

## **Emerging industries**

### **Introduction**

- 4.1 Identifying emerging industries for the Indian Ocean Territories (IOTs) economies with the potential for economic growth is being considered through various mechanisms at both the federal and local levels. There is recognition that in both IOTs economies, tourism has the potential to grow and emerge as a sustainable industry, creating a stable economic base from which other industries could emerge.
- 4.2 The long term, economy-wide impact of establishing sustainable industries for the IOTs would be an improvement in economic diversity which would have the effect of creating new employment opportunities. Over time, development of self sustaining economies would lead to improvements in the standard of living and lessen the reliance on government funding. More self-sustaining economies could also be expected to have a stabilising effect on the IOTs populations.
- 4.3 However, future measures implemented to assist with industry development would need to be highly suitable to the economic, physical and social landscape of the IOTs.
- 4.4 This chapter examines evidence which canvases possible industries which have the potential to be grown and sustain the IOTs economies.

## Impact of the changing demographic

- 4.5 The changing demographic of the IOTs is an important consideration in developing strategies for new and existing industries with the aim of achieving sustainable economic growth.
- 4.6 Both the Shires of Christmas Island and Cocos (Keeling) Islands are aware of the negative impact on population of contractions to industry and static economic growth. In particular, both shires have highlighted the concerns they have in regard to youth leaving the IOTs and the concurrent increase in the remaining ageing populations.
- 4.7 The Attorney-General's Department (AGD) stated 'anecdotal evidence suggests the Christmas Island population may now be somewhat lower than that reported in the 2006 Census, while the population of the Cocos (Keeling) Islands has remained stable.'<sup>1</sup>
- 4.8 In this respect, the Shire of Christmas Island commented on the need to build a diverse, robust economy to retain its youth and lessen the decrease in population. The Shire of Christmas Island stated:

We cannot be restricted to mining and tourism if we want to plan a real future for Christmas Island which will absorb the skills and the professional development of young people on Christmas Island, or young people we hope to bring back to Christmas Island to work, to build our community without people, rather than see the drain that is occurring now in the younger generation, particularly the generation that pursues higher education and never comes back. So this is a central issue.<sup>2</sup>

- 4.9 The Shire of Cocos (Keeling) Islands stated that it is strategically examining its demographic with a view to retaining its younger population through targeted youth employment measures. The Shire of Cocos (Keeling) Islands stated:

...part of what the shire is doing as well is trying to look at the youth – and also the aged, but more so the youth – is in regard to unemployment and trying to find a balance. There is no point in skilling people up if there are no jobs to actually employ them, but we want to get people out into the workplace and get them active

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1 Attorney-General's Department, *Submission 15*, p. 3.

2 Shire of Christmas Island, Mr Gordon Thompson, *Transcript T4*, p. 2.

rather than have the young ones who have not been able to get a job getting used to not having a job.<sup>3</sup>

4.10 The AGD sponsored report on the economy of the IOTs found persons in younger age groups are leaving the islands to pursue educational opportunities or because of a general desire to experience the wider world. Persons in the older working-age groups are leaving the islands to seek further education and other employment options not available in the IOTs.<sup>4</sup>

4.11 In regard to aged care, the Shire of Cocos (Keeling) Islands explained that aged persons are cared for within the family structure. Further, the Shire of Cocos (Keeling) Islands commented on its recent assessment of aged care needs and stated:

The manager of Indian Ocean Territories Health Services (IOTsHS) was here recently and had quite a few discussions with families regarding the care of the aged. The manager of IOTsHS comes from a background of aged care and recognises that a facility here would not benefit, because of the structure. People would not be as happy there as they are in their home.<sup>5</sup>

4.12 The Christmas Island Chamber of Commerce (CICC) commented on the Shire of Christmas Island's capacity to care for its ageing population into the future and stated:

Given the increase in senior members on the island and the natural fact that we are not keeping young people on the island, we will have a continuing increase in the ageing population. I do not believe that the shire will have the capacity to handle that by itself. Certainly, the facilities that are available, even given the excellent job that the shire does, are restricted. I believe the health care facilities are virtually non-existent for palliative care and that type of thing.<sup>6</sup>

4.13 Mr Ron Grant explained the negative impact a declining population could have on the Cocos (Keeling) Islands' economy. Mr Grant advocated reducing the economy's reliance on Government funding as a solution to developing the economy and stated:

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3 Shire of Cocos (Keeling) Islands, Mrs Melinda Lymon, *Transcript T5*, p. 9.

4 ACIL Tasman, *The Economy of the Indian Ocean Territories: Economic development opportunities for Christmas Island and the Cocos (Keeling) Islands*, September 2008, p. 8.

5 Shire of Cocos (Keeling) Islands, Mrs Melinda Lymon, *Transcript T5*, p. 11.

6 Christmas Island Chamber of Commerce, Mr John Richardson, *Transcript T4*, p. 49.

Although the government is pouring in money, the economy is not developing. You are going to come to a stage where your population just keeps dropping and dropping. It is not unique on Cocos; there are many rural areas in Australia which have the same problem. But, slowly and surely, as your population gets older they cannot afford to maintain houses, there is less population, the cost of services and goods goes up. It is a vicious cycle. So we have to get away from this 'dependent upon the government for the provision of goods and services or on Centrelink benefits'. Even though it is small scale, we must start driving it.<sup>7</sup>

- 4.14 The Cocos Congress put the view that 'increases to accommodation and infrastructure and retaining services are [the] keys to [Cocos (Keeling) Islands'] ability to increase or maintain [its] population.'<sup>8</sup>

## Potential new growth industries

- 4.15 Suggestions for potential industry growth areas for Christmas Island included:

- tourism and ecotourism<sup>9</sup>
- education services and partnerships<sup>10</sup>
- agriculture through co-operative farming<sup>11</sup>
- renewable energy<sup>12</sup>
- exporting health services<sup>13</sup>
- large scale social capital ventures<sup>14</sup>
- an international scientific research station<sup>15</sup>

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7 Mr Ron Grant, Transcript T5, p. 21.

8 Cocos Congress Inc., *Submission 25*, p. 2.

9 Ms Dee Margets and Dr Nic Dunlop, *Submission 10*, p. 2; Christmas Island Phosphates, *Submission 6*, p. 2.

10 Mr John Sorensen, *Submission 2*, p. 4; Ms Dee Margets and Dr Nic Dunlop, *Submission 10*, p. 2.

11 Mrs R Peter, *Submission 12*, p. 2.

12 Mrs R Peter, *Submission 12*, p. 2; Shire of Christmas Island, Mr Gordon Thomson, *Transcript T4*, pp 26-27.

13 Ms Dee Margets and Dr Nic Dunlop, *Submission 10*, p. 2.

14 Shire of Christmas Island, *Submission 24*, p. 10.

15 Ms Dee Margets and Dr Nic Dunlop, *Submission 10*, p. 2.

- a marine research facility<sup>16</sup>
  - conference tourism.<sup>17</sup>
- 4.16 Suggestions for potential industry growth areas for the Cocos (Keeling) Islands included:
- tourism<sup>18</sup>
  - aquaculture and agriculture (including hydroponics).<sup>19</sup>
- 4.17 Mr Ron Grant advocated a strategic approach to identifying sustainable industries for development and stated:
- ... although tourism has been identified, there really needs to be a good, hard look at other areas also. We are not talking about a large increase in employment; we are talking 20, 30, 40 people, which would make a huge increase to the social life of Cocos. ... Really, we need to sit back and look at those areas that we can develop, which include tourism, marine resources and land resources.<sup>20</sup>

## Identifying niche markets

- 4.18 The majority of suggestions put forward for new growth industries incorporates the unique natural and economic characteristics of the IOTs. Identifying and exploiting niche markets such as the ecotourism market was put forward as a solution for creating economic growth for both IOTs economies.
- 4.19 The Shire of Christmas Island commented that 'there is a definite perception that people want it [Christmas Island] to be a tourism destination and particularly a niche tourism destination.'<sup>21</sup>
- 4.20 Dr Nic Dunlop elaborated on the idea of establishing Christmas Island as a niche tourism destination and stated:

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16 Mr John Sorensen, *Submission 2*, p. 4.

17 Ms Dee Margets and Dr Nic Dunlop, *Submission 10*, p. 2.

18 Shire of Cocos (Keeling) Islands, *Submission 9*, p. 3; Cocos Congress Inc., *Submission 25*, p. 3; Mr Raymond Marshall, *Transcript T5*, p. 47.

19 Cocos Congress Inc., *Submission 25*, p. 3; Mr Ron Grant, *Transcript T5*, p. 24.

20 Mr Ron Grant, *Transcript T5*, p. 16.

21 Shire of Christmas Island, Mr Gordon Thompson, *Transcript T4*, p. 56.

... we are talking about not one niche market but many small niche markets. It is not going to be equivalent to Bali, where it is about shopping and going to the beach. It is about targeting your markets for specific resources that Christmas Island offers.<sup>22</sup>

- 4.21 Mr Ron Grant advocated a targeted approach to identifying sustainable industries for the Cocos (Keeling) Islands, with a focus on niche markets in South East Asia. Mr Grant stated:

Once you can identify what your economic segments are going to be, you have got to identify your market and that is absolutely critical. From a personal point of view, the market has got to be South-East Asia. South-East Asia has got about 300 million people; Western Australia has got about two million. South-East Asia has far more areas of access internationally than Perth does. So the logic is to try and target South-East Asia for services or products which are niche markets that can be sustained.<sup>23</sup>

## **Tourism (including ecotourism)**

- 4.22 The IOTs tourism industry is still in its early stages of development. Tourism is the preferred industry for further development in the IOTs because it is considered to offer the 'greatest potential for economic growth'<sup>24</sup> and is expected to have a positive flow-on effect for local business development.
- 4.23 Developing the IOTs tourism industry presents challenges in respect to promoting and marketing the IOTs as a tourist destination. In addition, there are the accompanying industry development issues of: upgrading and developing tourism infrastructure, and improving accessibility of the IOTs to a larger market by lowering airfares and improving the frequency of flights.
- 4.24 Tourism on Christmas Island and the Cocos (Keeling) Islands is lagging in respect to the other Indian Ocean communities of Andaman Islands, the Maldives, Seychelles, Mauritius and Reunion Island.<sup>25</sup>

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22 Dr Nic Dunlop, *Transcript T3*, p. 19.

