless, the Committee was assured that there were no safety or security concerns about asylum seekers travelling on commercial flights, and no instances of passengers being off-loaded to

1 Mr Peter Clarke, CEO, Shire of Cocos (Keeling) Islands, *Committee Hansard*, Cocos (Keeling) Islands, 22 October 2012, p. 1.

2 Mr Julian Yates, First Assistant Secretary, Local Government and Territories, Department of Regional Australia, Local Government, Arts and Sport, *Committee Hansard*, Canberra, 28 November 2012, p. 5.

3 Mr Julian Yates, First Assistant Secretary, Local Government and Territories, Department of Regional Australia, Local Government, Arts and Sport, *Committee Hansard*, Canberra, 28 November 2012, p. 5.

4 Mr Peter Clarke, CEO, Shire of Cocos (Keeling) Islands, *Committee Hansard*, Cocos (Keeling) Islands, 22 October 2012, p. 2.

5 Mrs Julianne Bush, Marketing Manager, Cocos (Keeling) Islands Tourism Association, *Committee Hansard*, Cocos (Keeling) Islands, 22 October 2012, p. 15.

make way for asylum seekers. Furthermore, most asylum seekers flown to Christmas Island from Cocos were travelling on special charter flights.⁶

- 5.5 The Department also stated that ‘no-one has been offloaded to make way for asylum seekers. That is just not possible under the terms of the arrangement we have with Virgin Australia. They operate the flights commercially.’⁷
- 5.6 The Committee notes the evidence given by the tourism industry that tourists have been offloaded because of excess baggage required by DIAC and SERCO.

Insurance

- 5.7 The Shire had serious concerns about the cost and availability of insurance, CEO Peter Clarke advising the Committee that:

The Shire of Cocos (Keeling) Islands was recently informed by its insurance broker that the current property insurer has advised that it is no longer prepared to provide cover on council buildings, which includes approximately 100 houses and numerous commercial buildings on Home Island. Council’s broker in the past has been able to place the Cocos cooperative and both Indian Ocean territory shire councils on the one portfolio to assist with premium reductions. The recent decision now leaves the cooperative and the Shire of Christmas Island in the same predicament as council. Whilst the insurance broker has been working extremely hard to access appropriate cover, it has been reported that premiums could rise between 100 per cent and 200 per cent. Council has yet to receive a final outcome of the negotiations and whether it will have appropriate cover or it will be paying exorbitant premiums.⁸

- 5.8 The Shire advised that DRA had engaged a consultant to research the issue and make recommendations to the department, but the Shire was not aware of any outcomes from this.⁹ DRA advised that they had

6 Mr Ron Grant, General Manager, Cocos Islands Co-operative Society, *Committee Hansard*, Cocos (Keeling) Islands, 22 October 2012, pp. 11–12.

7 Mr Julian Yates, First Assistant Secretary, Local Government and Territories, Department of Regional Australia, Local Government, Arts and Sport, *Committee Hansard*, Canberra, 28 November 2012, p. 1.

8 Mr Peter Clarke, CEO, Shire of Cocos (Keeling) Islands, *Committee Hansard*, Cocos (Keeling) Islands, 22 October 2012, p. 3.

9 Mr Peter Clarke, CEO, Shire of Cocos (Keeling) Islands, *Committee Hansard*, Cocos (Keeling) Islands, 22 October 2012, p. 3.

commissioned A J Gallagher to provide research into insurance availability in the IOTs and that the Government is considering the findings of that report.¹⁰

Waste management

5.9 The waste management difficulties facing the Cocos Islanders were raised with the Committee during the Small Islands Forum on Lord Howe Island. There, Mr Alan Clark, Manager of Works and Services for the Shire, explained that the optimum solution for waste management, in a limited area with a fragile environment, was a combination of off-island disposal of inorganic waste and incineration of organic waste. However, off-island disposal was almost prohibitively expensive and suffered from quarantine restrictions; while incineration required substantial investment in suitable equipment.¹¹

5.10 On Cocos, the Shire raised the problem of funding the proposed strategy, and the fact that they were caught between the Commonwealth and Western Australia in applying for funding. Mr Clark explained:

...we received a letter from the department of regional Australia saying that we had been misinformed about future funding and that to progress our strategic waste management scheme we need to apply for more funding to continue with the next phase. The department had asked us to go back to the state to go through this funding – so it would be through the Strategic Waste Initiatives Scheme in WA – however, we feel quite strongly that our submission that was originally put forward with our strategic waste management plan had practically been signed off by the department of regional Australia after the waste management board had looked at our initial application and approved everything except for the incinerators. The previous Director of Territories West, Grant Barons, saw the hold-up with the waste management board in progressing our claim to get incinerators and had relayed to me that he would write directly to the minister to proceed the matter. That is what he did and we ended up getting our funding that way.¹²

10 Department of Regional Australia, Local Government, Arts and Sport, *Submission 6*, p. 1.

11 Mr Alan Clark, Manager of Works and Services, Shire of Cocos (Keeling) Islands, *Committee Hansard*, Lord Howe Island, 30 April October 2012, p. 4.

