

Submission for the

Joint Standing Committee for National Capital and External Territories.

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Of Cocos Islands

As always my submission is a bit rushed as I have to earn a living. For me to be able to hold the “I told You so card” means that we must yet again re-invent the wheel .

Communication services.

Broadband Internet service is currently underwritten by the private sector, which has no guarantee of continuity or staffing. Speeds are adequate, though nothing to boast about.

Mobile phones are also on a private network supported by the same private sector interests. Again with no guarantees of continuity or staffing. Service is adequate.

Credible information leads me to believe that we will lose our resident IT technician. As the email server and satellite systems require ongoing repair maintenance and upgrading. It is imperative that there is someone qualified and authorized to carry out these duties. Banking, schooling, correspondence, ordering and many other important services are now done over the net, and it will be a huge step backward to lose these services.

Delivery of television broadcast will be more reliant on digital services in the future, and the territory will need to be ready for it when it arrives. Due to the remoteness of the islands keeping well informed relies heavily on TV, radio and net information services.

Currently TV services are relayed at inappropriate times for content, with adult themed programs put to air as children return from school. This has been brought to the attention of the Administration previously. Nothing has been done about it. Technically a digital delay loop is easy to fit.

Transport services.

Air services. It is irksome that a non-elected representative or group of representatives can negotiate a deal with a carrier behind closed doors, and result with a “confidential” contract. One was hopeful and even optimistic about the arrangements, but now find they are in ashes. We have been informed that the twice weekly service will continue “as usual” on the same schedule. It would suit local businesses to have one or other of the services moved to a different week day. Tuesday/Friday or Monday/Thursday have been suggested.

Over and over again it has been explained by the tourist sector on Cocos, that the overall cost for a holiday in Cocos has to show “good value” to attract tourism in economic numbers. This last attempt had that in site at least, but it needs to be kept in mind **at all times**.

Shipping.

The sea transport sector is badly in need of review. Current arrangements are not satisfactory in frequency, reliability or price. The shipping is very impactful to residents and local businesses. Most public servants get “uplift allowance” yearly enabling them to purchase goods off-island and have them freighted for free, this along with regular flights to the mainland ameliorates the impact on a personal level. There is no such relief for residents to the territories.

Frequency. The movement of cargo from mainland to Cocos would be optimal at 5 weeks. Last year it was more like 12 weeks. This year after a good start, (service provider hired a vessel from another fleet) the frequency was thrown out again.

The effects of frequency and reliability are onerous on a small business operator. When shipping was more frequent and reliable, there was requirement to hold only 6 weeks stock of basic goods. This is as true for the shop, pub and any small business. Once the frequency drops away, then stock levels must rise. This causes cash flow problems for business. Holding stock is expensive, and does not add to profit margins. This is then exacerbated by the lack of reliability, a 6 weekly service that comes in after 10 weeks will require businesses to hold 12 or 13 weeks worth of stock. Where the business must deal in produce or product which ages, then stock value deteriorates. Stock value starts to disappear on consignment to the consolidator’s yard, and after two months delay is hardly worth shipping. The overall situation has steadily got worse, and the publication of shipping schedules is regarded as an on-going joke.

The current service provider advertises “close-off” for a vessel, and at that stage the post office will send surface mail to the vessel. If the vessel does not sail, another close off day is advertised, another batch of mail is sent down. This can be very inconvenient, with tax demands coming on the ship after being held for 2 months in a container in Perth. From time to time express and registered post are also dispatched to the ship on the theory that it will be here before another plane gets in. Sometimes these can be held over to the point where contents become valueless on arrival.

Further to the multiple close off issue is that stockists on Cocos have to seek to have the longest shelf life available for stock put on the shelves, as the actual shipping service is so unreliable. The attempt to get “fresh” items to the ship by close off can be quite stressful, and requires a good supply chain. To have the goods then sit in 32 degree heat in an industrial shed in Perth for two months causes deterioration to stock, and takes two months shelf life away from the stockists. The shipping forwarder is insisting on cargo being delivered up to 12 days before sailing. So 12 days prior to sailing plus a delay of another 6 weeks plus the normal 5 weeks takes us to the twelve weeks easily.

