

Sent: Friday, 17 March 2006 12:48 AM

To: Committee, ISR (REPS)

Subject: Inquiry into developing Australia's non-fossil fuel energy industry

Committee Secretary
 Standing Committee on Industry and Resources
 House of Representatives
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House of Representatives Standing Committee
 on Industry and Resources

Submission No: 87

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Secretary:

With respect to the ongoing case study into the strategic importance of Australia's uranium resources I wish to make a submission and briefly address all issues in your terms of reference.

a. global demand for Australia's uranium resources and associated supply issues;

It has been well established that the world demand for uranium is increasing to fuel additional nuclear power plants being built in China and India. At the same time stockpiles of decommissioned nuclear weapons is decreasing. As a result the demand for mined uranium is increasing at a fast rate increasing the price of uranium ore. As Australia has a significant proportion of the worlds uranium ore the demand for Australian uranium is increasing and will continue to do so. This increased supply will also result in increased enrichment and recycling activities offshore, particularly in India and China. Due to the difficulty in accounting for enrichment products and all elements of used fuel there is the potential to increase the supply of weapons grade material in these countries.

b. strategic importance of Australia's uranium resources and any relevant industry developments;

Australia's uranium resources have significant strategic implications as a major supplier of the worlds energy needs there is a potential for significant economic and industrial growth for Australia. However poor control of the mined uranium could increase the likelihood of nuclear terrorism.

The greatest potential for nuclear terrorism rests in terrorists gaining access to highly radioactive material for a dirty bomb. The most likely source is spent fuel rods left in long term storage without adequate protection or re-processing to which Australia contributes to by mining uranium without accepting nuclear waste.

Irrespective of the use of nuclear power in Australia the issue of our involvement in the nuclear fuel cycle should be addressed. As an exporter of yellow cake(uranium ore) we increase the world availability of fissile material and potential weapons material for terrorists or rogue states. This is a short sighted and irresponsible approach. We need to take responsibility for the fissile material mined in Australia and ensure it is disposed of properly.

Although simple Storage of Nuclear Waste in Australia has merit on economic grounds, this would not address the problem of proliferation and a more holistic approach needs to be taken. Australia should move away from exporting uranium ore towards supplying manufactured fuel rods, where a condition of supply is that the used fuel rods are returned to Australia for recycling. This is a much more accountable and controllable method of restricting access to fissile material. This would also remove the need for other countries to develop enrichment capabilities outside the supervision of the International Atomic Energy Agency (IAEA), as is happening in Iran.

Australia could then enrich, process, and manufacture fuel for our export customers and retrieve the expended fuel rods for recycling, reprocessing into new fuel rods and storage of waste material. This would all be done openly and with IAEA oversight to ensure no nuclear material is diverted to weapons programs or reaches the hands of potential terrorists. Australia has the technical, regulatory and political capability to do this in a safe and reliable manner, not to mention a vast geologically stable continent which is sparsely populated.

A move in this direction would have economic benefit to Australia through value adding and would decrease the risk of nuclear proliferation making the world a safer place.

17/03/2006

c. potential implications for global greenhouse gas emission reductions from the further development and export of Australia's uranium resources;

With a safe and reliable fuel cycle, nuclear energy could be used to reduce the world's greenhouse gas emissions and cut global warming without increasing the risk of nuclear terrorism.

d. current structure and regulatory environment of the uranium mining sector (noting the work that has been undertaken by other inquiries and reviews on these issues). The existing State restrictions on mining and processing uranium limit the supply of controlled uranium to the world allowing an increase in the supply of less controlled supplies thus increasing the risk of proliferation and nuclear terrorism. Every effort should be made to streamline the development of downstream processing to enable the full fuel cycle to be undertaken in Australia.

I have attached a paper that looks at these issues in more detail for your consideration.

Robert Gishubl