

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Resources, Energy and Tourism Portfolio

Budget Estimates 2008-09

2 June 2008

Question: **BR-12**
Topic: **Australian Uranium Association report**
Proof Hansard Page: **E83/84**

Senator Milne asked:

Senator MILNE—I note recently that the Minister has been talking up an Australian Uranium Association report predicting massive future increases in the South Australian economy as a result of uranium mining. Did the department have any input into, do any assessment or analysis of the Australian Uranium Association's report?

Mr Hartwell—That report was commissioned by the Australian Uranium Association and prepared by Deloitte. No, we did not have any specific input into that report. That was commissioned by the Australian Uranium Association and produced by an independent consultant.

Senator MILNE—Have you done any assessment of that report?

Mr Hartwell—We have provided the Minister with just a broad summary of the report and basically the workings around it. But that is as far as it has gone.

Senator MILNE—Were you satisfied that the report was accurate?

Dr Boxall—That is calling for us to give a judgement on the quality of the report, which we are not permitted to do.

Senator MILNE—I accept that. But I am trying to get to whether the department made any analysis of it other than just summarising it.

Mr Hartwell—We just summarised the report. We briefed the Minister on a whole range of issues.

Senator MILNE—I understand that the report's projection for the number of nuclear reactors to be built in the coming two decades is actually 80 per cent higher than the forecasts of the world's leading global energy agencies, the IAE and the IAEA. Would you take a question on notice to look at the report's projections and see whether that is in fact true?

Mr Hartwell—We can look at the issue of a discrepancy between what was in the report and the IAEA.

Senator MILNE—Also, I understand that in that report uranium prices are modelled at US\$100 a pound, which is way above the recent spot price of about US\$75 a pound. Could you also have a look at that modelling?

Mr Hartwell—If you look at the report, which is a public document, you will see that there is a number of scenarios around uranium prices and uranium demand. It has a high scenario, a medium scenario and low scenario. There is a whole range of prices within that report. **Senator MILNE**—Yes, I understand there are several scenarios, but by not presenting the conservative scenario based on lower price forecasts and

realistic demand, the report and therefore the Minister are on the public record basically underestimating the risks and dramatically overstating the potential. That is why I would like to look to you as a department, before we embrace all of these uranium initiatives, to look at how realistic the conclusions of that report are. Can I also ask whether that report assumes a carbon price of US\$50 a tonne?

Mr Hartwell—I would have to go back and check. There are a number of assumptions and a number of models built into the report. As to the various detail of the report, someone has just thrown a copy of it in front of me, but I would prefer to take that question on notice.

Senator MILNE—Yes. I would like to know whether it does assume a US\$50 price on carbon, in which case, if that is what the Minister thinks is realistic, that will be an interesting discussion that we will have.

Answer:

(a) The base case in the Australian Uranium Association (AUA) report states that there will be 519 nuclear power reactors installed worldwide by 2030. This is based on the International Energy Agency (IEA) Reference Scenario forecasts.

The 'climate action' scenario in the report assumes there will be 960 reactors installed by 2030. Other credible studies from the IEA, International Atomic Energy Agency (IAEA), Australian Bureau of Agricultural and Resource Economics (ABARE) and Uranium Mining, Processing and Nuclear Energy Review (UMPNER) estimate world nuclear power use at 416-679 GWe by 2030. There is currently, 439 reactors operating with a further 347 under construction, planned or proposed (noting that some reactors will be decommissioned in the future).

The 'climate crisis' scenario in the report assumes there will be 1634 reactors installed by 2030. This is based on reaching carbon concentrations of around 450 parts per million, as recommended by the Intergovernmental Panel on Climate Change (IPCC). This is 58-75 per cent higher than the predictions in the reports from the IEA etc mentioned above, ie based on 416-679 GWe.

(b) The 'climate action' scenario assumes a carbon price of US\$50 CO₂, the 'climate crises' scenario assumes a carbon price of US\$100 CO₂.