

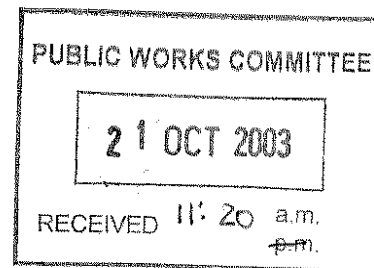


08 91648322

SUBMISSION 4

Christmas Island Chamber of Commerce

P O Box 510 Christmas Island Indian Ocean
Ph 08 9164 8249 Fax 08 9164 8648
info@cicommerce.org.cx



20 October 2003

Ms Vivienne Courto
Inquiry Secretary
Parliamentary Standing Committee of Public Works
Parliament House
Canberra ACT 2600

Dear Ms Courto

Proposed Christmas Island Immlgration Reception and Processing Centre

Please be advised that the Chamber of Commrcoc apologises for the late delivery of our submission for the above and sincerely trust that this submission will be placed on record.

The position of the Chamber is clearly outlined in our "Thoughts and Suggestions" presentation dated 30 March 2002 which was directed to Ministers Ruddoch and Tuckey to which we have received no formal response. This document is attached and forms part of our submission to the Public Works Committee.

Our additional thoughts on the cancellation of the construction contract, the deferment of the entire project, the ensuing hiatus and now the announced informative decision that the IRPC will not begin construction until November 2004 is embodied in our submission and Hansard records of interview to the Joint Standing Committee on the National Capital and External Territories. On behalf of the C I Chamber of Commerce I seek leave to have pages NCET9 to NCET19 incorporated into this submission to the P W Committee.

In summary the Chamber strongly supports the IRPC for a variety of reasons and considers that the delay in construction has had and continues to have a devastating effect on the economy of Christmas Island and this community.

The flow on effect of the cancellation of the construction contract and its deferment for 14 months has manifested itself in a number of aspects. To list a few

Some \$50million already spent on infrastructure support for the IRPC is now mothballed.

Contractors and heavy earthmoving equipment brought to the Island for this project have now been demobilised which will result in higher start up costs when the project resumes.

Population levels on the Island are in a sharp decline in concert with the downsizing economy and recessive financial conditions, causing a loss of people skills which is rapidly approaching crisis point.

Further issues were raised in our evidence to the JSCNCET hearing

The Chamber feels that recent debate in Parliament relating to the comparative costs of housing refugees between the Island and the mainland was grossly misleading. The reason for the debate is understood but the issue needs more detailed analysis through a greater range of factors and modes of operation.



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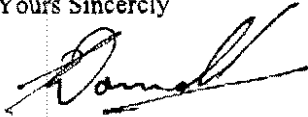
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We strongly believe that the training of local Island residents will contribute to significant operational costs savings. There are many families who would like to bring their children home into a situation of gainful employment. The prospect of long term employment would also encourage people to come and settle on Christmas Island.

The Chamber supports the concept and construction of the IRPC on Christmas Island but has grave concerns over the procedural delays that are effectively destroying our economy. We see no reason to wait for a November 2004 commencement of construction and firmly believe the Government can further fast track the operation if it had the will or had any concerns for this battered but resilient group of private business operators.

Should the Committee wish to consult further with the Chamber on the issues we have raised in these documents members of the Chamber executive will make themselves available for a video conference at a time of your convenience. It is impossible for this Chamber to meet the expenses involved in personal representation in Canberra.

Yours Sincerely



N. P. Don O'Donnell
President
Christmas Island

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ATTACHMENT A

**Christmas Island
Chamber of Commerce (Inc.)**

PO Box 510, Christmas Island 6798
Indian Ocean

Phone: 9164 8249

Fax: 9164 8648

SUBMISSION TO THE GOVERNMENT

BY

CHRISTMAS ISLAND CHAMBER OF COMMERCE

ON

**PROPOSED PERMANENT DETENTION
AND
PROCESSING CENTRE**

TO BE CONSTRUCTED AT NORTH WEST POINT.

"THOUGHTS AND SUGGESTIONS"

N.P. (Don) O'DONNELL
PRESIDENT
30 March 2002

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CHAMBER OF COMMERCE – EXTRACT FROM MINUTES.

Regular monthly meeting held 19 March 2002.

At this meeting of the Chamber, the subject of the MINISTERIAL announcement was an AGENDA ITEM for general discussion.

It was resolved by that meeting that:-

- a) The C.I. Chamber of Commerce fully endorsed the decision to build the Centre on this Island.
 - b) That a letter be sent to MINISTERS TUCKEY and RUDDOCK stating the full support of the Chamber, and
 - c) That a working group of Chamber members be set up to suggest ideas that could influence the design, concept, and social functions of the centre – such ideas to be formulated, and sent to Canberra as soon as possible.
-

Meeting of the working group were held on 20th and 27th March 2002.

At meeting held on the 27th March – the President of the Chamber raised the status of the group to that of a SUB-COMMITTEE to:-

- a) Examine thoughts, suggestions and opinions against a first working draft: and
 - b) To test those thoughts, suggestions etc. against RESEARCH material presented to the sub-committee.
-

COMMENT

- It must be stated that it is NOT the intention of this sub-committee to "re-invent the wheel", as we know little of the problems of Detention Centre organization, administration and range of complex problems.
- Input to the report has been received by members, and other concerned thinking citizens – NOT members of the Chamber, but gladly accepted as worthy of inclusion in this presentation.

