

**MINING AMENDMENT REGULATIONS (NO. 5) 2011 — DISALLOWANCE**

*Motion*

Pursuant to standing order 66(3), the following motion by Hon Robin Chapple was moved pro forma on 8 March —

That the Mining Amendment Regulations (No. 5) 2011, published in the *Government Gazette* on 11 October 2011 and tabled in the Legislative Council on 18 October 2011 under the Mining Act 1978, be and are hereby disallowed.

**HON ROBIN CHAPPLE (Mining and Pastoral)** [5.04 pm]: I know that there is a limited amount of time to debate this matter so I will keep my contribution relatively short to allow other members to enter into the debate. The reason I am seeking to disallow this amendment is that it covers the establishment of two royalty rates—one for uranium at five per cent and one for vanadium, again at five per cent. The vanadium rate is not the one I am concerned with; the disallowance is sought on the uranium royalty rate. The basis for this disallowance is that royalty rates generally set a precedent and require an analysis of the overall benefit of the project to the state. The exercise of setting a uranium royalty requires an examination of the public interest and benefit of uranium mining to the state, neither of which has occurred. In essence, this is a debate about what will be the potential cost to the state of the legacy of this industry. I hope that this opportunity to establish a royalty rate will reflect the future cost to the state of mining uranium. I will give a description of that shortly.

Uranium mining is unique. This is not just another mineral being mined and should not simply be allocated a royalty rate concentrate alongside other minerals. The royalty rates are established based on a 10 per cent freight on board and are discounted based on the value of the mineral to the state. Recent state agreements have increased the royalty rate for iron ore from five per cent to 7.5 per cent, which means that the royalty rate proposed for uranium would be less than that for iron ore. Is this appropriate given the health, public safety and legacy issues involved? I would suggest not. The costs associated with the development of uranium mining are quite different from other forms of mining. The mining and exporting of uranium will require the establishment of significant new regulatory regimes to attempt to minimise the risk to the community and the environment. Such regimes should not cost the public but should be reflected in a high royalty rate. No investigation or public consultation has been conducted into this. It is inappropriate to set a rate without consultation or interrogation. The argument that uranium should be rated at five per cent because it is shipped as a concentrate fails to properly consider the full impact of uranium mining on the state and the community of Western Australia. Royalty rates are intended to reflect an assessment of the benefits to the community and this rate does not do that. Obviously, there are a number of risks. There is a risk to the workers and communities near the mine sites and transport corridors, as well as to water sources and the environment. The key issue is the length of the legacy of the industry.

I will quickly identify some of the problems we have in Australia and also overseas to give the minister representing the Minister for Environment an idea of the issues we are canvassing. More than \$25 million of taxpayers' money has been spent trying to resolve the issues of Rum Jungle, which has failed.

**Hon Jon Ford** interjected.

**Hon ROBIN CHAPPLE:** I thank the member. I was told it was \$25 million but I accept the honourable member's advice. It is my understanding that that is government expenditure rather than industry expenditure. Narbarlek cost \$10 million in 1995 and was a very small site, even smaller than the Toro Energy–Centipede Resources Lake Way site. In 2002 the estimated cost of rehabilitating Olympic Dam was around \$110 million but will be significantly more because of the expansion.

We then look at what has happened overseas. I refer to the United States Environmental Protection Agency's coverage of uranium mines on the Navaho nation, reference number NNN000906087, congressional district 04, and the costs associated with trying to rehabilitate those areas. The Navaho nation was situated on a geologic formation rich in radioactive ores and many mines operated in that area. As at August 2007, the US EPA completed a large study identifying 520 uranium mines in the area. The US EPA completed the removal of two radioactive structures and a number of other issues in the area. So far, the cost of trying to rehabilitate the water column alone has been \$50 million. The US EPA estimates that the cost of rehabilitating the Navaho lands is \$1.5 billion. This will have to come out of the program that the federal government is running over there.

The other thing to remember is that there was a statement in the paper today or yesterday, in reply to Hon Alison Xamon's statements in this place, in which a mining executive said that radioactive tailings or material left behind by the extraction of radiation means that all the radiation has gone. We have only to look at the conference papers from the International Atomic Energy Agency—the IAEA—to find out that some 85 per cent of the specific radioactivity remains in the ore that is left behind. Then we have to realise that is then toxic and

exposed to the environment for around 4.1 billion years, which is something we quite clearly cannot cope with. According to the IAEA, some 85 per cent of the specific radiation of the original initiative remains in the tailings rather than the waste rock due to the removal of most but not all of the uranium. This declines, but it takes an awful long time to do so; it takes about 250 000 years. With uranium mining we are specifically looking at a legacy that will cost this state an awful lot of money in the long term. It will cost taxpayers' money and Treasury's money.