12 Mr Alan Clark, Manager of Works and Services, Shire of Cocos (Keeling) Islands, *Committee Hansard*, Cocos (Keeling) Islands, 22 October 2012, p. 3.

- 5.11 Mr Clark argued that the Shire ‘should not be going back to the state for further funding and that we should just go back to the minister, as part of the original application process we went through’:

As the waste management board has practically approved our strategy, we do not see the need to go back to the state again. What we would like to see fast-tracked is for us to go back to the minister directly as far as our funding application for waste management.¹³

- 5.12 The Department of Regional Australia stated that funding for the first part of the Shire’s waste management strategy had been provided, and that the Australian Government would consider further grant applications for the delivery of the waste management strategy. It noted that should the Shire ‘submit an application for funding for incinerators, funding would be considered based on the technical assessment of the proposal and prioritisation of available State-type grant funds as determined in conjunction’ with the Shire and the Administrator.¹⁴

Coastal erosion

- 5.13 Erosion of the shoreline is an ongoing problem on Cocos that requires regular remediation. The current practice is to use geofabric bags (essentially giant sandbags) to rehabilitate and protect damaged areas. The problem is the lead time from damage to remediation. Mr Clark explained:

The lead time for us to react to the erosion is about six months. From the time that we order the materials – and I am talking about geofabric bags – have them manufactured, shipped here and then filled and put into place, we are looking at about six months.¹⁵

- 5.14 The Shire sought assistance from the Commonwealth to allow them to stockpile geofabric bags, thereby reducing the lead time in responding to erosion.¹⁶ The Department of Regional Australia noted that the Shire had received \$1.04 million in funding for erosion related work this year and that the Australian Government would continue to work with the Shire on arrangements to manage erosion.¹⁷

13 Mr Alan Clark, Manager of Works and Services, Shire of Cocos (Keeling) Islands, *Committee Hansard*, Cocos (Keeling) Islands, 22 October 2012, p. 3.

14 Department of Regional Australia, Local Government, Arts and Sport, *Submission 6*, p. 2.

15 Mr Alan Clark, Manager of Works and Services, Shire of Cocos (Keeling) Islands, *Committee Hansard*, Cocos (Keeling) Islands, 22 October 2012, p. 3.

16 Mr Alan Clark, Manager of Works and Services, Shire of Cocos (Keeling) Islands, *Committee Hansard*, Cocos (Keeling) Islands, 22 October 2012, p. 3.

17 Department of Regional Australia, Local Government, Arts and Sport, *Submission 6*, p. 3.

Quarantine station

5.15 The future of the quarantine station is something the Committee has addressed before, recommending in its 2010 report on the changing economic environment in the IOTs that ‘the Commonwealth transfer ownership of the accommodation and facilities at the former Quarantine Station site on West Island to the Shire of Cocos (Keeling) Islands to ease pressure on housing supply’.¹⁸

5.16 The Government did not support this recommendation, noting that the facilities were currently being used for other purposes:

In the short term, the accommodation buildings at the former Quarantine Station are being used to house the workers for the Rumah Baru port project. Once this project is completed, the Department of Regional Australia, Regional Development and Local Government expects the accommodation buildings to be used by workers for the runway refurbishment project. Storage buildings at the former Quarantine Station are being used by the Shire of Cocos (Keeling) Islands.¹⁹

5.17 In evidence taken on Lord Howe Island in April 2012, Mr Peter Clarke, CEO of the Shire of Cocos (Keeling) Islands, put the position of the Shire:

Although I do not know whether we as the shire have the financial capacity to take on the quarantine station, council is certainly firmly of the belief that something needs to be done in respect of that facility because it has a number of homes on it and also some single persons’ accommodation. It has been used spasmodically, I suppose, with contractors on the island but now sits vacant. We have an extreme housing shortage and the availability of that facility would certainly provide additional housing. There is the issue of it being connected to the scheme water, and that is something that apparently the government does not want to deal with at this stage, probably because of cost, but it is disappointing to see a facility like that wasted when there is a serious housing shortage on the islands.²⁰

18 JSCNCET, *Inquiry into the changing economic environment in the Indian Ocean Territories*, Canberra, March 2010, p. 105.