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RESEARCH MATERIAL

- I. THE GLOBALIZATION CHALLENGE: REFUGEES AND ASYLUM SEEKERS
website:<http://www.w.caa.org.au/campaigns/elections/globalisation/refugees.html>
- II. REFUGEE COUNCIL OF AUSTRALIA – POSITION PAPER 15 Nov 1999
STATEMENT ON "ILLEGAL BOAT" ARRIVALS
website:www.refugeecouncil.org.au/position_151119999.htm.
- III. AMNESTY INTERNATIONAL AUSTRALIA – ASYLUM SEEKERS
ALTERNATIVES TO DETENTION – REFUGEE FACTSHEET – July 2001
- IV. HUMAN RIGHTS AND EQUAL OPPORTUNITY COMMISSION – MARCH
2000 IMMIGRATION DETENTION GUIDELINES
- V. U.N.H.C.R. GUIDELINES ON DETENTION OF ASYLUM SEEKERS

COMMENT

- The operation of the Centre "MUST AT LEAST" abide by IV "Immigration detention Guidelines", and suggestions made alphabetically are tested against this DOCUMENT.
 - The Reference Material listed above, and used by the Sub-committee is the broad basis of acceptance of the Centre by the Christmas Island community in general, and the C.I. Chamber of Commerce in particular.
 - Clarification is required as to whether the Detention Centre is for stage ONE, or stage TWO refugees, as there will be different needs for these two groups.
 - Clarification is also required as to the Intent of the Australian Government in locating or NOT LOCATING, these stage two refugees on C.I.
- A response to these two questions would be instructive and could well be the subject of additional thoughts by the Sub-committee.

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ALPHABETICAL SUMMARY OF SUB-COMMITTEE SUGGESTIONS

A – ACCESS

Available to a Detention Advisory Committee Section 20 – In full

Available to low security categories – access to television programmes, radio, video and computers Section 4 – 4.5

MURRAY Road is the main access road to the centre, and it is imperative that CRAB MIGRATION be given top priority. This road is already a difficult road for crabs, and the road is often closed during migration. A state-of-the-art environmental road servicing the centre is required to cater for the increased traffic. NEW INITIATIVE

BOARDWALK/BIKE TRACK to N.W. POINT from established residential areas, via "BUCK HOUSE" – along the coast giving easy bike access and provide something back to the community, and open up West White Beach to the public. PRIORITY

Access to educational services, resources and personnel for low security categories. NEW INITIATIVE

Access to a centre swimming pool within the centre. COMMUNITY

B – BUILDINGS

Permanent Construction. Roofs to be well insulated against the sun.

Bedrooms only to be air-conditioned to save power.

Units elevated on concrete stumps.

Open shaded verandahs – to give outdoor living areas, plus shelter from SUN/RAIN. – yet accessible to prevailing and predominant south easterly trade winds. Monsoon winds are variable, but predominantly from the N.W. quadrant. VENTILATION

Open sided, but covered, concrete walkways between buildings for protection from tropical sun, and monsoon torrential rain.

Provision for rain, water run off to prevent erosion and avoid muddy areas developing. (MOSQUITOES). DESIGN INITIATIVE

Open areas to be grassed. Palm trees for shade – NO BARE GROUND

Buildings to be as close as possible in appearance to a suburb, or housing estate – painted in line with the predominant colour used on C.I. housing or a mix of calming colours Section 9—in full

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C – CLIMATE

Tropical – Temperature variable range 32 deg. C/ 26 deg. C.
Humidity high. Seasonal monsoon rains – shower activity can be experienced at any time. During monsoon, or swell season, tropical low pressure areas do develop in the latitudinal zone of C.I. – either east or west of the island. Development often achieves Category 1 with winds 30/45 knots.

Small T.R.S. only develop to category 2 – 3 – 4 or 5 when they move south and intensify. Swells are generated which affect shipping timetables and food deliveries.

No severe storms as experienced by the North West of Australia. Infrequent thunder and lightning.

Section 9 – in full

Dress – light cotton – open sandals

CONFLICT

Discipline and Punishment

Refer to "I" – Information – Medical Unit:

Section 17 in full

D – DIET

Suitable for tropical climate

Drinking water to be available at all times from dispensers, spring handle activated as found in schools etc.

No plastic water bottles. Island water is excellent.

Fresh fruit and vegetables will be in short supply

Logistics problem and lack of predictable shipping

Air bridge connection ex. Jakarta via MERPATI AIRLINE is partial solution. Quarantine and Customs must cooperate.

Refer H – Hydroponics

Refer G – Gardens/vegetables/activities

Section 8

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E – EDUCATION

School for children

Language school for adults/families – cleared for VISA system, or permanent entry.

Island experience of Interaction with SOME ACM fly in/fly out personnel, is that they are lacking in education; positive non racial attitudes; have tendency to be overweight and are sedentary.

Staffing at Centre should be more carefully screened to produce the highest standard of officer possible, on longer term stay on the Island

Refer to K – Key personnel

Local recruitment and training is highly desirable because of Island population diversity.

MUSLIM – MALAY/INDONESIAN language ability

BUDDHIST – Chinese/Mandarin/Cantonese language ability

CHRISTIAN - European – possible variety of languages

Section 6 – in full

EXERCISE

Develop grassed areas for football etc.

Running track, concrete area indoors/outdoors for basketball/netball.

Play areas – shaded for children

Section 7 – in full

F – FAMILY GROUPS

To be given accommodation to keep family units together, and prevent child abuse, reinforce parental control/human dignity

Section 3.6

Section 10.3

Section 15.8/15.9

G – GRASS/GREENERY/GREEN CORP.

