

Committee comment and recommendations

Inquiry timeframe

- 6.1 The Australian and Chinese Governments signed the Nuclear Material Transfer and the Nuclear Cooperation Agreements on 3 April 2006. Upon their tabling in Parliament on 8 August 2006, these Agreements were automatically referred to the Committee for inquiry. Both Agreements allow for twenty joint parliamentary sitting days for inquiry with expiration for inquiry occurring on 16 October 2006.
- 6.2 On 6 September 2006, the Chair of the Committee wrote to the Minister for Foreign Affairs to inform him that the Committee was continuing its review of the treaties and intending to hold further public hearings. Under the twenty sitting day inquiry timeframe, the Committee would have had to complete its inquiry and report to Parliament in a timeframe of 11 weeks. In addition, to the China Uranium Inquiry, the Committee was also inquiring into 19 other treaty actions.
- 6.3 The Committee believes that the initial timeframe of 11 weeks would not have allowed sufficient time to advertise the inquiry to seek submissions, conduct public hearings, and adequately fulfil its obligations under its resolution of appointment.
- 6.4 The short inquiry timeframe for treaties of such national importance also has the potential to cause public distrust of the committee inquiry process and expose it to unnecessary public criticism, spurring

allegations of non-transparency and unaccountability and denying Australians their right to have a say in the area of Australia's international obligations.

- 6.5 If the treaties had been referred to the Committee for inquiry earlier, the Committee would have had more time to conduct its inquiry. For example if the Agreements had been tabled in Parliament on the last sitting day in June, (which equates to tabling of the Agreements one joint parliamentary sitting day earlier) the Committee would have had an additional six weeks to conduct its inquiry and easily been able to report within twenty sittings days. The treaties were signed at the beginning of April and the Committee does not understand why it took a further 18 weeks before tabling the treaties in Parliament.
- 6.6 Most of the information in the NIAs would have been available to the agencies responsible for negotiating the Agreements when the decision was made to proceed to negotiations. In this context, a further 18-week delay before making this information available to the Parliament and the Committee is hard to justify.

Impact of the Agreements

- 6.7 The Committee understands the Agreements resulted from a joint request from Australia's uranium producers and the Chinese Government and that Australia is in a position to benefit economically from the sale of uranium to China in the medium to longer term.
- 6.8 The Committee believes that with China's expected future energy demand, its willingness to buy Australian uranium coupled with Australia's uranium producers' willingness to supply uranium to China, the Agreements will provide the impetus for the expansion of Australia's uranium industry. Whether the sale of uranium to China will translate into a large economic benefit for Australia is unascertainable from the evidence received during the Committee's inquiry. The economic benefit will depend on the future commercial decision of uranium producers and the future policy decisions of State, Territory and Federal governments as well as the state of the world market in uranium over time.
- 6.9 The Committee must also acknowledge the evidence it has received in opposition to the Agreements on the possible environmental cost (i.e. nuclear waste from nuclear power generation) and detrimental social

effects directly or indirectly attributable to the sale of uranium to China. In addition, the Committee acknowledges the evidence it received in relation to claims made against China of its breaches of important international treaties and its lack of transparency and accountability inherent in its system of government and its company governance structures.

- 6.10 The Committee believes that developing stronger links between Australia and China (as will be achieved through these treaties) is the most effective way of influencing internal Chinese governance issues.
- 6.11 As the Committee received only one submission in relation to the relative benefits of thorium reactors, which fall outside the scope of the inquiry, it has made no findings on the relative merits of this technology, but recommends that further research and development of thorium technologies be undertaken.
- 6.12 The Committee also believes that the Australian Government should promote a range of renewable energy technologies to help meet China's growing energy requirements.

Safeguarding the use of Australian uranium

- 6.13 The Committee received substantial evidence from concerned organisations and individuals that the safeguards included in the Agreements are ineffective based on the view that the International Atomic Energy Agency (IAEA) safeguards system is already inadequate.
- 6.14 The Committee received assurances from the Australian Safeguards and Non-Proliferation Office (the agency with carriage of the treaties), that Australian uranium is safeguarded through various mechanisms, from military use. These mechanisms form part of the IAEA's safeguards system, which now includes an Additional Protocol and consists of a material accounting system and a verification and inspection process. In addition to IAEA safeguards requirements, Australia and China have for the most part negotiated Administrative Arrangements that detail how both Parties will fulfil their obligations under the Agreements. The Committee received evidence that Australia has more safeguards in place with its bilateral safeguards partner countries than have other uranium producing countries that currently supply uranium to China. The Committee also welcomes and supports continued dialogue between Australia and China on non-proliferation issues.

- 6.15 The Committee heard claims that the budget for the IAEA's verification regime may be inadequate or not effectively allocated. The Committee supports any IAEA budget increases and efficiency improvements, which could strengthen the existing IAEA safeguards system.
- 6.16 In view of the evidence received, the Committee has concluded that the treaties reviewed in this report are in Australia's interest and should be ratified.

Recommendations

- 6.17 In respect to the Committee's comments and evidence collected during the course of its inquiry, the Committee makes the following recommendations.

Recommendation 1

The Committee recommends that the Australian Government provide funding for intensive research and development in the area of energy generation using thorium reactors with the purpose of comparing its waste and energy generation capacity to conventional nuclear reactors.

Recommendation 2

The Committee recommends that the Australian Government through its membership of the International Atomic Energy Agency (IAEA) calls for an urgent review of the IAEA's funding requirements and that Australia sets a lead by increasing its voluntary contributions and lobbies other governments to do likewise.

Recommendation 3

The Committee recommends that the Australian Government lobbies the IAEA and the five declared nuclear weapons states under the NPT to make the safeguarding of all conversion facilities mandatory.

Recommendation 4

The Committee recommends that the Australian Government increases funding allocated to the Australian Safeguards and Non-Proliferation Office's safeguards support and international outreach programs to ensure that effective safeguards are being applied in regard to the treaties.

Recommendation 5

The Committee recommends that the Australian Government continue its dialogue with the Chinese Government about governance and transparency issues with a view to the Australian Government offering practical support where appropriate.

Recommendation 6

The Committee supports the *Agreement between the Government of Australia and the Government of the People's Republic of China on the Transfer of Nuclear Material* and recommends that binding treaty action be taken.

Recommendation 7

The Committee supports the *Agreement between the Government of Australia and the Government of the People's Republic of China for Cooperation in the Peaceful Uses of Nuclear Energy* and recommends that binding treaty action be taken.

Dr Andrew Southcott MP
Committee Chair