

LIBERAL AND NATIONAL GOVERNMENT SENATORS' MINORITY REPORT

Report by Senator Grant Chapman, Deputy Chair, Senator Ross Lightfoot and Senator Sandy Macdonald

INTRODUCTION

1.1 Having examined in great detail the Report adopted by a majority of the Committee, only on the casting vote of the Chairman, it would be accurate to characterise that Report as being of two inconsistent parts—Chapters One to Ten and Chapter Eleven.

1.2 Chapters One to Ten summarise the evidence to the Committee, of which any logical analysis could only conclude that it overwhelmingly supports the Government's decision to build a replacement research reactor at Lucas Heights, that the tendering and contract processes were beyond reproach and that proper provision has been made for public health, safety and waste management.

1.3 Chapter Eleven, 'Conclusions and Recommendations' is quite inconsistent with the first ten chapters, in ignoring this overwhelming weight of evidence.

1.4 The Majority Report Conclusions and Recommendations may be summarised as arguing that the need for a replacement research reactor has not been established and that ANSTO and the Government failed to provide sufficient information, by citing commercial-in-confidence arguments, for the Committee adequately to assess the tender and contract processes. Hence, Opposition Senators now recommend another public inquiry.

1.5 Quite simply, the evidence in their own Report, which is comprehensive, does not support these Conclusions and Recommendations. Even with the justified criticism that Chapters One to Ten overstate opposition to the Government's decision and its implementation and understate support for it, a rational analysis of their contents could not reach the Conclusions and Recommendations making up Chapter Eleven.

1.6 Apart from the Government's own sources of expert advice on the issue of a replacement research reactor for Lucas Heights, this matter has been examined specifically or in part by no less than five parliamentary inquiries during the past five years—the Senate Select Committee on the Dangers of Radioactive Waste, reporting April 1996; the Senate Select Committee on Uranium Mining and Milling, reporting May 1997; the Senate Economics References Committee Inquiry on a New Reactor at Lucas Heights, reporting September 1999; the Joint Standing Committee on Public Works, reporting August 1999; and this Select Committee, reporting May 2001.

1.7 It is beyond the bounds of credibility that any further investigation or inquiry of whatever form will add any information of significance to the current state of knowledge on the issues relating to a replacement reactor.

1.8 Indeed, far from justifying the Conclusions and Recommendations of the Majority Report, this Inquiry, through wide-ranging evidence from the community and especially the science and business sectors with expertise in the field, reinforced the importance of a replacement research reactor for Australia and the strength of the tendering, contractual, safety and waste provisions, with opposition by and large coming only from a small minority who are ideologically opposed to the whole nuclear industry.

1.9 Hence, Liberal and National Government Senators have prepared this dissenting report which briefly indicates where it is in agreement with the majority report and takes up and expands on the findings with which it disagrees. As with the majority report, this one follows closely the terms of reference and is presented in three sections: the need for a replacement reactor; the tendering process and the contract; and public health and safety and waste management.

THE NEED FOR A REPLACEMENT REACTOR

The replacement research reactor and science and industry

1.10 The arguments for a replacement research reactor at Lucas Heights have a long history but since the mid 1980s they have remained fundamentally the same. Australia needs a replacement research reactor:

- to promote and nurture scientific research in Australia;
- to meet the growing demand for reactor produced products for use in industry, medicine and environmental studies; and
- to enhance Australia's national interests.

1.11 The Government's decision to fund the replacement reactor formed part of its broad commitment to strengthen Australia's scientific infrastructure; to build a greater awareness of the importance of science and technology; and to encourage improved links between science and industry.¹ Evidence before this Committee indicates, without doubt, that this decision and its objectives have won wide support from the scientific community.

HIFAR's contribution to Australian scientific research

1.12 For many years, HIFAR has been an essential tool for Australian scientific, industrial and medical research and development. Liberal and National Government Senators agree with the majority report that the 40 year-old HIFAR is now

1 Liberal Party of Australia, 'Science policy: a vision for excellence', 23 September 1998.

obsolescent and that further efforts to upgrade the outmoded technology and inadequate facilities would not make it internationally competitive and would not be a sensible use of resources.²

1.13 Liberal and National Government Senators also understand that despite HIFAR's drawbacks, it continues to make a contribution to research and development in Australia and scientists still exert a strong and growing demand for access to its facilities.³ The Australasian Ceramic Society asserts:

The achievements of ANSTO scientists are well recognised by fellow researchers, not only in Australia, but also in the rest of the world. In this regard ANSTO scientists have played an important role in keeping our small nation in a reasonably acceptable international technological position. All this has been achieved in a research environment, which is equipped with less than internationally comparable facilities.⁴

1.14 Many in the scientific community advocate strengthening Australia's scientific infrastructure by replacing the ageing HIFAR with a modern reactor. The Australian Institute of Nuclear Science and Engineering (AINSE) is confident that a more powerful neutron source and a better range of instruments will encourage a greater demand for neutron scattering techniques.

1.15 Liberal and National Government Senators agree that the work being undertaken at Lucas Heights has led to the development in Australia of a body of specialised and highly skilled scientists and engineers whose work relies on nuclear technology. They accept the argument put forward by many witnesses that Australia will need ongoing access to a research reactor of international standard if it is to develop and maintain these skills.⁵

Nuclear science and technology in the 21st century

1.16 Liberal and National Government Senators agree with the majority finding that nuclear science and technology is not backward looking. The contract for the replacement reactor is the largest single investment in science and technology ever undertaken in Australia. Those who oppose the replacement reactor would seem to oppose modern science and technology. Government Senators are far more positive

2 See paras 3.9–3.16. See also Australian Neutron Beam Users Group, submission no. 61; the Institution of Engineers, Australia, submission no. 67; Professor Beryl Hesketh, submission no. 79 and Australian Nuclear Association, submission no. 81.

3 For example, Dr Trevor Hicks told the Committee that universities associated with the research reactor have found it a 'powerful stimulant for research in Australia into the structure and dynamics of materials'. Dr Trevor Hicks, submission no. 97. See also AINSE, submission no. 95; Dr Barry Muddle, submission no. 113; Dr Robin Batterham, submission no. 135; Mr John Boshier, Institution of Engineers, *Committee Hansard*, 27 October 2000, p. 276.

4 The Australasian Ceramic Society, submission no. 55.

5 See for example, Mr John Boshier, Australian Institution of Engineers, *Committee Hansard*, 27 October 2000, p. 276.

than the majority report reflects, about the future of nuclear science and technology which, according to the evidence, offers great opportunities for researchers to move forward in their endeavours to keep at the forefront of scientific research and development.