Grassed areas and use of shade palm trees to soften impact of buildings and security fences ect and to improve the visual impact/presentation of the complex. Make use of tropical climate/growth to promote colour, shade, gardens etc. – Jobs for Island Green Corps. Allow use of tropical flowering plants, as appropriate to brighten areas around buildings etc.

NEW INITIATIVE

H – HEALTH

Medical/health screening facilities at centre, with ISOLATION WARDS for persons with contagious diseases etc. Center should NOT place additional burden on EXISTANT HOSPITAL which is provided for Islanders.

Section 13 – in full

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HYDROPONICS**NEW INITIATIVE**

Develop a hydroponics centre within the complex, and to be run by the detainees, to augment vegetable supply. Link work to training and activity status. Involve Green Corp on island.

Section 7.2 / 7.3 /
7.5

I – INFORMATION

The flow of Centre internal information to wider Christmas Island, Australia and world community should be handled by a DIMIA professional media unit – based upon the Island.

NEW INITIATIVE

Available to Detention Advisory Committee

Section 20

Information – as specified/outlined

Section 2 – in full

INSPECTION

Available access to Detention Advisory Committee

Section 20

J – JUSTICE

Internal to centre – with Codes of Conduct.

Select natural or RELIGIOUS LEADERS, and allow a degree of self-governance to handle group/family, or religious conflict.

Section 1.6/2.4
Section 2.7/4.4

Link to grades of security and merits for good behaviour.

K – KEY PERSONEL

To be carefully screened for strong interpersonal skills and aptitude. Refer to E – Education comment

L – LANGUAGE

Laboratory – for low security detainees who are in processes of VISA acceptance into Australia.

NEW INITIATIVE

Develop a "pool" of Island residents who have various linguistic skills, to act as translators, when required and language teaching.

LIBRARY

Multi language range of books available including magazines (NON OFFENSIVE). To include donated books, especially for children – given by Island Residents.

NEW INITIATIVE

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OF CRABS – during the migration period, requires a careful consideration of traffic needs on the access roads, plus special crab 'ROAD CROSSING AREAS'. PARKS AUSTRALIA to prepare a detailed plan to minimise crab mortality on access roads and funding provided to implement the plan.

NEW INITIATIVE

OF PERSONS – on and off the Island – VISA requirements
- already subject of separate correspondence from the Chamber of Commerce.

NEW INITIATIVE

MANPOWER

Reduce fly in/fly out personnel as much as possible, and replace with trained local, suitable persons.

Services of Indian Ocean Group- Training to be utilized.

MINIMIZE – use of razor wire where possible.

N – NON DETENTION MODELS

Special consideration to be given to results and experience of other International projects which handle refugees in NON DETENTION MODELS

NEW INITIATIVE

O – OPEN

Refer to Buildings – Open verandah shade areas
Spaces for sport activities
Open detention for low security groups.

7.4 refers

P – POWER

Make use of SOLAR power for the centre and wind generations on high ground above centre. S.E. trade winds blow constantly for 9/10 months of the year. Periods of calm are confined to a limited number of days per year. Updraughts at Murray Hill exist even in periods of calm weather

NEW INITIATIVE

PROPERTY OF DETAINEES

Section 11 – in full

Q – QUIET PLACE

A special place within the complex, to afford peace and the enjoyment of quiet contemplation.

NEW INITIATIVE

QUARANTINE

Fresh fruit and vegetables – in quantity will be required to come onto the Island by sea, or preferably by AIR. Merpati flight frequency could be increased to 3-5 per week, bringing in three tonnes per flight: Quarantine to cooperate.

NEW INITIATIVE

SUPPORT FOR
COMMUNITY

Refer to L - Logistics

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NEW INITIATIVE

LEISURE - Too much boredom - trouble!!

Centre to have structural activities programme, graded to account for security groupings.

Encourage voluntary work, with Island Green Corp, to develop COMMUNITY projects ie. forest board walks; elimination of introduced weeds; clean up projects etc. Beautify Centre with grassed areas and colourful native plants.

Section 7 - In full

LOGISTICS

By sea - Provided that at least two container feeder vessels are on a regular schedule, there is now on Island, cool and refrigeration capacity of approx. 220 m3. This should be sufficient in the short/medium term.

By air - Merpati 737 flights can be increased to daily flights, ex JAKARTA, and can carry three tonnes of fresh fruit and vegetables plus dairy products and one tonne of general cargo on each flight. To increase to daily flights, support with passenger traffic will be needed from DIMIA in particular and government in general.

Note - Cost of the flight from Melbourne, or Sydney to Jakarta, thence Christmas Island is up to 160% less using Qantas and Merpati, than across Australia to Perth, thence onto Christmas Island via Cocos. Huge savings in airfares can be made.

COMMUNITY INVOLVEMENT

M - MILITARY

Naval presence to be maintained for the short term, until the centre is established and routines are in place. It is suggested that without a naval presence, illegal boat persons (SUNC's) will again flood the Island.

NEW INITIATIVE

Naval personnel on long term patrol duties must be given greater and more frequent periods of time ashore on the Island. Good moral on naval vessels must be maintained.

Establish small army presence as security for any possible potential disturbance.

MOVEMENTS

OF SUN - daily/seasonally - taken into account when planning alignment of buildings and to maximise natural trade winds for ventilation/coolness. Afternoon sun from say 1400/1500 each day, can produce intense heat through westerly facing windows.

