

18 March 2016

Rear Admiral the Hon. Kevin Scarce AC CSC RAN (Rtd)
Royal Commissioner
Nuclear Fuel Cycle Royal Commission
Level 5, 50 Grenfell Street
Adelaide SA 5000

via email: enquiries@nuclearrc.sa.gov.au

Dear Rear Admiral Scarce

Response to Nuclear Fuel Cycle Royal Commission Tentative Findings

The Chamber of Minerals and Energy of Western Australia (CME) commends the Nuclear Fuel Cycle Royal Commission for its work, culminating in the release of its tentative findings in February 2016.

CME is the peak resources sector representative body in Western Australia. CME is funded by its member companies, which generate 95 per cent of the value of all mineral and energy production and employ 80 per cent of the resources sector workforce in the state.

In 2014-15, the value of Western Australia's mineral and petroleum production was around \$99.5 billion. Iron ore accounted for approximately \$54 billion of production value to be the state's most valuable commodity. Petroleum products (including LNG, crude oil and condensate) followed at \$24 billion, with gold third at \$9 billion.¹

CME submits the following two matters for the Royal Commission's consideration:

- o The economic benefits for Australia could be expected to be greater than outlined in the tentative findings in the event Australia expands its uranium oxide market share.
- o The final report needs to articulate proposed next steps or recommended actions to maximise the chance of the findings, process and supporting work being escalated for the necessary ongoing discussion at Council of Australian Governments level.

Economic benefits

An expansion of nuclear fuel cycle activities in Western Australia could be a driver of economic growth and would be complementary to an expansion of these activities in South Australia.

Western Australia has around six per cent of Australia's estimated uranium resources,² which comprise almost one third of global uranium resources.³ Several uranium projects in Western Australia are under development and are well positioned to bring uranium to market when prices improve.

The remote locations of energy demand and industrial loads in Western Australia, particularly those associated with resources sector projects, and the ageing nature of much of the state's network connected electricity generators, also mean nuclear power could be a viable addition to the energy supply mix.

¹ Department of Mines and Petroleum, *Western Australian Mineral and Petroleum Production Statistics Digest 2014-15*, 2015, p. 11

² Geoscience Australia, 2013, *Australia's Identified Mineral Resources 2013*, p. 144

³ Minerals Council of Australia, 2016, *Australia's Uranium Industry*, www.minerals.org.au/resources/uranium

In response to forecast international growth in nuclear power, Australia could increase its international market share for uranium oxide, rather than merely maintain its current share, as assumed in the tentative findings. If so, the economic benefits of expanding uranium mining in Australia could be expected to be greater than those quantified in the tentative findings, with Western Australia and South Australia likely to be notable beneficiaries.

Next steps

Proposals to expand either state's role must consider the national policy and legislative context. The Australian Government and other jurisdictional governments have therefore indicated they are monitoring the Royal Commission's findings.

It is essential the final report capitalises on the Royal Commission's work by recommending clear actions for the Government of South Australia and other governments to continue driving evidence-based, transparent, community-wide discussion on Australia's expanded participation in the nuclear fuel cycle.

This action would be consistent with the directions the Australian Government outlined in its Energy White Paper in April 2015, and would need to culminate in the development of an enabling Commonwealth legislative and regulatory regime to facilitate (in the event appropriate planning and environmental approvals are met):

- o expansion of uranium mining and milling activities, and waste processing, disposal and storage services; and
- o future development of a domestic nuclear energy sector, and uranium processing and fabrication sector, should there be a business case for a proponent to do so.

CME again congratulates the Royal Commission on its release of the tentative findings and supporting evidence, and looks forward to the publication of the final report, including recommended actions to continue driving the discussion at a national level.

Reg Howard-Smith
Chief Executive