

Introduction

Terms of Reference

- 1.1 On 21 March 2002, the Committee resolved that a general review of each of the external territories be conducted as part of an annual monitoring of the territories by the Committee.¹ The basis for this would be a review of the annual reports of the two Commonwealth departments with direct responsibility for the external territories - the Department of Transport and Regional Services and the Department of the Environment and Heritage. Section 2 of the Resolution of Appointment, passed by both Houses of Parliament on 14 February 2002, establishing the Committee for the 40th Parliament provides that:

Annual reports of government departments and authorities tabled in the House shall stand referred to the committee for any inquiry the committee may wish to make. Reports shall stand referred to the committee in accordance with a schedule tabled by the Speaker to record the areas of responsibility of each committee, provided that:

1 The Committee's Resolution of Appointment enables the Committee to inquire into and report on matters relating to the Territory of Cocos (Keeling) Islands; the Territory of Christmas Island; the Coral Sea Islands Territory; the Territory of Ashmore and Cartier Islands; the Australian Antarctic Territory, the Territory of Heard Island and McDonald Islands, and Norfolk Island.

- any question concerning responsibility for a report or a part of a report shall be determined by the Speaker; and
- the period during which an inquiry concerning an annual report may be commenced by a committee shall end on the day on which the next annual report of that department or authority is presented to the House.

1.2 As part of its monitoring of the external territories, the Committee would review the development of services and the implementation of programs to a standard commensurate with equivalent mainland communities. On 26 June 2002, the Committee resolved that the review of the Annual Reports of the Department of Transport and Regional Services 2000-01 and the Department of the Environment and Heritage 2000-01 specifically include reference to land use and land transfer in the external territories by the Commonwealth Government.

1.3 The Indian Ocean Territories – Christmas Island and Cocos (Keeling) Islands - were the second of Australia's external territories that the Committee examined as part of this process. The Committee chose to focus on the following issues in relation to the Indian Ocean Territories:

- justice and community safety;
- education;
- environment and heritage;
- health and community care;
- transport, housing, land management and other urban services;
- economic development and tourism;
- social and welfare services;
- utilities;² and
- land use and land transfer by the Commonwealth Government.

An additional issue – future governance arrangements - was brought to the Committee's attention in the evidence received.

2 See Department of Transport and Regional Services, *Annual Report 2000-2001*, p. 86.

Conduct of the inquiry

- 1.4 The inquiry was advertised in *The West Australian* on 6 July 2002 and in the Christmas Island community newsletter, *The Islander*, on 19 July 2002. The Committee received 39 submissions and eight exhibits. Evidence was received in relation to all the areas listed in the terms of reference.
- 1.5 Initially the Committee was to review the departments' 2000-2001 annual reports. However, as the Committee's visit to the Indian Ocean Territories was delayed until March 2003, the Committee resolved that the annual reports which were tabled in the House of Representatives on 16 October 2002 should also be reviewed. Submissions and exhibits received in relation to both years were considered in evidence.
- 1.6 The completion of this report was further delayed when the Committee commenced the first part of its inquiry into governance on Norfolk Island in March 2003. Accordingly, the Committee extended this review to include the annual reports of the Department of Transport and Regional Services and the Department of the Environment and Heritage for 2002-2003 tabled in the House of Representatives on 8 October and 4 November 2003 respectively. Submissions and exhibits received in relation to all three years were considered in evidence.
- 1.7 The Committee visited Christmas and Cocos (Keeling) Islands for inspections, private meetings and public hearings from 10 to 13 March 2003. Facilities and sites on Christmas Island identified as being relevant to the review were inspected on 10 March 2003. These included the proposed Asia Pacific Space Centre launch facility site, the new crab crossings funded by Parks Australia, the school, wharf and police station. The Committee undertook an inspection of relevant facilities and sites on West Island and Home Island, Cocos (Keeling) Islands, on 12 March 2003. These included the police station and courtroom, and a return trip on the local bus and ferry service from West Island to Home Island. The Committee was also given a private inspection of Oceania House by the owner, Mr Lloyd Leist.
- 1.8 The Committee held a number of informal meetings whilst on Christmas and Cocos (Keeling) Islands. On Christmas Island the Committee met with the Christmas Island Administration and the Shire Council, as well as a number of community groups. These included the Chinese Literary Association, the Christmas Island

Women's Association, and the Islamic Council. On Cocos (Keeling) Islands the Committee met with the Shire Council, the Cocos Co-op, the Cocos Congress, the Cocos Women's Group (Kaum Ibu) and the Islamic Council.