1.17 The majority report acknowledged that neutron science underpins a broad range of disciplines.⁶ It mentioned in particular the potential that research conducted at the replacement research reactor has for biotechnology, nanotechnology and information technology. Liberal and National Government Senators, however, found this an astounding understatement of the contribution that neutron science makes to a broad spectrum of scientific research. They understand that neutron science prepares the groundwork for advances in a wide range of disciplines and that the replacement reactor will provide the scientific basis for a variety of technological developments. Undoubtedly, the range and diversity of work to which neutron beam research can be applied provides an indication of the prospects for nuclear science and technology.

1.18 Indeed, one of the most powerful messages coming out of the inquiry was that the future is highly promising for research using neutron scattering as it continues to push the boundaries of people's understanding of the structure and dynamics of materials. Witnesses spoke of the 'boundless' opportunities for, and the 'immense' potential of, research undertaken using neutron beams.⁷ The Society of Crystallographers in Australia and New Zealand stated:

The new reactor represents an investment in the future of Australian science and technology.⁸

1.19 The Australian Research Council supports the case for a replacement research reactor and believes that the:

...availability of an up-to-date facility will stimulate research activity and deliver outcomes of significant value to Australian R&D especially in areas of advanced materials.⁹

1.20 The Institution of Engineers, Australia, with around 60,000 members, told the Committee:

To not replace the facility within the next five years would dramatically diminish Australia's long term capabilities in emerging technologies such as nanotechnology, new materials processing, nuclear medicine, and environmental management processes. Government investment in this key

6 See para 3.53.

7 Professor Barry Muddle, submission no. 126; Dr Darren Gosseens, *Committee Hansard*, 27 October 2000, p. 288; Dr Thomas Welberry, *Committee Hansard*, 27 October 2000, p. 287; The Institution of Engineers, Australia (IEAust), submission no. 67.

8 The Society of Crystallographers in Australia and New Zealand, submission no. 76.

9 Australian Research Council, submission no. 157.

scientific infrastructure project could give Australia the necessary edge to rapidly build core competencies in these emerging technologies and become a world player in high value-added niche markets.¹⁰

1.21 Liberal and National Government Senators could quote from a number of other influential bodies such as the Australian Academy of Science, the Australian Vice-Chancellors' Committee, the Federation of Australian Scientific and Technological Societies, and the Australian Neutron Beam Users Group which give added voice to the support for the replacement research reactor. It could also mention academics holding key positions in Australian universities who support the replacement research reactor including Professor Barry Muddle, Professor of Materials Engineering, Monash University; Associate Professor Andrew Short, Director, Coastal Studies Unit, University of Sydney, Professor Beryl Hesketh, Dean, Faculty of Science, University of Sydney and Dr Ken Doolan, Director, Department of Physics, University of Western Sydney.¹¹ This list, which represents only a fraction of the number of witnesses who enthusiastically endorse the planned research reactor, provides compelling evidence of the level and extent of support in Australia for the replacement reactor. As Dr Robert Robinson submitted:

Quite simply, the Replacement Reactor presents Australian scientists with the opportunity of a generation.¹²

The replacement research reactor a world class facility

1.22 Although the majority report cites strong evidence that the planned reactor would be a valuable training ground for the nation's young scientists, it stops short of drawing any conclusions of its own on this matter. In particular, it does not take a definite stand on the importance of having this world-class facility in Australia. Government Senators believe that the replacement reactor will provide research training facilities and programs to enhance the educational opportunities for Australia's students interested in, or using, nuclear technology for their work. They reject outright any suggestion that suitcase science could substitute for a local research reactor. This minority report notes that one of the main purposes in building a replacement research reactor is not only to retain young Australian scientists but to attract bright scholars to its shores.

1.23 Indeed, Liberal and National Government Senators accept that the replacement reactor is intended not only to make up for the shortcomings of an ageing reactor but to be a world-class research facility that will send a positive message about

10 The Institution of Engineers, Australia, submission no. 67.

11 See the Australian Academy of Science, submission no. 151; the Australian Vice-Chancellors' Committee, submission no. 164; the Federation of Australian Scientific and Technological Societies, submission no. 174; the Australian Beam Users Group, submission no. 61; Professor Barry Muddle, submission no. 126; Associate Professor Andrew Short, Director, Coastal Studies Unit, University of Sydney, submission no. 69; Professor Beryl Hesketh, Dean Faculty of Science University of Sydney, submission no. 79; Dr Ken Doolan, submission no. 174.

12 Dr Robert Robinson, submission no. 18.

Australian science to the rest of the world. They believe that scientists in Australia and overseas scholars will benefit from access to this facility of international standing destined to become part of a worldwide network in innovative world class scientific neutron research.¹³ Government Senators quote Professor White's sentiments, also recorded in the majority report, and note that he speaks for many of the scientists who appeared before the Committee. He stated that the replacement research reactor would be:

A magnet to draw in scientists and technologists from neighbouring countries so that Australia could...reestablish in this area a profile which it always had in the past.¹⁴

1.24 Liberal and National Government Senators support wholeheartedly ANSTO in its endeavours to become a regional centre of excellence.

1.25 The majority report accepted that funding research and development is a matter of balancing priorities. It further agreed that Australian scientists need access to world-class infrastructure and that Australia has the 'young talent and experienced researchers able and keen to benefit from using a research reactor.' Liberal and National Government Senators endorse this finding but underline the importance of having this world-class infrastructure here in Australia.

The replacement research reactor and industry and the environment

1.26 Liberal and National Government Senators believe that the majority report has also understated the contribution that a research reactor will make to Australian industry. They note that, at the moment, HIFAR is not only a valuable tool for neutron beam scattering but it produces radioisotopes that have wide application and deliver benefits to Australian industry and the environment. They believe that, based on the evidence presented to the Committee, the planned replacement reactor will provide opportunities for the enrichment of Australian science and technology in general and has the potential to assist Australian industry to maintain and further strengthen its competitive place in the global market. It is clear that the replacement research reactor will have an important place in the growth and expansion of industry in Australia.

1.27 For example, the Australian Mineral Industries Research Association Limited supports ANSTO's proposal to replace the reactor:

On the grounds of maintaining its status as a world class organisation and maintaining its ability to service the needs of the minerals and associated industries.¹⁵

13 The Society of Crystallographers in Australia and New Zealand, submission no. 76.

14 Professor John White, *Committee Hansard*, 4 December 2000, p. 416.

15 The Australian Mineral Industries Research Association Limited, submission no. 19. See also the Federation of Australian Scientific and Technological Societies, submission no. 174.

1.28 Similarly, companies and organisations, such as Taylor Ceramics Engineering and the Australian Ceramic Society, point to the need for Australia, as a small nation, to have adequately educated and trained scientists and engineers to carry out basic research fundamental to support and develop new materials. In this regard, they see the replacement research reactor as vitally important to Australia if it is to hold ‘a competitive position in tomorrow’s new materials’.¹⁶

Alternative technologies

1.29 Some witnesses suggested that a spallation source would be a more appropriate source of neutrons for Australia than a research reactor. Government Senators share the majority report’s view that, taking account of Australia’s resources and needs, a spallation source is not, at the moment, a satisfactory alternative to a research reactor.

