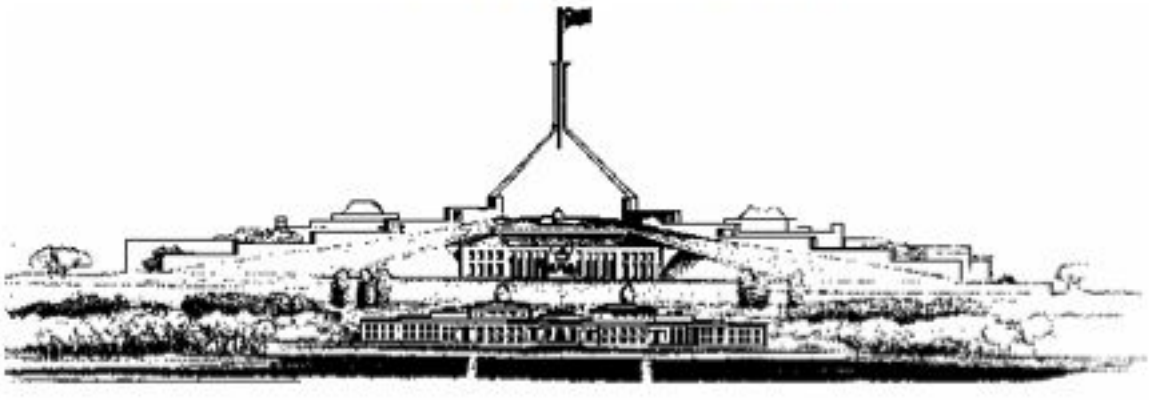
COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



THE SENATE

URANIUM ROYALTY (NORTHERN TERRITORY) BILL 2008

Second Reading

SPEECH

Wednesday, 9 September 2009

BY AUTHORITY OF THE SENATE

SPEECH

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Speaker	Eggleston, Sen Alan	**Question No.**	

Senator EGGLESTON (Western Australia) (11.45 am)—First of all, I would like to pick up on the closing remarks of Senator Macdonald about the need to return some of the wealth that comes from Northern Australia to Northern Australia. It is a very salient point. Last year in Karratha there was a conference called 'Riding the boom' that was about this very issue of improving community infrastructure in the Pilbara in Western Australia, which is an area from which a great deal of Australia's export income is derived. A huge percentage of Australia's export income comes from off the Pilbara coast, from Port Hedland down to Karratha and Dampier. It comes in the form of exports of iron ore and gas. And yet those towns in that area are very deficient in community infrastructure. One of the points that was made at the 'Riding the boom' conference was that these towns are no longer transient towns. The Pilbara iron ore industry was established in the 1960s. These towns have been there for 50 years. It is time that some of the money generated in that area came back into the area, because it is quite obvious that these towns are going to be there for another 50 years—and maybe 400 or 500 years, given the huge resources that are in the Pilbara.

That conference was attended by Gary Gray, who is now the parliamentary secretary responsible for Northern Australia. Regrettably, in response to calls for more funding to go into the area, Gary Gray described these calls as being 'mere whingeing'. That was a very bad misjudgement on his part, because there is, as Senator Macdonald has said, a very justifiable case for returning more of the huge income that is derived in the form of royalties and in taxation payments from the great companies which exist in the minerals industry across the whole north of Australia—not only the north of Western Australia but also the Northern Territory and Queensland—to developing the towns and cities in the north of Australia so that they become better places for their citizens to live in. We need to ensure that we attract people to live in the north as permanent residents and not just as transients, because we very much need as a matter of national priority to populate the north.

Turning to this report on the proposal to covert to a profit based royalty system all future uranium mines in the Northern Territory, the coalition senators on the economics committee supported the concept of moving to a profit based royalty system. We were of the opinion that there would be no detriment to the flow of income to Indigenous communities, as was alleged by some witnesses at the hearings, as a result of this move. In fact, we supported the contention of the Northern Land Council that overall there was no real difference likely in the sum of royalties which would be paid to Indigenous communities if a profit based system was adopted.

One of the features of this hearing was that a number of witnesses expressed great concern about the further development of the uranium industry in Australia and were very critical of it. They seemed to be opposed on the basis that uranium is a mineral that can be used for the development of nuclear power and nuclear weapons. So I would like to make some general remarks about Australia's uranium industry and nuclear power prospects. Uranium, in summary, is part of Australia's mining heritage. Although only three mines are currently operating, there are many more proposed. We in fact have some of the largest, if not the largest, uranium reserves in the world in Australia. We are in fact the Saudi Arabia of the world in terms of uranium deposits. Just as Saudi Arabia had the largest reserves of oil, we have the largest reserves of uranium. Uranium and nuclear power have to be part of the solution in terms of future electricity generation for the world as concerns about carbon based fuels grow.