NEW INITIATIVE

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R - RADIO STATION

C.I. Community Radio to be given upgrade to allow signal to be heard over all the Island

NEW INITIATIVE
4/5 refer

RELIGION

Beliefs to be respected. Places of worship built at Centre.

Section 5

RACIAL

Groupings to be kept together, where possible, and consistent with security.

S - SECURITY

It is recognized that an area of high security must be part of the Centre.

INITIATIVE

Where possible individuals and or families who are classified for acceptance into Australia, should be moved into lower, or more open security areas, and given increased access to television, news programmes, entertainment; language courses and normalization processes, so that they may better equip them for acceptance into Mainland Australia way of life.

Section 4.5

SPECIAL UNIT

It is suggested that a special facility accommodation unit be provided within the Centre Complex, with a low security for family re-unions, where a relative can, with DIMIA permission, and at own cost; fly to Christmas Island and make contact with family members, who are screened for release.

4.3

Section 4 in full

SOCIAL

Social visits by detainees, with low security rating to special Community Events ie. HARI RAYA.

T - TRAINING

A.C.M. "fly in" personnel should be better screened to achieve high standards of Individuals, aptitude, and given a special induction course on Island cultural, physical and environmental life.

Refer to Indian Ocean Group Training - modules of instruction for locals.
modules of instruction for locals.

Section 16
Section 10

U - UNITED NATIONS HIGH COMMISSION ON REFUGEES

The publication on "GUIDELINES" is instructive and has relevance to the type of centre which must be created to achieve "STATE OF THE ART" and International recognition for Australia in dealing with asylum seekers and refugees in a humane manner.

V - VIOLENCE

Use of force

Section 17/18

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W – WORLD WIDE PERCEPTION

Do it right – Do it in simplistic style where possible – with a minimum use of razor wire.

WOMEN**Section 15/16/17**
refer

SUMMARY

- The ideas expressed are from a variety of Island residents, some of whom are NON members of the Chamber of Commerce and therefore the submission has fairly wide community thoughts and feelings on the Detention Centre.
- The document is not exhaustive, nor is it meant to be – rather it is a reflection of the compassion of the Island Community towards these, in the main, unfortunate people.
- This submission is offered in the most constructive manner to assist DIMIA in a proactive way to assist in the avoidance of some of the current problems in the MAINLAND DETENTION CENTRES.



N.P. (Don) O'DONNELL
PRESIDENT
CHRISTMAS ISLAND CHAMBER OF COMMERCE

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COMMONWEALTH OF AUSTRALIA

Proof Committee Hansard

JOINT STANDING COMMITTEE ON THE NATIONAL CAPITAL
AND EXTERNAL TERRITORIES

Reference: Review of annual reports 2001-02 of the Department of Transport and
Regional Services and the Department of the Environment and Heritage

TUESDAY, 11 MARCH 2003

CHRISTMAS ISLAND

CONDITIONS OF DISTRIBUTION

This is an uncorrected proof of evidence taken before the committee. It is made available under the condition that it is recognised as such.

BY AUTHORITY OF THE PARLIAMENT

[PROOF COPY]

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Tuesday, 11 March 2003

JOINT

NCET 9

[10.07 a.m.]

HUCKER, Mr Alan James, Treasurer, Christmas Island Chamber of Commerce

McCALLUM, Mr Paul, Chairman, Contractors Subcommittee, Christmas Island Chamber of Commerce

McGOVERN, Mr Peter Malcolm, Member, Christmas Island Chamber of Commerce

O'DONNELL, Captain (Don) Noel Patrick, President, Christmas Island Chamber of Commerce

CHAIRMAN—Gentlemen, welcome. These hearings are legal proceedings of the parliament and warrant the same respect as the proceedings of parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The committee prefers that evidence be taken in public, but if you wish to give confidential evidence to the committee you may request that hearings be held in camera and the committee will consider your particular request. Before we ask you some questions, do you wish to make an opening statement, Captain O'Donnell?

Capt. O'Donnell—Mr Chairman, I have a submission here and I have some documents to provide to go into the record to the committee. I wish to speak to the submission. I can provide a copy of it afterwards. I am sorry I do not have enough copies to go around.

CHAIRMAN—Would you like to table your submission and then speak to it, or do you want to read from your submission?

Capt. O'Donnell—I would like to read my submission and submit the appendix to the committee.

CHAIRMAN—Is it the wish of the committee that the appendix to the proposed statement be accepted?

Mr SNOWDON—The statement and the appendix, is it?

CHAIRMAN—Are you going to read the statement in, or just read parts of it, Mr O'Donnell?

Capt. O'Donnell—I put a lot of time into it, Mr Chairman. I would like to, if I may, read most of it. It will take about 10 minutes.

CHAIRMAN—That will be fine. Is it the wish of the committee that the statement and appendix be accepted? There being no objection, it is so ordered. Please proceed to read your statement, Captain O'Donnell.

Capt. O'Donnell—Mr Chairman, the submission coming from the chamber deals with the current economic development and situation on the island. Thank you for allowing me to

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NCET 10

JOINT

Tuesday, 11 March 2003

develop the submission. I will be dealing mainly with the current economic development situation, as contributed by the small private sector on the island, but not from Christmas Island Phosphates which is the underlying constant in the economy. It needs to be stated that the island, even more so since the *Tampa* incident, is now very much directly involved in a whole of government political process by Canberra—specifically the fate and wellbeing of this small community—and it is decided by the departments of Prime Minister, defence, finance and the external territories and DIMIA and, to a lesser extent, by the departments of customs, quarantine, health and education.

