



Australian Government

Australian Government response to the
Joint Standing Committee on the National Capital and
External Territories:

Governance in the Indian Ocean Territories

Interim Report: Economic Development

and

Final Report: Economic Development and Governance

March 2017

The Joint Standing Committee on the National Capital and External Territories was asked by the former Minister with responsibility for Territories, the Hon Jamie Briggs, on 4 March 2015 to inquire into governance arrangements and economic development in the Indian Ocean Territories.

The Committee presented two reports:

- an Interim Report in June 2015, *Interim Report: Economic Development*, which considered economic matters. The Report included three recommendations; and
- a Final Report in March 2016, *Final Report: Economic Development and Governance*, which addressed issues relating to economic development, governance, administration and reform. The Report included nineteen recommendations.

The Australian Government's response addresses recommendations in these reports.

Interim Report: Economic Development

Recommendation 1

The Committee recommends that the Australian Government commit to reopening a casino on Christmas Island and establish the necessary policy, legislative and regulatory frameworks to allow for this without delay.

Once the necessary frameworks are in place the Department of Infrastructure and Regional Development conduct an appropriate process to assess proposals to operate a casino from private sector proponents.

Noted. The Australian Government will seek independent advice on regulatory and compliance arrangements for casino operations in the states and territories and a best practice model for Christmas Island.

Recommendation 2

The Committee recommends the Department of Infrastructure and Regional Development take action to address any legislative anomalies or administrative deficiencies that may prevent educational institutions in the Indian Ocean Territories from providing educational services to international fee-paying students in accordance with the framework established by the Education Services for Overseas Students Act 2000 (Cth).

Not Supported. The attendance of international students at schools in the Indian Ocean Territories would be on a full cost-recovery basis. As costs are significantly higher for schools in the Indian Ocean Territories, they are unlikely to be competitive relative to schools on the mainland.

Recommendation 3

The Committee recommends that the Australian Government call for expressions of interest for the delivery of freight by sea to the Indian Ocean Territories for the carriage of Australian Government goods, to be followed by a full tender process if indicated by the outcome of this process.

Not Supported. Sea freight is a commercial service provided by the private sector. The Australian Government is not a major user of sea freight and does not have sufficient purchasing power to drive cost reductions.

Final Report: Economic Development and Governance

Recommendation 1

The Committee recommends that the Department of Infrastructure and Regional Development require air carriers to the Indian Ocean Territories to distribute a visitor information card to all passengers for the purpose of collecting visitor data. The completed cards will be deposited in a marked box at the airport arrival terminals on Christmas Island and West Island for collection by the Christmas Island and Cocos (Keeling) Islands Tourism Associations.

Not Supported. The Cocos (Keeling) Islands Tourism Association currently collects data on incoming and outgoing passengers at the airport. The Department of Infrastructure and Regional Development has implemented alternative arrangements with the Christmas Island Tourism Association to support the collection of visitor data.

Recommendation 2

The Committee recommends that the Department of Infrastructure and Regional Development negotiate a Service Delivery Arrangement, in consultation with the Christmas Island and Cocos (Keeling) Islands Tourism Associations, to facilitate access to tourism support services provided by Tourism Western Australia.

Supported. The Department of Infrastructure and Regional Development is seeking the views of the Western Australian Government on options to support the development of tourism in the Indian Ocean Territories.

Recommendation 3

The Committee recommends that the relationship between Tourism Australia and the Indian Ocean Territories tourism associations be formalised. The formalised arrangement should include provision for Tourism Australia to build capacity, including promotion and marketing expertise, in the Christmas and Cocos (Keeling) Islands Tourism Associations. This could include secondment placements and mentoring opportunities.

Not Supported. The Australian Government does not consider there is benefit to formalising the relationships between Tourism Australia and the Indian Ocean Territories tourism associations. While Tourism Australia does not undertake domestic marketing or destination development assistance, Tourism Australia regularly engages with the Indian Ocean Territories tourism associations to support the development of tourism products and advise on marketing, policy and strategic issues. Tourism Australia also supports the Indian Ocean Territories participation in trade events, including the annual Australian Tourism Exchange, and provides access to its digital and social media channels.

Recommendation 4

The Committee recommends that the Department of Infrastructure and Regional Development exempt airline operators that are interested in providing scheduled international flights to Christmas Island from landing and security fees for an initial operational period of 12 months.