23 Mr Ron Grant, *Transcript T5*, p. 16.

24 Attorney-General's Department, *Submission 15*, p. 7.

25 Christmas Island Tourism Association, Mr Michael Asims, *Transcript T4*, p. 77.

- 4.25 The Christmas Island Tourism Association (CITA) was of the view that with appropriate investment and planning towards destination marketing for breaking into new markets that it would take at least two and a half years before tourism would begin to expand and provide returns.<sup>26</sup>
- 4.26 Understanding the impacts that a vibrant tourism industry would impose on the natural environment is seen as vital to future tourism planning. In regard to ecotourism, the degradation on the natural environment of an increased tourism industry is of concern. It could be argued that increasing tourism or creating a market for mass volume tourism could in time deteriorate natural resources and so lessen the overall tourist experience.

## Developing the tourism industry

### Christmas Island

- 4.27 The Christmas Island tourism industry consists of a number of small businesses which are supported by the Government funded CITA.<sup>27</sup>
- 4.28 The tourism industry on Christmas Island is centred on nature-based activities and the island's cultural heritage, with the major tourist attraction the annual migration of red crabs. Other nature-based activities include: boating, diving and fishing tours, snorkelling, sightseeing, and bird watching tours.<sup>28</sup>
- 4.29 Tourism infrastructure includes: walking and driving tracks and viewing platforms, boardwalks and camping sites throughout the national park. Accommodation capacity is 150 rooms at the two or three star level, with most accommodation located in the civic centre of Christmas Island.<sup>29</sup>
- 4.30 CITA commented on its concerns about issues hindering the operation of the current tourism market for Christmas Island. In particular, CITA drew attention to the following:
- Flights to the IOTs are very expensive and can not compete with other cheaper destinations offering similar or better tourist experiences.

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26 Christmas Island Tourism Association, Mr Michael Asims, *Transcript T4*, p. 83.

27 Christmas Island Tourism Association, Mr Bill Tatchell, *Transcript T4*, p. 79.

28 ACIL Tasman, September 2008, *The Economy of the Indian Ocean Territories: Economic development opportunities for Christmas Island and the Cocos (Keeling) Islands*, ACIL Tasman, Melbourne, p. 19.

29 ACIL Tasman, September 2008, *The Economy of the Indian Ocean Territories: Economic development opportunities for Christmas Island and the Cocos (Keeling) Islands*, ACIL Tasman, Melbourne, p. 19.

- There is limited tourism promotion and marketing.
- Christmas Island's capacity to generate tourism revenue is negatively affected by people who set up business with the sole aim of seeking a 'sea change'.
- There is no land release and land development plan in place.
- Airport immigration facilities are not adequate.
- There are a limited number of hire cars.<sup>30</sup>
- No economic modelling or social impact studies have been undertaken in regard to the economic impact of the Christmas Island Reception and Processing Centre.
- Limited access to broadband internet services and the inability to subsequently partake in e-commerce.
- There is no Destination Management Strategic Plan in place.<sup>31</sup>

4.31 Dr Nic Dunlop commented on how deterioration of the natural environment would have a negative impact on tourism. Dr Nic Dunlop stated:

Another significant issue with the tourism industry on the island is what is now a fairly rapid decline in environmental quality which is occurring on the island. Some of you may be aware that one of the island's mammals, a small bat, changed in status from 'critically endangered' to 'presumed extinct' last week, which somewhat ironically was Threatened Species Week. There are a number of other serious threats now active in the Christmas Island environment – certainly terrestrially and possibly also in the marine environment – related to climate change which mean that the quality of the island experience is under threat. Whilst that is a threat for conservation, it is also a threat to the tourism future of the island.<sup>32</sup>

4.32 Dr Dunlop noted the importance of preserving the natural environment not only for its intrinsic value, but also in regard to tourism and stated:

In terms of the island's reputation for tourism, Attenborough reckoned that the red crab migration was one of the greatest spectacles he had ever seen and he was probably right. So from a

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30 Christmas Island Tourism Association, Mr Michael Asims, *Transcript T4*, p. 78.

31 Christmas Island Tourism Association, Mr Bill Tatchell, *Transcript T4*, p. 80.

32 Dr Nic Dunlop, *Transcript T3*, p. 16.



tourism point of view it is very important. The whole forest ecology hinges on the terrestrial species of crabs, and if we lose those then we can expect a very significant decline in environmental quality.<sup>33</sup>

- 4.33 Mrs R Peter also commented on the need to protect Christmas Island's natural environment because of the implications for tourism and stated:

The existing program of eradicating the Crazy Yellow Ants with biannual baiting must be continued straight away. This will safeguard the population of Red Crab which is the most important draw card for tourism. There must also be immediate effort to eradicate feral fowl, feral cats and giant African snails.<sup>34</sup>

- 4.34 The Shire of Christmas Island stated that it believes Christmas Island's tourism sector needs both mass volume tourism and ecotourism. The Shire of Christmas Island stated:

Some people in the tourism industry argue that ecotourism is the future; that we do not want volume tourism. I argue that we need both. The park represents a wonderful natural resource which, if it is kept intact, will be a source of ecotourism revenue forever, so it has very important economic value.<sup>35</sup>

- 4.35 The Shire of Christmas Island also suggested that duty free tourism and a visa waiver arrangement could attract tourism from Asia. Similar arrangements are in operation in Andorra, Jeju Island, South Korea and Guam, United States of America. In regard to the visa waiver arrangement scheme the Shire of Christmas Island stated:

During the era of the casino, Indonesian visitors, with sponsorship of the Resort were allowed to visit the island for up to five days without applying for a visa as long as they did not proceed to mainland Australia or the Cocos (Keeling) Islands. Now that the island is excised from the migration zone, it is less likely immigration complications could occur. This clause of the immigration regulations was only removed in 1999. Coupled with the duty free regime on the island, this would provide a great base for the island to develop an alternative and diverse economy.<sup>36</sup>

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33 Dr Nic Dunlop, *Transcript T3*, p. 21.

34 Mrs R Peter, *Submission 12*, p. 3.

35 Shire of Christmas Island, Mr Gordon Thomson, *Transcript T4*, p. 26.

36 Shire of Christmas Island, *Submission 24*, p. 7.

- 4.36 The visa waiver arrangement would operate by allowing temporary international visitors to travel to Christmas Island, with onward travel to the mainland restricted. Upon arriving on Christmas Island, visitors would undergo immigration checks and then be eligible to be granted short stay visas. The Shire of Christmas Island explained:

The visitor would have to arrive on an aircraft which belongs to an airline that is signatory to the visa waiver scheme. They would be travelling only to Christmas Island. There would be no on-travel to mainland Australia. The visitor would have to satisfy any immigration department officials' concerns that their visit is for business or for pleasure and that there would be a restriction of time, perhaps three, five, 15 days, however long the tourism market requires to make that system work. But there would be those limitations. We would expect that there would be regulation by way of requiring people to have some sort of formal paperwork documentation and that anybody presenting for entry would have no right of appeal against any immigration officer's determination as to whether or not they should be allowed into Christmas Island. Of course, the issue of people coming to Christmas Island for the purpose of seeking asylum is dealt with. Christmas Island is excised from the migration zone and [there is no] intention of changing the legislation that excises Christmas Island from the migration zone. So those issues would not be of concern.<sup>37</sup>

- 4.37 Another suggestion to improve tourism was to reopen the Christmas Island casino. However, Christmas Island phosphates (CIP) stated that Singapore is receiving between \$10 and \$12 Billion investment to build some of the most advanced casinos in the world. Further, CIP was unsure how such a large investment so close to Christmas Island would impact on tourism to Christmas Island.<sup>38</sup>

- 4.38 CITA suggested Christmas Island's economy and community would benefit from business options which could generate cash flow in the same way the Christmas Island casino did and stated:

There are many, many options for the island, not only a casino licence. But based on what the casino did previously and the way it contributed to the economy and the community, if half of that happened again, it would be helpful.<sup>39</sup>

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37 Shire of Christmas Island, Mr Gordon Thomson, *Transcript T4*, pp 14-15.

