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Joint Standing Committee on the National Capital and External Territories
PO Box 6012
Parliament House
Canberra
ACT 2600

Attention:
Committee Secretary
Bill Plender

Reference: Submission to the Joint Standing Committee on the National Capital and External Territories – Visit to the Cocos (Keeling) Islands

In relation to the Joint Standing Committee on the National Capital and External Territories' review of the Department of Regional Development, Local Government, Arts and Sports (previously known as the Department of Regional Development and Local Government) 2010-2011 Annual Report, the Cooperative wishes to make certain comments on the Department's operations. However, a more current Annual Report, 2011-2012 is currently available, and is therefore more relevant, as to comments. References are to contents in the 2011-2012 Annual Report.

1 Introduction

Part 2, Performance Report, Chapter 05, Outcome 2, Program 21: Services to territories, identifies nine key performance indicators (KPI). The Cooperative will comment upon those KPIs, which are relevant.

2 KPI 1 – Legislative legal frameworks are in place in the territories that provide the same rights and protections enjoyed by the rest of Australians.

Western Australian laws may be applied as Commonwealth law to the Territory, however, a service delivery agreement is normally entered into with a Western Australian Government Department, to provide the appropriate management and administrative mechanisms. In general the legal regime, based upon Commonwealth law, Western Australian law as applied as Commonwealth law,

and territorial ordinances, is sound, and provides the same rights and protections enjoyed by the rest of Australia.

The Cooperative is in the process of transitioning from the former Singapore Cooperatives Ordinance, which had been applied as a Territorial Ordinance, to the Cooperatives Act 2009 (WA)(CKI). The Cooperatives Act 2009 (WA)(CKI) may result in many fundamental changes to the Cooperative (e.g. the basis of the Cooperative (i.e. distributing or non distributing cooperative), basis of shareholding, active membership rules, directors as opposed to management committee, increased responsibilities of directors, financial reporting etc). But ultimately the Cooperative will have a modern body of law as its framework, and a Registrar located in Western Australia.

However, it is becoming increasingly difficult, to meet some requirements for Territory residents, to be able to carry on a business in the Territory. An example of this is the insurance framework that is required to support contractual arrangements which may be required under common law or statute. Examples of this are the withdrawal of Associated Marine from marine insurance market for the Territory, and the Cooperative being advised that premiums for property insurance likely to increase by 60% due to withdrawals of insurers from the market. These most definitely impact upon organizations such as the Cooperative, and ultimately are required to be passed onto consumers. Ultimately, the body of law, will impact upon the standard of living and the level of services. The combinations of small markets and high costs, dictate that the cost of many services and products, especially essentials such as food, are ultimately passed onto consumers.

3 KPI 2 – State type services are delivered effectively and effectively to residents of the non-self governing territories

In general the services such as health, education (refer KPI 3 comments), water, power, sewage, etc are provided to a standard of many other remote communities. Refer KPI 4 comments relating to the Quarantine Station. However, distance is a major factor for the Territory, and this does impact upon the delivery of state type services.

4 KPI 3 – Essential infrastructure meets the needs of communities, border protection and other national strategic priorities

Two major Australian Government projects have been completed for the Cocos (Keeling) Islands, these being the Rumah Baru Passenger and Freight Facility on West Island, and the resurfacing of the airport runway on West Island. In addition the new landing craft Minti Sedaya, and the new ferry Cahaya Baru, have been placed into service. Two new mobile land based cranes were acquired by the Australian Government, one based on Home Island, and the other based on West Island. These facilities and vessels have improved the level of services for the Territory.

The Rumah Baru Passenger and Freight Facility has improved the occupational and safety standards for the handling of freight, and also contributed to increased productivity. However, the recent Fulton Hogan airport resurfacing project highlighted the inadequacy of the Rumah Baru Facility, current barges and cranes for handling cargo for future major projects. Limitations related to lifting capacity of cranes, to the rotating of the James Capstan (dumb barge) for the discharging of cargo due to the reach, and lifting capacity of the cranes, and the ability to work one barge at a time. Inadequate container storage facility at the Rumah Baru Island slowed down container turn around times. There are also a number of issues that relate to the ferry operations that have been identified, and these relate to the handling of medevac cases and passengers luggage and freight.

