

JOINT STANDING COMMITTEE ON TREATIES

REFERENCE: CHINA SALE OF URANIUM AND SAFEGUARDS TREATIES

Answers to questions asked of the Australian Uranium Association

Questions asked at pages 23 to 25 of transcript: If it were not possible to sell the uranium component of that ore, it would put in jeopardy all the sales of the other products because it would not be viable in the global sense to develop that market. Is that your understanding of the situation at that site (Olympic Dam) and at potential sites that belong to your membership?

In addition to the answers given on transcript, the AUA would like to add the following:

The uranium mineralisation at Olympic Dam is intimately associated with the copper, gold and silver mineralisation. The deposit does not contain discrete zones of uranium mineralisation which can be mined separately from copper. Accordingly, mining of uranium also allows production of significant amounts of copper, gold and silver.

Historically, uranium has represented about 25% of Olympic Dam's revenue, with copper at about 70%. The proposed Olympic Dam expansion would make Olympic Dam the world's single largest uranium producer, but also the sixth largest copper producer.

The AUA understands that it would not be economically viable to sell only copper, gold and silver from Olympic Dam. The capital and operating costs associated with processing the ore to separate the copper, gold, silver and uranium have to be met, whether or not uranium is sold. If the operation is unable to recoup these costs through the sale of all products, it is not viable.

If only copper and precious metals were to be sold, there would still be requirements for similar sized water, power, town and other infrastructure, the capital costs related to the mine would be unchanged, and the operating costs associated with mining and infrastructure would also remain substantially unaltered.

Question asked at page 27 of transcript: One of the issues that have been raised is the civil society safeguards in relation to China—the issues of freedom of the press, labour standards and representation and those sorts of areas. What would your response be to the concerns raised there, in particular with this agreement?

The AUA will only support the export of uranium to countries with which the Australian Government is able to conclude bilateral treaties. It is for the Australian Government to set the conditions on which those treaties are concluded. The argument concerning civil society in China is a matter the Government may take into account.

The AUA claims no particular expertise on the issue of the impact of civil society on nuclear power plant operation in China. However, we have examined the argument.

The argument put to the Committee appears to be based on the following propositions:

- that civil society in China is underdeveloped
- that there is a connection between the underdevelopment of civil society in China and the operation of its nuclear power plants
- that this connection is one that leads to risk in the operation of Chinese nuclear power plants.

None of these propositions appears to have been supported by evidence, apart from anecdote. If the Committee were inclined to agree with the first proposition, it could ask the proponents of the remaining propositions to provide evidence to support them.