Shipping costs have been continuously increased due to a number of reasons. These include exchange rate fluctuation, fuel cost increase and demurrage (mostly Christmas Island) When the reasons are no longer current, the price remains at the higher level.

The cost "offered" to the community is understood to be for the **advertised** "regular" service of approx 6 weeks, say 10 vessels a year. When only 4 are supplied the "standing" or "fixed" costs fall very quickly. To continue to charge as if there had been 10 services is taking advantage of a monopoly market.

Further imposts are made on shipping clientele in the levying of "customs charges" by the freight forwarder. These in reality are not levied by customs, but are the "compliance" costs of entering data into the export portal. A ship full of a single product like iron ore might pay \$100 for compliance, but small businesses regularly pay \$25 per consignor (Even if the consignors details have been previously fed into the shippers data base). So if a small business was to order specialist product weighing @ 40 kilo, (too heavy to post), then charges would be in the order of \$25 for compliance and around \$20 for freight (depending on volume). The money is not passed to customs. It is held by the freight forwarder effectively doubling his freight rate. Containers such as a freezer container can have 50 (or more) consignors adding \$1250 to what is already the most expensive regular freight charge in the world.

The dept of territories in their various guises has refused to enter into the debate about freight rates or service. The Commonwealth have ignored previous recommendation by this committee's predecessors at Ministerial level and appears to have instructed the department of territories (as was) to ignore it also. Senior officers of dept of territories (as was) maintain that they are not a major client of the service. This is only true in the most limited sense. The Commonwealth pays for the transportation of most of the vehicles to Cocos Islands. Further they import all the materials required to maintain its large property portfolio, as well as all the white goods and furniture to fit these properties out. Capital equipment and project cargo can swamp the "domestic" movement of cargo. As most movements are generally provided by contract or service delivery through third parties, the dept have been able to say they are not a client.

There is no downside to the Commonwealth entering into a service delivery agreement or contract with a shipping company as they have with an airline. It will allow the service to be framed in an acceptable frequency and cost. A 3 to 4 yearly contract re-negotiation or renewal will allow market influence to enter in a non-destructive but competitive manner. Do not be deceived, the Commonwealth pays for a large proportion of the shipping costs to the territories, and it is incumbent on them to get value for money. Recommendation was previously put in "delivering the goods" report of 1995, that tenders be called to carry the commonwealth cargo to the islands. Whilst the reasons for this recommendation are long gone, it is still in the best interests of the communities to regulate and stabilise what is a pillar to the economics of both islands..

For a specific example of impact; at the bottom end of value is concrete. With a specific gravity of over 2.3 it ships for \$900 per cubic meter. The material itself is worth about \$400. Concrete in the ground is costing 6-8 times that of mainland. A huge impost on the local economy.

Action is long past due on this issue, to continue the current path will continue to see damage done to the economies of Cocos and Christmas Islands. To wait until complaints are strident seems to be a normal response, but good management dictates that action should be taken immediately.

Operations of businesses in the region.

Permits and paperwork.

I run a clam farm aquaculture facility on Cocos Islands, the paper trail for this is arcane and changes so often it is easy to be caught wrong footed. These are no more than someone might have in the mainland, but we stand alone on Cocos with no industry voice or effective method of talking to those writing and passing the legislation in WA.

In an effort to diversify our earning base we have requested to be able to aquaculture mud crabs, cherabin and red claw. After four years we have not been allowed any of these. Cherabin and Redclaw are denied us due to conceived quarantine risk, and no advice or protocol is acceptable to alter this opinion. Mud crabs are native to the island, and application is still in hand for the developmental research, though one cannot say the fisheries personnel are encouraging in any way. We have applied for these all the aforementioned species as the life cycle has been closed. These species also have promising developments in marketing and farming and are recognized by the market.