Supported. The Administrator of the Territories of Christmas Island and Cocos (Keeling) Islands has the authority to set fees and charges for utilities and services. In March 2016, the Administrator provided an exemption from landing charges to all international air services using the Christmas Island Airport. Security fees are not currently charged.

Recommendation 5

The Committee recommends that the Department of Infrastructure and Regional Development review the scope, structure and functions of the Regional Development Organisation and publish the outcomes of the review on the Department's website.

If the review reveals that the organisation has merit in continuing, dedicated funding should be provided to support its scope, structure and functions.

Noted. The Department of Infrastructure and Regional Development will develop options to support economic development, including considering the role of the Regional Development Organisation.

Recommendation 6

The Committee recommends that the Department of Infrastructure and Regional Development, as a priority, commission a comprehensive geological survey on Christmas Island to inform land development and responsible water management.

The Department of Infrastructure and Regional Development should explore the options to share the cost of the survey with Phosphate Resources Limited.

Supported. The Department of Infrastructure and Regional Development and Geoscience Australia signed a Memorandum of Understanding on 6 May 2016 to assess the feasibility of mapping potential groundwater resources on Christmas Island using airborne geophysical technologies and on-ground hydrogeological methods. Phosphate Resources Limited made a financial contribution to the initial scoping study.

Geoscience Australia completed their initial scoping study in February 2017. The Department and Geoscience Australia expect to progress the next phase of analytical work in mid-2017. Conduct of airborne electromagnetic mapping is subject to the outcomes of the analytical work and available funding.

Recommendation 7

The Committee recommends that the Department of Infrastructure and Regional Development engage a legal specialist to review the land trust on the Cocos (Keeling) Islands to determine legal ownership and control of all land with a view to reforming or replacing it.

New arrangements must be informed by agreement with trust beneficiaries, define the responsibilities and obligations of trustees to the people of the Cocos (Keeling) Islands, and subject to probity considerations, enable land to be leased or sold in support of economic development.

Supported. The Department of Infrastructure and Regional Development has obtained legal advice on the land trust deeds and the operation of the trusts. The Minister with responsibility for Territories will provide advice and options to the community and the Trustee – the Shire of Cocos (Keeling) Islands – to improve the operation of the trusts.

Recommendation 8

The Committee recommends that the Department of Infrastructure and Regional Development, as a priority, develop a Crown land management framework for the Indian Ocean Territories.

The Crown land management framework, including the updated Crown Land Management Plan and the Commonwealth Assets Management Plan, should be published on the Department's website, and a package of information made available to potential investors. The Crown land management framework should make clear the principles governing the release of Crown land, and the process that developers need to follow to lease and purchase available Crown land.

Supported. The Department of Infrastructure and Regional Development consulted on a Draft Christmas Island Crown Land Management Plan in 2016. Following approval by the Minister with responsibility for Territories, the Plan will be released in March 2017.

The Department will commence work on a Crown Land Management Plan for the Cocos (Keeling) Islands in 2017, noting that approximately only 15 per cent of land on the islands is Crown Land. The remaining 85 per cent of land on the Cocos (Keeling) Islands is held in the land trusts.

Recommendation 9

The Committee recommends that the Department of Infrastructure and Regional Development investigate whether Crown land disposal ordinances are warranted to facilitate the lease and sale of Crown land in the Indian Ocean Territories.

If Crown land ordinances are warranted, they should be established without delay.

Not Supported. The Australian Government is committed to providing Crown Land on Christmas Island and the Cocos (Keeling) Islands for commercial and residential purposes and in accordance with the Commonwealth Property Disposal Policy.

Recommendation 10

The Committee recommends that the Department of Infrastructure and Regional Development transfer, on a long-term lease basis, the following Crown land assets on West Island to the Shire of Cocos (Keeling) Islands for development:

- *the four commercially zoned parcels on Emden Walk;*
- *the Light Industrial Area bounded by the Sydney Highway, Fremantle Road and Alexander Street; and*
- *the land suitable for retail at lot 193 William Keeling Crescent.*

Supported. The Australian Government will investigate the implications of transferring the proposed sites and, where appropriate, seek formal approvals for the transfers. The Australian Government notes that one of the proposed commercially zoned blocks is privately owned and cannot be transferred.

The Shire of Cocos (Keeling) Islands also recently accepted the Government's offer of two parcels of land at Buffets Close for residential development.

