



Christmas Island Phosphates

A trading name wholly owned by Phosphate Resources Ltd ARN 77 009 396 (s)

26 June 2002

Hon. Judi Moylan, MP
Member for Pearce, WA
Chairperson
Joint Standing Committee on Public Works
PO Box 1005
MIDLAND WA 6056

Dear Madam

Re: **Phosphate Resources Submission**

Thank you for the opportunity to meet with you and your committee in Canberra last week.

Please find attached our submission to the Public Works Committee on the Christmas Island Airport Upgrade.

If you require any additional information please do not hesitate to contact me directly on ++65 6332 0961.

Yours truly,

Willy Teo
Managing Director



Perth: Unit 5, 127 Melville Parade, Como, Western Australia 6152. PO Box 376, Como, Western Australia 6952
Telephone (618) 9367 3699 Facsimile (618) 9367 6899

Christmas Island: PO Box 100, Christmas Island, Indian Ocean, Western Australia 6798. Telephone (618) 9164 8400 Fax (618) 9164 8404

Singapore: Phosphate Resources (Singapore) Pte Ltd, 81 Jang Siah Street, #02-06 Jang Siah Court, Singapore 189029
Telephone (65) 332 0961 Facsimile (65) 332 0962 Email: info@cirp.com.sg



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A trading name wholly owned by Phosphate Resources Ltd ARN 77 009 496 543

Submission to Public Works Committee on Christmas Island Airport Upgrade
by
Christmas Island Phosphates
20 June 2002

Phosphates Resources Ltd trading as Christmas Island Phosphates (CIP) submits this written update to its presentation at the Public Works Committee hearing held on Christmas Island on 12 June 2002.

1. CIP believes that the proposed airport upgrade will significantly improve the island's economy.
2. CIP believes that the Commonwealth of Australia has the right, if it so decides, according to the relevant leases, laws and regulations to resume the company's mining leases.

CIP is facing a natural depletion of its resources from normal operations. This resource depletion is being accelerated because of competing land usage. These competing land uses include the resumption of mining leases containing phosphate for: Asia Pacific Space Center, Reception and Processing Center for Illegal Arrivals, Nui Nui port project and as well as an assortment of other projects.

The airport upgrade proposal will result in additional phosphate resources within the mining leases affected by the project being left in the ground and essentially forgone by the company.

Given the on going requirement for the company's mining and haulage fleet to remove phosphate from its mining leases that will be resumed by the Commonwealth of Australia for the APSC project, the company does not have the operational capacity to also mine phosphate in the areas required for the airport project within the timeframe.

In addition to limitations on the company from an operational capacity it is complex from a marketing perspective to schedule the sale of different grades of phosphates to customers based upon the superimposed timeframes to exit particular mining leases.

The airport upgrade project has a number of aspects that have a negative impact on the company. Some of these negative aspects can be reduced with little or no impact on the project costs or timeframes.

The company strongly suggests that the following issues be reviewed:

1. Location 1 is only a lay-down area for the contractor's equipment and it be shifted as it impacts on the company's operations.



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Telephone (65) 332 0961 Facsimile (65) 332 0962 Email info@cip.com.sg

2. The northern end of the runway extension is currently under a Mining Lease Application. This area contains up to potentially 650,000mt of high grade phosphate. This is equivalent to almost one additional year of mine life. The company will pay the contractor a commercial rate to remove the phosphate material from the areas directly impacted by the runway extension. For the vast majority of the phosphate material that is within the new airport boundaries but outside the area required for the upgrade at the northern end, the company be permitted to remove this material over a period of 2 years. Neither of these two solutions will delay the upgrade of the airport. The net benefit to the Commonwealth to allow this phosphate material to be processed and sold is greater than it being used as fill. The benefits are as follows:

(1) export revenue	AUD 53million
(2) mining royalty	1.2
(3) rehabilitation levy	0.8
(4) company tax	2.5
(5) payroll tax	0.9
(6) wages earned	1.0
(7) individual employee taxes payable	2.6

The company requests the opportunity to have direct discussions with DOTARS on the finalization of the areas to be resumed and the mechanism in the contract for the airport extension for removing the phosphate at the northern end of the runway extension by both the company or the contractor.

Thank-you for the opportunity to represent the company's position on this project.