



Australian Government

**Australian Government response to the
Joint Standing Committee on the National Capital and External
Territories:**

**Report on the visit to the Indian Ocean Territories
21–25 October 2012**

August 2014

Recommendation 1

The Committee recommends that the Australian Government, as a matter of urgency, commit sufficient funds to give effect to the recommendations of the Expert Working Group on Christmas Island, as set out in its final report.

Noted. Australian Government agencies have been implementing the accepted recommendations, within available capital resources.

Recommendation 2

The Committee recommends that the Australian Government formulate a vision or strategic plan in direct consultation with the island communities for the future of the IOTs. This vision will articulate:

- *better governance and administrative arrangements*
- *a greater degree of administrative autonomy*
- *a commitment to the funding and implementation of existing strategies commissioned by the Commonwealth in respect of*
 - *economic development*
 - *the provision of services*
 - *protection of the environment*
- *the aspirations and needs of the island communities*
- *how different aspects of government policy will be coordinated.*

Noted. The Minister with responsibility for the Indian Ocean Territories has asked the Department of Infrastructure and Regional Development to review the current arrangements to ensure the most efficient and effective service delivery approach is in place for the IOT.

Recommendation 3

The Committee Recommends that the Australian Government develop a formal mechanism to allow consultation with and feedback from the Indian Ocean Territories' communities in relation to the application of Western Australian law to the IOTs and the negotiation and implementation of SDAs.

Noted. The Administrator of Christmas Island and the Cocos (Keeling) Islands is the Minister's representative on island and provides the linkage between the communities and the Commonwealth, including feedback from the community in relation to the application of legislation and Service Delivery Arrangements. The Australian Government released the 2013-14 IOT Budget Book on 3 April 2014 to provide greater transparency. The Department of Infrastructure and Regional Development will also develop a service feedback form to be rolled out in 2014.

Recommendation 4

The Committee recommends that the Australian Government conduct a full biosecurity assessment of the IOTs.

Noted. The Australian Government is conducting such an assessment on Norfolk Island and will look to the outcomes of that study before forming a view on its applicability to the IOT.

Recommendation 5

The Committee recommends that the Australian Government develop and commit to an economic strategy for the Indian Ocean Territories to transition the economy of the IOTs from its current situation, heavily reliant on a mining or government activity, to one based on sustainable private sector activity. This strategy is to be formulated by the Australian Government in conjunction with the local communities.

Noted. The economic base for Christmas Island and Cocos (Keeling) Islands is extremely narrow and the opportunities to diversify are limited. The Australian Government looks to support new opportunities in the economy based on comparative advantage. Accordingly, the Australian Government has extended the mine lease, is fostering a market garden and is supporting tourism activities by supporting local associations.

Recommendation 6

The Committee recommends that as part of its overall economic strategy for the Indian Ocean Territories and in the context of creating environmental management investment, the Australian Government commit to the extension of the current mining leases and re-examine new mining leases on Christmas Island.

Supported. A new mine lease with Phosphate Resources Limited was signed on 27 June 2013. This provided the mine with an extended lease until 2034 which will allow for continued employment and investment, including workforce renewal.

Recommendation 7

The Committee recommends that as part of its overall economic strategy for the Indian Ocean Territories, the Australian Government commit to the implementation of existing strategies commissioned by the Commonwealth to develop tourism in the Indian Ocean Territories, and develop long term arrangements to secure air services, including subsidising flights to Asia, and improve tourism-related infrastructure and facilities.

Not supported. The Australian Government considers that airline services should operate on as commercial a basis as possible with minimal underwriting. The Department of Infrastructure and Regional Development will be reviewing existing contracts to ensure that appropriate services are delivered at the lowest cost. It is not Government policy to subsidise flights to Asia.

Recommendation 8

The Committee recommends that the Australian Government commit to the reopening of the casino on Christmas Island and that it facilitate the approval process to allow this to happen if a proposal comes forward.

Noted. While the Government supports economic and tourism development for Christmas Island, broader Government and community consultation would be required prior to any consideration of a proposal to re-establish a casino.

Recommendation 9

The Committee recommends that the Australian Government commit to extending and upgrading mobile telephone services in the Indian Ocean Territories to provide access to 3G/4G telephone services.

Not supported. Mobile telephony is a commercial service provided by the private sector.

Recommendation 10

The Committee recommends that the Australian Government provide road funding to the Indian Ocean Territories on a more flexible basis, with longer grant periods, rolling funding, and more local discretion upon how the funds are used.

Not supported. As part of the Indian Ocean Territories budget, the Shires receive funding equivalent to road and Financial Assistance Grant payments. The Department of Infrastructure and Regional Development has worked with the Shires to improve road planning and the delivery of maintenance services. This delivers better outcomes for the community than extending timeframes. Further, the Department has established a ten year road plan. Where there are extenuating circumstances, such as unusual weather conditions, extending timeframes is taken into account as part of normal business processes. This provides for a more strategic approach.