Recommendation 11

The Committee recommends that the Department of Infrastructure and Regional Development develop, publish and implement a formal consultation protocol for Service Delivery Arrangements and the delivery of services in the Indian Ocean Territories.

Supported. The Department of Infrastructure and Regional Development has a number of mechanisms in place to consult with the community, including information sessions on Service Delivery Arrangements, publication of Facts Sheets and an online feedback form. The Department will publish a formal consultation protocol in 2017.

Recommendation 12

The Committee recommends that the Department of Infrastructure and Regional Development continue to publish Service Delivery Arrangement factsheets and annual Indian Ocean Territories' budgets, and recommence the publication of annual performance reports for Western Australian agencies providing services in the Indian Ocean Territories.

These accountability and transparency documents should be made easy to locate on the Department's website and accompanied by current governance and administration information.

Supported. The Department of Infrastructure and Regional Development will continue to publish information on Service Delivery Arrangements, including an Annual Report and Facts Sheets. The Department will review its website to improve the accessibility of information.

Recommendation 13

The Committee recommends that the Department of Infrastructure and Regional Development:

- *publicise the process by which community engagement forms are monitored and responded to; and*
- *commit to responding to feedback provided via the community engagement form within a specified timeframe.*

Supported. The Department of Infrastructure and Regional Development will publish an overview of arrangements to respond to community engagement forms as part of the consultation protocol.

Recommendation 14

The Committee recommends that the Department of Infrastructure and Regional Development commit to publishing commissioned reports on issues affecting services in the Indian Ocean Territories, or a summary of report outcomes, as soon as practicable. This commitment should be specified within the Department's consultation protocol.

Supported. The Department of Infrastructure and Regional Development will publish commissioned reports or a summary of those reports where they include classified or commercially sensitive information.

Recommendation 15

The Committee recommends that the Australian National Audit Office examine Service Delivery Arrangements between the Commonwealth and Western Australian agencies to determine whether:

- *services are coordinated effectively;*
- *agreements are adequately monitored; and*
- *outcomes achieve value for money.*

The Australian National Audit Office responded to this recommendation on 15 December 2016.

Recommendation 16

The Committee recommends that the Department of Infrastructure and Regional Development, as a priority, identify all delegated and legislated powers vested in the Administrator, or departmental officials, for the governance and administration of the Indian Ocean Territories. This information should be contained in a register that is maintained and updated regularly to ensure currency.

Supported. The Department of Infrastructure and Regional Development is working to simplify and improve transparency of delegation arrangements.

Recommendation 17

The Committee recommends that the Minister for Territories provide the current Administrator and future Administrators with formal advice about their reportable responsibilities and a list of all legislated and delegated powers vested in the role. If, as a result of this undertaking, additional responsibilities are identified that attach to the role of the Administrator, these should be supported by a secondment of staff from the Department of Infrastructure and Regional Development.

The Department should also maintain publicly available information about the role of the Administrator, including readily accessible information on their responsibilities and decision making powers in relation to the governance and administration of the Indian Ocean Territories.

Supported. The Minister with responsibility for Territories provides the Administrator of the Territories of Christmas Island and the Cocos (Keeling) Islands with advice about his or her role at the commencement of his or her term. The Department of Infrastructure and Regional Development has published an overview of the Administrator's role and responsibilities on its website.

Recommendation 18

The Committee recommends that the Australian Government, in consultation with the shires, undertake a review of local government in the Indian Ocean Territories to determine if there is scope to streamline and amalgamate some functions.

Partially Supported. The Australian Government does not propose a comprehensive review of local government in the Indian Ocean Territories at this time.

The Government agrees there may be scope to streamline the delivery of some services delivered by the Government. The Department of Infrastructure and Regional Development will consider options to increase private sector or local government delivery of services and functions.

Recommendation 19

The Committee recommends that the Australian Government seek formal advice from the Governments of Western Australia and the Northern Territory to determine whether they are receptive to the proposal for incorporation of the Indian Ocean Territories into their State or Territory.

Based upon a positive response to this proposal, the Australian Government should develop an incorporation model for consultation and review.

Supported. The Minister with responsibility for Territories will write to the Premier of Western Australia and Chief Minister of the Northern Territory in 2017 to formally explore interest in incorporation. The Australian Government will only give further consideration to this recommendation in consultation with the local communities.