When policy decisions are made by the federal government, and particularly by the federal cabinet, which affect the mainland population of nearly 20 million, there are a range of checks and balances and alternatives to filter the social and economic impact on the community. There are state governments, industry and lobby groups et cetera. But here on Christmas Island with its permanent population of only 1,500 to 1,700 people— it is hard to get an exact figure— approximately one-third of which are children of varying ages, decisions by cabinet relating to this island have a very direct effect and a very immediate impact on our small, fragile economy.

There are no checks and balances that the chamber of commerce is aware of to mitigate any adverse effects of such decisions, other than by direct communication by telephone, fax or email to the minister of external territories or by occasional face-to-face meetings. The minister's visits are appreciated and they are valuable, but they are mainly after the event. When the chamber of commerce is given a minimal hearing of 15 minutes in a crowded multiorganisational meeting to present the collective views of our current 56 financial members and we wish to talk on a range of topics, one can ask, 'Is it enough time to have an effective dialogue with the minister?' The answer is, 'Obviously not.'

Up until 1990 the island economy was wholly driven by the mine and its exports; there was no private enterprise sector and the mine and mine union ran the island. The chamber of commerce on the island was started in 1991 and it has had a slow but steady growth over the intervening years. It is now well placed with its membership and a positive bank balance to reflect the views of the various private enterprises that now exist and are struggling to survive. By way of a passing comment, Mr Chairman, we are affiliated with the Chamber of Commerce and Industry Western Australia. It is the chamber's philosophy that we concentrate on macro issues to improve the whole economy and bring benefit to the whole community.

On Wednesday, 5 March 2003 the chamber convened a special meeting of all business interests on the island to discuss the government's decision to cancel the Walter Construction contract with DIMIA, which involved the construction of the multimillion dollar proposed immigration reception and processing centre at North West Point. The formal announcement to create the IRPC was made on 12 March 2002, almost exactly 12 months ago, and it was made by the minister of external territories who made a special trip to the island.

I would formally like it noted for the record that the chamber of commerce on this island have made our position clear to the government, over some two preceding years, that we strongly supported and endorsed the creation of decent accommodation and facilities for the SUNCs— suspected unauthorised non-citizens—who were, at that time, arriving in ever increasing numbers in SIEVs—suspected illegal entry vessels. Our response to the announcement on 12 March last year was sober, measured and supportive, and we produced a document, which

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Tuesday, 11 March 2003

JOINT

NCET 11

has been presented to this committee, which illustrated the collective views of the chamber members and the wider community's view.

At the meeting on 12 March last year, the community and particularly business interests were advised by the minister that it would bring great economic benefit to the island and that private enterprise and community members should seize the many opportunities that would flow from the project and to gear up the private investment business sector accordingly. Mr Chairman, we did gear up in our varied ways and in various financial amounts, and the island economy looked solid until mid-December last year. The shock announcement came on 19 February this year, after weeks of rumours, and the cancellation of the Walter's contract and deferment of the project for at least nine months has bewildered, dismayed and angered the business community.

As I speak, we are collecting statistics to support the fact that the private sector, small though it is, is vital to the wellbeing of this island and its future but it has absolutely been derailed by this decision. It has had an immediate negative effect on business confidence in particular and the community in general. Minister Tuckey stated that the decision was made because the IRPC project had developed a momentum all of its own between DIMIA and Walter Construction and it was heading for a 100 per cent blow-out in cost, which was of course an unacceptable use of taxpayers' funds.

The chamber can accept this, if true—and I say 'if true'—and we also recognise that the cabinet decision cannot and will not be reversed. But we were also proudly informed that the decision to cancel was an easy one to make 'as it only took three minutes'. The chamber's response to this statement is that there could not have been a sensitivity analysis made as to its adverse effect on the island community which was, and is, geared up to the IRPC project.

My second appendix which has been presented to the committee is a summary of construction and infrastructure projects as at 21 February, some two days after the press release made by Senator Minchin. That is appendix 2. Appendix 3 is a formal presentation of the chamber of commerce correspondence—one dated 21 February and one on the 24th—to Hon. Philip Ruddock, DIMIA; Hon. Wilson Tuckey, Regional Services, Territories and Local Government; and Senator the Hon. Nick Minchin, Finance and Administration. An explanation or interpretation of the summary of construction projects is quite simple. On or about the end of April 2003—that is in about six weeks time—the island economy, already in decline from the 19 February announcement, will enter into a recession not seen or experienced since the sudden closure of the casino resort in 1998.

The correspondence to the three ministers is self-evident, in that we asked various questions and made some proactive suggestions to keep the island economy going. As yet we have had no responses. By way of further comment, the current assessment by many thoughtful members of the chamber and residents of some standing is that the deferment or cancellation of the Walter's contract is the first step to a full cancellation of the entire IRPC project. Consider: the developed construction village with a capacity of 350 workers to be mothballed. Currently there are about 15 people in there associated with Walter Construction, but that is to be mothballed. It is a magnificent facility. The development of the permanent staff quarters for approximately 170 persons currently mothballed. The current rebuilt, refurbished detention centre—soon to be mothballed. The construction of a pumping station, pipelines and water tank storage for the IRPC site is now idle. Can one wonder at the loss of confidence?

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The adverse flow-on effects are many and will infect the entire community and all investments by private enterprise: import cargo volumes by sea reduced and loss of profitability to the shipper and stevedoring operations; idle capacity in container transport, loss of earnings, profit and cash flow after making heavy investments; idle capacity in National Jet Systems, leading to an inevitable increase in government subsidy and a rescheduling and reduction of frequency of service and the Jakarta air service from Christmas Island placed in financial jeopardy.