We harvest marine aquaria fish in Cocos, so are required to maintain a license which is managed by Fisheries WA under a service delivery agreement. We have the only commercial fishing permit on Cocos though operations predate any structured management framework. There seems to be the idea that the fishery has to be "shoehorned" into compliance with WA fisheries policy/regulation. It is my understanding that the service delivery agreement is to supply fishery management services. I have informed the authorities that we use a variety of boats for the diving operation, as it is scuba based, and does not require a specialist vessel or more than a bag full of equipment. Even so they require a vessel to be licensed and are reasonably happy to ignore the true facts. For some arcane reason it is "not right" to hold aquarium fish in our aquaculture facility, and this matter is still yet to be resolved.

Commercial fishermen are under increasing pressure in the mainland to stamp out unsustainable fishery practices. This has led to a culture of confrontation between the industry and their regulators, this is as true in WA as anywhere else. This culture has been imported into Cocos. There are glaring errors in the "optional" regulations already put in place. Hermit crab, blue lipped clams and gong gong are punitively regulated, to such a degree that the regulations are ignored in their entirety. None are in any real danger of extinction or even shortage. Attempts to diversify our aquaria fishery into coral harvest are bogged down into the fifth year (I think), and is held up because of issues in WA not Cocos.

I believe that there is room for a small line/net fishing industry that can supply the market in Christmas Island. The Christmas Islanders there are very keen on "reef" fish as they mostly catch pelagics. 50-100 kilos of whole fish would provide employment for one family. It would also allow the currently ignored local "black market" sale of fish to be regulated and acknowledged. Historically the lagoon fed more than 2000 persons, and has shown no long term effects. With locals eating more imported food and

numbers down to a few hundred, the resource is underutilised. This proposition is greatly resisted by fisheries, who seem to believe that the fishery is continuously under threat of total collapse.

I get a feeling that I am being outnumbered by the service providers. Barriers can be put up faster than we can jump them. The business environment on Cocos is very difficult. No-one comes here because business is easy.

Issues with the new Quarantine barriers and EPBC.

We have a newish quarantine legislation, which has made it hard to import "genetic material" due to conceived quarantine risk. The application to import redclaw and cherabin was referred to dept of environment under the EPBC act. Cocos is "deemed" to be Commonwealth land. I have not been able to get to the bottom of this deeming, no-one seems to have authority and no correspondence authorizing the deeming is available. The deeming causes all private land and all Cocos waters to be assessed as commonwealth lands under the act, this is not true of any other inhabited territory other than Christmas Island. In fact the EPBC act is generally only applicable to commonwealth lands, all others being generally being exempted. The act is onerous to comply with and can take years to go through the assessment process. Considering all WA eco-legislation is in place, it is overkill to expect businesses and citizens to comply with this legislation or risk criminal charges in the future if they ignore them. Currently the act is ignored to the greater part, and is applied only to large projects. This leaves it as a "discretionary authority" which puts too much power in the hands of public servants.

Importation of uncooked prawns, and un pastuerised honey have clear biological risk factors. The risks are the same for uncooked prawns as it is for the introduction of redclaw and cherabin, but for some reason more weight is put on consumer happiness than potential jobs and economic growth.

The movement of fresh/live agricultural or aquacultured materials into the mainland is severely restricted and almost economically unviable due to the requirements of WA and Federal Quarantine. We have been informed that as the disease status of Cocos has not been researched, it will be treated as if it were a foreign country. This is not in the spirit of integration. The Commonwealth needs to research the disease status of Cocos, providing baseline data to ease the movement of restricted items from the island. Honey which is relatively easy to produce and is known to be pristine cannot be traded into the mainland without permit, inspection and lots of wasted time. As there are no SDA with WA agriculture agencies there is no method of having goods declared disease/pest free. We have had our clams declared disease free, but there is no economic method for continuous or ongoing monitoring.

The economics of Cocos ride in the care of the territories branch of the AG's department. Little can be done by the private sector that cannot be undone with a stroke of the pen in Canberra. Cocos muddles from one disaster to another from conflict to conflict, with little or no hope of resolution.

There are no checks and balances. Taxation is levied at state and federal level by the Commonwealth, though there is no effective say in state legislation. State legislation is enforced as it suits the Commonwealth with no reference to supporting WA policies. Which brings us to housing.

Cost and affordability of housing.

