



PHOSPHATE RESOURCES LIMITED

Luke Simpkins MP
Chairman
National Capital and External Territories Joint Standing Committee
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600
1 December 2015

Dear Mr Chairman

We would like to thank you and all members of the Standing Committee for your June 2015 interim report on Governance in the Indian Ocean Territories.

There are a number of observations we would like to make on the interim report which, in our view, lead to the obvious conclusion that it would be prudent for the Australian Government to facilitate an extension of phosphate mining on Christmas Island for as long as possible, including by permitting mining in areas of unallocated crown land outside the national park subject to the provisions of the Environmental Protection and Biodiversity Conservation Act (EPBC Act).

Our first point relates to the observations made in the Chairman's forward about the cost to Australian taxpayers of maintaining the island.

A high level of Commonwealth resources is devoted to the IOT. Indeed, more federal money is spent on the delivery of services there per capita than in almost any other community in Australia.

The cost of maintaining the island is, in our respectful view, likely to increase substantially without the payments and support structures provided by the mining operation.

In this regard we point out the mining operation:

- Substantially maintains the stevedoring operation that plays a vital role in the shipping supplies to the island.
- Pays a conservation levy to the Australian Government that is in turn provided to Parks Australia. In the 2014-15 financial year this amounted to \$1.7m.
- Rents a considerable number of private houses on the Island.
- Maintains the Maritime Pilot.
- Utilises 'tourist' accommodation for company executives and guests who visit the island each year.
- Is paying \$1.35m over five years towards the feral cat eradication program.

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Phosphate Resources Limited ABN 77 009 396 543
trading as Christmas Island Phosphates



- Contributes \$200,000 per year to the Mintope program with the Australian Government and Murdoch University.
- Makes available community grants to maintain the temples, festivals and community events including a substantial scholarship for the leading high school student.
- Employs with subsidiaries approximately two hundred employees and contractors, the vast bulk of whom are full time island residents.

There is no doubt the Australian Government's cost of maintaining the island will substantially increase with the closure of the mine. And while some may argue that these increased costs cannot ultimately be avoided, we maintain it would be foolish to incur them sooner rather than later by the unnecessary and premature closure of the mine.

Our second point goes to the frequent misunderstanding about the interaction between our mining operation and the preservation of the Island's environmental values. There is a misconception that a modest expansion of mining will have a significant impact on the environment. The Final Report of the Christmas Island Expert Working Group 2010, chaired by Professor Bob Beeton (the Beeton Report) specifically noted that *land clearing has a less significant impact on the environment than invasive species*.

The greatest threat to the environmental values of the island are feral and invasive species. Yellow crazy ants have been responsible for the reduction in the red crab population. Feral cats are believed to be responsible for the loss of seabirds and reptiles. Then there is the environmental degradation caused by black rats and a host of other invasive species.

The Beeton Committee recognised the need for invasive species eradication programs.

This observation reiterates our principal finding that the conservation of biodiversity on Christmas Island (or any other island) pivots around the prevention of introductions of non-indigenous species and the control and eradication of existing introduced species. (page 11).

We have long advocated the need to make the eradication of invasive species the number one environmental priority. We were pleased to contribute with the Christmas Island National Park, the Shire, the Department of Infrastructure and Regional Development and the WA Government to a baiting program in the settlement areas that, according to Parks Australia, resulted in more than 600 feral cats being removed.



The Beeton Committee foresaw the need for such a program to support the survival of the Red-tailed Tropicbird.

Recommendation 26: (High priority) Measures be implemented immediately to exclude Cats from Red-tailed Tropicbird nesting areas along the Settlement shoreline (section 4.9.2).

According to Parks Australia, this initial and small baiting program resulted in great benefits for seabirds, with a 90 per cent jump in breeding success for the red-tailed tropicbird.

Some two years ago and in return for land that was formerly part of our mining lease, we proposed an environmental offset of \$750,000 for a three year island wide feral cat eradication program. After consultation with the environmental authorities, we increased that amount to \$1.35m over five years. Again, our approach sought to implement a high priority recommendation of Beeton.

Recommendation 15: (High priority) Eradication of Black Rats and Feral Cats from Christmas Island be carried out as soon as possible in a coordinated project and research into rat eradication commence as soon as possible (sections 4.5.2.2 and 4.9.2).

Parks Australia has reported that our contribution will be matched by the Australian Government and will benefit the survival of the *critically endangered Christmas Island flying-fox, forest birds including the vulnerable emerald dove and thrush, ground-nesting seabirds and native reptiles.*

Our approach to the maintenance of the island's environmental values has and continues to be heavily influenced by the findings and recommendations of the Beeton Committee and is by no means unique. There has been a variety of programs across Australia that have focussed on the eradication of invasive species to protect fauna at risk. These programs have been proven to be remarkably successful.

Our brief but simple point is that facilitating the continuation of the mining operation allows the mine to make additional contributions to the Island's environment management programs which otherwise may flounder due to limited resources.

There are two other points worthy of note in this regard. The first relates to old notion that stopping mining would somehow preserve the environmental values of the island. The Beeton Committee made two important findings in this respect. First, the notion of locking away land will not overcome the present environmental challenges facing the island.



The previous inquiries characteristically attempted to balance mining and a specific conservation issue – the conservation of Abbott's Booby – and resulted in the creation of the Christmas Island National Park and enhanced rehabilitation after mining. Current problems arise from invasive species establishing on the island as a whole, not just the national park.

Second, it is reasonable for the holders of commercial leases to make a contribution towards research and management of areas of high conservation importance.

Recommendation 6: Priority (High priority) *Where commercial leases or other commercial regulatory instruments exist or are proposed, their negotiation should include additional resources to research and manage areas or matters of high conservation importance (sections 4.5.6 and section 6 lesson 5).*

That is the approach we subscribe to and one we intend to implement if we are granted access to additional land.

Prematurely stopping mining will not save the environmental values of Christmas Island unless the government is prepared to significantly increase funding to facilitate the eradication and other programs that are necessary. Within present difficult budget circumstances, it is unrealistic to expect that to occur.

Our final point is that mining could come to a premature end unless the Government is prepared to be open minded about allowing a modest expansion of mining on unallocated crown land. We accept that any additional land we seek will be subject to Ministerial approval under the EPBC Act and that detailed environmental studies will have to be undertaken to assess the impact of any proposal.

We are prepared to accept the risks involved and outlay the necessary financial resources to undertake the required environmental studies if we know there is a level of support for the continuation of mining in unallocated crown land and subject to the provisions of the EPBC Act. In that regard we note the Joint Select Committee on Northern Australia in its Pivot North report recommended-

The Committee recommends to the Australian Government that it is necessary that where socially significant community centres are placed at risk due to the finite nature of mining activities, consideration be given to appropriate actions to extend the mine or like operations and opportunities consistent with the best environmental practices and interests of the region.



We would like to encourage the Committee to come to a similar finding for phosphate mining on Christmas Island recognising the matters we have outlined in the letter.

Thanking you.

Clive Brown
Executive Chairman