38 Phosphate Resources Ltd., Mr Clive Brown, *Transcript T4*, pp 40-41.

39 Christmas Island Tourism Association, Mr Michael Asims, *Transcript T4*, p. 85.

- 4.39 Another, more recent initiative to stimulate the tourism industry on Christmas Island was to encourage cruise ships to make transit stops. In anticipation of cruise ship visits, the Government provided funding of \$3.5 Million to upgrade the mooring system at Smith Point.<sup>40</sup>
- 4.40 CITA noted Smith Point is not the most appropriate place for a cruise ship to moor and stated:
- We need to remember that Smith Point, the location for the upgrade of the mooring facilities, might as well be on the other side of the island because it is not in Flying Fish Cove but rather next to the existing fuel tanks. No one on Christmas Island will be able to view a ship while it is moored there. Passengers will have a terrific view of the fuel tanks but not Flying Fish Cove. In reality, it is a refuelling facility for all shipping.<sup>41</sup>
- 4.41 On 23 December 2009, 1700 passengers from P&O's Pacific Sun cruise ship disembarked at the jetty at Flying Fish Cove for a day trip. Tourists were able to undertake tours, observe red crabs, snorkel and swim or go shopping. It was estimated the visiting cruise ship tourists injected around \$40 000 into the Christmas Island economy.<sup>42</sup>
- 4.42 Cruising grew by 54 percent in 2007-2008 contributing \$1.2 Billion to the national economy. Over the next decade, it is predicted the contribution of cruising will grow to \$3 Billion with passenger numbers expected to reach 1 Million.<sup>43</sup>

### **Cocos (Keeling) Islands**

- 4.43 The Cocos (Keeling) Islands Tourism Association promotes tourism on the islands. Similarly to Christmas Island, tourists are attracted to nature based activities, in addition to cultural and historical sites.<sup>44</sup>
- 4.44 Nature-based activities include: wind and kite surfing, diving, snorkelling, fishing and other water based activities. There are also multi-purpose

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40 Attorney-General's Department, Mr Julian Yates, *Transcript T3*, p. 3.

41 Christmas Island Tourism Association, Mr Michael Asims, *Transcript T4*, p. 78.

42 Shire of Christmas Island, 8 January 2010, Issue no 448, *Tourists from the cruise ship descend on Christmas Island*, p. 1 and 19.

43 B O'Connor, (Minister for Home Affairs), *Christmas comes early for cruise ship passengers making first ever visit to Christmas Island*, media release, Parliament House, Canberra, 23 December 2009.

44 ACIL Tasman, September 2008, *The Economy of the Indian Ocean Territories: Economic development opportunities for Christmas Island and the Cocos (Keeling) Islands*, ACIL Tasman, Melbourne, p. 20.

tracks used for walking, cycling or accessing by car.<sup>45</sup> The accommodation capacity is approximately 100 rooms with varying ratings.<sup>46</sup>

- 4.45 The Shire of Cocos (Keeling) Islands commented on the tourism industry's growth potential and efforts being taken for further development through initiatives such as establishing a resort. The Shire of Cocos (Keeling) Islands stated:

... tourism has to be a viable thing before it will get off the ground. The council has been in discussion with the Commonwealth about a resort. That would provide some employment, though a bit of hospitality training would be required, which is not in place at the moment.<sup>47</sup>

### **Destination promotion and marketing and the price of airfares**

- 4.46 The absence of an active destination marketing and promotion strategy coupled with the current high price of airfares to the IOTs was identified as an area of concern because of the negative implications for growing the local tourism industries.
- 4.47 Without the ability to attract tourists to the IOTs, the demand for air passenger services to the IOTs can not increase, naturally serving to keep the price of airfares high and the number of available flights low.
- 4.48 CITA commented on the negative impact on tourism of high priced airfares and the limited availability of flights and stated:

In terms of tourism and air services, more needs to be done. More effort and more thought is needed from the key decision and policy makers. Those decisions would likely be more effective and meaningful if they included input from the community. There are few long term options for us apart from tourism to generate income. The current tourism market perceptions for Christmas Island are that there is inadequate flight frequency from Asia hub ports and it is expensive to fly here from Perth and the East Coast of Australia. The cost of a return ticket from Perth is close to \$1800 whilst a 10 day holiday to Bali, with all accommodation and travel

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45 ACIL Tasman, September 2008, *The Economy of the Indian Ocean Territories: Economic development opportunities for Christmas Island and the Cocos (Keeling) Islands*, ACIL Tasman, Melbourne, p. 20.

46 Commonwealth Grants Commission, 2007, *Report on Indian Ocean Territories*, CGC, Canberra, p. 10.

47 Shire of Cocos (Keeling) Islands, Mrs Melinda Lymon, *Transcript T5*, p. 11.

paid for, is less than \$500. It makes it very difficult for us to compete on this basis.<sup>48</sup>

4.49 Table 4.1 shows the cost of return airfares from major Australian capital cities as at February 2010. The cost of a return airfare to Christmas Island is approximately between \$1000 and \$1600. In comparison, the price of airfares to other Indian Ocean destinations such as the Maldives is competitive at \$1200 return. Visiting Mauritius offers further competition with accommodation, some meals and airport transfers included for an extra \$600 over the most expensive airfare to Christmas Island.

4.50 CITA made the point that the high price of airfares and availability of flights has severely damaged Christmas Island's credibility as a tourist destination.<sup>49</sup>

**Table 4.1 Price comparison of travel from major Australian capital cities to Christmas Island including to the Maldives and Mauritius from Sydney as at February 2010**

ORIGIN	DESTINATION	AIRFARE/PACKAGE COST	COMMENTS
Sydney	Christmas Island	Approx - \$458 per person including taxes for Sydney/Perth/Sydney Approx - \$1008 per person including taxes Perth/Christmas Island/Perth <b>Total - \$1466 per person including taxes</b>	These are based on the cheapest available fares at the time with Qantas domestically and Virgin Blue to Christmas Island.
Canberra	Christmas Island	Approx - \$524 per person including taxes for Canberra/Perth/Canberra Approx - \$1008 per person including taxes Perth/Christmas Island/Perth <b>Total - \$1532 per person including taxes</b> Flights would not necessarily connect and therefore an overnight in Perth would be required adding 1 night's accommodation to the cost. Approximately \$150 per night	These are based on the cheapest available fares at the time with Qantas domestically and Virgin Blue to Christmas Island.
Melbourne	Christmas Island	Approx - \$438 per person including taxes for Melbourne/Perth/Melbourne Approx - \$1008 per person including taxes	These are based on the cheapest available fares at the time with Qantas

48 Christmas Island Tourism Association, Mr Michael Asims, *Transcript T4*, p. 78.

49 Christmas Island Tourism Association, Mr Michael Asims, *Transcript T4*, p. 78.

		Perth/Christmas Island/Perth <b>Total - \$1446 per person including taxes</b>	domestically and Virgin Blue to Christmas Island.
Brisbane	Christmas Island	Approx - \$554 per person including taxes for Melbourne/Perth/Melbourne Approx - \$1008 per person including taxes Perth/Christmas Island/Perth <b>Total - \$1562 per person including taxes.</b> Flights would not necessarily connect and therefore an overnight in Perth would be required adding 1 night's accommodation to the cost. Approximately \$150 per night	These are based on the cheapest available fares at the time with Qantas domestically and Virgin Blue to Christmas Island.
Sydney	The Maldives (Malé)	<b>From - \$1270 per person including taxes</b> For flights: Sydney/Kuala Lumpur/Male/Kuala Lumpur/Sydney	These are based on the cheapest available fares at the time flying Malaysian Airlines via Kuala Lumpur
Sydney	Mauritius	Holidays to Mauritius are packaged up to include airfares, accommodation, airport transfers, breakfast and dinner and taxes Packages ex Sydney for 5 nights staying at a 3 star well located resort would be <b>approximately - \$2281 per person during April</b>	Based on a package holiday put together by a reputable travel wholesaler specialising in the area

4.51 CITA expressed its concern about the negative impact on tourism of the length of time taken and the process involved in AGD tendering the IOTs air services contract. Since that time, a new service provider has been awarded the IOTs air services contract. CITA advocated any new contract should assist in developing the IOTs tourist industry by implementing a multi-layered fare structure, increasing flight frequency and establishing new routes. CITA stated:

Real damage was caused to the IOTs tourism industry in 2008 and the first quarter of 2009. The time taken to award the contract and the subsequent collapse of the provider when they were on the brink of taking over the service must never be repeated. It is essential that any service provider be able to provide a number of components that are fundamental for developing a tourist market.

These include but are not limited to a multi-layered fare structure that offers tourist-class fares as well as wholesale fares to travel agents; adequate flight frequency with which to consolidate visitation; scheduling same-day links to other service points such as Singapore and Kuala Lumpur which will service new routes for the Cocos (Keeling) Islands and open up opportunities in Europe and Asia; industry compliance with the air service provider conforming to industry standards such as the application of standard distribution channels in the global distribution system; trade engagement; commissions; sector rebates; yield management; and, ultimately, the 'interlining' of airfares.<sup>50</sup>

- 4.52 The Shire of Christmas Island commented that the concept of visiting Christmas Island should be marketed as a package deal to potential tourists from Singapore and Kuala Lumpur and stated:

I would think that it is a package. There are attractions. If you are going to come here for a couple of days – and I think that in discussion with the people in tourism industry when they look at marketing tourism on Christmas Island and when they look at Singapore, KL [Kuala Lumpur], the near north, people in those places would like to come to Christmas Island because we are remote and do not have Blackberry access. They might get a few days, they might get public holidays either side of a weekend. Also busy executives do not want to be away from their work for too long, so less than a week we would expect most of the tourists to be coming, which fills the planes.<sup>51</sup>

- 4.53 CITA advocated that a destination management strategic plan should be drafted and ratified to enable targeted investment in the tourism industry and stated:

Governments clearly articulate the strategic direction for Christmas Island to enable industry and investors to identify and seek opportunities, to invest with a level of certainty. From a tourism perspective, the Indian Ocean Destination Management Strategic Plan must be drafted and ratified by government. The plan provides a mandate for the development of tourism. Such a plan provides the framework for tourism policy and articulates the direction of investment and resources required. Without a clear agreed plan, policy and investment will remain reactive and

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50 Christmas Island Tourism Association, Mr Bill Tatchell, *Transcript T4*, pp 80 and 81.