The economics of a closed or semi closed economy are quite delicate. Increases in charges are prone to destabilise. When the Commonwealth started releasing land on Cocos I stated my concerns. At the time labour was available for approx \$18 an hour, I was working technical jobs for @\$25/hr, and it would be uncommon to be charged more than \$35/hr for any service. Within 4 years. Unskilled Labour is unobtainable. (more on this later). I charge @\$70/hr, and skilled trades are available @\$110/hr. Many contracts written with the Commonwealth were based on mainland CPI. Cocos CPI went off the charts during the last five years. Rents have gone from approx \$300 a fortnight to \$550 a week, with no growth in the economics of the Island that underwrite these costs. There were some small attempts to allow a scheduled cost change, but this was a harsh lesson learnt by the community. Unskilled labour is now almost unavailable as the inconvenience of signing on and off the dole, and the high cost of living make it a juggling act, which few labourers would come out ahead, unless they had full time work.

The housing issue is another where the dept of Territories has tried to keep out of. I was fortunate enough to get a direct sale house, as were a few others on the Island. It was a leap of faith for me at the time, as I had little or no guarantees for my financial stability. This was true of at least one other person. The fact that rents would increase to more than the mooted mortgage repayments swung me. There is a long held belief that the land trust provides the public housing for the Islands, but this is patently untrue. There are a few "public housing" units on West Island, but these are obscenely outnumbered by vacant buildings, and these in turn outnumber the long term "homeless" of West Island.

Western Australian state policies make a comprehensive attempt to address the complex housing issues of Western Australia. Some of the policies are better than others, but overall none of these policies have ever been effectively offered to Cocos. Country Housing Authority, state housing, public housing levies for developers, etc etc. If policies are not suited or not available at the state level, then the state government does not survive. This is not true of Cocos, there is no political recourse or cost to damaging, uncaring or unsuitable legislation, policies or non-policies.

Something needs to be done to address this issue. I do not believe that local businesses want a hand out. They just want an economic housing for their staff and management.

Current policy has seen the vast majority of "private" residences being purchased by speculative absentee landlords. Many of these remain empty, this might not have been the Commonwealths intention, but they are responsible for the effect.

Climate change.

Cocos can feel smug in its ability to absorb carbon. Millions on tons of coral work night and day absorbing CO2 and the coconut trees do not do a bad job either. The fact of the matter is that we will have to pay for the warming climate in a physical sense, regardless of the fact that we have a "negative" carbon foot print. That we absorb more than our fair share of carbon, does not mean we should sit on our hands while burning fossil fuel in our generators. More should be done to diversify renewable power on Cocos. I would suggest OTEC power be researched. It would be a terrible day if we ever

actually had to pay the true cost of diesel generated electricity on Cocos. Increasing political reliance on economic pragmatism could see us paying vastly increased electricity costs. With no structure to recoup our carbon credit value we could be in the CO2 soup.

Home island will need to be “filled in” with sand to stop saltwater incursion, this might exacerbate freshwater flooding, but I see that salt water incursion is a lot more damaging to the water table and eco system than freshwater flooding. Sand will need to be pumped from the lagoon into low lying areas, these will eventually stabilize and the freshwater lens underneath will repair itself. I am told that the rising sea level will only be a minor inconvenience to West Island. The airfield would probably be the most impacted.

As an overview I cannot stress enough the feeling of powerlessness than comes with the discretionary application of West Australian Law, and the lackadaisical approach by dept of Territories to this. It is well within the authority and capability of the Commonwealth to do the job right, to continue to do nothing would be a breach of faith with a community that has voted to integrate with Australia. We did not vote to be administered by Canberra as an external territory. One plays with the idea of a writ of mandamus, and how it could be framed.

INTERNATIONAL COVENANT ON CIVIL AND POLITICAL RIGHTS

Article 25

Every citizen shall have the right and the opportunity, without any of the distinctions mentioned in article 2 and without unreasonable restrictions:

- (a) To take part in the conduct of public affairs, directly or through freely chosen representatives;
- (b) To vote and to be elected at genuine periodic elections which shall be by universal and equal suffrage and shall be held by secret ballot, guaranteeing the free expression of the will of the electors;
- (c) To have access, on general terms of equality, to public service in his country.