19 Minister for Regional Australia, Regional Development and Local Government, ‘Australian Government response to the report on *Inquiry into the changing economic environment in the Indian Ocean Territories* by the Joint Standing Committee on the National Capital and External Territories’, October 2011, rec. 18.

20 Mr Peter Clarke, CEO, Shire of Cocos (Keeling) Islands, *Committee Hansard*, Lord Howe Island, 30 April October 2012, p. 1.

5.18 The quarantine station is currently being used to house asylum seekers before transfer to Christmas Island.

5.19 Regarding the future use of the quarantine station, the Department told the Committee:

We have completed an outline development plan for the Q station that looks at a range of possible future uses, including accommodation, research centres, agricultural use and residential accommodation. That outline development plan is part of the shire's town planning scheme process at the moment. They are doing a new town planning scheme that will include the outline development plan. My understanding is that they are fairly close to finishing that. It will come to the department to go to the minister for approval under his legislative powers. That plan is part of our aim to get much better use out of the Q station.²¹

5.20 The Committee toured the quarantine station and found the buildings not currently being used by DIAC to be solid but that all internal fittings to have deteriorated to the extent that the buildings are completely unusable.

5.21 The Department noted that it had only had control of the quarantine station for about two years, but saw it as one of the priorities to make it available for alternative economic development. It advised that there were already some activities there, including the Murdoch University legume trial, and a shire works depot, but with most of the site being used to house immigration arrivals. The Department noted that there were some barriers to the development of the site, including the lack of a connection to the potable water supply and limitations on the sewerage system.²²

Trade training

5.22 Trade training opportunities are a difficult issue for the Cocos (Keeling) Islands. A lack of host employers severely limits opportunities, with apprenticeships currently being conducted on the mainland through TAFE and host employers arranged through the Indian Ocean Training Group. Even the Shire faces significant problems with limited resources:

We have employed apprentices before and, I think, even a trainee. The difficulty that comes is that we say to Indian Ocean Group Training, 'Could you be the host rather than us? Can you get an

21 Mr Julian Yates, First Assistant Secretary, Local Government and Territories, Department of Regional Australia, Local Government, Arts and Sport, *Committee Hansard*, Canberra, 28 November 2012, p. 3.

22 Mr Julian Yates, First Assistant Secretary, Local Government and Territories, Department of Regional Australia, Local Government, Arts and Sport, *Committee Hansard*, Canberra, 28 November 2012, p. 3.

apprentice working for us, but you look after him rather than us' – with all the other rigmarole that goes on. But if they go through Indian Ocean Group Training they come under the Christmas Island award, and apparently, based on the normal apprenticeship, these guys are earning big money. That then restricts us from going down that path, which makes it a bit of a problem.²³

- 5.23 Similar problems faced the Cocos Islands Co-operative Society, for whom employing an apprentice was 'totally out of our reach'. Their alternative was to 'work closely with TAFE or a university, have the students put through, get the courses done on the mainland, then get them back. It is far more cost efficient.'²⁴
- 5.24 The Department of Regional Australia noted that the 'Australian Government's policy for trades and apprentices is managed and implemented through the Department of Education, Employment and Workplace Relations (DEEWR)'. Employers and apprentices in the IOTs 'may access programs and incentives offered by the Australian Government in the Apprenticeship Reform Package announced in the 2012 Budget on the same basis as employers in other states or territories'.
- 5.25 DRA also noted that the 'Australian Government provides funding to the Indian Ocean Group Training Association (IOGTA), which employs and trains apprentices. IOGTA currently has electrical and mechanical apprentices placed in the IOT Power Authority', and that the 'ratio of apprentices to trades persons in the Power Authority exceeds that of many mainland businesses'.²⁵
- 5.26 DRA also noted that 'trade training is best promoted through a strong economy'.²⁶

Committee conclusions

- 5.27 Noting the need for appropriate community recreation facilities on both Home and West Islands, the Committee is of the view that the Australian Government should commit funds to the building of a recreation centre/cyclone shelter on West Island as a matter of priority. Even without the presence of asylum seekers on Cocos, the need for improved

23 Mr Peter Clarke, CEO, Shire of Cocos (Keeling) Islands, *Committee Hansard*, Cocos (Keeling) Islands, 22 October 2012, p. 9.

24 Mr Ron Grant, General Manager, Cocos Islands Co-operative Society, *Committee Hansard*, Cocos (Keeling) Islands, 22 October 2012, p. 11.