The replacement research reactor as a major national research facility

1.30 Liberal and National Government Senators reject the view of the majority report that Australia has not had an open and full debate about its scientific research needs. Chapter Two of the majority report clearly chronicles the various reviews that have been undertaken relating to the replacement reactor. Government Senators mention in particular the report of the Australian Science and Technology Council in 1991/92, the McKinnon Review in 1992/93, the report of the Senate Select Committee on the Dangers of Radioactive Waste in 1996, the report of the Senate Select Committee on Uranium Mining and Milling in Australia in 1997, the Environmental Impact Statement of 1997/99, the Senate Economic References Committee report in 1997/99, the report of the Parliamentary Joint Standing Committee on Public Works in 1999 and finally the public inquiry process undertaken by this Select Committee. For a project with a value of under \$300 million, 80 months of inquiries already undertaken on the need for a replacement reactor would seem more than adequate. Government Senators also note that all the inquiries mentioned above, sought and received input from the public.

1.31 Furthermore, Liberal and National Government Senators note the recent views given on the value of a replacement research reactor especially by bodies such as the Australian Academy of Science, the Australian Institution of Engineers, the Australian Research Council, the Vice-Chancellors’ Committee and the Federation of Australian Scientific and Technological Societies. Government Senators accept the assessment of these key scientific and research bodies that the replacement reactor is a worthy investment and will be a vital part of Australia’s science infrastructure. In particular, Government Senators draw attention to the evidence of Professor White, Secretary, Science Policy, Australian Academy of Science, who made quite clear that the Australian Academy of Science had fully explored the need for a replacement reactor. He stated:

16 Taylor Ceramic Engineering submission no. 51 and the Australian Ceramic Society, submission no. 55.

What happened in the case of the reactor is that, going back to 1994, a committee was formed which consisted of the best experts that we could find in nuclear and neutron science, radiochemistry and radiopharmaceuticals—fellows of the academy and others, with one or two members who were not necessarily pro-nuclear people at all. My view is that it is better to have the debate in a committee and have the whole thing exposed—we had that. What we came up with was, I think, something which was acceptable to the academy council as being a balanced view about Australia's needs, from a scientific and technological perspective.¹⁷

1.32 Liberal and National Government Senators find that on scientific and industry enhancement grounds alone the case for the replacement research reactor carries much force. They can only speculate as to why the majority report chose to play down the strong evidence supporting the facility. Policy laziness can be the only explanation as to why the majority report insists on calling for a public inquiry on the need for a replacement reactor when, quite clearly, the community has had this debate and made its priorities clear.

The replacement research reactor and medical isotopes

1.33 Evidence presented to the Committee establishes without doubt that the reactor at Lucas Heights is a valuable scientific tool for research in Australia. At the moment, it provides more than 7,000 hours per year in neutron beam time to scientists and students from Australia and overseas.¹⁸ However, importantly, HIFAR also produces radioisotopes for use in medicine, as well as in industry, agriculture and environmental studies. Indeed, HIFAR meets most of Australia's growing nuclear medicine requirements and according to the Government the quantity of nuclear medicine could be increased up to about fourfold with the capacity of the replacement reactor.¹⁹

The importance of having a domestic producer of medical radioisotopes

1.34 Liberal and National Government Senators support the policy of Australia having a national facility where medical research and development can be undertaken. They accept the majority report's finding that:

- alternative imaging modalities such as CT scanning, MRI and PET are complementary to nuclear medicine procedures and will not replace them;
- the workhorse radioisotope technetium-99m cannot, at the moment, be produced commercially other than in a nuclear research reactor.²⁰

17 Professor John White, *Committee Hansard*, 4 December 2000, p. 421.

18 ANSTO home page <http://www.ansto.gov.au/natfac/hifar.html> (17 August 2000).

19 ANSTO home page <http://www.ansto.gov.au/natfac/hifar.html> (17 August 2000); Doorstop re Senator's Hill Recommendation to Senator Minchin following the Environmental Impact Statement on the Proposed replacement Reactor for Lucas Heights, 30 March 1999.

20 Paras 4.33 and 4.58.

1.35 Liberal and National Government Senators, however, do not accept that the importation of medical radioisotopes presents a satisfactory alternative to the adequate and reliable supply of radioisotopes produced locally at Lucas Heights.

1.36 Liberal and National Government Senators find that the conclusion in the majority report, that importation is a satisfactory alternative to local production, incongruous in light of the views expressed in the Report of the Research Reactor Review that:

The Review is persuaded that the presence of a domestic source of supply is an important feature of the current high standard of services in nuclear medicine.²¹

1.37 Imports are subject to stringent international air transport regulations, which relate to such matters as packaging, the quantity of radioisotopes that can be carried on an aircraft and where they can be positioned and with what other cargo. Imports will continue to have a role in the Australian market but their contribution is necessarily limited by radioactive decay (and a heavy reliance on imports would raise ethical issues in relation, for example, to radioactive waste). Radioisotopes with short half-lives cannot be imported at all or cannot be imported with the reliability needed to supply nuclear medicine departments in busy hospitals and clinics.

1.38 A reliance on importation of radioisotopes would be an added burden on Australia's health system because of the additional per-unit costs incurred in both long distance transport and the resultant loss of activity due to radioactive decay.

1.39 Simple arithmetic, even forgoing the other benefits of the replacement reactor, shows that the cost to Australia of importation would exceed the value of the replacement reactor in less than twenty years.

1.40 Liberal and National Government Senators are disappointed with the indifference shown by the majority report toward the need for Australia to be self-sufficient in medical radioisotopes. By recognising the importation of these products as an acceptable alternative, the majority report simply brushed aside the concerns of doctors wanting access to an adequate and readily available supply of medical radioisotopes. It disregarded the evidence of doctors in the field who experience delays in, or interruptions to, deliveries of radioisotopes from overseas. According to medical practitioners, such disruptions cause them significant difficulties in meeting the needs of their patients. As noted above, this is particularly so with radioisotopes with short half lives—indeed, some radioisotopes are not suitable for importation because of their very short half life. In the face of such evidence, the majority report simply asserted that logistical problems do not 'constitute a serious obstacle' to the importation of such products.

21 *Future Reaction, Report of the Research Reactor Review*, August 1993, last paragraph, p. 95

1.41 Liberal and National Government Senators take a strong stand on this issue and especially take note of the medical practitioners who do not want to see patient care compromised. They believe that the importation of radioisotopes is a poor option to the assured and reliable source of radioisotopes supplied by ANSTO to the Australian market. Government Senators endorse the position taken by nuclear medicine practitioners who advocate a replacement research reactor in order to ‘maintain the viability of nuclear medicine practice and delivery of optimal health care to the community’.²² The Australian and New Zealand Society of Nuclear Medicine Technologist Special Interest Group stated succinctly its strong support for:

the continual, reliable and cost effective supply of radio-isotopes for nuclear medicine from within Australia by the replacement of the research reactor at Lucas Heights. As technologists responsible for the preparation, administration, imaging and measurement of radio-isotopes used for diagnosis and therapy we see first hand the advantages afforded to all Australians every day.²³

1.42 Further, Liberal and National Government Senators draw attention to the value that a local facility has in contributing to medical research and development.

