



Australian Government

**Department of Infrastructure, Transport,
Regional Development, Communications, Sport and the Arts**

Water Services Licence Application – Indian Ocean Territories

December 2025



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1. Application summary

1.1 Identity of applicant

The Australian Government, Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts (DITRDCA) is a non-corporate department established under the Administrative Arrangement Orders signed by the Governor General 13 May 2025, **Attachment 1**.

DITRDCA's 2024-25 Portfolio Budget Statement (PBS) states:

DITRDCA is responsible for the design and implementation of the Australian Government's Infrastructure, Transport, Regional Development, Communications, Sport and Arts policies and programs. DITRDCA works to: improve major transport and digital infrastructure across Australia; support an efficient, sustainable, competitive, safe, accessible and secure transport system; improve living standards and facilitate economic growth in our cities and regions, including northern Australia; support regional growth and resilience through connectivity, reliability and security for agricultural and other primary industry users; provide good governance frameworks and services to support communities in the territories; enable people in Australia to connect to effective, safe communications services and enabling investment in communications, technologies and infrastructure, for inclusiveness and sustainable economic growth; and support sustainable and inclusive creative and cultural sectors, and protect and promote Australian content and culture.

PBS Outcome 4 – describes the performance criteria for Australian territories: good governance and service delivery in the Australian territories including through the maintenance and improvement of the laws and services for non-self-governing territories, and the overarching legislative framework for self-governing territories.

The underlying principle of policy development, service delivery and the capital works program is to ensure that territory communities receive comparable services and essential infrastructure to mainland Australia.

On behalf of the Australian Government, Water Corporation has delivered water and wastewater services to the Indian Ocean Territories since 1998. These services were originally delivered under contract, however from 2008, Water Corporation now delivers water and wastewater services through an Indian Ocean Territories (IOT) Service Delivery Arrangement (SDA) with the Commonwealth through DITRDCA. The current Indian Ocean Territories SDA has been extended to 30 June 2026. A new five-year SDA is expected to be signed prior to this expiry date.

Through their SDA, Water Corporation delivers the following services:

(a) **Water and Wastewater Services**

- (a) water and wastewater operations and maintenance services and deliverables to be provided to the Territory from time to time, including:
 - (1) billing, revenue collection and customer services associated with such water and wastewater services; and
 - (2) develop, administer and manage the water and wastewater asset management system for the Territory
- (b) management of the capital works program for water and wastewater assets in the Territory (including the procurement of assets and the undertaking of capital works in accordance with the approved capital program for the Territory for the financial year)
- (c) consultancy services associated with the water and wastewater services described in items (a) and (b) of this Schedule A.

Water Corporation will continue to provide services to Indian Ocean Territories in a manner, and to the standard, that they provide to similar WA communities.

Water Corporation's SDA is managed from DITRDCA's Perth Regional Office:
Level 9, 150 St Georges Terrace
PERTH WA 6000

DITRDCA's organisational structure as of September 2025, **Attachment 2**.

1.2 Description of the proposed licensed services

This licence application applies to the Indian Ocean Territories potable water and wastewater services delivered by Water Corporation on behalf of the Australian Government.

The Indian Ocean Territories are the collective name describing the Islands of Christmas Island and Cocos (Keeling) Islands.

A map showing each of the proposed licence area on Christmas Island and Home and West Island (Cocos (Keeling) Islands) is available at **Attachment 3. CI and CKI Operating Area**.

Replacement of failed or aging infrastructure, such as water or wastewater mains, is undertaken through DITRDCA's Territories capital works program.

1.3 Description of any services infrastructure/works involved

The Australian Government is responsible for the provision and maintenance of infrastructure for the delivery of state government-type services to Christmas Island and Cocos (Keeling) Islands. To ensure that facilities are provided in line with WA mainland conditions, there has been an annual Australian Government funding commitment for capital works projects.

1.3.1 Christmas Island

Christmas Island Water Supply

Christmas Island's water supply relies solely on rainwater infiltration into the groundwater system. The water accumulates in naturally formed caves and sinkholes. The principal water supply for the Island is currently sourced from Jedda Cave and Jane-Up Well, producing approximately 80 per cent of the Island's water supply. A secondary source at Waterfall Spring supplements the town water scheme. Water is treated with fluoride and calgon (to reduce effects of hardness) and is disinfected by chlorine.

Water Infrastructure on Christmas Island includes:

- Water sources: Jedda Cave/Jane-Up Well and Waterfall Springs
- Two Water Treatment Plants for disinfection, fluoridation, and addition of calgon
- Water storage tanks at Airport, Drumsite, George Fam Centre, Jedda, Hospital, Immigration Detention Centre (IDC), Summit, and Waterfall
- Water distribution mains and customer reticulation mains.

Christmas Island Wastewater Supply

The Christmas Island wastewater system consists of a gravity collection system with seven sewerage pump stations.