25 Department of Regional Australia, Local Government, Arts and Sport, *Submission 6*, p. 3.

26 Department of Regional Australia, Local Government, Arts and Sport, *Submission 6*, p. 4.

recreation facilities and a larger cyclone shelter is apparent. With asylum seekers on Cocos the need for the new cyclone shelter is urgent. Moreover, DIAC should be charged as a matter of urgency with developing a cyclone contingency plan that does not endanger staff or asylum seekers by forcing them to travel in unsafe conditions or requiring them to stay in substandard shelter, or place asylum seekers or the community at risk by placing everyone in the current facility.

Recommendation 13

- 5.28 **The Committee recommends that the Australian Government provide funds for the construction of a recreation centre/cyclone shelter on West Island as a matter of urgency.**

Recommendation 14

- 5.29 **The Committee recommends that the Department of Immigration and Citizenship develop a cyclone contingency plan for its operations on the Cocos (Keeling) Islands which will provide safe accommodation meeting Australian cyclone standards on island for asylum seekers in the event of a cyclone without undue risk or inconvenience to the local community.**
- 5.30 The Committee is also concerned about the insurance problems facing the IOTs. This issue needs to be resolved as a matter of urgency, given the impact of the lack of insurance on existing infrastructure as well as potential new development. If necessary, the Commonwealth should investigate underwriting the shires and the cooperative in accessing insurance to ensure that they are able to obtain the necessary cover at affordable rates.

Recommendation 15

- 5.31 **The Committee recommends that the Australian Government urgently address the insurance problems facing the communities of the Indian Ocean Territories, if necessary by investigating the provision of insurance to those communities.**
- 5.32 Waste management on Cocos is a particularly complex issue given the limited land and water resources, isolation, quarantine concerns and

potential for environmental damage through inadequate or inappropriate disposal of waste. It is therefore vital that optimal waste management practices be put in place at the earliest opportunity. The Australian Government should directly coordinate with the Shire in the development and funding of a waste management strategy underpinned by the necessary facilities. This should include a capacity for incinerating organic waste and removing inorganic waste to the mainland or some other location.

Recommendation 16

- 5.33 **The Committee recommends that the Australian Government provide the necessary funding to implement a comprehensive waste management strategy on the Cocos (Keeling) Islands, including funding facilities for the incineration of organic waste and the safe removal of inorganic waste from the islands.**
- 5.34 The Committee supports the Shire of Cocos (Keeling) Islands being given funding to stockpile geofabric bags in order to deal with episodes of coastal erosion in a more timely fashion.

Recommendation 17

- 5.35 **The Committee recommends that the Australian Government fund the stockpiling of geofabric bags for the better management of coastal erosion on the Cocos (Keeling) Islands.**
- 5.36 The Committee welcomes the progress made in terms of the future development of the Quarantine Station site, and urges both the Australian Government and the Shire to expedite further progress in planning.
- 5.37 The Committee is conscious that the trade training opportunities are in line with other communities in Australia, and acknowledges the opportunities available under various programs and through the Indian Ocean Training Group. The Committee is of the view, however, that in the IOTs, and particularly on Cocos, there is a need to view trade training not just as an opportunity for individual advancement, but as a mechanism for community development – ensuring that the skills required to maintain and develop the community are readily available on-island.

Cocos Islamic Association

- 5.38 The Cocos Islamic Association raised a number of issues relevant to the Cocos Malay Community, including:
- The need for visitors to Home Island to respect the community's dress code
 - The provision of a special inter-island ferry service for Islamic functions
 - Changing the Islamic public holiday from the Islamic new year to Hijri eve
 - Provision of halal meals on flights to and from Cocos
 - Increase in the number of licensed marriage celebrants on Cocos
 - Exclusion of dogs and alcohol from Home Island.
- 5.39 The Islamic Association was concerned about instances where individuals had shown a lack of respect for the local culture through inappropriate dress, bringing alcohol to Home Island or bringing dogs to Home Island. The Association highlighted the fact that immodest dress, public consumption of alcohol and the presence of dogs was against Islamic teachings and likely to cause offence to the local community.²⁷
- 5.40 The provision of an inter-island ferry to allow residents of West Island to attend Islamic functions on Home Island was seen as an important service, and was previously funded by government. The Islamic Association suggested restoring that funding.²⁸
- 5.41 The Department of Regional Australia advised that the authority to make changes to the Islamic public holiday rested with the Administrator, and that the process for changing public holidays and gazetting new ones was straightforward.²⁹
- 5.42 The Department also advised that while there was no specific provision within the Virgin contract for provision of halal meals on flights, this issue had been discussed at regular contract management meetings.³⁰
- 5.43 Concern was expressed about the future cost of providing marriage celebrants for the Islamic Community on Home Island. The Imam, Haji Adam Anthony, explained to the Committee:

27 *Committee Hansard*, Cocos (Keeling) Islands, 22 October 2012, pp. 19–21.