The importance of nuclear medicine in Australia’s health care system

1.43 The suggestion that a public inquiry should have been held to allow medical practitioners and researchers to ‘build up a comprehensive picture of Australia’s future health needs’ is, in the opinion of Government Senators, nonsense. Evidence to this Committee shows clearly that:

- nuclear medicine has been growing at 14 per cent per year;
- every Australian, on average, can expect to have a nuclear medicine procedure in his/her lifetime; and
- the application of radioisotopes in diagnosis is growing and is now being used increasingly in cancer therapy and for pain relief.

1.44 Liberal and National Government Senators recognise ANSTO’s contribution to the development of nuclear medicine in Australia and the service it provides to the community as the primary producer and supplier of radiopharmaceuticals. They believe that the evidence presented to the Committee from medical practitioners

22 Australian and New Zealand Society of Nuclear Medicine (ANZSNM) submission no. 110. See also, for example, Dr Kevin Allman, submission no. 7; Dr George Larcos, submission no. 9; Associate Professor Roger Uren, submission no. 12; Dr Neil Jones, submission no. 13; Dr Frank Lovegrove, submission no. 15; Dr Michael Kitchner, submission no. 21; Dr M. Blake, submission no. 22; Dr M. McCarthy, submission no. 23, Mr Martin Carolan, submission no. 25; Dr Mike Hayward, submission no. 26; Dr Barry Moore, submission no. 28; Dr Denis Gribbin, submission no. 35; Dr Philip Dubois, submission no. 39; Dr Barry Chatterton, submission no. 41; Dr Nat Lenzo, submission no. 43; Dr Patrick Butler, submission no. 45; Dr K Lee, submission no. 83; Dr Peter Robinson, submission no. 94 ANZAPNM, submission no. 123 and so on.

23 ANZSNMT SIG, submission no. 71, p. 4. Also note content of submissions listed in footnote above.

throughout Australia stands as strong testimony to the advances made by nuclear medicine in the diagnosis and treatment of disease and to the importance of having a domestic supply.

The replacement research reactor and national interest

Australia's contribution to nuclear non-proliferation and nuclear safeguards

1.45 Government Senators disagree with the finding of the majority report that the justification for the replacement research reactor solely on national interest grounds is not strong where national interest is defined on purely 'security' and non-proliferation grounds. This assessment shows no appreciation of the contribution that Australian trained specialists in nuclear science and technology have, and continue to make, in international fora working for nuclear disarmament. DFAT stated clearly that:

Australia's technical expertise enables us to make independent informed judgements about the application of verification regimes and any evidence of clandestine proliferation.²⁴

1.46 It explained further:

If Australia did not possess a nuclear research reactor capability of its own, of which a working research reactor is a key element, we could, of course, still seek to play some role in multilateral forums to encourage nuclear non-proliferation and nuclear safety. What is clear, however, is that we would not be able to work from a position of independent competence in this field.²⁵

1.47 Liberal and National Government Senators recognise that a strong nuclear science and technology base will strengthen Australia's ability to come forward with practical initiatives able to deliver results particularly in the area of nuclear safeguards.

1.48 They have no doubt that Australia's nuclear technical competence is providing useful support for international agencies in their efforts to make the world safe from nuclear weapons proliferation. The suggestion that Australia could obtain knowledge on nuclear matters through suitcase science again denies the central importance of having a core of expertise that has grown up around a local facility. Without doubt such a pool of locally trained experts is better placed to understand and appreciate Australia's interests and, hence, is able to offer independent, frank and timely advice. For example, Mr Martin Carolan, medical physicist, argued:

Operating a reactor ensures that there is a core body of personnel who are knowledgeable about reactor operation...having a reactor allows Australia to maintain expertise that would be essential in assessment of nuclear

24 DFAT, submission no. 141, p. 2.

25 *ibid*, p. 6.

programs in other countries. This includes being able to assist other countries in the interests of nuclear safety...

Diplomats cannot look at a reactor design and judge whether it is safe or not. They must rely on the calculations and advice of experts in reactor design and analysis. Without a research reactor in Australia our assessment of neighbouring countries nuclear programs would have to rely on technical advice exclusively from foreign sources. These sources may or may not have Australia's best interest as their main perspective.²⁶

1.49 The majority report reflects the wide view that Australia is held in high regard because of its contribution to nuclear disarmament in both the political and technical spheres and that Australian scientists, respected for their expertise, are frequently engaged in the work of various bodies associated with nuclear matters. Government Senators agree, but stress that this involvement provides Australia with the means to influence both the debate about nuclear disarmament and, on a more practical level, to collaborate with others in formulating effective measures that will reduce the risk of nuclear weapons proliferation. They also note the warnings of DFAT and ANSTO that Australia's ability to contribute, in international fora working toward nuclear disarmament, would be undermined if it did not maintain a strong nuclear science base.²⁷

1.50 Liberal and National Government Senators believe that a state-of-the-art nuclear research facility would allow Australia to keep fully abreast of developments in nuclear science, especially in the Asian region, and enable its scientists to remain at the forefront in terms of the science of nuclear non-proliferation.

Contribution beyond 'security' interests

1.51 Building on this acknowledgment of Australia's contribution to non-proliferation, Government Senators further accept that the replacement research reactor will contribute in a far broader way to promoting Australia's interests.

1.52 DFAT submitted that 'nuclear science is not an optional field of knowledge, but is an integral part of national scientific and technological capability'.²⁸ It maintains that:

The new research reactor will allow for the development and maintenance of a broad, multidisciplinary range of expertise essential for a credible national nuclear science and technology capability.²⁹

26 Mr Martin Carolan, submission no. 25. See also the Australian Academy of Technological Sciences and Engineers, submission no. 62. It stated 'Indeed the reactor will enable Australia to contribute to the development of techniques for international safeguards activities to detect illicit production of nuclear materials for weapons.'

27 DFAT, submission no. 141, p. 6; Mr Bill Paterson, DFAT, *Committee Hansard*, 27 October 2000, pp. 308-9. See also the Australian Research Council, submission no. 157.

28 DFAT, submission no. 141, p. 2.

1.53 Liberal and National Government Senators believe that Australia has a role to play in the Asia Pacific region, particularly in developing a nuclear safety culture and in the application of nuclear technology for peaceful purposes for example, in health, environmental studies and in industry. It also believes that Australia could make an important contribution as an active participant in finding a solution to the disposal of nuclear waste. The replacement research reactor will form a vital part of Australia's scientific infrastructure that will enable it to take an important role in the region.

