

Indian Ocean Territories - Christmas and Cocos Keeling Islands

Introductory Report for RDA Midwest Gascoyne Committee

October 2010



Indian Ocean Territories - Christmas and Cocos Keeling Islands

Regional Snapshot

Christmas Island

Topography

The island consists of a central plateau rising to 250m in the east and 150m in the west, with several high points 360m above sea level. Much of the coast consists of 10–20m-high sheer cliffs, with a few small sandy beaches. The main moorage is at Flying Fish Cove. The ground is porous but there is ample fresh water from springs.

Population

Approximately 2000, population density 10 per sq km (2007); mostly of Chinese descent, with European and Malay minorities. There is no indigenous population. Buddhists 36%, Muslims 25%, Christians 18%.

Current Department of Immigration Detention Centre clients number around 2500.

Economy

Mining and exporting some 700,000 tonnes p.a. of phosphate to South-East Asia and the Australian mainland is the main and stable economic activity. The mining company is 40%-owned by Christmas Islanders. Phosphate Resources Ltd pays a conservation levy to the Australian Government for rehabilitation and conservation purposes. The Government uses these funds on rehabilitation and conservation purposes beyond the existing mining leases.

Environmental controls are in force, and rainforest clearing is prohibited.

The island also offers specialist diving and fishing holidays and eco-tourism.

The detention Facilities; the Australian Government via Attorney Generals Dept and National Parks Australia are major employers on the Island.

Cocos Keeling Islands

Topography

The islands are flat and low-lying. The northern part of the main atoll, which surrounds a lagoon, has anchorage, but navigation is difficult.

Population

600 population density 43 per sq km (2007); the population of Home Island (about two-thirds of the total) is mostly of Malay heritage, and West Island of Australian descent. Muslims 80%, others 20%.

Economy

There is local fishing and domestic cultivation of vegetables, bananas and pawpaws, but the islands are not self-sufficient in food.

The major industry is tourism and Government services. The Quarantine Station has closed.

Highlights

The Indian Ocean Territories (IOT) are isolated communities reliant on transport services providing the necessities of life to the communities. Christmas Island is approximately 2300km from Perth, with the Cocos Keeling another 900Km west from Christmas Island.

The Islands are managed by the Attorney Generals Department (AGD) of the Australian Government, with Local Governments in place on each Island providing WA Local Government services and other services are provided from 36 service agreements with WA government agencies (as WA legislation is often applied) and policed by the Australian Federal Police. (See Appendix 2)

The Office of Administrator of the IOTs as 'head of Government on the island was established on 1 May 1968 through an ordinance which provided that appointment be made by the Governor-General. The Administrator of the IOTs, Mr Brian Lacy, is the Government's senior representative and resides on Christmas Island.

The Attorney General Dept has the following strategic direction as in the Australian Government budget Papers:

Territories

Ensure that the residents of Australia's non-self-governing and external territories have access to the same rights, protections and essential services enjoyed in other Australian communities, with a focus on facilitating economic development and financial sustainability.

The main industry on Christmas Island (CI) has been phosphate mining. Recently the development of the Detention Centre has seen the local community engaged in employment in this sector.

The Phosphate Mining has a limited life due to the expansion of the national park on the island and limited resource access due to the decision by the Australian Government to refuse additional mining leases on the Island for conservation issues. The company's current Christmas Island mining lease tenure until 4 February 2019 over 2054 hectares is unaffected by the decision. Exploration and drilling to date on the tenements confirms that under current commercial parameters existing production levels can be viably sustained for at least a further five years. The company has made significant contributions to community project funding.

The Development of the Christmas Island Detention Centre (CIDC) has seen a significant increase in employment with the creation of approximately 400 new jobs in the IOT in the past 15 months and a recent survey on employment needs for the IOT for the next 12-15 months indicates a further 150+ new jobs could be required. There were 79 apprentices and trainees in the Indian Ocean Group Training system, the largest number ever.

Lack of housing has been a significant issue during the past 12 months and through the support of the Economic Development Officer (EDO) and IOT Economic Development Fund a private housing developer and real estate office is now on CI. (see Appendix 1 Re EDO Program)

The focus at the local level is to assist businesses and individuals in capitalising on the \$100m plus infrastructure and capital works programs announced by the Commonwealth during the coming years.

Cocos Keeling Islands (CKI) has traditionally been involved in the copra industry, with the islands group being planted out using coconut trees since the 1850's. However the copra industry has collapsed many years ago and the plantations have been left unattended.

Both Islands are now looking to tourism to provide an economic framework to build a local economy.