Wastewater is transferred to the wastewater treatment plant (WWTP) located at Smith Point. The WWTP is licenced by the WA Department of Water and Environmental Regulation (DWER).

Infrastructure on Christmas Island includes:

- Wastewater Collection and transfer network
- Seven Pump stations and associated pressure mains
- Smith Point Wastewater Treatment Plant (WWTP) with capacity up to 1750 kL/d.

1.3.2 Cocos (Keeling) Islands

West Island Water Supply

West Island water is currently sourced from infiltration galleries to capture groundwater from a freshwater lens.

DITRDSCA has commenced a project on West Island to replace the groundwater water source with a 200 kL/day Seawater Reverse Osmosis (SWRO) plant. The new SWRO plant is expected to be operational by the end of 2027 and will source its water from five production bores (one on stand-by).

The production bores were drilled in October to November 2022 and water quality testing is ongoing. Enabling works (stage 1) are expected to commence by early 2026.

West Island Wastewater Supply

Wastewater is collected by a vacuum sewerage system and pumped to the West Island WWTP. West Island WWTP is designed to treat 53 kL/day, with average inflow in 2024-25 of 40 kL/day. Treated wastewater is discharged to ocean via the ocean outfall. DITRDSCA has commenced a project to replace the aging infrastructure at the West Island WWTP and implement process improvements to improve the operability of the WWTP. This project is expected to be completed by the end of 2026.

Home Island Water Supply

On Home Island, the water supply is sourced from four seawater bores and treated by seawater reverse osmosis. Production capacity for Home Island water supply is 200kL/day with the average demand for 2024-2025 of 120 kL/day. Water treated with fluoride and disinfected with chlorine is stored in 4 potable storage tanks.

Wastewater is collected by a vacuum sewerage system and pumped to the Home Island WWTP. The plant is designed to treat an average of 100 kL/day, with average inflow in 2024-25 of 82 kL/day. Treated wastewater is discharged to ocean via an ocean outfall pipeline.

1.4 Description of the water services licence operating area

1.4.1 Christmas Island

Christmas Island, with an area of 135km², is approximately 360km south of Java Head at the southern entrance to the Sunda Strait, approximately 1,300km from Singapore and approximately 2,600km from Perth. The nearest point of the Australian mainland is Northwest Cape, which lies approximately 1,400km to the south-east.

The Island is the summit of a submarine mountain. It rises steeply to a central plateau dominated by stands of rainforest. The plateau reaches heights of up to 316m and consists mainly of limestone interstratified by layers of volcanic rock. The Island's 80km coastline is an almost continuous sea cliff ranging in height to 20m. In a few places (about 13) breaks in the cliff give way to shallow bays with small sand and coral shingle beaches. The largest of those bays forms the Island's port at Flying Fish Cove.

Christmas Island has a resident population of approximately 1,692 people with an ethnic composition of Chinese – 22.2%, Malay – 16.1%, Australian – 17% and European – 12.5% [Australian Bureau of Statistics 2021 census]. The Island's population and most of its facilities are at five main centres: Settlement, Kampong, Poon Saan, Drumsite and Silver City.

The IDC at Northwest Point, located approximately 11km from the Settlement moved to “hot contingency” status from October 2023. This means the facility is not in operational use, however, can be reactivated again within 72 hours.

1.4.2 Cocos (Keeling) Islands

The Cocos (Keeling) Islands are in the Indian Ocean Territories, 2,750km north-west of Perth and 900km south-west of Christmas Island. The Islands consist of 27 small coral islands with a total land area of 1,400ha. The main atoll consists of a horseshoe shaped chain of islands around a central lagoon approximately 10km in diameter.

West Island and Home Island are the only two islands with permanent residents. The total population is around 600 people, with 450 Cocos Malay residents on Home Island, and 150 residents on West Island.

1.5 Other essential regulatory approvals

The Australian Government has legislative responsibility for the Indian Ocean Territories and has introduced legislation which establishes a system of state government-type laws. The *Cocos (Keeling) Islands Act 1955* (Cth), and *Christmas Island Act 1958* (Cth) (the Acts) have the effect of applying the laws of Western Australia on Christmas Island as Commonwealth laws, known as applied laws.

Section 8H of the Acts provides that the Commonwealth may enter into arrangements with the State of Western Australia for the effective application and administration of the laws in force.

These arrangements provide for the exercise of powers and performance of functions and duties by officers and employees of the Western Australian Government in relation to the Indian Ocean Territories.

1.5.1 Department of Water and Environmental Regulation

Under their SDA, the DWER provides environmental regulation services through approvals, compliance and enforcement, and education and community engagement in accordance with the *Environmental Protection Act 1986* (WA)(CI)(CKI).

Wastewater Regulation

DWER has licenced the Christmas Island WWTP (L9222/2019/1) and monitors its performance. DWER has licenced the Home Island WWTP (L8335/2009/5). The volume of wastewater treated at the West Island WWTP is under the threshold for a prescribed premise and does not require a licence under the applied law.