There will be lower turnover of high stock inventories already made by retail outlets, resulting in unprofitable trading; low and decreasing levels of occupancy in recently provided non-government—I repeat, non-government—accommodation, with serious loss on investment outlay; building and construction lay-off of men and machines, brought to the island to cater for the project demand, resulting in rapid growth of unemployment; downturn in service sectors of communications, entertainment, food outlets, hire cars, petrol and diesel volume sales, tourism and real estate values—a complete disaster for small business. Then you have the expected decrease in revenue to power and water utilities caused by a decline in demand and population. In short, a cash flow crisis for island businesses is occurring, with activity and turnover down between 40 and 90 per cent, dependent on the sector, and despite a record private sector investment of \$22.75 million across a wide range of enterprises, as detailed in my appendix 4.

In conclusion, members of the committee, the chamber of commerce are actively promoting an acceleration of infrastructure projects, as detailed in our correspondence to the three ministers covering territories, DIMIA and finance, to prevent a severe recession commencing in April, and already gathering momentum. In addition, we would like to draw your attention to the Parliamentary Standing Committee on Public Works report published in August last year, concerning the upgrade of the Christmas Island Airport at a cost stated to be \$51.3 million. It very clearly states on page 18 at paragraph 3.25:

The Committee is of the view that, irrespective of APSC proceeding—

that is the Asia-Pacific Space Centre—

an upgraded airport for Christmas Island would help to decrease the isolation of the Christmas Island community by improving its air services.

It went on to state in recommendation 5 of that report:

... the proposed common use infrastructure project on Christmas Island proceed pending approval of the draft Environmental Impact Statement and the fulfilment of the recommendations made in this report.

Paragraph 2.8 on page 7 under 'Need and public value' states:

In a reply to a question from the Committee about the need for the upgraded airport if the APSC does not proceed, the Administrator of Christmas Island—

Mr William Taylor—

replied that irrespective of the APSC, there is a requirement for the upgrade on safety grounds.

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In short, the island desperately needs this project to start as quickly as possible—as well as others. The plans are made, the finance is allocated, but this vital public works project is held up by DOTARS and Finance, conditional on the APSC proceeding.

To finish off, we are not an island society of mendicants, dependent or depending on government handouts. Rather, we are genuinely trying to build a vibrant investment climate in partnership with government but it is not working and there really is no marriage of private investment interests or sensitivity between Canberra and the island, when a fundamental decision can be made by the government in three minutes, which slams the private sector and the whole community into immediate recession.

Until conditions improve, any government policy plans to privatise health—and I am talking about the island here—power, the port and the airport should be deferred in line with the costly accommodation infrastructure also deferred. Mr Chairman, thank you for your interest and thank you for your patience.

CHAIRMAN— Thank you, Captain O'Donnell. Mr McGovern, Mr Hucker, Mr McCallum, are there any further statements you wish to make?

Mr McCallum—Yes, from a contractor's point of view. In one of the addendums that Don has presented has a brief summary of the current contracts and everything leading up to the current IRPC project going ahead—in fact, the current whole infrastructure on the island—and says that with the decision by the government to cancel Walter's ongoing actual construction of the IRPC project, the initial earthworks will finish in April, and every project on the island—Chor Nui Nui, the new port facility, the wharf upgrade, the construction camp, the refurbishment of the existing IRPC camp—will virtually finish at the end of April. The only project that will be coming up in the near future may be the sports complex, which I believe Mr Tuckey has signed off on, but they are still doing conceptualls on that. The only other thing is a supply contract for the new crane on the wharf.

I do not think the real impact has hit the community yet. People went out and bought trucks, small bobcats or side-boom loaders to move containers, people geared up, people refurbished the laundry and people opened little retail places. The whole thing will come to a screaming halt in April, and this has not yet got out to the community yet.

Kay Meng bought quite a few hundred thousand dollars worth of freezers and storage space at the top. That is because all the DIMIA units were built. They were thinking because all these people were going to be living there, they would need somewhere to buy all the small items of retail. They have totally refurbished the laundry. The guy down there thinks that the people who bought it and refurbished it sold it in Australia. They think they are getting 350 construction workers' sheets three times a week. That is gone. It is disastrous. A lot of people have relocated their families here.

I do the on-island inductions when new contractors and all that come. I tell them what they can do and what they cannot do. If there is no continuity, if they do not go ahead on even a smaller scale, they will have to demobilise and retender. I know an option has been put in by the main contractor to build 400 then the next 400 and then increase it as the situation warrants—this is down from the initial 1,200 option. Because I do construction management, I know that

this place.

CHAIRMAN—Thank you, Mr McCallum.

Mr McGovern—An example is my company. We are the main earthworks contractor for Walter Construction. We purchased \$1.7 million worth of earthmoving equipment for that job, including finance charges. They are the payout figures at the end.

CHAIRMAN—Who is 'we', Mr McGovern?

Mr McGovern—My company, Christmas Island Enterprises. What we are facing now is that we do not know when we are going to stop. It could be tomorrow or next week. We are not sure because Walter had no communication from the government as to their status. They do not know if or when they are going to be stopped. I bought that equipment for the whole project, not just for a couple of months of work. I have hired three Caterpillar excavators worth \$270,000 each from Singapore. I gave a mobilisation cost of \$5,000 each on them with no demobilisation, but the actual cost each way of shipping is \$17,000 per machine. I kept the demobilisation cost down because we were looking at the whole project. Now that it has not gone ahead we are in a bit of bother. I do not know what I am going to do. I have probably close to \$3 million worth of equipment that is going to end up sitting idle.