- 1.9 The Committee held public hearings in the Old Shire Chambers on Christmas Island on 11 March 2003 and in the community hall on West Island, Cocos (Keeling) Islands on 13 March 2003. The Committee also held hearings at Parliament House in Canberra on 28 March and 12 May 2003.

Role of the Committee

- 1.10 It is the function of the Federal Parliament to participate in developing law and policy, to scrutinise government action and public administration and to inquire into matters of public interest on behalf of all Australians. A system of Federal parliamentary committees facilitates the work of the Parliament. A Resolution of Appointment, passed by the House of Representatives on 14 February 2002 and by the Senate on 15 February 2002, is the source of authority for the establishment and operations of the Joint Standing Committee on the National Capital and External Territories.³ The Committee is appointed to inquire into and report to both Houses of Parliament, in an advisory role, on a range of matters.
- 1.11 The Committee was established in 1993. Prior to 1993, inquiries relating to the external territories were dealt with by other committees - for example, the House of Representatives Standing Committee on Legal and Constitutional Affairs reported on legal regimes in the external territories in 1991. A Joint Standing Committee on the Australian Capital Territory has been appointed in each Parliament since 1956. In 1992, the Joint Standing Committee on the Australian Capital Territory changed its name to the Joint Standing Committee on the National Capital, to emphasise the significant change in the focus of the Committee's work which occurred following the introduction of self-government in the ACT in 1989. At the start of the 37th Parliament in 1993, a committee specifically to cover Australia's external territories was established for the first time.

3 By convention, where the Resolution of Appointment is silent joint committees follow Senate committee procedures to the extent that such procedures differ from those of the House.

- 1.12 The Committee has produced seven reports in relation to the external territories so far:
- *Delivering the Goods*, February 1995;
 - *Island to Islands: Communications with Australia's External Territories*, March 1999;
 - *In the Pink or in the Red: Health Services on Norfolk Island*, July 2001;
 - *Risky Business: Inquiry into the tender process followed in the sale of the Christmas Island Casino and Resort*, September 2001;
 - *Norfolk Island Electoral Matters*, June 2002;
 - *Quis custodiet ipsos custodes?: Inquiry into Governance on Norfolk Island*, December 2003; and
 - *Norfolk Island: Review of the Annual Reports of the Department of Transport and Regional Services and the Department of the Environment and Heritage*, July 2004.

Service Delivery in the Indian Ocean Territories

- 1.13 The strategic objective of the Department of Transport and Regional Services in relation to Australia's territories is for:

Territories which provide for their residents the same opportunities and responsibilities as other Australians enjoy in comparable communities.⁴

The key strategies implemented to help achieve this objective were:

- develop effective and appropriate governance for each territory
- implement or improve government services to bring them in line with those available in comparable mainland communities in order to meet non self-governing territory needs
- facilitate economic and infrastructure development in non self-governing territories.⁵

- 1.14 In the case of the Indian Ocean Territories, the Department "administers arrangements for the provision of state and local

4 Department of Transport and Regional Services, *Annual Report 2002-2003*, p. 107.

5 Department of Transport and Regional Services, *Annual Report 2002-2003*, p. 110.

government equivalent services and regulation”.⁶ These services and regulation included justice and community safety; education; environment and heritage; health and community care; transport, housing, land management and other urban services; economic development and tourism; social and welfare services; and public utilities such as electricity, water and sewerage.⁷ Many of these services are provided by Western Australian State Government agencies under 29 Service Delivery Arrangements with the Commonwealth through the Department of Transport and Regional Services.⁸ The Service Delivery Arrangements are reviewed regularly, and the reviews include community consultation on agency performance.