The Islands will remain of strategic importance to Australia, through their strategic location in the Indian Ocean for surveillance operations and defence potential. They also influence the extent of the Australian Exclusive Economic Zone in the Indian Ocean.

Defining a Vision for the Islands for the next 50 years will be significant to the IOT communities as it will influence their own decisions about how they will participate in the community into the future.

A number of plans are in development and may provide further assistance with the IOT future direction, some stability in Government policy for the IOT may assist the communities moving forward with their visions.

The Minister has established the CI and CKI Economic Development Consultative Groups (EDCG) which are chaired by the IOT Administrator: Following expressions of interest the Minister for Home Affairs appointed members in May 2009 for 2 year terms. They are a conduit between the community, EDO and Administrator and provide information to both and the community on the ED strategies at a local level. They have endorsed a 5 year ED Strategy and a report on their current terms of reference are being canvassed by AGD seeking to increase their role from being a consultative group. The Administrator chairs the groups and has a charter from the Minister to progress economic development.

The AGD through the Administrator has supported the establishment of an Economic Development Officer (EDO) for the IOT. Over the short duration that this position has been engaged, a number of initiatives have been delivered, further are planned and ongoing delivery of this role will see significant outcomes across the territories.

The EDCG should be the prime consultative group for the RDAMWG strategic plan for the IOT, with administrative support provided by RDAMWG to achieve RDA deliverables for the IOT.

Key Issues

Island strategy

The Islands have been developed over the last century from specific demands, phosphate and copra. Today's markets and diminished resource has seen the islands future become uncertain. Although there are concerns about the islands' the communities are resilient and the islands are their homes despite what happens economically in the future.

The establishment of the Immigration Detention Centre on CI has seen a significant investment from the Australian Government and opportunities for the local community. However there has been an impact on the fledgling tourism industry due to demand for accommodation on CI. This is becoming less problematic as additional accommodation is brought on line.

The Government Policy to move asylum seeker processing offshore has again raised uncertainty within the CI community.

The CKI economy from copra has ceased many years ago and there has been no economic development on the islands, apart from small tourism operations, mainly self-operated. Some local infrastructure projects are providing limited employment opportunity and the development of a staffing relationship with the Detention Centre operators SERCO is providing some opportunity for employment on Christmas Island. This has led to skilled CKI workers leaving CKI to take up jobs with SERCO and thereby placing some strain on CKI employers who cannot quickly source skilled workers.

The Quarantine Station on CKI has closed and some opportunity exists for redevelopment of this location for other uses.

The Australian Government needs to establish a vision for the Islands for the next 50 years in consultation with the Island communities such that there is a clear understanding of the Islands future.

Transport - Flights & Freight

The islands are reliant on the transport of all materials to the islands via sea freight (once every 6 weeks) or passenger flights with air freight limited by weather constraints or passenger numbers. There is now a shipping service commencing from the north. This includes the majority of fruit/vegetables and perishable produce. Other Shipping at Christmas Islands includes the shipment of Phosphate to mainly Asian ports.

Regular shipping of supplies is paramount to the communities, but with such small volumes there is little prospect of increased traffic or new competitors entering the market.

Virgin Blue operates an air service under a Australian Government air-service contract for the provision of flights to the Indian Ocean Territories which has been in operation since

April 2010. The service currently provides for four return services to Christmas Island and three return services to Cocos (Keeling) Islands on a weekly basis.

There is currently a privately chartered air service operating international flights from Malaysia. The chartered services are not currently part of international airline ticketing systems and are not operated under contract to the Commonwealth. This causes problems for international travellers as flights cannot be easily booked by travel agents.

Many comments have been provided about the shortcomings of the above services, but without demonstrated demand for increased shipping and flights, it is unlikely that further services will be provided. Additional services are provided if required as has been done with air freight to both islands over the last three years on an as needs basis. The encouraging development in the airline services over the last six months has been more affordable seats, greater passenger comfort and increased numbers of passengers.

However, improved logistical support could see improved efficiency of these operations. Further there may be some opportunity for cross island air transport to assist community development.

Tourism

A more diversified economy for the islands may be available through development of the tourism industry on the Islands. Some initial work has been undertaken and some tourist operators already exist. However, significant investment in tourism infrastructure and strategy development will be required to enhance the Islands features to attract the desired number of visitors with the financial capacity to meet the high costs of CI and CKI travel.

Whilst some efforts have been made to progress tourism in the IOT through a number of avenues the results have yet to see any significant new private investment. Discussions are underway however for a resort development on CI and the Shire of CKI continues to pursue the prospect of a resort development.

