



**PHOSPHATE RESOURCES**  
LIMITED

Lee Katauskas  
Committee Secretary  
Select Committee on the effectiveness of the  
Australian Government's Northern Australia Agenda  
Department of the Senate  
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Dear Committee Secretary Katauskas

**Select Committee on the effectiveness of the Australian Government's Northern Australia Agenda**

Thank you for your letter of 30 July 2019 inviting us to make a submission to the Senate Select Committee.

The submission we wish to make concerns Christmas Island. We understand from your secretariat that while Christmas Island does not fall within some of the maps depicting the boundaries of the areas covered by Northern Australia Agenda, it is nevertheless considered included by virtue of it being part of the electorate of Lingiari.

We operate the phosphate mine on Christmas Island and have traditionally been the largest private sector employer on the island.

We wish to commence our submission by making some general observations about Christmas Island. The first of these relates to the strategic importance of the island.

*The Indian Ocean Territories—Christmas Island and the Cocos (Keeling) Islands—hold important strategic value for Australia, particularly as Australia's exclusive economic zone and search and rescue areas extend significantly into the Indian Ocean.<sup>1</sup> The strategic environment within the Indian Ocean region is changing, presenting new opportunities and challenges for Australia. The Indian Ocean Territories are vital strategic points, acting as staging points for Australia to extend its reach and build stronger defence ties with regional partners.<sup>1</sup>*

Our second general observation relates to the weakening of the island's economic base.

*Christmas Island is going through a transition.<sup>2</sup>*

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The Immigration Detention Centre has been placed in 'hot contingency' resulting in the loss of security and other jobs linked to the normal operation of the Centre. In the 2016 census, around 100 people indicated that they worked in correctional and detention services on Christmas Island. These positions will decrease in hot contingency. Christmas Island Strategic Plan – page 7

The government's rejection of any additional land being allocated to mining coupled with changes in phosphate and fertiliser market have also resulted in a reduction of the mining workforce. Taken together, these changes continue to have a profound impact on the island's economy.

The Christmas Island Strategic Plan has been developed to provide a way of growing the island's economic base to retain a viable population.

May I now address the Select Committee's terms of reference.

The Select Committee is required 'to inquire into and report on the effectiveness of the objectives, design, implementation and evaluation of the Australian Government's Northern Australia agenda.'

The Northern Australia Agenda, as we understand it, refers to the White Paper on Developing Northern Australia headed Our North, Our Future (the White Paper)

#### Infrastructure to Support Growth

The White Paper records-

*Infrastructure plays an integral role in unlocking economic opportunities globally, nationally and especially in the north. It facilitates investment, increases accessibility to markets (especially for remote areas) and helps attract and retain workers. With careful planning around timing and location, it is a fundamental driver of productivity and growth.*

*To improve infrastructure in northern Australia, the Commonwealth Government will focus on funding high priority public infrastructure (such as roads), while making it easier for the private sector to invest in the infrastructure where it can get a return*

The Christmas Island Strategic Plan identifies potential growth industries, including tourism. One of the barriers to the expansion of this industry and others is the lack of sealed roads on this island.

Christmas Island, unlike most other areas of Australia, does not have a state or territory government that is able to contribute to major infrastructure like roads. The local shire council is comparatively small and lacks the significant resources required to provide sealed roads of a reasonable standard.

Improved infrastructure is also required in the Christmas Island National Park if visitor numbers are to be increased to any meaningful degree. The National Park covers some 63% of the island land mass and is home to the island's endemic species.



Providing the appropriate infrastructure on an isolated island is expensive. Not providing essential infrastructure is even more expensive. The reluctance to replace the wharf crane could have resulted in all supplies to the island having to be flown in had not been for our company making its smaller, but not fit for purpose, crane available to land shipping supplies.

We would encourage the Committee to visit the island and make its own assessment of the paucity of sound infrastructure and to make the appropriate recommendation regarding the infrastructure required to drive the local economy.

### Tourism

The White Paper records-

*The Government has widely discussed the five industry pillars that play to Australia's strengths and have the most potential for growth:*

- *food and agribusiness;*
- *resources and energy;*
- *tourism and hospitality;*
- *international education;*
- *healthcare, medical research and aged care.*

The cost of food on the island is significantly higher than the mainland. Transport costs coupled with a small market drive up the costs to way beyond what the average person would consider reasonable.

Attempts to grow fruit and vegetables on the island have been hampered by insect damage. Renewed attempts to grow fruit and vegetables in protected greenhouses is underway.

If the island is to become more self-sufficient and to be able to provide fresh food for residents and visitors alike, steps need to be taken to facilitate the importation of livestock.

With respect to resources, attempts to have additional land made available for mining have been rejected by government. Indeed, government has even rejected applications to explore land for this purpose.

Government opposition to mining will result in the premature closure of the mine as marketable grades become increasingly difficult to meet.

A Strategic Assessment under the Environmental Protection and Biodiversity Conservation Act presently underway should determine if any additional land will be made available for development (including mining) purposes. That assessment should provide some certainty on the future of existing industries and the prospect of growing others.



### Developing the North's Water Resources

The White Paper records-

*Northern development depends on water*

*Predicting and meeting demand for new water users and uses is an important driver of water resource development. This will require improved information and analysis of water and soil resources. Governments can play a role in conducting such work. It is rare that one investor can capture all the gains, or afford to assume all the costs, of this work so it is often not done. Water managers and investors alike need better information upon which to base allocation and investment decisions, about both surface and ground water.*

The need for better water mapping on Christmas Island has been recognised for many years.

The nature of the terrain makes water mapping imperative.

*There is negligible surface runoff on Christmas Island. Instead, almost all of the rain rapidly percolates into the permeable soil. As the soil becomes saturated, leakage occurs, recharging the aquifers. Up to 50% of the rainfall forms a fresh water lens above the basalt layer the and the rest saturates the soil and is evapo-transpired.<sup>3</sup>*

Proposals to utilise land have been rejected because it remains unclear if they are likely to cause landscape scale changes to the island's hydrology.<sup>4</sup> Questions have also been raised as to whether the degree of water extraction has impacted on surface water availability.

The need for an investigation into the island's water resources was reiterated in the Christmas Island Strategic Plan

*Early investigation into water resources of the Island and the understanding that growth for at least double 2018's population is not constrained by water resources.<sup>5</sup>*

The Plan recommended the completion of water mapping across Christmas Island.

We respectfully agree with that recommendation.



To conclude we note the observation made by the authors of the White Paper in their forward – “We will fix the roads and telecommunications, build the dams and deliver the certainty that landholders and water users need.”

For our part, we certainly hope so.

Yours faithfully

Lai Ah Hong  
Managing Director  
2 September 2019

1. The strategic importance of Australia's Indian Ocean Territories - Joint Standing Committee on the National Capital and External Territories
2. Christmas Island Strategic Plan – Forward – Minister The Hon Sussan Ley
3. Environment Assessment Report (para 168 – page 41)
4. Environmental Assessment Report (para 171 page 41)
5. Christmas Island Strategic Plan Pages 12 and 48  
[https://www.regional.gov.au/territories/publications/files/CCS1681\\_IOTRDO\\_CI\\_Strategic\\_Plan\\_FINAL.pdf](https://www.regional.gov.au/territories/publications/files/CCS1681_IOTRDO_CI_Strategic_Plan_FINAL.pdf)