51 Shire of Christmas Island, Mr Gordon Thomson, *Transcript T4*, p. 15.

fragmented and will fail to capitalise on previous investment made to maximise what has already been developed.<sup>52</sup>

4.54 In April 2008, AGD commissioned the Christmas Island Destination Development Report. The aim of the report was to:

- 'increase the attraction of the island with a focus on low volume, high yield tourism as a basis for enhancing tourism's long term contribution to the economy of Christmas Island
- ensure that the products and experiences on offer align with the [Christmas Island] brand.'<sup>53</sup>

4.55 The report was arrived at through stakeholder and community consultation and includes a plan of destination development strategies. These strategies encompass: access, accommodation, attractions and experiences, infrastructure and amenities, services, tourism management, training and development, conservation of the environment and commercial opportunities and investment.<sup>54</sup>

4.56 The development strategy does not commit any agency or party to the actions assigned or 'indicate that sufficient resources or funding is available to implement the recommendations.'<sup>55</sup> The development strategy stipulates:

Strategies are aspirational and provide agencies and interested parties with a set of goals, tools and ideas to assist in planning and developing programs to incorporate tourism needs and to create business opportunities. The implementation stage will further develop the strategies into a plan of action.<sup>56</sup>

4.57 AGD advised that the workshop which was the consultation forum for drafting the Christmas Island Destination Development Report 'identified the desire for local leadership to implement the actions and strategies' arrived at in the report.<sup>57</sup>

4.58 The report therefore assigns responsibility for developing tourism on Christmas Island to 'the Shire of Christmas Island, the Australian Government, [and the] Christmas Island Tourism Association as well as

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52 Christmas Island Tourism Association, Mr Bill Tatchell, *Transcript T4*, p. 80.

53 Planning for People, April 2008, *Christmas Island Destination Development Report*, p. 2.

54 Planning for People, April 2008, *Christmas Island Destination Development Report*, p. 18.

55 Planning for People, April 2008, *Christmas Island Destination Development Report*, p. 18.

56 Planning for People, April 2008, *Christmas Island Destination Development Report*, p. 18.

57 Attorney-General's Department, *Submission 15.5*, p. 4.



operators, developers, educational and training institutions and the general community.’<sup>58</sup>

4.59 The tourism strategy plan contained in the report was intended to be implemented in two stages:

- ‘finalise the plan and determine the process for long term implementation, and
- facilitate, coordinate, monitor, review and report on the plan.’<sup>59</sup>

4.60 Further, the plan would require stakeholders and the community to provide regular ‘feedback on the plan and an avenue for individuals and organisations to engage in the plan or in specific actions.’<sup>60</sup>

4.61 A steering committee, chaired by the President of the Shire of Christmas Island with members taken from CITA, AGD and Parks Australia is responsible for implementing the plan contained in the report. The report notes:

In finalising the plan the steering committee will determine the most suitable body to facilitate, coordinate, monitor, review and report on the plan to enable long term implementation.<sup>61</sup>

4.62 AGD advised the Steering Committee has not met again since early 2009. Further, AGD ‘does not anticipate that the Steering Committee will determine a suitable body.’<sup>62</sup> In this respect AGD is considering ‘developing a more regional approach [to] the implementation of the Christmas Island Destination Development Report.’<sup>63</sup>

4.63 The Christmas Island Destination Development Report is currently used to provide guidance and support to AGD’s IOTs tourism stimulating policies and programs including:

- ‘improving air services – Virgin Blue are commencing on 1 April 2010
- improving directional signage – a joint project of the Department and the Christmas Island Tourism Association (CITA) has resulted in new signs which are ready to be installed
- ongoing funding for CITA. In 2009-2010 this is around \$525 000

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58 Planning for People, April 2008, *Christmas Island Destination Development Report*, p. 30.

59 Planning for People, April 2008, *Christmas Island Destination Development Report*, p. 30.

60 Planning for People, April 2008, *Christmas Island Destination Development Report*, p. 30.

61 Planning for People, April 2008, *Christmas Island Destination Development Report*, p. 30.

62 Attorney-General’s Department, *Submission 15.5*, p. 5.

63 Attorney-General’s Department, *Submission 15.5*, p. 5.

- investing in port facilities to enable cruise ships to visit Christmas Island. The investment by the Australian Government was \$3.5M
  - releasing land for a Tourism Development on Christmas Island and
  - building capacity through services of an Economic Development Officer, Small Business Development Corporation and the Indian Ocean Group Training Association.<sup>64</sup>
- 4.64 In 2009-2010, \$120 000 in funding was provided to the Cocos (Keeling) Islands Tourism Association (CKITA). In 2009, CKITA drafted and completed a Tourism Plan which it is currently implementing.<sup>65</sup>
- 4.65 *Remote Control: Australian Governance Strategies for Tourism Development on Christmas Island* found that currently the majority of tourists to the IOTs are from Western and Eastern Australia, Europe and East Asia.<sup>66</sup>
- 4.66 Further, the report emphasised the need for the involvement of either Tourism Australia or Tourism WA to effectively promote Christmas Island as a tourist destination nationally and internationally. The report stated:

Current governance structures have placed the AGD as the central governance body on the island overseeing economic development. The AGD has neither the connections with nor understanding of the tourism industry to adequately develop the industry on the island. If the federal government would like to maintain control over decision making in regard to tourism development on Christmas Island, it should immediately establish a link between Tourism Australia, the AGD, CITA and [Christmas Island Shire Council] CISC. Not only could such a link provide significant assistance to the AGD and CITA in developing a firm tourism strategy for the island, it could also provide greater scope for project funding for tourism and potentially increase private investment on the island. CISC consultation and implementation of tourism development proposals would ensure adequate community input.<sup>67</sup>

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64 Attorney-General's Department, *Submission 15.5*, pp 4 and 5.

65 Attorney-General's Department, *Submission 15.5*, p. 5.

66 Exhibit 8, Robin Brotchie, 2009, *Remote Control: Australian Governance Strategies for Tourism Development on Christmas Island*, Australian National Internships Program, p. 14.

67 Exhibit 8, Robin Brotchie, 2009, *Remote Control: Australian Governance Strategies for Tourism Development on Christmas Island*, Australian National Internships Program, p. 31.

## Tourism infrastructure requirements

- 4.67 CITA commented on the stagnant condition of Christmas Island's tourism industry and indicated Government investment and assistance would be required to develop tourism infrastructure. CITA stated:

The reality is that tourism on Christmas Island is not developing but is rather currently stagnating. Capital investment by government is required to develop the foundations of an industry from which commercial tourism as well as non tourist related businesses can establish themselves and grow. Investment is essential. With the impacts on the [tourism] industry globally and within Christmas Island, combined with the green and red tape associated with developing any infrastructure, investment will not come from the private sector. One must therefore look to the government to put back into the community for tourism in a planned and coordinated manner.<sup>68</sup>

- 4.68 Mr Ron Grant made a similar observation in regard to the provision and funding of basic infrastructure on the Cocos (Keeling) Islands and stated:

Basically the Attorney-General's Department has two areas in which it can assist the shire. One is the provision of infrastructure – water, power, sewerage, communications – which is absolutely critical. If you look, for example, at West Island, virtually all your services cease around the settled area. So, if any developer wants to develop something – a farm site or a tourism operation – infrastructure becomes a critical issue.<sup>69</sup>

- 4.69 The Shire of Christmas Island commented that there is limited accommodation on Island<sup>70</sup> and advocated use of the casino building for tourist accommodation and stated:

... [the casino building] ... is critical infrastructure for the tourism industry. It is an established complex. It needs some work, but it would certainly be my preference for that to be the foundation of the tourism industry. You need a substantial set of hotel rooms, and that is what is there in number and I think the quality could be delivered. When the resort was operating, tourism businesses sprung up around the town and could have supported much greater occupation of those hotel rooms. But it was primarily a

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68 Christmas Island Tourism Association, Mr Michael Asims, *Transcript T4*, p. 80.

69 Mr Ron Grant, *Transcript T5*, p. 19.

70 Shire of Cocos (Keeling) Islands, Mrs Melinda Lymon, *Transcript T7*, p. 11.

casino. I think the emphasis needs to be on getting tourists here for purposes other than a casino, although some people would argue that the resort could not work without a casino.<sup>71</sup>

4.70 In addition to funding future infrastructure needs, it was noted that existing tourism infrastructure in the national park on Christmas Island is not of the same high quality as in other national parks on the mainland.<sup>72</sup>

4.71 Mrs R Peter highlighted the need for basic tourism infrastructure such as: ablution blocks, sheltered picnic and safe beach areas and transport to various activities.<sup>73</sup>

4.72 As mentioned in the previous chapter, the Government has announced funding to upgrade tourist infrastructure such as walking trails which link natural and heritage attractions around Christmas Island.<sup>74</sup> Further funding to upgrade existing infrastructure has also been announced.<sup>75</sup>

4.73 Mr Raymond Marshall commented that a resort was needed on the Cocos (Keeling) Islands, but stated with low levels of tourism attracting and retaining investment was difficult. Mr Raymond Marshall stated:

The place probably needs a resort but who is going to fund a resort, especially if the planes are not bringing enough people in here. I think access through to the north is essential for the island to grow – through Singapore, Kuala Lumpur or wherever it may be.<sup>76</sup>

4.74 The Shire of Cocos (Keeling) Islands noted tourists come to the islands in small numbers as accommodation is limited as is available plane seating.<sup>77</sup>

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71 Shire of Christmas Island, Mr Gordon Thomson, *Transcript T4*, p. 9.