The recent announcement by the Commonwealth Government in major infrastructure and services for the IOT includes an opportunity for the attraction of private investment in significant longer term tourism opportunities in a way that hasn't been available before.

The appointment of Virgin Blue as the new service provider to conduct regular flights between Perth and CI and CKI, completion of the new mooring system for Cruise Ships at CI, new freight and passenger terminal – RumhaBaru on CKI and the upgrades to the CKI airport have established significant ground work for a sustainable tourism industry in the IOT.

When coupled with the proactive work that the Economic Development Consultative Groups are doing in moving towards a regional approach and the partnership approach being taken by Christmas Island Phosphates now is a prime time to assist the community take their next step.

The development of a plan for an interpretative centre on CI and a tourism attraction concept business model for the IOT will add immense value. These are two vital components that will attract investors via economic model highlighting the viability and identifying any staged growth.

By using an IOT Community Consultative Group and attracting a joint funding partner there would be a united vision bred from the local level and it would be seen as the community creating the opportunities. It would have the desired effect of positioning the IOT community at the forefront of economic development through tourism.

Christmas Island Phosphates have indicated their connections between mining and safe guarding the future of eco-tourism and their support to foster more collaborative approaches to economic development in the IOT and are willing to consider opportunities for diversifying.

Cruise ships have commenced stopping at CI and could lead to further visitation.

Efficiency

The IOT have expenses in the order of \$90MPa to maintain services to the Islands, by means of direct provision of services or through contracted services with WA based agencies such as the Water Corporation. However, there are some logistical and administrative difficulties, with strictly limited resources and significant transport costs associated with freight.

The IOT should move to increase the efficiency of the resource demands they have to reduce costs, such as: ensuring water efficient measures are in place in residences, solar hot water systems are used, renewable power systems are installed (wind generators are in place on CKI, but not operational). A recent alternative energy report has been completed and the IOTPA is undertaking an alternative energy project for CI.

Efficient use of the IOT resources such as potable water is critical given there is no alternative natural supply. For example the current potable water resource is undefined on CI and yet the use of the resource has tripled over two years due to expansion of the island population through the detention centre being above capacity. Should the water resource be depleted prematurely, there may be few options available in the short term for servicing the population on the island until desalination or alternate water resource capacity could be developed.

Land management

Recent reports on land management in the IOT have been completed by consulting firm GHD for the AGD. The reports highlight many issues with regard to potable water, waste water, waste management, energy, economic development and transport. Climate Change risks have also been identified on CKI due to their low height and may need management.

A number of recommendations have been proposed by GHD and require consideration by the AGD. Implementation of the recommendations may see potential opportunities for investment and economic opportunities for the IOT.

The report specifically recommends the creation of Outline Development Plans for Urban Expansion, which has been undertaken, and redevelopment of the Quarantine Station on CKI and for the Light Industrial Area on CI. These measures would allow for new growth and opportunities on the IOT.



Recommendations:

- 1. The EDCG should be the prime consultative group for the RDAMWG strategic plan for the IOT, with administrative support provided by RDAMWG to achieve RDA deliverables for the IOT.**

- 2. The Australian Government, through the newly created Regional Development Ministry, should develop a clear Vision statement for the IOT.**

Appendix 1 - DAG EDO Program

On-island support programs for ED: There has been an emphasis on building a cohesive and regional approach to ED in the IOT during the past 18 months with efforts to assist the local community develop a vision and set it direction.

AGD IOT ED Officer: A new position for the IOT which commenced December 2008?it is a 2 year plus one contracted position and works in alignment with Administrator. The role of the EDO is to actively work with stakeholders to improve capacity, transfer skills and identify and develop economic opportunities.

CI and CKI EDCG: Following expressions of interest the Minister for Home Affairs appointed members in May 2009 for 2 year terms. They are a conduit between the community, EDO and Administrator and provide information to both and the community on the ED strategies at a local level. They have endorsed a 5 year ED Strategy and a report on their current terms of reference are being canvassed by AGD seeking to increase their role from being a consultative group.

Small Business Development Corporation: Through an SDA with WA Government and managed by the Territories Office Perth there is an on-island information officer who works closely with the EDO and a number of capacity building programs and workshops are held along with one on one business support.

IOT ED Fund: The program provides up to \$75,000 for grants to both Cocos (Keeling) Islands and Christmas Island each year. It targets projects seeking to promote economic development in the Territories that will increase employment opportunities, improve skills, expand/upgrade infrastructure or increase community capacity to become economically more sustainable.