Recommendation 11

The Committee recommends that the Australian Government commit funds to the sealing of the road to the Immigration Reception and Processing Centre as a matter of priority.

Supported. This work has commenced under the ten year road plan, within the available budget.

Recommendation 12

The Committee recommends that the Australian Government review its policy towards shipping of freight by plane and ship to the Indian Ocean Territories with a view to leveraging off Commonwealth efficiencies to find the most cost effective outcome for the communities in the IOTs.

Noted. Shipping services operate on a commercial basis. Air passenger and freight services are tendered and there is some underwriting where needed but they operate where possible on a commercial basis. The Australian Government regularly reviews its policies, programmes and contractual arrangements to ensure the delivery of efficient and effective services.

Recommendation 13

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.

Not supported. The current cyclone shelter on West Island is adequate for the current resident population. A new combined cyclone/recreation centre is not able to be constructed within available capital resources.

Recommendation 14

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.

Noted. The former Quarantine Station on West Island is not currently being utilised to accommodate illegal maritime arrivals and has not been required for this purpose since October 2013. Therefore, there is currently no operational need for cyclone shelter facilities on this site. Notwithstanding this, contingency plans have been developed for use in the event of a cyclone or extreme weather event on the Cocos (Keeling) Islands. The local emergency management committee, through the Territory Controller (the senior officer of the Australian Federal Police assigned to community policing duties in the Territory), will direct the placement of people, including any illegal maritime arrivals that may be present on the islands, in the event of an emergency.

Recommendation 15

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.

Not supported. A number of remote communities are experiencing similar issues of insurance affordability and availability. Australian Government policy maintains that insurance is a market-driven issue. In similar situations some communities have engaged in cooperative action to gain access to insurance and increase coverage. Cooperative action could be through industry bodies who may maintain insurance schemes for their members or the use of brokers for collective insurance.

Recommendation 16

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.

Supported. The Shire of Cocos (Keeling) Islands has a waste management strategy in place. The Australian Government has funded the early stages of this project. Applications for additional funding will be considered within the context of available resources.

Recommendation 17

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.

Not supported. The stockpiling of geofabric bags is not an effective use of funds. The Australian Government funds the purchase and placement of geofabric bags to arrest erosion on Cocos (Keeling) Islands on an as needs basis. The placement of geofabric bags to arrest erosion adjacent to the fuel depot and West Island Health Clinic was completed in April 2014.

Recommendation 18

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.

Noted. All procurements must comply with Commonwealth Procurement Rules and the *Public Governance, Performance and Accountability Act 2013*, and all tenders include clauses promoting local business participation.

Recommendation 19

The Committee recommends that the Australian Government provide increased storage capacity for petrol on Christmas Island as a matter of urgency.

Supported. The Australian Government has already provided funding to increase storage capacity for petrol on Christmas Island. An additional petrol tank is currently under construction and work is expected to be completed by December 2014.

Recommendation 20

The Committee recommends that the Australian Government commence planning for, and funding of, a dedicated aged-care facility to be collocated with the Christmas Island Hospital.

Noted. The Minister with responsibility for the Territories has requested an analysis of aged care services in the Indian Ocean Territories. The Department of Infrastructure and Regional Development is preparing an initial review of aged care which will inform the development of a broader strategy for the provision of aged care services and facilities for the IOT.

Recommendation 21

The Committee recommends that the Australian Government undertake a comprehensive housing survey to establish levels of availability and demand for housing in the Indian Ocean Territories.

Noted. An accommodation needs assessment was completed in 2011 and is available on the Department of Infrastructure and Regional Development website. The Australian Government has invested in the construction of 28 new dwellings on Christmas Island which were completed in July 2014, and continues to monitor housing availability and demand.

Recommendation 22

The Committee recommends that the Australian Government provide funds for the raising of the sea wall in the Kampong, with a view to facilitating design and construction within the next two years.

Noted. The Australian Government, through the Department of Infrastructure and Regional Development, has investigated alternative solutions to a complete reconstruction and continues to repair and maintain the existing sea wall as required. In addition, following consultation with the Christmas Island Shire Council, construction has commenced on a low wall which is designed to reduce possible flooding of the Kampong during significant swells.

Recommendation 23

The Committee recommends that the Australian Government adjust the rules for the pensioner airfare concession, which currently provides for an annual flight to Perth, to allow for an equal concession to be put towards flights to Asia.

Not supported. The Australian Government does not support international travel subsidies for pensioners.

Recommendation 24

The Committee recommends that the Australian Government provide the necessary funding to implement a comprehensive waste management strategy on Christmas Island, including funding facilities for the incineration of organic waste and the safe removal of inorganic waste from the island.

Supported. The Shire of Christmas Island has a waste management strategy in place. The Australian Government has funded the early stages of this project. Applications for additional funding will be considered within the context of available resources.

Recommendation 25

The Committee recommends that the Australian Government make the Regional Price Index for the Indian Ocean Territories publicly available.

Supported. The Regional Price Index has been released and is available on the Department of Infrastructure and Regional Development's website.