72 ACIL Tasman, September 2008, *The Economy of the Indian Ocean Territories: Economic development opportunities for Christmas Island and the Cocos (Keeling) Islands*, ACIL Tasman, Melbourne, p. 19.

73 Mrs R Peter, Submission 12, p. 3.

74 Attorney-General's Department, *Submission 15*, p. 10.

75 B O'Connor (Minister for Home Affairs), *Infrastructure boost for Christmas Island*, media release, Parliament House, Canberra, 15 December 2009.

76 Mr Raymond Marshall, *Transcript T5*, p. 47.

77 Shire of Christmas Island, Mr Gordon Thomson, *Transcript T4*, p. 9.

## Conclusions

- 4.75 Potential new growth industries including tourism and ecotourism have been identified by various Indian Ocean Territories' (IOTs) organisations and individuals as having the potential to be further developed and provide positive returns in a relatively short timeframe. In addition, it is expected tourism has the potential to spur the growth of complementary industries and assist in diversifying the IOTs economies. Economic diversification could assist the IOTs economies to become self sufficient and lower the reliance on Government services.
- 4.76 As a result of limited diversification within its economies, the IOTs is experiencing a decline in its population. As more people leave the IOTs in search of education and career opportunities, a downward economic spiral is created, serving to increase economic reliance on Government services and funding. The committee therefore supports initiatives by the Shire of Christmas Island the Shire of the Cocos (Keeling) Islands to retain its youth populations on the islands.
- 4.77 Tourism has been identified as a viable industry for development on the IOTs. While tourism is already an established industry on the IOTs, it is not expanding and has further, been adversely affected by the global financial crisis. Ecotourism may also be negatively affected by environmental degradation caused by mining and could be negatively affected if mass volume tourism is encouraged.
- 4.78 It can be argued that if the environmental value of the IOTs is diminished through mass volume tourism, it is likely the IOTs attractiveness as an ecotourism destination will diminish. The committee, while supporting measures to develop the tourism industry, believes care should be taken to implement development initiatives which have the dual purpose of stimulating economic growth and also preserving the IOTs natural environment.
- 4.79 A number of suggestions were made to improve tourism in the IOTs. Identifying niche markets in Asia was a favoured option as was implementing a visa waiver scheme. The aim of the visa waiver scheme is to attract tourism from Asia. The visa waiver arrangement could allow international visitors to travel to the IOTs without onward movement to the mainland with visitors subject to immigration and security checks. The committee believes this proposal should be investigated further as a means to attract tourism from Asia and possibly increase visitor numbers to the IOTs.

- 4.80 Areas requiring improvement to grow tourism include: tourism infrastructure, affordability and frequency of airfares, and tourism destination promotion and marketing.
- 4.81 Improving tourism infrastructure requires either an upgrade to existing infrastructure or development new infrastructure. Evidence suggests that as there is limited interest from the private sector in developing tourism infrastructure, that the Government may be responsible for providing infrastructure development funding. Given the current economic climate and the early development stage of the IOTs tourism industry, the committee agrees that the responsibility of developing and upgrading tourism infrastructure may fall to the Government to provide.
- 4.82 As a result of the upgrade to the mooring system at Smiths Point, Christmas Island, cruise ships are now able to visit. The committee notes the positive economic impact of the recent cruise ship visit to Christmas Island and believes such initiatives should be continued into the future.
- 4.83 The high price of airfares to the IOTs reflects the low level of demand for flights. Demand could be improved through more targeted promotion and marketing of the IOTs as a tourist destination. The prohibitive cost of airfares to the IOTs also serves as a disincentive for tourists who are able to visit Mauritius, the Maldives and comparable destinations, for the same or lower cost. The committee believes the IOTs tourism brand would benefit from package deal marketing, allowing the IOTs tourism industry to better compete with similar tourist destinations.
- 4.84 The Christmas Island Tourism Association (CITA) advocated that a destination management strategic plan should be drafted and ratified. The committee is aware of the Christmas Island Destination Development Report which is aimed at increasing the attraction of the island with a focus on low volume, high yield tourism as a basis for enhancing tourism's long term contribution to the economy.
- 4.85 The majority of tourists to Christmas Island originate from Western and Eastern Australia, Europe and East Asia. Evidence presented suggests that Tourism Australia should become involved in assisting with formulating strategies to market and promote Christmas Island as a tourist destination.
- 4.86 The committee supports the participation of Tourism Australia in assisting the IOTs to develop and produce workable tourism destination management plans with the broader aim of assisting in developing the IOTs tourism industries.
- 4.87 The committee believes that Tourism Australia is best placed (as the statutory authority which promotes Australia as a tourist destination

internationally and nationally and research and forecasts for the sector), to provide expertise in developing the tourism industries of each of the IOTs.

- 4.88 The committee understands the Christmas Island Destination Development Report includes the foundation of a destination management strategic plan and appears to have been intended to be a working document, requiring continuous community and stakeholder input. The committee suggests this document should be reviewed and discussed in terms of its usefulness by its stakeholders and the community in consultation with Tourism Australia.

#### **Recommendation 14**

- 4.89 **The committee recommends the Government examine the feasibility (including cost and security considerations) of implementing a tourist or short stay visa waiver scheme to encourage international tourists to visit the Indian Ocean Territories.**

#### **Recommendation 15**

- 4.90 **The committee recommends the Steering Committee responsible for implementation of the Christmas Island tourism plan in consultation with the Attorney-General's Department, develop a service delivery arrangement with Tourism Australia to review, revise and implement the Christmas Island Destination Development Report.**

### **Education partnerships and research centres**

- 4.91 A number of suggestions were made to develop research centres or expand existing education partnerships on Christmas Island.
- 4.92 One such education partnership is the ongoing Christmas Island Seabird Project, initiated in 2004 with the University of Hamburg. The project has assisted with the conservation of seabirds of Christmas Island.<sup>78</sup>
- 4.93 The Shire of Christmas Island is keen for the project to be expanded with the creation of a research foundation. Existing links have been created

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78 Dr Janos Hennicke, 2004, *The Christmas Island Seabird Project*, University of Hamburg, p. 2.

with universities in Asia, North America and Europe where students undertake the field work component of their degrees on Christmas Island.<sup>79</sup>

- 4.94 In 2005, arising from the established link with foreign universities, a business case proposal was put forward to Parks Australia to establish the Christmas Island International Research Centre, based at Tai Jin House.<sup>80</sup> The project has two objectives:
- To 'establish an international centre for tropical Indian Ocean research, and to generate export revenue by attracting overseas research funds' and
  - To 'create ecotourism opportunities by making research programmes and the island's ecology generally available to specialist tour operators.'<sup>81</sup>
- 4.95 AGD advised about the status of the proposal and stated it 'is under review by the Department of the Environment, Water, Heritage and the Arts.'<sup>82</sup>
- 4.96 In addition to such academic partnerships, the Shire of Christmas Island suggested the creation of a large scale social capital venture in the form of an 'Indian Ocean Rim Centre.' The centre would be modelled on the East West Centre located in Hawaii. The East West Centre includes international research, education and professional exchange programs. To develop the centre would require a large injection of Government funding.<sup>83</sup>
- 4.97 Mr John Sorensen advocated the establishment of a marine research facility 'to explore the ocean surrounding Christmas Island including the depths of the Java Trench'.<sup>84</sup>
- 4.98 Dr Nic Dunlop was also in favour of establishing an international scientific research station 'focusing on island ecology and marine climate change science.'<sup>85</sup>

79 Shire of Christmas Island, Mr Gordon Thomson, *Transcript T4*, pp 7-8.

80 Tai Jin House was the official residence of the first Administrator of Christmas Island and is located on the hill above Flying Fish Cove. Christmas Island Tourism Association, viewed 20 December 2009, <[www.christmas.net.au](http://www.christmas.net.au)>.

81 Department of the Environment and Heritage, September 2005, *Christmas Island International Research Centre: Business Case – Tai Jin House, the nucleus of the proposed research centre*, Parks Australia North, pp 2-3.

82 Attorney-General's Department, *Submission 15.3*, answer to Question 7.

83 Shire of Christmas Island, *Submission 24*, p. 11.

84 Mr John Sorensen, *Submission 2*, p. 2.



- 4.99 Dr Nic Dunlop suggested that education services such as an international high school and tertiary training campus could be established. The Christmas Island campus could specialise in 'natural resource management and national parks management for foreign students from the region.'<sup>86</sup>

## Conclusions

- 4.100 The 2004, University of Hamburg funded project which examined the conservation of sea birds on Christmas Island established an international link for the further preservation of Christmas Island's natural environment, and marked Christmas Island as a possible research destination.
- 4.101 There appears to be substantial potential for Christmas Island to continue to develop its existing education partnerships and also seek new opportunities for education partnerships.
- 4.102 The proposal to establish an international research centre on Christmas Island in 2005 is currently under review. The centre would provide an international forum for tropical Indian Ocean research, and potentially generate export revenue by attracting overseas research funding. The centre would also create ecotourism opportunities by opening up research programs and the island's ecology to specialist tour operators.

## Agriculture and aquaculture

- 4.103 Several attempts at growing local produce commercially have been unsuccessful. Such ventures are costly and fresh produce on Christmas Island is prone to fruit fly infestation.<sup>87</sup> On the Cocos (Keeling) Islands, the soil quality is poor with the alternative of hydroponics found to be difficult to establish.<sup>88</sup>
- 4.104 The Shire of Christmas Island noted that a small scale, private hydroponic venture has started on the island. The venture is based on a Singapore

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85 Dr Nic Dunlop, *Submission 10*, p. 2.