28 Mr Aindil Minkom, President, Cocos Islands Islamic Association, *Committee Hansard*, Cocos (Keeling) Islands, 22 October 2012, p. 19.

29 Mr Julian Yates, First Assistant Secretary, Local Government and Territories, Department of Regional Australia, Local Government, Arts and Sport, *Committee Hansard*, Canberra, 28 November 2012, p. 6.

30 Department of Regional Australia, Local Government, Arts and Sport, *Submission 6*, p. 26.

I am one of the marriage celebrants here. I conduct marriages for the Muslim community. We are trying to look at the young becoming marriage celebrants for the Cocos community here, but we know that we have to apply to Canberra for that. And I just got a message from the marriage celebrants saying that in the future they will be charged about \$600 to apply for this. But anyway at the moment we are looking to appoint another person, a young person, to get a certificate for this. We are trying to train this person, so that he becomes familiar with the culture and tradition of the people here and also the religious situation, before we definitely appoint him as a marriage celebrant.³¹

- 5.44 The Committee notes that the changes proposed to the Marriage Celebrants Program by the Attorney-General's Department involve the application of a \$600 charge for new applications to become a marriage celebrant, an annual registration charge of \$240, and an exemption processing charge of \$30. It is proposed that remote, very remote and migratory communities – including the IOTs – be exempted from the application and registration charges, but only upon celebrants applying for such exemption and paying the exemption charge. The charges are to apply from 1 July 2013.³²

Committee Conclusions

- 5.45 The Committee regards respect for the unique culture on Home Island as very important, and suggested that communication between the different sections of the local community, giving such issues more prominence in tourist information, and better signage may assist in managing the issues of dress, alcohol and pets.
- 5.46 The Committee also supports the provision of culturally appropriate meals on flights to and from the IOTs, and urges the Australian Government to follow up with Virgin about provision of halal meals on flights. Halal meals could be provided on request with the purchase of the ticket.
- 5.47 The Committee suggests that the Administrator follow up with community about the timing of the Islamic holiday on Cocos, with a view to ensuring that it falls on the most culturally appropriate day.

31 Haji Adam Anthoney, Imam of Cocos (Keeling) Islands, *Committee Hansard*, Cocos (Keeling) Islands, 22 October 2012, p. 21.

32 Attorney-General's Department, *Marriage Celebrants Program, Program Improvements through Cost Recovery, Consultation Paper*, August 2012.

- 5.48 The Committee also suggests that the Department give consideration to funding extra ferry services to allow travel between West Island and Home Island on special occasions.

Other issues

Tenders

- 5.49 In evidence before the Committee, Councillor Rosly Arkrie and Mr Clunies-Ross both argued for a better deal for local businesses, particularly in tendering for contracts, or parts of contracts, as a way of promoting employment and business opportunities on the Island. They argued for some degree of preference in contracting to local businesses; greater consideration in formulating contracts for providing local business opportunities (i.e. targeting contracts to local capability); and advertising variations of contract.³³
- 5.50 The Department of Regional Australia noted that ‘procurements must comply with Commonwealth procurement Rules and the *Financial Management and Accountability Act*, and all tenders include clauses promoting local business participation’. The Department further noted that the Australian Government already assists the IOTs economically through provision of physical infrastructure, economic development programs and by funding an economic development officer.³⁴

Cocos Club

- 5.51 Mr Clunies-Ross expressed concern about the cost to the Cocos Club of the facility being commandeered to shelter asylum seekers upon their arrival at Cocos on a number of occasions during 2011 and 2012. The Club facility, which is a Commonwealth-owned facility and the West Island cyclone shelter, is commercially leased to the Cocos Club. The Club was reimbursed by the Government for outgoing stock used by the asylum seekers and for cleaning costs, but not for loss of business or use of the facility. The Club also felt that use of the facility to house asylum seekers was inappropriate and attempted to discourage use of the facility by charging for its use on an increasing scale to DIAC. Mr Clunies-Ross explained:

We have a valid lease on the building. We have a management contract with the Commonwealth to manage it as a cyclone shelter. We do not have any agreement within the lease about refugees or

33 Cr Rosley Arkrie, Mr John Clunies-Ross, *Committee Hansard*, Cocos (Keeling) Islands, 22 October 2012, pp. 22-4.

34 Department of Regional Australia, Local Government, Arts and Sport, *Submission 6*, p. 5.

any other emergency...You are talking about unquarantined people coming in, some of them with bowel problems and a number of them not even knowing how to use a European toilet...It takes 24 hours to clean the building, so we are out of the facility for probably two days after they leave. This was happening more and more often. So we were charging DIAC for the use of the facility.³⁵