Water Corporation reports all breaches of the licence to DWER who then investigates the incident where required.

Water Regulation

On 16 September 2024, the Minister for Territories agreed to give notice of intent to proclaim:

- groundwater reserves on Christmas Island and the Cocos (Keeling) Islands under section 26B of the *Rights in Water and Irrigation Act 1914* (WA)(CI)(CKI)
- drinking water source protection areas under the *Country Areas Water Supply Act 1947* (WA)(CI)(CKI)

DWER has commenced a process to proclaim water source protection areas on both Home Island and West Island in the Cocos (Keeling) Islands. A diagram of the Cocos (Keeling) Islands draft protection areas is at **Attachment 4**. It is expected the areas will be proclaimed by late 2026.

1.5.2 Department of Health

The Department of Health (DoH) is alerted to exceptions/exceedances and incidents through the Water Corporation's Drinking Water Quality Branch as required. DITRDCSA submits a quarterly water management report to DoH.

DoH provides public health compliance services in the Indian Ocean Territories including environmental health risk assessment and advice about drinking water and wastewater.

1.5.3 Economic Regulation Authority

Under their SDA, the Economic Regulation Authority (ERA) provides licensing, monitoring, and customer protection services to the Indian Ocean Territories. Accordingly, any water services providers on the Island must be licenced pursuant to the *Water Services Act 2012* (WA)(CI)(CKI).

1.5.4 Energy and Water Ombudsman

DITRDCA has an SDA with the Parliamentary Commissioner for Administrative Investigations (Ombudsman), however this does not extend to the Energy and Water Ombudsman.

Services provided by the Ombudsman under their Indian Ocean Territories SDA includes receiving, investigating, and resolving complaints about WA government agencies, local government, and universities. The Ombudsman also improves public administration for the benefit of people in the Indian Ocean Territories through own motion investigations and education and liaison programs with public authorities.

The Western Australian Energy and Water Ombudsman Scheme is an authorised water services ombudsman scheme in the Indian Ocean Territories. DITRDCA will apply to become a member of the scheme when a Water Services Licence has been issued, as having a licence and a hardship policy are required prior to application to become a member. DITRDCA has engaged with the Ombudsman, and no issues have been raised or identified. The Draft Water Hardship Policy (post-public consultation period) is at **Attachment 5**.

1.6 Funding

The Australian Government, through DITRDCA, provides annual administered appropriated funding to Water Corporation to provide water and wastewater services in the Indian Ocean Territories. Water Corporation provides an annual budget estimate and work plan for their proposed water and wastewater operational and maintenance services for the territories.

Separate funding is provided to Water Corporation for capital projects through New Policy Proposal and Administered Capital Budget funding.

1.7 Public interest

The right to an adequate standard of living in Article 11 of the International Covenant on Economic, Social and Cultural Rights requires that Australia ensures the availability, adequacy and accessibility of food, water, and housing for all people in Australia.

The right to an adequate standard of living also requires Australia to ensure that there is sufficient, safe, acceptable, physically accessible, and affordable water for personal and domestic uses. This includes the

protection against arbitrary and unlawful disconnection of water and access to a minimum amount of safe drinking water to sustain life and health.

The range and standard of services provided by the Australian Government in the territories are similar to those provided in remote Australian communities with similar characteristics, particularly demographic characteristics or service provision needs, recognising any special needs of the Indian Ocean Territories.

Under their SDA, Water Corporation provides water and wastewater services to the Indian Ocean Territories community. Water Corporation operates under the *Water Services Act 2012* (WA)(CI)(CKI) and maintains similar standards and conditions that apply to regional Western Australia.

The *Water Services Act 2012* (WA) (CI)(CKI) and the *Water Services Code of Conduct (Customer Standards) 2018* (WA)(CI)(CKI), protects the customer against the arbitrary and unlawful disconnection of water and provides customers with access to a minimum of 20 litres each minute of safe drinking water to sustain life and health.

Information about the *Water Services Act 2012* (WA)(CI)(CKI) and the *Water Services Code of Conduct (Customer Standards) 2018* (WA)(CI)(CKI) are publicly available on the Department of Justice - Parliamentary Counsel's Office website at www.legislation.wa.gov.au. This legislation provides for assistance to customers experiencing financial hardship and establishes procedures for dealing with complaints about water services.

The annual water and wastewater services fees are similar to fees in remote Western Australian mainland communities. There are measures in place to protect consumers who are suffering financial hardship.

The Australian Government promotes the right to an adequate standard of living as it ensures that affordable water is provided in the Indian Ocean Territories.

It is Australian Government policy that, wherever possible, the provision of state government-type services in the Indian Ocean Territories is broadly consistent with those in comparable Western Australian communities.

The grant of a licence is not contrary to the public interest.