Conclusion

1.54 Overall, Liberal and National Government Senators believe that the replacement research reactor will strengthen Australia's national research base, meet the growing demand for reactor produced products including industrial and medical radioisotopes, and enhance Australia's national interest. In light of previous inquiries and of the evidence presented before this Committee, Government Senators believe that the majority report is misguided in calling for yet another inquiry into the need for a research reactor.

1.55 There is simply nothing to be gained from further investigation. The case for the replacement research reactor is proven. Liberal and National Government Senators conclude this section with the words of the Chief Scientist:

The debate surrounding the replacement reactor has been one of the most extensive in engaging the community, both locally and nationally. The views emerging in the debate come from proponents, regulators, non-government organisations, councils, and groups focussing on the environment, labour and business as 'honest brokers'...

The opinions so expressed diverge markedly and focus on both risks and opportunities.

In this case the Australian community has reached no consensus after four major inquiries. This is a matter of regret, but also an expression of vibrant engagement by the many stakeholders.

Decision making brings its own risks, but the Government's choice has been based on due process. That process has already confirmed the need for a research reactor...

To gain and retain a place in the new economy Australia needs to acquire and engage in world class research in world class facilities. Our ability to retain world class researchers or to attract them in the first place is not helped if a due process for approval of a world class facility is repeatedly revisited.³⁰

29 DFAT, submission no. 141, p. 2.

30 Dr Robin Batterham, Chief Scientist, submission no. 135.

THE TENDERING PROCESS AND THE CONTRACT

The tendering process

1.56 Liberal and National Government Senators disagree most strongly with the majority report's view of the tendering process. Evidence presented to the Committee unequivocally establishes that ANSTO dedicated considerable time and resources to prepare the groundwork for, and to manage the range and complexities of, the tendering process. It also took great pains to assemble teams of specialists, drawn from overseas and locally. Indeed, over 50 experts were involved in the tendering process.

1.57 For example, ANSTO employed AEA Technology (UK) for its expertise in nuclear engineering. This company provided the leader of the Technical Tender Evaluation Working Groups dealing with the preparation of the Request for Tender and the evaluation and clarification of sections of the Request for Tender including design, reactor cooling systems, fuel handling and storage.³¹

1.58 In marshalling together this pool of experts with the experience and know-how to determine and set down standards of the required tender, ANSTO clearly placed itself in a strong position to prepare tender documents and to evaluate the tenders. The following table provides incontrovertible evidence that ANSTO employed an extensive range of independent and external advice for its tendering process.

1.59 The following external resources were utilised throughout the tender evaluation process:

<u>Resource</u>	<u>Role</u>
AEA Technology (UK)	Nuclear Engineering; provided the leader of the Technical TEWG dealing with the preparation of the Request for Tender (RFT), and the evaluation & clarification of the following sections of the RFT: PPR 2.1 Design (General Requirements) PPR 3.3 Reactor Cooling Systems PPR 3.7 Fuel Handling & Storage PPR 3.8 Auxiliary Systems PPR 3.17 Commissioning
Granterne Pty Ltd	Risk Engineering; recommended by the NSW division of the Institute of Engineers Australia (Risk Engineering Society). Worked directly with each TEWG to develop and refine a practical and consistent approach to evaluating risks identified in the tender evaluation process.

31 Additional Information from ANSTO in response to questions on notice, 31 October 2000, answer to question no 68.

Industrial Supplies Office (NSW)	Development of the strategy for the Australian Industry Involvement Plan, including arrangements for them to offer services to each tenderer in the tender stage.
EJGB Industry Program Management Solutions	Preparation of TDR-FIN-05: Preliminary (Tender) Australian Industry Involvement Plan.
Sinclair Knight Merz	Project Management support services throughout the entire pre-qualification, tender preparation and tender evaluation activities including membership of the Commercial TEWG.
Allen, Allen & Hemsley	Assistance with the preparation of the draft Conditions of Contract contained in the Request for Tender, and a member of the Contract negotiating team.
Coffey International	Provision of the Geotechnical Investigation Report, November 1999 provided to each Tenderer, based upon the consolidated specification prepared from the individual requirements of each tenderer.
Hallmark Engineering	Provision of support in the development of the Integrated Logistics Support tender requirements.
Total Logistics Management	Provision of support in providing the independent chairperson of the Red Team Review conducted on the draft Request for Tender prior to issue to the tenderers.
	Provision of the Performance Auditor, Air Vice-Marshall (ret.) Don A. Tidd.
Clark Corporate Consulting	Provision of the Project Risk Auditor, Dennis Clark.
Australian Government Solicitor	Provision of the Probity Auditor, Simon Konecny.
Australian National Audit Office	Provision of review services in relation to the tender evaluation documentation.
Dean Wallace	Retired DoFA officer, formerly participating in the pre-qualification process as a member of DoFA; part of the Financial TEWG.
Wyndarra Consulting	Risk audit services for the activities of the Project Management Team in relation to the preparation of the tender process.

In addition, external representatives of the Beam Facilities Consultative Group were briefed through the tender evaluation process and were involved in the clarification meetings.

1.60 Moreover, two of the unsuccessful tenderers, who made submissions to the committee, give added weight to the evidence indicating that ANSTO took great care in preparing and conducting the tendering process. They both acknowledge that the process was thorough and objective.

Siemens was impressed with:

the high degree of engagement in the evaluation process and with the intensity and thoroughness with which the ANSTO RRRP Evaluation Team undertook the contract for the new reactor at Lucas Heights.

1.61 It also referred to the process as exacting and comprehensive. Similarly, Technicatome complimented ANSTO on their professionalism in organisation and in scheduling as well as for the correct distance they maintained with the bidders to ensure neutrality in the process.³²

1.62 Based on the evidence presented to the Committee, Liberal and National Government Senators found the tendering process to be well-planned, thorough and fair to the four tenderers. They believe that the selection process was both rigorous and conducted with probity. They do, however, want to highlight the efforts ANSTO took to ensure the success and integrity of the tendering process.

1.63 Apart from the care and forethought that went into the tendering process, ANSTO told the Committee that the evaluation and clarification process was conducted and audited in accordance with detailed procedures which had been developed by the ANSTO project management core team, and reviewed by the Australian National Audit Office. In addition, ANSTO engaged three separate, highly experienced and independent auditors to oversee and report on various aspects of the tendering process:

- a probity auditor—Mr Simon Konecny, Senior Government Solicitor, Australian Government Solicitor;
- a process auditor—Air Vice Marshal (Rtd) Ronald Tidd, Total Logistics Management Pty Ltd; and
- a risk auditor—Mr Dennis Clark, a consultant specialising in the identification and treatment of business risk, audit, financial management and corporate governance, from Clark Corporate Consulting Pty Ltd.³³

32 Mr Herve Guillou, Technicatome, *Committee Hansard*, 5 December 2000, p. 428.

33 See pp. 326, 389, *Committee Hansard*, for an indication of the independence and level and depth of experience that the auditors brought to their tasks. For example, Air Vice Marshal Tidd told the Committee ‘The Defence outsourcing program has involved me both as the responsible authority for the Air Force component and as the portfolio authority when I was appointed as assistant chief of the Defence Force. This position also carried membership of the Defence Force definition committee which established the public record of accountability for Defence source selections for major capital projects. Since retirement, I have assisted Defence in the industry in tender preparation, evaluation, and the

1.64 The three auditors appeared before the Committee and raised no doubts or concerns whatsoever about the tendering process. Government Senators are completely satisfied that ANSTO put in place measures to ensure that the tendering process was objective and competently managed.

