



THE AUSTRALIAN NUCLEAR FREE ALLIANCE



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Comments on the Inquiry into the Uranium Royalty (NT) Bill 2008

To the Senate Standing Committee on Economics,

Please see the attached ANFA general statement for details regarding the committee structure, membership and background information.

We write to formally express our comments and suggestions regarding the current Inquiry into the Uranium Royalty (NT) Bill 2008.

Whilst ANFA is clearly dedicated to working towards a nuclear free Australia; a vision which includes no new uranium mines, the winding up of existing uranium mines, the closure of the new OPAL reactor at Lucas Heights and repeal of the Commonwealth Radioactive Waste Management Act – 2005 (CRMWA), we feel it is pertinent to comment on the above named Royalty Bill.

The following dot points highlight our comments & concerns;

- Whilst this specific bill concerns uranium royalties and the associated administrative legal framework, it is important to highlight the issues below in response to some points highlighted in Minister Ferguson's first reading of the bill. Relevant quotes in italics, by Minister Ferguson, from Hansard (House of Representatives 3rd Dec 2008), will precede each response;
- *"Australia' has over one third of the worlds medium cost reserves of uranium, which have the potential to make major contributions to reducing global greenhouse gas emissions"*. Contrary to Minister Ferguson's assertions, it is evident that nuclear power is not an answer to climate change, nor will it reduce carbon emissions. This is quite clear when the whole uranium mining and processing cycle is taken into proper account.

The fact is uranium mines require enormous amounts of fossil fuels to first build the mine and to access the ore body. They also require staggering volumes of clean potable water (often sourced from precious artesian and ground water supplies) to process the raw material and cool reactors. These facts are often forgotten when considering any possible benefits gained from lowered carbon emissions, via the use of nuclear power.

- There are currently no long term solutions for existing radioactive waste stockpiles, nor is there any safe method of decontaminating the huge volumes of radioactive waste water produced from uranium mining and nuclear power production. Encouraging countries to create more nuclear power plants, hence encouraging more uranium mines, will only exacerbate this ongoing problem of radioactive waste management. Governments and the industry itself is well aware of the radioactive waste management problem, hence the hastily enacted CRMWA.
- *"...the uranium industry in Australia is forecast to grow rapidly and could add an additional \$14 to \$17 billion to Australia's GDP". "Exports of uranium are only allowed under very stringent conditions and only to countries which are members of the NNP treaty"*. There

are serious global implications via the potential misuse of our uranium in nuclear weapons manufacture - especially via poorly administered, &/or, corrupt regulatory regimes that exist in some countries.

Putting profits before community safety is not something Australia should not be engaging in. By encouraging more uranium mining we are active participants in creating an international 'no-mans land' legacy wherever these radioactive footprints fall, a shameful legacy that this industry will leave in it's contaminated wake for thousands of years.

- Whilst we note this bill seeks to; "...for the first time, apply a uniform royalty regime to all new projects in the NT containing uranium..." we are concerned that: "This bill will do this by mirroring the existing profits-based mineral royalty regime under the NT Mineral Royalty Act 1982..". The existing mineral royalty regime in the NT also needs scrutiny, as this regime has led to much confusion and potentially huge losses to both government and Traditional Owners (TOs). Often companies adopt a practice of placing their profits in 'hidden' shelf companies (i.e: Xstrata – MRM) that are not subject to royalty regimes.

In line with new international best practice, ANFA suggests that royalties should be specified on volume-based production, not profits-based calculations that clearly favour the industry, and thus encourage the 'shelving' of profits, in order to avoid paying. In today's water wise world miners should pay commercial rates for the water they use, this will encourage recycling and the development of newer cleaner technologies.

- "The Australian government's policy is to allow the development of Uranium mines, subject to world's best practice environmental, health and safety practices". ANFA strongly suggests the creation of a 'quarantined pool' of uranium and other mining royalty monies, perhaps 5% of the 18% proposed. For employment of independent industry monitors, environmental scientists, independent doctors to monitor human health via the collection/collation of baseline data (before the mine opens), and for access by community based indigenous and environmental groups - as a compliment to existing EPA's that are reliant on government funds.

Some of this money could be made accessible now, to ensure there is a level of funding for existing and future waste management, outside of the current inadequate 'clean up - bonds' scheme. This would provide immediate help in historic cases where companies have gone bust – leaving a headache for government, private and indigenous land managers (ie Rum Jungle, Narbalek, etc) - and for future sudden closures, where accessing the 'clean up bonds' may be delayed.

- Exploration Licence Applications (ELA) agreements should immediately be decoupled from legally binding agreements to allow mining, should a profitable deposit be discovered. TOs are often confused by this automatic next step to mine, when they generally assumed that the ELA agreement was simply for exploration. Prior to approx 1985, ELA's were just that, licence applications to explore only, not to mine without any further payment negotiations.

Therefore if a viable deposit is found, then a volume-based royalty payment agreement should then be negotiated, separately to the initial ELA. A negotiated agreement to mine would therefore be based on the size and quality of the ore body, ascertained from the exploration phase. This idea to have 2 separate mining agreements, one to explore, and another one to mine (based on production/volume) is surely more beneficial to governments, private land holders and TOs alike.

Thank you for your time Senators, in considering our comments.

Donna Jackson

Co – Chair: ANFA Committee
13th February 2009