The EDO assists in developing an application and advice on obtaining community and business support and identifying possible project partners whilst the EDCG and the Administrator provide input on the applications. A review has been sort by the EDCG on streamlining the length of time for the recommendation to be forwarded to the Minister for approval.

Outcomes since inception of the EDCG in May 2009:

- IOT Economic Development Strategic Plan 2010 -2015
- IOT Horticulture Feasibility Study
- IOT Entrepreneurial and Leadership program
- Commerce Dinner – Key note speaker program
- CI Cruise Ship Project
- Alignment with Regional Development Australia
- Workforce participation via a regional approach focussing on CKI and CI locals securing employment opportunities
- 10 successful IOT Economic Development Fund Grants
- A credible and respected shop front for economic development in the IOT
- Increased dialogue with the community on ED via Administrators Newsletter and Community information sessions

Local feed back to the AGD and Minister on the following ED topics:

<ul style="list-style-type: none"> • Tourism restructure for the IOT • Regional Development Australia • Department of Immigration and Citizenship Regional Scenario Planning (regional impact) • Joint Standing Committee inquiry • Crown Land Management Plan / Outline Development Plans 	<ul style="list-style-type: none"> • Cruise Ships for CI • Dive Resort Development for CI • Long term structure for economic development in the IOT • Accommodation / housing • Corporations law • Economic Development Communication strategy • Workforce issues and closure of CI Supermarket
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Projects identified to progress and waiting approval:

<ul style="list-style-type: none"> • IOT Community Capacity Assessment and up skilling programs • IOT Community Leadership Program • Company Directors Course training • Commerce workshops • CI Sports Precinct Concept and Lighting Plan • Urban Design Master Plan for Gaze Road / Tourism Precinct CI • IOT Marketing Plan • Economic Development Newsletter 	<ul style="list-style-type: none"> • Participation in Regional Development Australia • IOT Accommodation Study • IOT Aquaculture Feasibility Report • IOT Education/Research Development Plan • Development of IOT Regional Development Body • Cost of Living • Delegation to other Australian Islands
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Consultation occurring with other Commonwealth, State or Local Government:

- Workforce Development DIAC Outreach Officer Program
- Tourism Resort Shire of CKI
- Community Resource Centre for CI WA Dept Regional Development and Lands
- National Parks CI ecosystem and native species recovery plan
- Regional Enterprise Connect program through Dept Innovation, Industry, Science and Research

Appendix 2 - Service Delivery Arrangements in place

As at March 2007 the following State agencies provide services to the Commonwealth for Christmas Island and the Cocos (Keeling) Islands under Service Delivery Arrangements (SDAs):

Agency	Services provided
BreastScreen WA	Screening and diagnostic mammography services
Department of the Attorney-General	Access to the justice system including: <ul style="list-style-type: none"> • Court Services; • Registry Office; • State Solicitors Office; and • Public Advocate.
Department for Community Development	Professional supervision and support for the Indian Ocean Territories (IOTs) Social Worker to promote responsibility and growth in family and community life and contribute to the protection and care of children. Information and support to licensed and proposed childcare providers, and administration of the applied legislation concerning working with children.
Department of Consumer and Employment Protection	Information to business and consumers, and the development and enforcement of consumer protection legislation. Information to employers and employees, and the development and enforcement of occupational safety and health legislation, including resources safety and the storage, transport and handling of dangerous goods. Energy safety regulatory services.
Department of Corrective Services	Offender management services.
Department of Culture and the Arts	Broad policy and planning services, arts development services (including art funding administration), art gallery services, museums services, and cultural planning services.
Disability Services Commission	Support and services to people with disabilities in the IOTs.
Department of Education and Training	Monitoring and assessment of the compliance of IOTs vocational and adult education and training providers with legislative requirements. Registration and monitoring of IOTs apprentices