1.65 Liberal and National Government Senators do not share the misgivings in the majority report about the evaluation process and the checks made on INVAP. They regret that a number of unsubstantiated allegations were raised about INVAP's 'track record'. They are satisfied that:

- the evaluation teams, which comprised experts in their respective fields, were highly qualified to evaluate the tenders;
- the use of computer modelling in assessing performance was sensible and indeed Government Senators would share Professor White's surprise if ANSTO had not employed such a technique to help in the evaluation;
- the allegations made against the Egyptian Reactor have not been proven; and
- overall the tendering process was fair, objective, well monitored and professionally and competently managed.

1.66 In essence, Liberal and National Government Senators do not believe that they are in a position to second guess the judgments of the teams of highly qualified specialists charged with the responsibility of selecting the best tender. They support the evaluation teams in their selection of the successful tenderer.

1.67 Moreover, they reject outright any suggestion of the need for an independent review of the tendering process and the contract. Such a review would merely duplicate the work undertaken by the three independent auditors; it would be both unnecessary and a waste of public funds.

The Contract

1.68 Liberal and National Government Senators accept that the contract has clearly spelt out the contractual obligations of both ANSTO, INVAP and the Commonwealth and find nothing of concern in the agreement.

1.69 They note the majority report's criticism of ANSTO's reluctance to make information available to the Committee. They appreciate that, because of the sensitive nature of some of this information, the Committee had limited access to it during its inquiry into the tendering process and the contract. They argue strongly that ANSTO had, and still has, a duty or obligation of confidentiality to the tenderers that, in their opinion, was not fairly acknowledged during the inquiry and in the majority report. This is particularly so with regard to material supplied to ANSTO by the tenderers

who understood that such information would remain confidential. The Business Council of Australia submitted:

The Council is of the view that material provided in confidence should not be released unilaterally and in violation of that confidence. This issue is important because it goes to the broad issue of how business interacts with the public sector. If there is a lack of trust then it will undermine the relationship, and preclude future co-operative possibilities.³⁴

1.70 Liberal and National Government Senators underline ANSTO's advice that its contract with INVAP was developed directly from INVAP's response to the Request for Tender and that it incorporates detailed intellectual property and trade secrets belonging to INVAP. ANSTO argued that, for that reason, ANSTO 'and ultimately the Commonwealth, have a duty of confidence to INVAP'.³⁵

1.71 INVAP also explained to the Committee that, together with its partners, it spent two years on the development of its proposal, which included the provision of significant amounts of intellectual property to ANSTO on the basis that it would be kept safe. Mr Juan Ordonez, RRRP Deputy Project Director, INVAP, stated:

Any disclosure of this information would cause significant harm to both ourselves and our partners by providing an unfair advantage to our competitors in future tenders. It would also be totally contradictory to the intent of the request for tender and to the spirit in which the contest was conducted by ANSTO.³⁶

1.72 In brief, Mr Ordonez said that 'we cannot agree to the release of any tender documentation related to the preparation of our tender or its subsequent evaluation'.³⁷

1.73 Liberal and National Government Senators believe that the Commonwealth Government and its agencies are held in high regard as business partners by national and international commercial organisations, who see the risks of doing business with the Commonwealth as being very low. If the replacement reactor contract had been provided to the Inquiry and if material which INVAP considered commercially sensitive had been released, it is likely that there would have been significant ramifications for Commonwealth procurement. The release of the contract may have been interpreted by national and international companies as meaning that there had been an increase in the level of sovereign risk in commercial relations with the Commonwealth. Providers of goods and services across the board may have responded by increasing the prices offered to the Commonwealth to compensate for the perceived increase in risk or by not participating in procurement programs and

34 The Business Council of Australia, submission no. 155.

35 ANSTO, submission no. 118, p. 724.

36 Mr Juan Ordonez, *Committee Hansard*, 26 October 2000, p. 207.

37 *ibid.*

thus diminishing the level of competition and exposing the Commonwealth to the risk of having to use inferior products and services.

1.74 Moreover, Liberal and National Government Senators believe that the release of the contract may also have affected Australia's international relations. In particular, given the interest of the Argentinian Government in the project, the good relations with Argentina may have been seriously disrupted.

1.75 Liberal and National Government Senators believe that the Committee is not automatically entitled to all the material related to the tendering process, notably information that would reveal business affairs including trade secrets or other commercially sensitive information. For example, they maintain that information pertaining to comments made by the site visit inspectors or the TEWGs in assessing the merits or otherwise of the tenderers has the potential, if made public, to damage the tenderers commercial interests. Government Senators believe that it is unreasonable to expect ANSTO or the Minister to divulge information that could harm the reputation of the tenderers. In this case, Government Senators believe that the Minister has acted appropriately and responsibly in not releasing sensitive commercial documents.

1.76 Furthermore, Liberal and National Government Senators draw attention to the offers by ANSTO and the Minister for Industry, Science and Resources to supply information to Senators in confidence. They note that Labor and Democrat members of the Committee did not take up this offer.

1.77 However, Liberal and National Government Senators support the principle of the Parliament's right to scrutinise the activities of government agencies. They accept that ANSTO could have been more helpful in providing certain less commercially sensitive information to the Committee and could have been more willing to seek a compromise when sensitive material was involved. For example, as shown in the majority report, access to the Request for Tender documents was unnecessarily restrictive which prevented the Committee from conducting a thorough and public scrutiny of the tendering process.

1.78 They suggest that ANSTO should take note of the advice given in the majority report of ensuring that parties to any future formal agreement, arrangement or contract are made aware of a government agency's responsibility to be accountable to the Parliament.

1.79 Liberal and National Government Senators note and have no objection to the majority report's recommendation that the Minister for Industry, Science and Resources present to Parliament periodic progress reports on the replacement research reactor project but believe that six, rather than three months, would be an appropriate interval between reports.