Australia's uranium is used solely around the world for electricity generation. It is supplied to other countries—in fact, quite a lot of other countries—under arrangements that ensure that none of our uranium finds its way into nuclear weapon production. In the five years to mid-2008, Australia exported over 50,000 tonnes of uranium oxide concentrate with a value of almost $3 billion. Australia at the moment does not generate nuclear power. But, given the concerns about the future of fossil based fuels in terms of carbon emissions, we have to face up to the fact that nuclear power generation is definitely something that we in Australia are going to have to consider.

On the question of royalties, Aboriginal people in Australia receive, in general terms, royalties of 4.25 per cent on sales of uranium from the Northern Territory mines. The total received by Indigenous communities from the Ranger mine alone is now over $207 million, while some $14 million in royalties from Nabarlek have also gone to Indigenous communities. As far as

the general economic benefit of uranium mining to the Australian community is concerned, around 1,200 people in Australia are employed in uranium mining, another 500 in uranium exploration and about 60 in the regulation of uranium mining. So it is a significant but not large employer. Nevertheless, uranium mines generate about $21 million in royalties each year. In 2005, Ranger produced $13.1 million in royalties, Beverly produced $1 million and the Olympic Dam mine produced $6.9 million, while corporate taxes from the uranium mining sector amounted to some $42 million. So uranium mining is making a significant contribution to the Australian economy —those royalties are going back into the Northern Territory and the Northern Territory government and providing services that benefit the Indigenous community of the Northern Territory as well as other components of the Northern Territory population.

In each of the last three years, Australia has exported, on average, almost 10,000 tonnes of uranium oxide. Our mines provide about 22 per cent of the world's supply of uranium. Uranium exports comprise about 35 per cent of Australia's energy exports. I suppose the most important other supply of energy from Australia to the world is gas exports. Australia's uranium is sold strictly for electricity generation. As I said earlier, safeguards are in place to ensure that our uranium is not used for nuclear weapons production.

The countries that purchase our uranium are many and various. They include: the United States, which imports about 4,000 tonnes of uranium a year from Australia and which has 104 nuclear reactors supplying 20 per cent of its electricity; Japan, which takes 2,500 tons per year and has 53 reactors supplying about 30 per cent of its electricity needs; South Korea, which takes 1,000 tonnes per year and has 20 reactors supplying 35 per cent of its power needs; and, most interestingly, the European Union, to which we export about 3,500 tonnes of uranium per annum. I would like to specifically mention France, which has 59 reactors and generates 77 per cent of its power from nuclear reactors. In that context, it is interesting to know that France has the lowest carbon emissions profile in the European Union. There is perhaps a message in that for Australia in terms of our future generation of power. We are also the preferred uranium supplier in East Asia, where demand is growing rapidly. In 2006, a bilateral agreement was concluded with China, enabling Australia to export there. Australia could readily increase its share of the world market because of its low-cost resources, its political and economic stability and the fact that many countries are now turning to nuclear power as an answer to the problem of carbon emissions.

So what do we have to consider in Australia when it comes to the question of whether we could go to a nuclear future for the production of electricity? At the present time, coal provides about 78 per cent of Australia's electricity. That is a very high percentage given that coal is a major producer of greenhouse gases. As it happens, in the next 15 years or so, Australia is going to need to replace its oldest quarter of thermal power stations—that is, coal power stations—simply because these power stations are getting too old and need replacing. Perhaps this is a point where we need to start giving consideration to the possibility of turning to nuclear power.

The advantages of nuclear power in terms of carbon production are very obvious: nuclear power does not have a carbon footprint. It is all very well for us to talk about emissions trading schemes compensating for carbon production, but it would be so much more sensible, one would have thought, to go down the road had that France has gone down and ensure that our power generation comes from a means of production which produces a very low level of emissions. As I have pointed out, France has the lowest level of emissions in the European Union, and that is something that we should surely be giving some consideration to.

A lot of people object to the development of nuclear power because of what is described as the waste disposal issue, but a few years ago the House of Representatives—the economics committee, I think—did a report on nuclear power. They thought the waste disposal issue was quite grossly exaggerated. In fact, I recall going to a presentation in Parliament House in Perth where Harold Clough, who was the head of Clough Engineering, discussed nuclear waste disposal. He thought that, from an engineering point of view, building a facility to handle nuclear waste produced in Australia would be a fairly simple and easy thing to do and that it could be done while providing very long-term security to Australia from any adverse effects from storing nuclear waste.

In fact, very little waste is produced from nuclear plants, and the size of the facility required to store the nuclear waste which might be produced from nuclear power generation in Australia is not great. In fact, a very small facility would handle nuclear waste produced in Australia over many years. So really the waste disposal issue is not one that we need to give too much consideration to. From my reading of the House of Representatives report, and from the comments Harold Clough made at that meeting I went to in Perth, I think the concern about it is very grossly exaggerated.

In conclusion, the uranium industry is a very important industry. It is an industry which I am sure will become more important to this country as time goes on because of the need to reduce carbon

emissions. It is certainly an industry which I hope that we in this parliament will not be averse to giving further reasoned and sensible consideration to.