- 1.15 The Department stressed that in the longer term the Commonwealth is seeking to develop a whole-of-government arrangement for the delivery of services to the Indian Ocean Territories.⁹ In the interim, the Department is “expanding the scope of agency specific arrangements on an as needs basis”.¹⁰ In 2002-03, the Commonwealth’s operating expenses for the Indian Ocean Territories totalled \$69.8 million, with an additional \$39.9 million directed to capital projects.¹¹
- 1.16 Those services not provided under the Service Delivery Arrangements are provided through direct service provision, contracting private companies and providers, or the local shires in each territory.¹² The Christmas Island Administration, for example, is responsible for the provision of electricity to the Island through the Christmas Island Power Authority. The Administration also oversees the provision of health services, including a social worker, to both Christmas and Cocos (Keeling) Islands through the Indian Ocean Territories Health Service. Management of the water and sewerage services on Christmas Island are the responsibility of the Administration, which has a contract with WaterCorp, a Western Australian State Government agency. The Cocos (Keeling) Islands Administration is responsible for providing the following services:

6 Department of Transport and Regional Services, *Annual Report 2002-2003*, p. 108.

7 Department of Transport and Regional Services, *Annual Report 2002-2003*, p. 108.

8 Department of Transport and Regional Services, *Annual Report 2002-2003*, p. 108.

9 Department of Transport and Regional Services, *Submissions*, p. 683.

10 Department of Transport and Regional Services, *Submissions*, p. 683.

11 Department of Transport and Regional Services, *Annual Report 2002-2003*, p. 109.

12 Department of Transport and Regional Services, *Annual Report 2002-2003*, p. 108.

- utilities (water, sewerage and electricity) under contract to WaterCorp;
- airport management through an agreement with Westralia Airports Corporation in conjunction with Christmas Island;
- public transport, including ferry services currently under contract to the Cocos Co-op;
- marine services including ferry and jetty maintenance;
- West Island Housing; and
- public building maintenance, including the administration centre and cyclone shelter.

Outsourcing services

1.17 The Department of Transport and Regional Services noted that successive Federal Governments have determined that the direct delivery of State and local government services 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 means that direct provision is very expensive, but also due to the Commonwealth having had limited experience in direct service provision. The Department stated that it was working with the Christmas and Cocos (Keeling) Islands shire councils to define the roles of the Commonwealth and the shires. As part of the process, the shires have expressed a desire to take on more service delivery.¹³

Outsourcing to the private sector

1.18 Witnesses raised two issues related to the outsourcing of services to the private sector. One was the operation of the inter-island ferry service between West Island and Home Island, Cocos (Keeling) Islands.¹⁴ The second was cleaning and gardening at the airport, the school, the hospital and the administration building on Christmas Island. A number of residents of the territories raised concerns about the implications of the outsourcing proposal and requested that the ramifications of privatisation and contracting out of services be

13 Mr Mike Mrdak, Transcript, 28 March 2003, p. 189.

14 See Chapter Seven.

considered, and that the Commonwealth suspend any decisions in the interim.¹⁵

Outsourcing to the Shire Councils

1.19 Both shire councils have expressed an interest in taking responsibility for many services that are currently provided by the Commonwealth. The Shire of Cocos (Keeling) Islands, for example, is interested in harbour control and managing the airport.¹⁶ The Shire Council noted that:

the Shire could deliver many of those services in a more cost effective manner and with considerably more local input as the only directly elected body permanently on island.¹⁷

Both shire councils indicated that they were not averse to the transfer of almost any services, on the proviso that they were appropriately resourced.

Structure of the Report

1.20 The report is divided into nine chapters. Chapter Two discusses governance arrangements in the Indian Ocean Territories while the remaining seven chapters address each of the inquiry's terms of reference.¹⁸ Chapter Three focuses on justice and community safety, Chapter Four on education and training and Chapter Five on environment and heritage. Chapter Six examines health and community care while Chapter Seven looks at transport, housing, land management and other urban services. Chapter Eight examines economic development and tourism and includes general concerns that residents share about the future economic status and direction of the territories. Social and welfare services are discussed in Chapter Nine of the report.

15 Mr Gordon Thomson, Transcript 11 March 2003, p. 48.

16 Shire of Cocos (Keeling) Islands, Submissions, p. 265.

17 Shire of Cocos (Keeling) Islands, Submissions, p. 265.

18 Department of Transport and Regional Services, *Annual Report 2000-2001*, p. 86. Eight areas of state and local government level service provision to the non self-governing territories are identified.