- 5.52 Mr Clunies-Ross tabled the invoices presented to DIAC, which, to date, have not been paid.³⁶
- 5.53 In response to the Committee, DRA explained that the Cocos Club has a lease for use of the portion of the building to operate the club facility, with a management agreement for the rest of the building as a cyclone shelter. The cyclone shelter part of the building is not part of the club lease. Under the management agreement, the Cocos Club is required to operate the cyclone shelter when requested by the AFP. The Management Agreement also allows the Australian Government to use the facility for other purposes.³⁷
- 5.54 DRA noted that it had been made aware of the dispute between the Cocos Club and DIAC in May 2011, had discussed the matter with DIAC a number of times and had seen the invoices issued to DIAC by the Cocos Club. DRA stated that 'in June 2012, the Department asked the Cocos Club management to provide details of the disputed claims in writing. As of January 15 2013, no such correspondence has been received.'³⁸

Housing

- 5.55 There is concern about a shortage of housing on the Cocos (Keeling) Islands, which was raised with the Committee by a number of residents. Mr Clarke advised the Committee of plans to address the housing situation on West Island, stating:

Again, the department is working on an outline development plan – a lot of plans get done around here! – for the Buffet Close extension, which is looking at all types of residential development. We have not heard anything, but we have been advised that GHD

35 Mr John Clunies-Ross, President, Cocos Club, *Committee Hansard*, Cocos (Keeling) Islands, 22 October 2012, pp. 28–9.

36 Mr John Clunies-Ross, President, Cocos Club, *Committee Hansard*, Cocos (Keeling) Islands, 22 October 2012, p. 29.

37 Department of Regional Australia, Local Government, Arts and Sport, *Submission 6*, p. 26.

38 Department of Regional Australia, Local Government, Arts and Sport, *Submission 6*, p. 25.

have been engaged to prepare this Buffet Close extension development plan.³⁹

5.56 As part of a solution to the housing situation, Mr Clunies-Ross suggested the creation of a housing fund, where money from the sale of Commonwealth owned houses was rolled over to build further houses on the islands.⁴⁰

5.57 Mr Clunies-Ross also raised the issue of employment and rental subsidies, the way loss of subsidies through part-time employment could impact on household income. He told the Committee:

On welfare, the problem here, especially on Home Island, is that, when one person in your house gets a job, you lose your rental subsidy. The person might only get six or eight hours work, so he has got to balance the \$150 rental subsidy against the \$20 an hour and he thinks, 'It's not worthwhile.' There are not that many full-time jobs around. I do not know how that is going to work, but it needs to be looked at. It is the same with pensioners. If they earn too much or start to look like they are earning too much, the cost to them of being employed is that they could lose a heap of benefits. They would get their money, but the rest of the household would be impinged on by it. That is Australia wide, I am sure.⁴¹

5.58 In response to the Committee, the Department of Regional Australia stated that the housing supply in the Cocos (Keeling) Islands is complex. The Department noted that the 'capacity of Home Island to accommodate any population growth is hindered by the existing infrastructure and water'; and that 'land in private ownership on West Island has not been developed by the owners'. The Department also noted, however, that:

The Shire of Cocos (Keeling) Islands has produced an Outline Development Plan to inform the Town planning Scheme. In addition, the Australian Government is considering options for the Quarantine Station to determine the land that can be made available for housing.⁴²

39 Mr Peter Clarke, CEO, Shire of Cocos (Keeling) Islands, *Committee Hansard*, Cocos (Keeling) Islands, 22 October 2012, p. 7.

40 Mr John Clunies-Ross, President, Cocos Club, *Committee Hansard*, Cocos (Keeling) Islands, 22 October 2012, p. 27.

41 Mr John Clunies-Ross, President, Cocos Club, *Committee Hansard*, Cocos (Keeling) Islands, 22 October 2012, p. 28.

42 Department of Regional Australia, Local Government, Arts and Sport, *Submission 6*, p. 8.

- 5.59 The Department was not sympathetic to the creation of a housing fund, observing that 'current Commonwealth financial arrangements require that proceeds from the sale of Commonwealth property are deposited into the Consolidated Revenue Fund'.⁴³

Fisheries

- 5.60 The problem with jurisdiction over fisheries was discussed in the section on governance. In further evidence before the Committee, Mr Clunies-Ross pointed to the difficulties he had faced in transitioning from one jurisdiction to another and the costs this had placed on his business. He explained:

I have a valid aquaculture licence for breeding maxima clams. I breed them for the aquarium market. I have been doing it for seven or eight years. WA Fisheries are the appointed service delivery body for the management of the fishery on Cocos Islands. I have federal permits for the export of endangered species and the breeding of endangered species. Before WA state bodies came in, I was pretty much allowed carte blanche on the island because there is no-one around to manage it. Fisheries came in about two years ago and said, 'We want to move you into the WA licence model.' I do not really have a problem with that, as long as it does not affect my day-to-day business. They said, 'Each time you go out to get breeding clams, you'd have to apply.' I said, 'Okay, I need 1,000 a year.' 'That's too many.' I do not know how they came up with the idea that it was too many, because I have been doing it for seven years and it has not shown any impact. So I said, 'I want an exemption,' and they said, 'You can apply for an exemption on your current permit, and when the next one comes up it will show on it.'

In the meantime, my six-monthly federal permits came up and they wanted my licence number. The new one had not come in yet, so I said, 'You phone Fisheries and they'll tell you it's kosher.' Fisheries told them that, no, it was not kosher. They were doing an environmental impact assessment on the licence, so all my export permits fell down immediately. I was not allowed to breed. I was not allowed to sell any stock. That has been the situation for two years.⁴⁴

43 Department of Regional Australia, Local Government, Arts and Sport, *Submission 6*, p. 8.

44 Mr John Clunies-Ross, President, Cocos Club, *Committee Hansard*, Cocos (Keeling) Islands, 22 October 2012, p. 30.

5.61 Mr Tony Bagnell identified similar problems, moving from state to federal authorities. He told the Committee:

We are currently formally approaching the Australian Fisheries Management Authority, AFMA, for guidance, as it appears the Department of Fisheries, Western Australia, no longer issue or administer applications for expressions of interest for the development of new fisheries, either on the mainland or as part of its service delivery agreement for the Indian Ocean Territories. Our request to AFMA is to assist our business to identify the agency that is able to administer a formal platform on which we have the opportunity to promote the viability, sustainability and multifaceted potential of our business plan.⁴⁵

5.62 Mr Bagnell highlighted the potential of the sea cucumber fishery to provide a viable industry for the Cocos (Keeling) Islands. He told the Committee:

It is my desire today to identify to the joint standing committee that we are enthusiastic about this project. Our company has evolved a team of committed stakeholders with industry recognised skills in the development of sea cucumber fisheries. Our stakeholders also have identified methods of value-adding to the product along with branding communication that has the potential to increase the awareness of Australia's Indian Ocean Territories.⁴⁶

5.63 In response to the question as to the principal agency regulating the operation of fisheries in the IOTs, the Department of Regional Australia noted that under an SDA the Western Australian Department of Fisheries 'is responsible for providing fisheries management services at the Cocos (Keeling) Islands and Christmas Island, on behalf of the Australian Government'.⁴⁷ The Department identified the approvals required to operate a commercial fishery in the IOTs, stating:

Individuals considering operating commercial fisheries must apply to the Department of Fisheries WA for a licence. A number of licences may be required for commercial fishing activities, including:

- commercial fishing licence,

45 Mr Tony Bagnell, On Island Enterprises Pty Ltd, *Committee Hansard*, Cocos (Keeling) Islands, 22 October 2012, p. 31.

46 Mr Tony Bagnell, On Island Enterprises Pty Ltd, *Committee Hansard*, Cocos (Keeling) Islands, 22 October 2012, p. 31.

47 Department of Regional Australia, Local Government, Arts and Sport, *Submission 6*, p. 9.

- permit for fish processing place,
- fish processors licence,
- a range of approvals for vessels, and
- an aquaculture licence.

There may also be compliance issues under the Environment Protection and Biodiversity Conservation Act 1999.⁴⁸

5.64 The Department also identified the approvals required to operate the trade in aquarium species:

The range of approvals which may be required to operate the trade in aquarium species will depend on the specific activities being undertaken by a proponent. These may include:

- fishing boat licence,
- aquaculture licence, and
- export licences.⁴⁹

5.65 The Department further noted that:

All commercial fisheries in Australia wishing to export their catch overseas require approval from the Department of Fisheries WA and ESD approval (relating to Ecologically Sustainable Development) from the Commonwealth Department of Sustainability, Environment, Water, Populations and Communities (SEWPAC) under the *Environment Protection and Biodiversity Conservation Act 1999*.

Some high risk species such as clams also require approval under the 'Convention on International Trade in Endangered Species of Wild Fauna and Flora' (CITES) to be exported overseas.