If the major airport runway project does go ahead, this is the one alluded to in the Defense White Paper, the current infrastructure would not be adequate. It took approximately 6 months to deliver all the material and equipment that was needed for the Fulton Hogan project.

The Virgin Australian flights three times per week, and the weekly Toll Priority air freighter flights, have also contributed to the improvement of services to the Territory. The Toll Priority aircraft has basically eliminated the problems that were being experienced when passengers and freight were being carried by Virgin Australia.

The Cooperative has recently been awarded contracts for nine years for the ferry and bus services, and this now provides the Cooperative with a more assured future. These were competitive tenders and took some time to be awarded.

A continuous issue for many families is the lack of senior secondary education facilities in the Territory for years 11 and 12. Currently students are required to travel to the Australian mainland to complete years 11 and 12. There is an advantage for students in completing years 11 and 12 on the mainland in that they have the opportunities that can be provided by larger schools, and the life experience of living outside the Territory. The disadvantage is that the expenses of maintaining a student on the Mainland is extremely high, and stretches many families financially. In many cases students when they have completed year 12 are now being brought back to the Territory, and do not have the opportunity to enter TAFE or university. This practice is increasing.

Many parents would seek the potential of alternatives to the current system so that students could undertake senior secondary studies in the Territories. These very students, if possessing the required education background, will form the basis of the future workforce for the Territory. It is therefore important to look at the viable alternatives (e.g. distance education using the internet, combined with more traditional strategies) to delivery outcomes.

The influx of refugees to the Territory has highlighted the inadequacy of facilities to process them in the Territory. It has become a regular occurrence for in

excess of 200 refugees to be held at the former Animal Quarantine Station. This has inadequate accommodation, water and sewage facilities.

5 KPI 4 - Grant funding is targeted, supported by the community and fully utilized

Grants are available and the Cooperative will be shortly be applying for two grants.

6 KPI 5 - Intergovernmental agreements meet value for money criteria while delivering the required level of services to the territories

This does not relate to the Cooperative.

7 KPI 6 - The Territories Law Reform Act 2010 is implemented to provide a sustainable financial framework for Norfolk Island

Not applicable to the Cocos (Keeling) Islands

8 KPI 7 - Long term financial and governance reform for Norfolk Island is achieved through constructive partnerships with the Norfolk Island Government and Community

Not applicable to the Cocos (Keeling) Islands

9 KPI 8 – Sustainable economic, environmental and social policies are progressively implemented in the Indian Ocean Territories

It is disappointing that no significant economic development project has occurred in the Territory. The Australian Government has in place the infrastructure (Rumah Baru Passenger and Freight Facility, resurfaced airport, new ferry, new landing craft, land based cranes, water, sewage and power, a modern body of law, Virgin Australian and Toll Priority air services, Economic Development Officer, Economic Development Consultative Group) and yet there is no significant economic development to ensure a future for the younger generations.

The Australian Government owns the former Quarantine Station, and the Shire of the Cocos (Keeling) Islands holds 6/7ths of the land through two trusts, and represent the two key players in economic development in relation to the provision of land. Currently the Quarantine Station is being used to accommodate refugees, and there is no indication, that this situation will change in the near future.

Perhaps one of the biggest steps forward will be the formation of the Indian Ocean Territories Economic Development Association to replace the Economic Development Consultative Committees for the Territory and Christmas Island. This will provide a unified approach to economic development.

The greatest environmental issue that is facing the Territory is that of the potential for increasing sea levels. Many island community world wide are facing

this issue, and the Australian Government have put in place a number of measures to predict the likely impacts of global warming for the Territory. The impacts of erosion by the sea are obvious in many locations in the Territory, and such impacts have occurred in the past. The difficulty is to determine which are short term and long term impacts.

Social impacts are perhaps the hardest to measure, and to determine the effectiveness of policies being undertaken. Permanent residents, particularly the Cocos Malays, are increasingly having to cope with social changes, many of these being quite stressful (e.g. having children sent to the Mainland for education). Life style changes are also having physical and mental impacts upon many residents, and some of these may be measured through health service indicators.

10 The roles and responsibilities of the Australian and the ACT Governments in the national capital were clarified.

No applicable to the Cocos (Keeling) Islands.

R J Grant

General Manager