There has been a bit of a misconception there about Walter in statements made by Minister Tuckey—that Walter may have been pushing the price of the project up so that it ended up near double—but Walter Construction have told me that they have put in a number of combinations of designs and costings, so many that it was like using a Rubik's cube. What has happened is that DIMIA wanted to have a hospital, a school and a high-security prison within the complex which did push the cost right up to near double. But they have also given them prices to do the project based on the actual money available, so it is not that they have given one price. There has been a variance of prices there.

If Walter Construction do not keep going out there and continuing with the earthworks and the project, the machinery will disappear off the island, the site will get overgrown and turn back into a jungle in the next six months. If it is delayed it will be most likely 12 months, because if you put it out to re-tender there are no drawings. Apparently the drawings are the intellectual property right of Walter. There are no drawings there for anyone to tender on; there is nothing.

It is going to take at least 12 months. We are going to come to a dead stop for 12 months. Thank you, Mr Chairman.

CHAIRMAN— Thank you, Mr McGovern.

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Mr Hucker—There is a complementary letter that I would like to table which we have sent to Minister Tuckey. It is reiterating what Mr McGovern said about the continuation of works on the site. We had also sent him a recommendation to bring forward other projects on the island, such as a sports complex which I believe the government of the day here has taken some action on. There are a couple of other projects we have asked to be brought forward, but as yet we have not had a response from the government regarding this letter.

I would like to add that people are starting to leave the island already. We have heard in the last couple of days the local surveyor is leaving the island. A local architect is also leaving the island, and they are taking their families with them. Those sort of services will be lost to the island community at large and it is a serious situation.

CHAIRMAN—Thank you, Mr Hucker. Did you wish to table those letters? Would you identify the letters for the committee.

Mr Hucker—I am not sure if this letter is in our original submission. It is dated 24 February.

CHAIRMAN—Thank you very much.

Mr SNOWDON—I am interested in the response Minister Tuckey gave when he came on to the island. When you raised these issues with him, how did he respond? Did he respond by saying, 'It's our mistake'? Did he respond by saying, 'It's your fault'? How did he respond?

Mr McGovern—He responded by saying that he never asked anybody to overinvest and get themselves into this position, basically implying that it was our own fault.

Mr SNOWDON—Was there any discussion with you about the prospect of renegotiating with Walter on the current brief they have—to come down to an 800- or 400-bed facility?

Mr McGovern—No. He insisted that Walter wanted to design some space-age type of thing with two storeys and that we would be better off if we built a tilt panel concrete structure.

Mr SNOWDON—Has he expressed a view about how this should be designed?

Mr McGovern—Yes. He expressed the view that they should be tilt-up panels and the two-storey design that Walter were proposing was not what they wanted, or not what he wanted.

Mr SNOWDON—I do not know that he is an expert on building. Did anyone discuss with him the prospect of the additional costs involved in airconditioning tilt-up panel residences? I bet they didn't. I mean, that he would have responded.

Mr McGovern—No.

Mr SNOWDON—I am interested because it seems to me there is a whole question here about the penalties that will be involved in the clauses which Walter will have with the government. No doubt they will be well looked after. My concern is that there are many contractors like yourself and, indeed, others in other industries. I know of a hire-car family on the island, for example, who purchased nine vehicles on the basis of Walter's staffing

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requirements for the next 12 months. They are no longer required. It seems to me the government needs to be contemplating what obligations it has to the community about how it can assist those businesses who are affected by this exercise to maintain themselves through what will be a very difficult period.

As you know, Mr Chairman, I was here a fortnight ago and had an opportunity to speak to Mr McGovern and other small businessmen in the community and I have to say that in the period I have been coming to and from this island, the small business community has never really come up to me and asked me for anything. We have talked about things. They have been critical about government, et cetera, as they have a right to be, but on this occasion it is very clear that people have invested on the promises made by government. I was here at a meeting at the CI Club when the whole issue of the migration zone was announced, the proposal to build a detention centre on the community. Everyone was very happy about it—not so much the migration zone but 'Let's have a detention centre built here'. Promises were made about the work that would be brought on to the community.

I think there is a legitimate case to be made, for us to take back to government, about what explanation they can provide us—the parliament—and what they propose to do to assist these small businesses and the community generally through this difficult time. I know that is a statement and not a question, but I want to put it on the public record because I intend to pursue it with a great deal of vigour and I hope this committee does, too.

CHAIRMAN—Thank you, Mr Snowden.

Senator CROSSIN—Mr O'Donnell, the issue that I am also concerned about is there seems to be a boom and bust cycle on this island. We get a resort happening, it closes down; great plans to build a detention centre, which is now on hold. There never seems to be, though, any strategic economic plan that is produced for this island. That should, I think, be driven by the federal government in consultation with the community and particularly your organisation. Is that a view reflected by your organisation?

Capt. O'Donnell—That is exactly what we are saying. By private inquiry and compilation, we arrived at that figure of \$22.75 million which has been invested by private enterprise and individuals on the island over the last 18 to 20 months. That is a lot of money, and without that private sector investment the government infrastructure works would not function as well as they should. We are playing our part and it is the policy of the Chamber of Commerce to create this investment climate that one day we could match dollar for dollar with the Commonwealth.

