

**DOTARS TERRITORIES & LOCAL GOVERNMENT DIVISION APPEARANCE BEFORE
THE JOINT STANDING COMMITTEE ON THE NATIONAL CAPITAL
AND EXTERNAL TERRITORIES**

28 MARCH 2003

OPENING STATEMENT



Thank you for the opportunity to appear before the Committee.

Before answering members questions I would like to take the opportunity to provide the Committee with an overview of how the Commonwealth is restructuring the delivery of its responsibilities in the Indian Ocean Territories.

As you will have seen and heard when you visited the IOTs, the Department is in the midst of a major reform process in relation to service delivery, administrative and management arrangements for the Indian Ocean Territories (IOTs).

The impetus for this reform is the application of the 1991 and 2000 Government decisions that administrative, legislative and institutional frameworks in the IOTs should be aligned with those of remote communities on the mainland.

This is reflected in the Department's Portfolio Budget Statement where one of our outcomes is to ensure that residents in the Territories have the same rights and responsibilities as other Australians. With this in mind we consider that remote mainland equivalent standards of service delivery is appropriate for the IOTs.

Normalisation of Governance Arrangements for the IOTs

The first body of work the Commonwealth is pursuing is the normalisation of Governance arrangements for the IOTs.

As you would be aware, as areas of Australia which are not part of an existing State or self-governing Territory, the Commonwealth has responsibility for all Commonwealth, State and Local Government services and regulation in the Indian Ocean Territories.

At the Commonwealth level a key element of the governments policy agenda is ensuring Commonwealth agencies provide their services directly to the Territories. Almost all Commonwealth legislation now applies in the Territories and Federal Ministers and agencies are directly responsible for the provision of Commonwealth activities and services in the Territories in the same way as they would to other parts of Australia. Examples are AQIS providing quarantine services and the Programs Division of our Department providing programs such as Roads to Recovery.

Where legislation or programs don't apply the Department is working with other agencies to evaluate the need and applicability to the IOTs with the aim of having all relevant Commonwealth policies apply to the territories.

At the State level, my Division of the Department of Transport and Regional Services has responsibility for the provision of State and Local Government equivalent services. To

facilitate this, in 1992 the Commonwealth “adopted” the WA legal regime as Territories laws to provide a body of State equivalent laws in the Islands.

All powers and obligations under these “mirrored” WA laws are vested in the Federal Territories Minister.

Successive Federal Governments have determined that the direct delivery of State and Local Government services in the IOTs is not core Commonwealth business and that the most efficient and effective delivery arrangements are via Western Australian government agencies or private providers under contract to the Commonwealth. In part this is because the scale of direct service provision by the Commonwealth means that direct provision is very expensive.

Perhaps more significantly, the Commonwealth has very limited experience in direct service provision in most areas and the scale of operations means there is little capacity to provide technical support and expert relief when the very limited number of experts that run the services are temporarily unavailable or move to other organisations. Thus service quality cannot be guaranteed over time.

An example of this is the contrast between the school education service provided by the WA department which uses WA principals and teachers with established staff development and flexibility in posting staff, and the IOT Health Services which is provided directly by the

Department with no such support network or staffing pool and which regularly relies on short term locums.

Clearly, duplicating all the activities of a government machine equivalent to WA for these two small communities is not cost effective. WA agencies, with systems and processes already in place for the State, are generally able to provide state type services to the Commonwealth at the marginal cost of including the IOTs in those existing systems.

Accordingly, we have been pursuing closer alignment with WA through the development of Service Delivery Arrangements (SDAs) with WA State Agencies.

In many cases the direct application of WA policies has been possible. For example, we are applying the policies and eligibility requirements of the WA housing agency Homeswest to ensure that, in our State Government role, we are only providing 'welfare' housing to those who would be eligible under WA eligibility criteria. We will then be able to divest ourselves of non-core housing stock 'normalising' the housing market in the IOTs.

Homeswest has been assisting us with the implementation of this policy under an SDA.

There are now 27 Service Delivery Arrangements (SDAs) in place with WA State Agencies for a variety of services. These range from SDAs that allow for an agency to deliver services entirely on our behalf to SDAs that allow for the provision of advice on an as-needed basis.

At the local level, we are currently working with both the Christmas Island and Cocos (Keeling) Islands Shire Councils to better define the roles of the Shires and ourselves as the State Government and to ensure those roles are consistent with mainland arrangements. This may involve the transfer of assets from the Commonwealth to the Shires to better reflect the asset ownership and control arrangements that would be exhibited on the mainland. As part of this process the Shires have expressed a desire to take on more direct service delivery roles, particularly in terms of utilities, and they will be free to tender for these services if and when they are market tested.

In short we are attempting to replicate the governance arrangements and responsibilities which would apply to the Territories should they be part of the WA State.

Provision of Efficient Government Services

Australia has gone through an extended period of reform to public service delivery with pressure on the public sector to provide its services more efficiently and effectively. Policies such as corporatisation, workplace reform, competition policy, market testing and demand management through more transparent pricing have led to significant improvements in the efficiency of the economy generally and in the performance of Government enterprises in particular.

While reform has been occurring for some time on the Islands, the pace of change until recently has been limited. Examples of reform that occurred some time ago include the

management of the schools and contracting WA WaterCorp to provide sewerage and water services.

The Government in recognising the need to ensure efficient services has decided that it should critically examine its delivery mechanisms and where appropriate seek expressions of interest from the private sector or the Shires as alternative delivery mechanisms.

The management of the Christmas Island port was contracted out last year and, under that arrangement, operations at the port are now being streamlined to ensure it operates on a more commercial, transparent basis.

Market testing is also underway for ferry and marine services on the Cocos (Keeling) Islands and cleaning and gardening services on Christmas Island. Other services currently directly provided by the Commonwealth will also be progressively market tested to ensure efficient and appropriate service delivery to the Islands. In the short term this will include the airports of both islands and the power facilities.

Asset ownership and the divestment of non-core Commonwealth assets will also be reviewed as part of this process. Where appropriate, Commonwealth assets will be transferred to the Shires with responsibility for service delivery associated with those assets. This will better align asset ownership arrangements with responsibility for service delivery and mainland arrangements.

With the changes in arrangements for the delivery of services on the islands, the Department recognises that it's direct on-Island presence in terms of the Administrations will be reduced. This is consistent with the Government's decision to align conditions in the territories with comparable mainland communities. No other remote communities of a comparable size have such a large, direct Commonwealth or State presence. The Government considers that the number of staff and the level of Commonwealth activity encourages people to look to the Commonwealth to solve any problems and this attitude stifles community initiative.

The current hands-on role of the Administrations will be much reduced over time as services are progressively contracted out or responsibilities transferred, either to the private sector, the Shires or the WA Government. The expectation is that the Department will close its office on the Cocos (Keeling) Islands within the next year and that the staffing level in our office on Christmas Island will be significantly reduced over the next 18 months to 2 years.

This does not represent a reduction in commitment to the Territories, rather a transfer of resources from direct service provision to provision by the State and private sectors, increasing the complexity and skill base of the local populations.

In summary, the islands are going through the same types of economic and service delivery reforms as have occurred on the mainland. The motivation for this is a combination of providing government services to the IOTs efficiently and giving the communities comparable services to those of their fellow Australians on the mainland.