86 Dr Nic Dunlop, *Submission 10*, p. 2.

87 Shire of Christmas Island, Mr Gordon Thomson, *Transcript T4*, p. 19.

88 Shire of Cocos (Keeling) Islands, *Transcript T5*, p. 7.

hydroponic model and 'is a closed system, including fish at the end of the chain' with any waste product pumped back into the system.<sup>89</sup>

4.105 The Shire of Christmas Island found the only impediment to the hydroponic system being expanded is the limited availability of land.<sup>90</sup>

4.106 Mr Ron Grant advocated growing local produce on the Cocos (Keeling) Islands also through the hydroponic method and stated:

Hydroponics would be the preferred method. If you go back and look at the West Island farm, which is now badly dilapidated, there are at least four hydroponic buildings there that are producing quite a wide range of crops. Importing soil from Christmas Island, you will have quarantine problems. ... people are producing a range of fruit and vegetables, which are limited, which are growing quite well, for their own use, but also they have things like ducks, pigeons and chickens. So they are starting to supplement their diet with items locally grown, but the best way to go would be hydroponics to get away from all of your problems with nematodes et cetera in the soil, and it is more cost effective than trying to use traditional horticultural methods here.<sup>91</sup>

4.107 Establishing aquaculture on the Cocos (Keeling) Islands is more complicated because of legal requirements. In regard to aquaculture Mr John Clunies Ross stated:

An aquaculture venture with clams requires an aquaculture permit, a fishing permit, a fishing boat permit. I have to be a good and proper person or whatever it is to hold a fishing permit, so I need police clearance. I need a[n] ... endangered species trading permit. That is twice a year. That is just one of the businesses. To go diving for the fish I need a commercial ticket. I do 20 days a year in non productive compliance. One and a half per cent of my working life is just compliance.<sup>92</sup>

4.108 Mr Nyall Ledger makes a similar point in regard to bech de mer fishing, but is unable to gain a licence and start this business on the Cocos (Keeling) Islands. This issue is discussed in more detail in the previous chapter.

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89 Shire of Christmas Island, Mr Gordon Thomson, *Transcript T4*, p. 19.

90 Shire of Christmas Island, Mr Gordon Thomson, *Transcript T4*, p. 19.

91 Mr Ron Grant, *Transcript T4*, p. 24.

92 Mr John Clunies-Ross, *Transcript T5*, pp 32-33.

- 4.109 It was previously noted, the Economic Development Consultative Groups' strategic development plan currently includes funding 'for a horticulture feasibility study for the IOTs, including research and development for aquaculture.'<sup>93</sup>

## Conclusions

- 4.110 Hydroponics is the preferred method for growing local produce in the IOTs. Growing produce locally lessens community reliance on freighted fresh produce and lowers household costs, while also stimulating the local agricultural industry and more broadly assisting economic diversification. Regular access to fresh produce also has health benefits for IOTs residents.
- 4.111 As highlighted in the previous chapter, it is claimed the aquaculture industry on the Cocos (Keeling) Islands is hindered by bureaucratic requirements, but could produce sustainable levels of income and employment for the local economy, if allowed to operate with moderate regulation.
- 4.112 The committee believes the viability of agriculture and aquaculture on the IOTs requires further investigation and supports recent initiatives for a horticulture feasibility study for the IOTs including research and development for aquaculture. The committee acknowledges that where there is local interest and investment in these industries, Government assistance could help to develop these industries.
- 4.113 The committee also believes the Government could further assist with business development for private ventures such as agriculture and aquaculture, by providing individuals and businesses assistance in navigating through legal and administrative requirements.

## Renewable energy

- 4.114 Renewable energy production was also highlighted as a possible industry for development. The Shire of Christmas Island commented that solar and wind energy may be suitable to Christmas Island's climate and stated:

I think that solar power is a very viable technology.... and any measure to bring solar power to Christmas Island would be most welcome.... Wind is also a very viable source of energy. I think in Albany they have 12 wind turbines and that provides at least

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93 Attorney-General's Department, Mr Simon Millcock, *Transcript T3*, pp 4 and 12.

30 percent of the power. That is in a significant community of, I think, 60 000 people.<sup>94</sup>

- 4.115 Mrs R Peter suggested 'local energy requirement could be managed by installation of solar panels in every home and business. This would lead to less reliance on freighted liquid fuel.'<sup>95</sup>

## Conclusions

- 4.116 The committee received evidence that renewable energy such as solar and wind power may have the potential to be developed on Christmas Island and suggests these options could be explored further in terms of cost and infrastructure requirements.

### Recommendation 16

- 4.117 **The committee recommends the Shire of Christmas Island and the Shire of Cocos (Keeling) Islands in consultation with the Attorney-General's Department, explore the viability of establishing sources of renewable energy to supplement the power needs of the Indian Ocean Territories, taking into consideration infrastructure requirements and costs.**

## Housing issues and options

- 4.118 The Commonwealth owns and controls the majority of land that is available for development on Christmas Island. While on the Cocos (Keeling) Islands, the Shire holds in trust and controls approximately 85 percent of land.
- 4.119 A shortage of housing was identified as a matter of concern for IOTs residents. While differing factors are driving housing demand on Christmas Island and the Cocos (Keeling) Islands, both IOTs economies, are subject to limited land release, creating housing shortages.
- 4.120 Concerns were also raised about the negative economic impact land use policies are having on commercial and residential development in the IOTs and the resulting stagnating effects on the local construction industries.

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94 Shire of Christmas Island, Mr Gordon Thomson, *Transcript T4*, pp 26-27.

95 Mrs R Peter, *Submission 12*, p. 3.

- 4.121 CITA highlighted the need for development and land release plans on Christmas Island,<sup>96</sup> similarly Mr Ron Grant noted the limited development on Shire of Cocos (Keeling) Islands owned land.<sup>97</sup>
- 4.122 The Government has responded in part to issues associated with land release and supply through creation of a Crown Land Management Plan (CLMP). The CLMP is intended to inform planning for future land use. AGD stipulated the CLMP is 'a useful tool, however, it will not replace the normal land planning process.'<sup>98</sup> The CLMP is discussed in more detail later in this chapter.

## Christmas Island

- 4.123 The Christmas Island housing market consists of a large rental market with low levels of private home ownership. The Commonwealth owns approximately 30 percent of all residential housing on Christmas Island with over half of these properties rented out as public housing. The remaining properties are used to house Commonwealth public sector employees.
- 4.124 Public housing is owned by the Commonwealth and managed by the Government through the Christmas Island Administration. Terms and conditions for public housing are similar to the Western Australian (WA) Government's Department of Housing.<sup>99</sup>
- 4.125 While some public housing stock, currently meets WA Department of Housing standards, AGD, through its capital works program is intending to initiate maintenance and upgrades where required.<sup>100</sup>
- 4.126 The Shire of Christmas Island stated the majority of residents rent in the private market and noted the price of renting has increased in 2009, with a one bedroom unit in the centre of town doubling since July from \$150 per week to \$300 per week. Terrace house rents have increased by \$180 per week in the same timeframe.<sup>101</sup>
- 4.127 The Shire of Christmas Island commented that the rapid increase in housing rental prices is commonly attributed to the demand for

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96 Christmas Island Tourism Association, Mr Michael Asims, *Transcript T4*, p. 78.

97 Mr Ron Grant, *Transcript T5*, pp 18-19.

98 Attorney-General's Department, *Submission 15.5*, p. 2.

99 Attorney-General's Department, *Submission 15*, p. 21.

100 Attorney-General's Department, *Submission 15*, p. 21.

101 Shire of Christmas Island, *Submission 24*, p. 11.

accommodation generated by staff and contractors servicing the activities of the Christmas Island Immigration Reception and Processing Centre.<sup>102</sup>

- 4.128 The Department of Immigration and Citizenship stated the majority of their staff (including contractors) is housed in department owned accommodation with additional accommodation sourced through the private rental market.<sup>103</sup>
- 4.129 House values have also steadily increased over time with a two or three bedroom house valued at \$140 000 in 2003 and in 2009 the same property was valued at between \$200 000 and \$230 000.<sup>104</sup>
- 4.130 Regardless of the measured increase in housing values, housing supply is not keeping up with demand on Christmas Island. However, this undersupply has not spurred the expansion of the construction industry as ‘investors are reluctant to invest if they are uncertain about possible returns on investment. Many investors are demanding guarantees on long term leases before they will build.’<sup>105</sup>
- 4.131 CICC drew attention to the high cost of construction on Christmas Island, noting it is approximately 2.5 times more expensive than on the mainland and attributed the low levels of commercial development on Christmas Island to the high cost of construction.<sup>106</sup>
- 4.132 The Shire of Christmas Island advocated making Crown land available for residential development<sup>107</sup> to remedy the problems associated with rent affordability and the shortage of housing supply.
- 4.133 As an associated housing issue, the Shire of Christmas Island commented on the scheme that was in operation on Christmas Island which allowed public housing tenants to buy the houses they rent, similar to the scheme in operation by the WA Department of Housing. The Shire of Christmas Island stated:

The former tenants of Blocks 408 and 412 [Kampong] have made several requests to purchase housing units. The Christmas Island Administration did commence a process which included obtaining valuations for the properties to be sold to the Administration’s

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102 Shire of Christmas Island, *Submission 24*, p. 11.