Senator CROSSIN—Let's just take the scenario that the detention centre was going ahead tomorrow, the planned recession you talked about did not happen, for now, and the extension to the airport happens and forecast ahead two years. The detention centre is completed and the extension to the airport is completed. What's next? Once these major projects come online and are finished, I do not see a 10-year economic development plan beyond major projects for this island.

Capt. O'Donnell—Last week the shire had consultants on the island. They have been looking at the population projections—get rid of this boom and bust situation—and that is shaping up as a very good report. I might add there is nothing new in there, but it is a very

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detailed report, and they were talking about a population of 5,000—a scenario of 10,000 people on the island.

Senator CROSSIN—Based on building the tourism sector?

Capt. O'Donnell—On a whole range of initiatives, but we definitely want to get out of this boom and bust. When the minister came up in March last year, it was rush, rush, rush. They wanted to build a centre by the end of September, and here we are 12 months down the track. We would prefer the centre be built over an extended period using local contractors. We want people on the island. We need people, whether they be tourists or SUNCs. X

Senator CROSSIN—I hear that the people who were given the catering contract for the construction camp—and probably even the current temporary detention centre—are transporting in their own food rather than using a local supplier. Is that correct?

Capt. O'Donnell—That is correct. They bring in their own supplies of beer, because they have a wet canteen. When the announcement was made, they had three refrigerated containers up there. One of them had a huge amount of meat products in it, and there was concern amongst the supermarket owners that that was going to be dumped on the community, because they were already holding very high stock inventories due to the monsoon period and the expectation that there would be a lot more people on the island. We talked to Eurest, the camp organisers, and reached an amicable solution that it will not be dumped on the local community.

Senator CROSSIN—But there is no requirement, even in current contracts with the Commonwealth, that local suppliers must be used as a first preference. There is nothing that guarantees that businesses on the island get a first cut of any activity. Is that right?

Capt. O'Donnell—We were told by the minister that it would provide great opportunities for local businesses to get involved. Then, of course, when it comes to supplying the construction camp, that all comes from non-island sources.

Senator CROSSIN—It has not translated into the promises you were given?

Capt. O'Donnell—No.

Senator SCULLION—Perhaps you can take this on notice. Like my colleague Mr Snowdon, I am very keen to understand better the environment under which you made those decisions. I have been in small business all my working life and I know none of us make decisions on, 'Somebody down the pub mentioned something might be happening,' or a newspaper article or a statement. We normally do it as a matter of confidence that there has been a suite of statements made or make decisions in terms of investments, as Mr McGovern has done.

It would be useful if you could, on notice, try to put your minds back to when this started and gather all those statements, your recollections of discussions, meetings with ministers and press statements that were released. I could probably put my mind to some of those things as well, but I think your argument is, 'We made a decision to move forward in a business sense on the basis of information given to us by the Commonwealth of Australia and that gave us the confidence to make those investments.'

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I think it is a very strong argument and, in that case, there will obviously be positions that we can put forward to ensure that we ameliorate those challenges, but it is going to be on the basis of establishing what that environment was. It would certainly be very useful for us, and I do not expect an answer now.

Perhaps you could take that on notice and try to identify those particular times, whether they were articles in your local newspaper, press statements, articles in the media, statements from the minister or from DOTARS in regard to that, because I think that is the basis of the argument. We are going to need the position stated very clearly as to whether that was a reasonable assumption to make. From someone who lives in Darwin, I would have thought it was very reasonable that we were going ahead with building an IRPC.

In relation to the blow-out in costs for the building of the IRPC, I am surprised that that is the only issue that has been brought forward. I want to qualify that that is the reason that you have been given for the IRPC not going ahead, because there is a potential blow-out in costs of 100 per cent.

Capt. O'Donnell—There was a DOTARS news release by Senator Minchin which said that the government's policy since the *Tampa* has kept all these people at bay and that the situation which gave rise to the desire to build a centre had somewhat changed, and one can understand that. It was not just a matter of cost overrun. It was linked with the changes that have occurred with the barrier protection—

Senator SCULLION—I do not speak for the government in this matter, but I think that the Pacific solutions revolve around having a facility offshore. I am sure that the issues associated with having to negotiate with other governments are far more complex than having something in Australia, and I still think that would be a reasonable plank of that policy.

Mr SNOWDON—I am interested in your comment about the sustainable element of the island economy, the economic concept of CI Phosphates. What is the view of the chamber in relation to the proposal for Christmas Island Phosphates to expand its lease and therefore extend the mine life?

Capt. O'Donnell—The unwavering attitude of the Chamber of Commerce is that we support the mine. It is as simple as that. We may not agree with some of the things they do, but we support the mine.

Mr SNOWDON—In particular, I want to know about the current proposal to access additional crown land for the purpose of mining.

Mr Hucker—The mine has a consultant that is on the island at the moment, Mr Dan Gillespie. We have arranged for him to come to a Chamber of Commerce meeting tonight. At that meeting I believe he is going to give us a complete outlay of the proposed mining leases and an overall picture of what they are planning and what areas will be affected by the new leases.

Mr SNOWDON—After you have met, could you give us information as to what the chamber's view is of these proposals?

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Capt. O'Donnell—Certainly.

CHAIR—Thank you, gentlemen. On behalf of the committee, I thank you for your attendance here today. If there are any matters on which we might need additional information, the secretary will write to you. You will be sent a copy of the transcript of your evidence here today, to which you may make editorial corrections. The committee will now have a short adjournment

Proceedings suspended from 10.52 a.m. to 11.01 a.m.