PUBLIC HEALTH, SAFETY AND NUCLEAR WASTE MANAGEMENT

Communication and public consultation

1.80 Liberal and National Government Senators understand that the nuclear industry has been less than successful in communicating effectively with the broader population. They accept the view that while the dissemination of accurate information on nuclear issues is essential, trust in the communication process seems to be more important than specific information on technical matters. They also agree that it is necessary to engage the public in a democratic decision-making process through which people can be confident that their concerns are being heard and addressed.³⁸

1.81 Liberal and National Government Senators believe that ANSTO has an important role in promoting public understanding of the work being undertaken at Lucas Heights, its benefits and its disadvantages. They note the criticism that has been levelled against ANSTO for poor communication especially its alleged reluctance to provide information in an objective, open and transparent way. Government Senators believe, however, that the majority report has been too harsh and one-sided in its judgement of ANSTO. Clearly ANSTO is making a genuine effort to keep the local residents adequately informed about the replacement research reactor. Furthermore, Government Senators acknowledge its work in trying to reach an agreement on the Community Right to Know Charter.

1.82 However, Liberal and National Government Senators are conscious of the need for ANSTO to continue to work toward improving their communication with the Australian people and building trust with the community.

1.83 On the matter of public consultation during the licensing process, Liberal and National Government Senators agree that public consultation is an important part of this process. It notes, however, the advice tendered by Dr John Loy, the CEO of ARPANSA, on the procedures he intends to follow during the process for licensing for construction. He noted that there will be two periods of public consultation.³⁹ Government Senators are satisfied that these measures will provide all interested parties with ample opportunity to have their views heard and taken into account. They also note the provisions in the current regulations requiring the CEO, on receipt of an application for a nuclear facility licence, to publish a notice stating that the CEO intends to make a decision on the application. This notification must include an invitation for submissions about the application. This is dealt with more fully in the majority report in paras 10.28 and 10.29.

38 Nuclear Energy in a Sustainable Development Perspective, Nuclear Energy Agency, OECD, 2000, p. 10 and 47.

39 Dr John Loy, *Committee Hansard*, 9 February 2001, p. 550.

1.84 Government Senators see no need, at this time, to impose additional requirements on the CEO of ARPANSA. They, nonetheless, do not object to the recommendation that the Government, in the longer term, undertake a public review of the *ARPANS Act* with a view to determine best practice in relation to public consultation and the licensing process for nuclear installations. Liberal and National Government Senators suggest that the review be undertaken ten years after the Act's assent.

Public Health and Safety

1.85 The public health and safety implications of the replacement research reactor project have been the subject of extensive and rigorous evaluation. This evaluation began with the Environmental Impact Statement, which concluded that:

The environmental assessment of the proposal to construct and operate a replacement reactor described in the Draft EIS has shown that the scale of environmental impacts that would occur would be acceptable, provided that the management measures and commitments made by ANSTO are adopted. Furthermore, the risk from normal operations or accidents has been shown to be well within national and internationally accepted risk parameters.⁴⁰

1.86 With respect to the reference accident, Liberal and National Government Senators note that the EIS concluded:

At the level of dose estimated for the reference accident for the replacement reactor, no public countermeasures would be required. That is, it would not be necessary for public authorities to recommend sheltering, evacuation or the issue of stable iodine.⁴¹

1.87 The conclusions of the Draft EIS were in turn subject to review and evaluation by the Environment Assessment Branch of the Department of the Environment and Heritage. This assessment involved consideration of public submissions made during the EIS process, consideration of the supplementary EIS prepared by ANSTO in response to substantive concerns raised in these submissions, and the commissioning of independent scientific peer reviews of the material in the Draft EIS.⁴²

1.88 The Environment Assessment Report states that:

The technical information presented by the proponent [ANSTO] has been subject to appropriate independent review and recommendations have been

40 PPK Environment & Infrastructure, *Replacement Nuclear Research Reactor: Draft Environmental Impact Statement*, Volume 1/Main Report, July 1998, p. xxvii.

41 *ibid.*, p. xx.

42 Environment Australia, *Environment Assessment Report: Proposed Replacement Nuclear Research Reactor at Lucas Heights*, February 1999, p. 2.

made throughout this report aimed at ensuring that subsequent assessments, as part of the regulatory process, are rigorous.⁴³

1.89 It concludes that:

The Department's assessment concludes that there are no environmental reasons, including on safety, health, hazard or risk grounds, to prevent construction of the proposed reactor at Lucas Heights. This conclusion is subject to implementation of the recommendations below [Appendix 4].⁴⁴

1.90 Finally, as described in the majority report, the recommendations made by the Minister for the Environment and Heritage have either been incorporated into the contractual arrangements between ANSTO and INVAP where relevant, or adopted by ANSTO as its own responsibility. Whether these recommendations and conditions have been adequately met must be assessed by the CEO of ARPANSA prior to any decision to issue a licence to construct the replacement research reactor. The majority report itself notes that ANSTO has supplied a copy of its first and second progress report to the Minister for the Environment and Heritage on the implementation of these recommendations, and understands that progress is indeed being made.⁴⁵

1.91 Noting these assessments of the public health and safety implications of the replacement research reactor, and ARPANSA's ongoing role in monitoring these matters, Government Senators wonder what further assurance could satisfy those who continue to hold concerns in this area?

1.92 Liberal and National Government Senators stress that health surveys carried out to date indicate that there are no grounds for concern for local residents.

1.93 On the matter of emissions, Government Senators stress that ANSTO is obliged to 'have in place adequate arrangements to ensure that radiation doses to operating personnel and the public both on-site and off-site do not exceed the appropriate limits for individuals as recommended by the NHMRC'. Furthermore:

...doses are to be kept as low as reasonably achievable in accordance with procedures recommended by the International Commission on Radiological Protection (ICRP), and within dose constraints set for each source of exposure.⁴⁶

1.94 For the period 1999–2000, ARPANSA found that:

43 Environment Australia, *Environment Assessment Report: Proposed Replacement Nuclear Research Reactor at Lucas Heights*, February 1999, p. 6.

44 *ibid.*, p. 197.

45 See paragraph 8.27 of the majority report.

46 ARPANSA, *Annual Report 1999–2000*, p. 92. For more information see the report which goes into detail about the reporting and monitoring activities covering airborne discharges and liquid discharges.

Radiation doses to staff and the public due to radioactive discharges are well within the annual limits recommended by the NHMRC, a fraction of the dose constraints adopted by ANSTO and, for the public, less than ANSTO's ALARA objective, and close to the objective for operators.⁴⁷

1.95 On concerns raised over the safety of the replacement research reactor especially the reference accident, Liberal and National Government Senators note the provisions of the *ARPANS Act*, in particular:

- the tight licensing regime for nuclear installations which require the CEO to take into account international best practice in relation to radiation protection and nuclear safety;
- the Radiation Health and Safety Advisory Council, the Radiation Health Committee and the Nuclear Safety Committee appointed to assist ARPANSA in fulfilling its responsibility to protect the health and safety of people, and to protect the environment, from any harmful effects of radiation;
- the power of the CEO to appoint inspectors who under certain circumstances have the authority to enter premises and conduct searches;
- the numerous and strict reporting obligations placed on ARPANSA, including quarterly and annual reports as well as specific requirements, for example, if a serious accident or malfunction occurs at a nuclear installation, the CEO must 'cause a report about the incident to be tabled in each House of the Parliament no later than 3 sitting days after the incident occurs'.⁴⁸

1.96 Liberal and National Government Senators are confident that the public health and safety measures in place at Lucas Heights are satisfactory and that current legislation adequately protects the community from any unnecessary health or safety risks posed by the planned replacement research reactor.