103 Department of Immigration and Citizenship, *Submission 22*, p. 4.

104 Shire of Christmas Island, *Submission 24*, p. 13.

105 Shire of Christmas Island, *Submission 24*, p. 13.

106 Christmas Island Chamber of Commerce, *Submission 19*, p. 4.

107 Shire of Christmas Island, *Submission 24*, p. 13.

public housing tenants. The process stalled and the tenants are now requesting the Administration to proceed.<sup>108</sup>

## Cocos (Keeling) Islands

- 4.134 The Shire of Cocos (Keeling) Islands through a trust arrangement either leases or rents 104 properties on Home Island with the cost of rental for a three bedroom dwelling at \$135 per week or \$141 per week for a four bedroom dwelling.<sup>109</sup>
- 4.135 The Shire of Cocos (Keeling) Islands highlighted the issue of overcrowding in some houses because of extended family living arrangements, but stated:
- Due to the pressure on existing utilities and limited fresh water supply, there is no potential to construct additional homes on Home Island.<sup>110</sup>
- 4.136 The Commonwealth owns the majority of houses on West Island. These houses are used for Commonwealth public servants and private contract staff. There is currently a shortage of houses on West Island.<sup>111</sup>
- 4.137 Similarly to Christmas Island, the cost of construction on the Cocos (Keeling) Islands is approximately 2.5 times more expensive than on the mainland. The high cost of construction has served as a disincentive for the development of a local construction industry, creating a shortage of local essential tradespeople.<sup>112</sup>
- 4.138 In 2007, AGD provided \$507 000 in funding for a joint venture to construct two public housing dwellings on Home Island. The Shire of Cocos (Keeling) Islands is responsible for the management and maintenance of the properties for the next 25 years. Potential public housing clients must meet WA public housing eligibility criteria to be granted a rental lease.<sup>113</sup>
- 4.139 To further ease the pressure on housing supply, AGD is sponsoring 'the building [of] several additional houses and preparing to release land at Buffett Close on West Island.' AGD is also considering making available four houses at the former Quarantine Station.<sup>114</sup>

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108 Shire of Christmas Island, *Submission 24*, p. 14.

109 Shire of Cocos (Keeling) Islands, *Submission 9*, p. 3.

110 Shire of Cocos (Keeling) Islands, *Submission 9*, p. 3.

111 Shire of Cocos (Keeling) Islands, *Submission 9*, p. 3.

112 Shire of Cocos (Keeling) Islands, *Submission 9*, p. 3.

113 Attorney-General's Department, *Submission 15*, p. 22.

114 Attorney-General's Department, *Submission 15*, p. 22.

## Land use and heritage considerations

4.140 The absence of a land use strategy or plan has been highlighted as a significant hindrance to business investment and development for both Christmas Island and the Cocos (Keeling) Islands.

4.141 CICC commented that the absence of a land use strategy acts as a disincentive for commercial development on Christmas Island and stated:

As of the current date, the Chamber is not aware of any realistic and workable land planning strategy on Christmas Island. This immediately disqualifies any interest from commercial developers with the financial capacity to plan and complete major projects on the Island.<sup>115</sup>

4.142 CITA also suggested a land planning strategy is needed for Christmas Island to assist in attracting and informing investment. CITA stated:

We would love to get the private sector to invest in the island, but you have heard about the cost of fuel, the cost of a fridge and the cost of getting freight over here. It is not an attractive proposition. We cannot get the Accors and the Starwoods. We cannot attract them. So we need to find smaller private investors. But then we hit a snag: what do we do with the land? Can we access the land? There is no singular land planning strategy that says, 'Here is an opportunity, here is what you can do, here is the style of building that you may build and these are the associated sweeteners.'<sup>116</sup>

4.143 In addition to the inability to attract commercial investment, CICC also raised concerns about the impact of heritage assessment on commercial developments on Christmas Island and stated:

The Chamber is aware of a number of commercial developments that have failed in the planning process due to either the heritage boundaries, or the local administration of the heritage guidelines.<sup>117</sup>

4.144 Mrs R Peter advocated restoration or demolition of derelict buildings which have been heritage listed on Christmas Island and stated 'these are eye-sores unless something urgently is done with them. Once restored, these may be used for public recreational and social purposes.'<sup>118</sup>

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115 Christmas Island Chamber of Commerce, *Submission 19*, p. 4.

116 Christmas Island Tourism Association, Mr Bill Tatchell, *Transcript T4*, p. 81.

117 Christmas Island Chamber of Commerce, *Submission 19*, p. 3.

118 Mrs R Peter, *Submission 12*, p. 2.



- 4.145 AGD acknowledged the *Environment Protection and Biodiversity Conservation Act 1999* (Cwlth) ‘applies to all aspects of the Territories and impacts on the majority of operational work of the Department and can affect business.’<sup>119</sup>
- 4.146 In regard to addressing issues surrounding heritage, AGD added it is working towards application of relevant legislation which has been amended and ‘removes the definition of Commonwealth Area, in those areas within the Territories where a person holds a freehold interest in the land.’<sup>120</sup>
- 4.147 In regard to heritage, AGD further stated ‘this is not a simple process and will require negotiations for a SDA [service delivery arrangement] between the Department and the relevant WA Government agency, and consultation with stakeholders and the community.’<sup>121</sup>
- 4.148 In addition, to manage Crown land and address any future issues regarding Crown land use, AGD has developed the CLMP, which is aimed at informing decisions on future land use for the IOTs by assessing ‘the conservation, economic, cultural and social values of crown land.’<sup>122</sup>

## Crown Land Management Plan

- 4.149 AGD is responsible for managing Crown land in the IOTs on behalf of the Commonwealth. Through a SDA with the WA Departments of Land Information, and Planning there is provision for ‘registration of titles, valuation of land and the provision of planning, legal and administrative advice on land.’<sup>123</sup>
- 4.150 The Shire of Christmas Island administers the ‘statutory mechanism under WA planning legislation that controls all land use on the island’ - the *Town Planning Scheme*.<sup>124</sup>
- 4.151 The Shire of Cocos (Keeling) Islands administers the ‘statutory mechanism under WA planning legislation that controls all land use on the island’ - the *Local Planning Scheme*. In addition, there is a ‘land trust agreement

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119 Attorney-General’s Department, *Submission 15*, p. 20.

120 Attorney-General’s Department, *Submission 15*, p. 20.

121 Attorney-General’s Department, *Submission 15*, p. 20.

122 Attorney-General’s Department, *Submission 15*, p. 21.

123 GHD, September 2009, *Report for Crown Land Management Plan for the Indian Ocean Territories, Cocos (Keeling) Islands*, p. 1; GHD, September 2009, *Report for Crown Land Management Plan for the Indian Ocean Territories, Christmas Island*, p. 1.

124 GHD, September 2009, *Report for Crown Land Management Plan for the Indian Ocean Territories, Christmas Island*, p. 1.

between the Commonwealth and the Shire of Cocos (Keeling) Islands' allowing the shire to manage this land 'for the benefit, advancement and wellbeing of the Cocos Malays.'<sup>125</sup>

4.152 The *Town Planning Scheme* and the *Local Planning Scheme* are the 'primary instruments through which land use and development [are] controlled' on the IOTs. Both have 'an outlook of five years and zone land for certain purposes and contain development provisions for each particular zone, in accordance with the orderly and proper planning of a local government area.'<sup>126</sup>

4.153 AGD explained the CLMP:

... will be used to inform the shires' local planning schemes and to seek holistic development approval for a range of possible projects. The management plan has been developed in close consultation with stakeholders in both territories.<sup>127</sup>

4.154 AGD circulated the CLMP to IOTs stakeholders in September 2009. The Shire of Christmas Island commented on the contents of the CLMP and the consultation process undertaken by AGD in regard to the plan. The Shire of Christmas Island stated:

Basically, the Crown Land Management Plan was delivered as a report in July. I was involved in two discussions with the consultants who produced it. They were very interesting discussions. The report does challenge some of the assumptions of the land planning strategy that we developed, also with the assistance of the Commonwealth department, a few years ago. That was a very significant land planning exercise which involved many people. It was a very broad consultation involving many of us in several forums. It was a different style to the land planning strategy developed by a town planner. This Crown land management plan does challenge some of the assumptions of the land planning strategy, so the seeds of doubt have been sown in some areas and the ball is now in our court to deal with that. I want to deal with that through our community planning strategy.<sup>128</sup>

125 GHD, September 2009, *Report for Crown Land Management Plan for the Indian Ocean Territories, Cocos (Keeling) Islands*, p. 1.

126 GHD, September 2009, *Report for Crown Land Management Plan for the Indian Ocean Territories, Cocos (Keeling) Islands*, p. 1; GHD, September 2009, *Report for Crown Land Management Plan for the Indian Ocean Territories, Christmas Island*, p. 1.

127 Attorney-General's Department, Mr Julian Yates, *Transcript T1*, p. 3.

128 Shire of Christmas Island, Mr Gordon Thomson, *Transcript T4*, p. 27.

- 4.155 AGD added that it will consider further recommendations contained in the CLMP ‘based on the needs of the local communities’ in consultation with the Shires.<sup>129</sup>

## Land release and development

- 4.156 AGD advised that land release decisions are usually made after receiving advice from the WA Department of Lands and the responsible local shire.<sup>130</sup>
- 4.157 The CLMP will be used ‘to identify priority areas for development and ensure land release decisions are taken consistently. It will inform land planning discussions between the Department, the Shires and the local community.’<sup>131</sup>
- 4.158 Two identified priorities for action include the Light Industrial Area and Chicken Farm site on Christmas Island, and the former Quarantine Station on the Cocos (Keeling) Islands.
- 4.159 In regard to the Light Industrial Area, the CLMP has recommended an Outline Development Plan (ODP). AGD advised the draft ODP will be circulated in the near future. In regard to the Chicken Farm site, in accordance with the CLMP, AGD has issued an expression of interest for development.<sup>132</sup>
- 4.160 More broadly, in regard to waiting times for development approvals, AGD commented that it is considering alternative ways to streamline the development approvals process and stated:

... the approvals process for the Territories does require compliance with both applied state and Commonwealth legislation. Any development in a Commonwealth area in the Territories is subject to the *Environmental Protection and Biodiversity Conservation Act 1999* in addition to applied Western Australian legislation. The Department is considering ways to streamline the approvals process, including active management of specific developments.<sup>133</sup>

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129 Attorney-General’s Department, *Submission 15.5*, p. 2.