	and trainees.
Office of Energy	Advice on energy policy and regulatory matters in the IOTs.
Department of the Environment and Conservation	Protection and enhancement of the IOTs environment and water resources through the implementation of applied environmental protection law, including protection of water resources, regulation of prescribed premises, emissions and wastes, and incident protection and response.
Equal Opportunity Commission	Information and advice on equal opportunity and human rights issues and the investigation of complaints under the applied equal opportunity legislation.
Economic Regulation Authority	Promote economically efficient outcomes in the IOTs at the lowest practicable regulatory cost through efficient and effective independent regulation, independent advice to the Commonwealth and advancing the debate on economic regulation.
Fire and Emergency Services Authority	Support to volunteer brigades including planning, training, and equipment. Community education on safety issues, and compliance with building safety requirements.
Department of Fisheries	Procedural and technical advice in relation to aquaculture proposals and management of fish resources.
Department of Health	Regulatory, advisory and other support services as required in the delivery of whole-of-health services.
Office of Health Review	Handling of complaints about the provision of health services in the IOTs.
Department of Housing and Works	Advice and support to the Administration Housing Unit for the effective administration of social housing in the IOTs.
Department of Industry and Resources	Registration of IOTs mineral titles and advice on associated environmental matters.
Department of Land Information	Land information services, including registration of title, and geographic and cadastral information. Impartial valuation services supporting asset management and revenue collection.
Legal Aid Commission	Quality legal services to those in need, and assistance to the community in accessing justice.
Department of Local Government and Regional Development	Ensuring compliance with applied local government legislation, and facilitating the development of local government for the elected body, and the communities.
Main Roads WA	Provision of road funding and traffic management in cooperation with local government.
Medical Board of WA	Monitors the conduct of doctors and the standards of medical

	treatment provided in the IOTs according to applied legislation.
Nurses Board of WA	Regulates the practice of nurses in accordance with applied legislation to ensure appropriate and safe standards of nursing care are promoted and maintained in the IOTs.
Parliamentary Commissioner for Administrative Investigations (State Ombudsman)	Provides a system for handling complaints about the administrative actions of State government agencies in the IOTs which are within the Commissioners jurisdiction.
Department for Planning and Infrastructure	<p>Planning, legal and administrative advice to ensure the use and development of land in the IOTs is consistent with strategic planning, policy guidelines and planning standards.</p> <p>Provision of advice and assistance to the Commonwealth on a broad range of transport issues.</p> <p>Administration of Crown land in the IOTs.</p>
Public Trustee Office	Trustee services, including the preparation of wills and provision of executor and administrator services for IOTs residents.
Department of Racing, Gaming and Liquor	Liquor licensing services, including compliance audits and investigations.
Small Business Development Corporation	Provision of specialised information, referral and business facilitation services, and representation of small business interests in WA policy development.
Department of Sport and Recreation	Provides advice on the sporting and recreational infrastructure needs in the IOTs, and support and advice to sporting and recreational groups in the IOTs.
State Library of WA	Provides IOTs local authorities and associated bodies with leadership, library materials, information and support services.
Department of Treasury and Finance	<p>Collects and remits State-type revenue to the Commonwealth in accordance with applied legislation.</p> <p>Provides purchasing, contracting and consulting solutions to the Commonwealth as required.</p>
Workcover	Administers the applied workers compensation legislation for the benefit of injured workers.

The WA Department of Education and Training also operates the Christmas Island District High School (CIDHS) and Cocos (Keeling) Islands District High School (CKIDHS) providing school based education for Kindergarten to Year 10 (Cocos) and Year 12 (Christmas) students under the WA curriculum.

The Attorney-General's Department (AGD) is also responsible for a range of other state-type services, including:

- electricity to the Island through the Indian Ocean Territories Power Authority (IOTPA);
- health services through the Indian Ocean Territories Health Service (IOTHS),
- policing by the Australian Federal Police (AFP);
- staff and public housing;
- water and wastewater services (under contract to Water Corporation);
- airport management (under contract to Forte Airport Management),
- port operations (under contract to Western Stevedores); and
- Motor Vehicle Registry (operated by the Shire of Christmas Island).

Local Government on the IOT

A second tier of government applicable to the IOTs, established in 1992, is provided at the local level through 'Shires', similar to the shire councils which operate on the mainland. The shires operate under the provisions of the applied Local Government Act 1995 (WA) and are governed by councils. The first shire councils for the IOTs were elected in 1993.

The Shire of Christmas Island Council is comprised of nine councillors who hold four year terms. The council is responsible for electing its own President and Deputy President and with the exception of January, meets monthly. Councillors also participate on council formed committees.

The Shire of Cocos (Keeling) Islands Council is comprised of seven councillors holding four year terms and meets monthly. Elections are held every two years with three or four Councillors retiring at each election. The President is directly elected by the Council and holds office for two years.

IOT Shire Councils are able to raise a limited amount of revenue through rate collection. The IOTs shire councils are not eligible for funding under the Financial Assistance Grants (FAG). They receive funding from the Government 'through the Territories Administered budget, calculated by the WA Local Government Grants Commission.' This funding is FAG equivalent and is calculated in the same way as FAG. This funding 'constitutes the bulk of shire funding and is untied.' Broadly, the range of grants available to the shires is comparable with that available in WA.