Biosecurity approvals may also be required for certain activities.⁵⁰

5.66 Asked what procedures are in place to ensure effective coordination between fisheries and environmental authorities in the Commonwealth and Western Australia, the Department of Regional Australia stated that 'officers from the Department of Fisheries WA liaise with officers from SEWPAC in the assessment (or reassessment) of commercial fisheries for ESD certification'.⁵¹

48 Department of Regional Australia, Local Government, Arts and Sport, *Submission 6*, p. 9.

49 Department of Regional Australia, Local Government, Arts and Sport, *Submission 6*, p. 9.

50 Department of Regional Australia, Local Government, Arts and Sport, *Submission 6*, p. 10.

51 Department of Regional Australia, Local Government, Arts and Sport, *Submission 6*, p. 10.

Fire protection at Oceania House

- 5.67 While on Cocos, the owner of Oceania House, Mr Lloyd Leist, raised the question of who was responsible for fire protection at Oceania House. He noted that the current location of the fire hydrant, at the start of the property, some 200 metres from the house, was too far to provide protection in the case of a fire, and that a new hydrant needed to be installed closer to the house. He felt that as the original hydrant was installed while the house was Commonwealth property, the Commonwealth should bear some responsibility for the extension.⁵²
- 5.68 In response to questions about fire protection and the location of hydrants at Oceania House, the Department of Regional Australia stated that the 'Department of Fire and Emergency Services (WA), as the Department's contracted service provider, is responsible for fire hydrants in the vicinity of Oceania House'.⁵³ DRA noted that 'fire hydrants are provided by the Australian Government on the advice of the WA Department of Fire and Emergency Services (DFES)' but that:
- Oceania House is a privately owned residential property.
 - DFES can advise the owner of Oceania House on fire protection.
 - If a DFES inspection shows the need for additional hydrants against the appropriate water reticulation standard, up to the block boundary, the Australian Government will consider the advice from DFES.
 - The owner of Oceania House may need to consider whether to install a hydrant within the property boundaries due to its large size.⁵⁴

Committee conclusions

- 5.69 The Committee recognises that there are clear processes in place governing the issue and assessment of tenders for work undertaken under government contracts and that tendering for work in the IOTs follows these processes. Nonetheless, the Committee is of the view that the Australian Government could be more proactive in ensuring that local businesses are availed of the opportunity to participate in work under contract, either through issuing tenders in a form more sympathetic to smaller local businesses or by deliberately advertising the benefits of using local businesses to external contractors.

52 Mr Lloyd Leist, *Committee Hansard*, Cocos (Keeling) Islands, 22 October 2012, p. 33.

53 Department of Regional Australia, Local Government, Arts and Sport, *Submission 6*, p. 10.

54 Department of Regional Australia, Local Government, Arts and Sport, *Submission 6*, p. 10.

Recommendation 18

- 5.70 **The Committee recommends that the Australian Government take steps to improve the opportunities for local businesses to participate in work under contract, including by separating large tenders into individual parts or allowing local businesses to tender for parts of contracts.**
- 5.71 The Committee is concerned about the way the Cocos Club was used to house asylum seekers, and the cost and inconvenience to the Cocos Club as a result. The Committee cannot comment on the legal status of the claims for compensation and the related invoices submitted by the Cocos Club. It may well be that the actions of DIAC were in accord with the letter, if not the spirit, of the Club's contract for the facilities. Whatever the case, it is nonetheless clear that using the Cocos Club facilities to house asylum seekers, even temporally, was not an appropriate use of those facilities, and must be avoided in the future. DIAC is currently using a section of the old quarantine station to house asylum seekers.
- 5.72 Housing is a long running problem on Cocos, particularly on West Island. The need for effective planning to meet future housing needs is obvious. The Committee is keen to witness the outcome of the current planning developments and will take note in the future of how those plans unfold and are implemented.
- 5.73 Notwithstanding the Department's assurances that there are clear procedures in place concerning the governance of fisheries in the IOTs, the Committee is concerned about the apparent confusion facing businesses on the islands. The Committee suggests that a program needs to be put in place to assist businesses to navigate their way through different levels of state and federal administration and law to ensure that outcomes are achieved in a timely manner. This is particularly important given that fisheries are the most obvious complement to tourism as a source of income and employment on the Cocos (Keeling) Islands.
- 5.74 With regard to the fire hydrant access to Oceania House, the Committee is inclined to agree with the Department that it is the responsibility of the owner of Oceania House to provide the necessary protection to the property. Nonetheless, the Department should do everything in its power to ensure that the necessary work of extending the hydrant can commence at the earliest opportunity once the owner has undertaken to do the work.