130 Attorney-General’s Department, *Submission 15.5*, p. 2.

131 Attorney-General’s Department, *Submission 15.5*, p. 2.

132 Attorney-General’s Department, *Submission 15.5*, p. 2.

133 Attorney-General’s Department, *Submission 15.5*, p. 3.

## Conclusions

- 4.161 The limited portion of available land released for development combined with the high cost of construction in the Indian Ocean Territories (IOTs) has acted as a disincentive for private sector investment in commercial development. This in turn has kept the local construction industry small and created a shortage of qualified local tradespeople. More broadly, it appears these factors have contributed to a housing shortage in the IOTs.
- 4.162 On Christmas Island, rents have increased significantly and with the limited availability of houses for sale and the recent significant increase in house prices, residents may have been locked into renting.
- 4.163 In a related matter, the committee heard evidence that the process for public housing tenants from Blocks 408 and 412 Kampong, Christmas Island has halted without explanation. Given the housing shortage and the pressures on the local rental market, the committee suggests the Attorney-General's Department (AGD) initiate dialogue with tenants to resolve the matter.
- 4.164 On the Cocos (Keeling) Islands, there is overcrowding in some houses on Home Island and due to pressure on existing utilities and limited fresh water, there is no potential for the Shire of Cocos (Keeling) Islands to construct additional houses. However, there is some capacity on West Island at the former Quarantine Station site, for AGD to provide additional housing. The committee suggests the Commonwealth should transfer ownership of the housing and facilities located at the former Quarantine Site to the Shire of Cocos (Keeling) Islands, which would assist in relieving the pressure on housing supply on the islands.
- 4.165 The committee acknowledges the housing shortage in the IOTs needs to be urgently addressed and the Shire councils in consultation with AGD, examine existing land use and release policies and take measures to investigate the feasibility of low cost, low impact residential construction options. In the longer term, if these measures were implemented, house prices and rents could fall, investment in residential development would likely increase and local employment opportunities would improve.
- 4.166 A number of cases were also highlighted where development was either hindered or halted because of land policy related issues where heritage, environmental or general approvals were required. The committee believes these issues require resolution and a concerted approach is needed to assist with encouraging investment from commercial development.

- 4.167 The Crown Land Management Plan (CLMP) is designed to inform future planning decisions by assessing the conservation, economic, cultural and social values of Crown land. The committee believes the CLMP is an important plan for attracting investment and assisting economic development on the IOTs and should include a land release and development strategy arrived at through continuing community consultation.

### **Recommendation 17**

- 4.168 **The committee recommends the Shire of Christmas Island and the Shire of Cocos (Keeling) Islands in consultation with the Attorney-General's Department, draft and implement a land release and development plan to attract investment and stimulate the construction industries of the Indian Ocean Territories.**

**In addition, the Attorney-General's Department should provide ongoing adequate funding for secretariat support for this purpose.**

### **Recommendation 18**

- 4.169 **The committee recommends that the Commonwealth transfer ownership of the accommodation and facilities located at the former Quarantine Station site on West Island to the Shire of Cocos (Keeling) Islands to ease pressure on housing supply.**

## **The impact of climate change**

- 4.170 In 2008, AGD commissioned a report on the 'Climate change risk assessment for the Australian Indian Ocean Territories' (the climate change report). The climate change report made predictions from now until 2030 and then through to 2070 and a number of findings regarding the possible environmental impact of changes in weather patterns that may be experienced by the IOTs into the future.<sup>134</sup>
- 4.171 The climate change report found the IOTs to be vulnerable to the potential impacts of climate change with a 'magnitude of exposure, vulnerability

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<sup>134</sup> Attorney-General's Department, *Submission 15*, p. 23.

and risk associated with these changes.’ The Cocos (Keeling) Islands was found to be at greater risk of experiencing the effects of climate change than Christmas Island.<sup>135</sup>

- 4.172 In addition, the IOTs may be affected by a rise in sea temperature which could have a detrimental impact on marine ecology and would negatively impact on tourism.<sup>136</sup>
- 4.173 Included in the climate change report are the key vulnerabilities which include risks to: human health and safety, buildings and infrastructure and economic development and tourism.<sup>137</sup>
- 4.174 AGD stated it is working with the Department of Climate Change and the IOTs communities on strategies to develop local capabilities to ‘adapt to the impacts of climate change and build resilience.’<sup>138</sup>

## Christmas Island

- 4.175 Christmas Island is less vulnerable to the impact of rising sea levels than the Cocos (Keeling) Islands. AGD noted ‘human settlement and a small tourism industry based on ecological systems may be impacted by climate change.’<sup>139</sup>
- 4.176 AGD stated Christmas Island, while not classified as a cyclone prone area, ‘had two significant cyclone events in March 1988 and April 2008’ with the impact of these extreme weather events experienced in Flying Fish Cove.<sup>140</sup>
- 4.177 The Shire of Christmas Island commented on the validity of the assumptions and predictions made in the climate change report in regard to sea level rise and stated:

Assumptions upon which certain conclusions of the Climate change report produced for the Attorney General's Department are now considered to be out of date. The anticipated change in sea level at Christmas Island by 2070 was thought to be an increase of 60cm. At the time the report was delivered the consultants informed us that the rise in sea level could be up to 3 metres not

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135 Attorney-General’s Department, *Submission 15*, p. 23.

136 Attorney-General’s Department, *Submission 15*, p. 23.

137 Maunsell/AECOM, January 2009, *Climate change risk assessment for the Australian Indian Ocean Territories*, Maunsell Australia, Canberra, p. iii.

138 Attorney-General’s Department, *Submission 15*, p. 23.

139 Attorney-General’s Department, *Submission 15*, p. 23.

140 Attorney-General’s Department, *Submission 15*, p. 23.

60cm as supposed before the report was delivered. There is likely to be a decrease in major storm events but an increase in the severity of the storms. We can expect longer dry periods and wetter wet periods.<sup>141</sup>

- 4.178 The Shire of Christmas Island highlighted the expected climate change impact on tourism and stated:

The anticipated changes in sea level due to climate change will affect planning for tourism developments in Settlement where land is allocated for tourism accommodation and services. The Shire needs to obtain additional capacity for planning if we are to lead our community's response to the challenges of climate change.<sup>142</sup>

## Cocos (Keeling) Islands

- 4.179 The climate change report found the Cocos (Keeling) Islands to be vulnerable to rising sea levels. AGD outlined the climate change impacts on the Cocos (Keeling) Islands and stated:

... storm surge and tropical cyclones. Most pass by without causing any significant damage. A small number of cyclones have caused severe damage during the last 150 years. However, increased sea levels and a predicted change in weather patterns may pose a greater risk to the community. The number of intense tropical cyclones (category 4 and 5) occurring within 500 km of the Cocos (Keeling) Islands is expected to double.<sup>143</sup>

- 4.180 In regard to monitoring sea level rises, the Shire of Cocos (Keeling) Islands stated:

Monitoring of the sea level of Cocos indicates that there has been a slow and continual increase in the sea level. This increase has been noticeable during episodes of higher than predicted high tides. These high tides have caused flooding in low lying areas and a rise in the saline level of the fresh water lenses on Home Island.<sup>144</sup>

- 4.181 Further, the Shire of Cocos (Keeling) Islands noted the importance of working on strategies to counter the economic impact of climate change and stated:

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141 Shire of Christmas Island, *Submission 24*, p. 14.

142 Shire of Christmas Island, *Submission 24*, p. 14.

143 Attorney-General's Department, *Submission 15*, p. 23.

144 Shire of Cocos (Keeling) Islands, *Submission 9*, p. 4.

Climate change has been recognised as a factor that will affect the islands. It needs to be known as a tangible issue before people realise what the effects may be. With the height above sea level on Home Island and, to a slightly lesser degree, West Island, climate change should be taken into consideration for any future planning. The shire is keen to work with the government, the community of Cocos Islands and all other stakeholders to provide for the future of the islands and look for viable options to improve economic outcomes that will benefit the community as a whole.<sup>145</sup>

## Conclusions

- 4.182 Climate change, while having a global effect, is particularly detrimental to the IOTs economies as severe weather events usually impact on the natural environment and so have the potential to negatively affect the operation of the tourism industry.
- 4.183 Christmas Island has been less affected by climate change than the Cocos (Keeling) Islands and has experienced two extreme weather events throughout the period from 1988 to 2008. Alternatively, the Cocos (Keeling) Islands is particularly vulnerable to the effects of climate change and is already experiencing gradual, but continual sea level rises.
- 4.184 The committee supports risk assessment planning for climate change impact on the IOTs where appropriate and believes this planning should be incorporated into all business proposals, especially those involving economic development initiatives. The committee also supports initiatives to build local capability and resilience in regard to the impact of climate change.

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### Recommendation 19

- 4.185 **The committee recommends that the potential effects of climate change be acknowledged as they will affect future economic development, especially on the Cocos (Keeling) Islands and that the Economic Development Consultative Groups and other stakeholders are fully briefed on these, and an appropriate risk evaluation built into any proposals relating to economic development.**

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145 Shire of Cocos (Keeling) Islands, Mrs Melinda Lymon, *Transcript T5*, pp 3-4.