1.97 On emergency management procedures, Liberal and National Government Senators are persuaded that there is no reason for concern. Indeed, they also note that the facility will be surrounded by a 1.6 kilometre exclusion zone which is far larger than international practice.

1.98 Liberal and National Government Senators note the concerns raised in the majority report about the ultimate disposal of long-lived intermediate level waste. They are satisfied, however, that responsible nuclear waste management remains a high priority for the Government. Government Senators believe that steps are in train that will ensure that spent fuel rods from Lucas Heights are handled and stored safely according to world's best practice and will be eventually disposed of without causing any unnecessary or undue harm to the public or the environment.

47 ARPANSA, *Annual Report 1999–2000*, p. 94.

48 Clause 61 (2).

1.99 Liberal and National Government Senators draw attention to the announcement made by the Minister for Industry, Science and Resources on 8 February 2001 stating that the Government will establish a safe purpose built facility on Commonwealth land for the storage of national intermediate-level radioactive waste produced by Commonwealth agencies.

1.100 The Minister explained that:

The nationwide search for the intermediate store will be comprehensive, transparent and based on scientific and environmental criteria. A safe site will be selected following the advice of scientific experts.

An independent, expert advisory committee has been established to oversee the site selection process for the national store for intermediate level waste.

...

Committee members include scientists from the Australian Radiation Protection and Nuclear Safety Agency, the Australian Geological Survey Organisation, and the Bureau of Rural Sciences. Independent Australian consultants, experts from the International Atomic Energy Agency, a representative from the Queensland Department of Health and the Victorian Department of Human Services will also serve on the committee.

The earliest the preferred site for a national store could be announced would be late 2002.⁴⁹

1.101 Clearly, the Commonwealth Government is taking concrete steps toward resolving the issue of the ultimate disposal of intermediate level waste.

OVERALL CONCLUSIONS

1.102 Liberal and National Government Senators believe that the replacement reactor will promote and strengthen scientific research in Australia, meet the growing need for medical and industrial radioisotopes and enhance Australia's national interests. They recognise the valuable work being done at HIFAR and strongly support the replacement research reactor project. They reject outright any suggestion for yet another inquiry into the need for a nuclear research reactor.

1.103 Liberal and National Government Senators disagree with the majority report's view of the tendering process. Evidence presented to the Committee from those closely involved with the process, including two of the unsuccessful tenderers, unequivocally establishes that ANSTO dedicated considerable time and resources to prepare for, and oversee, this complex undertaking. Liberal and National Government Senators believe that the tendering process was well-planned, thorough and

49 Media Release, Senator Nick Minchin, Minister for Industry, Science and Resources, 8 February 2001, <http://www.minister.industry.gov.au/minchin/releases/2001/february/cmr054%2D01.doc> (5 May 2001).

competently managed. In their opinion, the independent audit processes were conducted effectively and probity emerged as a distinguishing feature of the process. Indeed, Liberal and National Government Senators stress that the integrity of those involved in the tendering process cannot be questioned.

1.104 Based on the evidence presented to the Committee, Liberal and National Government Senators have no concerns about the contract. They see no need to request the Auditor General to review the tendering process and the contract.

1.105 Liberal and National Government Senators note the majority report's criticism of ANSTO's reluctance to release documentation to the Committee. They draw attention to the potential for the release of such material to create perceptions of an increase in sovereign risk in commercial dealings with the Commonwealth. They believe that the Committee should not be entitled automatically to unimpeded access to all tender and contract documents, particularly information that would reveal trade secrets or other commercially sensitive material. This also applies to the agreement between COGEMA and ANSTO. Liberal and National Government Senators contend that the majority report was far too harsh in its criticism on this matter.

1.106 They do, however, agree with the majority report that ANSTO should take care to ensure that in future all parties to any formal agreement will be made aware of ANSTO's responsibility to be accountable to the Parliament.

1.107 Liberal and National Government Senators note and have no objection to the recommendation that the Minister for Industry, Sciences and Resources present to the Parliament periodic progress reports on the replacement research reactor project but believe that six, rather than three months, would be an appropriate interval between reports.

1.108 Liberal and National Government Senators appreciate the need for public consultation during the licensing process for a nuclear installation. They, however, believe that there is adequate provision for public consultation in legislation and that, at the moment, there is no need to impose additional requirements on the CEO of ARPANSA. Nonetheless, Liberal and National Government Senators do not object to the recommendation that the Government, in the longer term, undertake a review of the *ARPANS Act* with a view to determining best practice in relation to public consultation and the licensing process for nuclear installations.

1.109 Liberal and National Government Senators note the concern expressed during the inquiry about health and safety issues related to the replacement research reactor. They are confident that current legislation provides for the safe operation of the replacement research reactor. Liberal and National Government Senators note that the Environment Minister found after reviewing the Environmental Impact Statement that:

There are no environmental reasons, including on safety, health, hazard or risk grounds to prevent construction, subject to a number of conditions.⁵⁰

1.110 Finally, Liberal and National Government Senators are satisfied that the Government is putting in place concrete measures to ensure that the problem of the ultimate disposal of intermediate level waste will be resolved before approval to construct the replacement reactor is given.

1.111 Therefore, the Majority Report's recommendation for yet another inquiry simply reinforces the incapacity of Labor Party parliamentarians to make a decision on this issue, an incapacity that is also evident in other areas of public policy.

1.112 The Labor Party in Government up to 1996 failed to make and continually deferred a decision on the research reactor. That incapacity to make a decision, rather than the evidence adduced by this Inquiry, is the reason for the Majority Report's recommendations, as it was with the Majority Report in the previous Senate Economics References Committee Report of September 1999, tinged with a continuing desire to play politics in the marginal electorate of Hughes.

1.113 This epitomises the Labor Party in Opposition and what they would be like generally in Government – a Party with no plan and an inability to make so-called hard decisions which might be unpopular with vocal, but ill-informed minorities – in short, a policy-free zone.

1.114 In contrast, the Government warrants commendation for taking the initiative to proceed with a project of central importance to Australia's scientific endeavour and of major benefit to the broader community.

Grant Chapman
Deputy Chair

Ross Lightfoot

Sandy Macdonald

50 *Media Release Minister for the Environment and Heritage 30 March 1999 "Lucas Heights Environmental Clearance"* <http://www.environment.gov.au/minister/env/99/mr30mar99.html>