I suggest that my opposition to this regulation is not about rating royalties, but it is a totally inappropriate rate at five per cent based on a future use of the ground and the areas where we will leave the waste. That is, in essence, the principle of why we will oppose this regulation. We would support, quite clearly, a much higher level of royalty that reflects the costs to the nation and to the state into the future.

**HON JON FORD (Mining and Pastoral)** [5.13 pm]: The opposition does not support the disallowance motion on a couple of grounds. I will not be long. One is the only way that we see that we can prevent damage and the costs associated with uranium mining that Hon Robin Chapple talked about is to not mine uranium. Setting our royalties is clearly a matter for the government of the day and even if we were to accept the arguments of Hon Robin Chapple, there is no guarantee that money would be spent for the causes that he outlines. That would be more a matter for environmental bonding and I look forward to that debate.

On that brief explanation, the opposition does not support uranium mining and does not support the disallowance motion.

**HON SIMON O'BRIEN (South Metropolitan — Minister for Finance)** [5.14 pm]: The government does not support the disallowance of this regulation, obviously. The honourable member has moved a motion for disallowance of the Mining Amendment Regulations (No. 5) 2011 in an attempt to block the state government from introducing a five per cent royalty on uranium exports from Western Australia. Disallowance will also affect the royalty rates contained in the amendment regulations on magnetite and vanadium.

The Department of Mines and Petroleum—DMP—sought submissions from industry on the proposed magnetite, vanadium and uranium royalty rates. DMP also consulted with its Mining Industry Liaison Committee. Industry indicated in its submissions to DMP that the proposed five per cent concentrate royalty for uranium was too high. Hon Robin Chapple indicated via his media release on 8 December 2011 that the royalty rate was too low and argued that it fails to properly consider the full impact and cost of uranium mining on the state and community of WA. He highlighted the hazardous nature of uranium mining and the associated costs. He also indicated he would work towards imposing a much higher royalty on uranium.

Prior to the Mining Regulation Amendments (No. 5) 2011, no royalty rates specifically for uranium, magnetite or vanadium were included in the Mining Regulations 1981. The Mining Regulations 1981 embody the three rate royalty principles generally as follows: for general bulk material, a rate of 7.5 per cent; for concentrates, five per cent; and for metals or finished form, 2.5 per cent. Uranium oxide, sometimes called yellowcake, is a concentrate and therefore properly attracts the five per cent royalty rate. The five per cent rate was also applied to vanadium and magnetite in their concentrate form. The current uranium five per cent concentrate royalty rate is in line with the royalty principles embodied in the Mining Regulations 1981 and altering the royalty rate would set undesirable precedents for other minerals.

Royalties compensate the community for the loss of its minerals and for the sale of a commodity, as it were, but it does not provide compensation for any costs that may be imposed on the community by the production, processing and sale of the minerals. Cost to administer and regulate the uranium industry are in line with the mining of other commodities for which many costs are met directly by the industry, such as mine safety regulation. Hon Jon Ford also made reference to environmental bonds and I thank him for the opposition's support on our position.

In conclusion, DMP has 40 years of experience regulating radioactive materials. These regulations, with some additions, will be applied to the uranium sector to ensure safety for the environment and the community. Not only do stringent state and federal regulations apply, but also the uranium sector is subject to rigorous international standards and regulations. For that reason, the government position is that we do not support the disallowance motion.

**HON ROBIN CHAPPLE (Mining and Pastoral)** [5.17 pm] — in reply: I obviously understand; I can see the writing on the wall. But I think we need to remember, and it needs to be recorded in this chamber, that once this industry gets a foothold, which we hope it does not, future generations of this community, of the Agricultural Region and of the Mining and Pastoral Region will clearly bear some costs into the future. The point of my raising the issues of what was going on overseas was to highlight that this is exactly what will face this state into the future. All the information that is available out there provides evidence that—whether be it the Dene nations in Canada, the Diné Navajo nations in the USA, or the Jaduguda people in India—wherever the industry has

**Extract from *Hansard***  
[COUNCIL — Thursday, 14 June 2012]  
p3691d-3693a  
Hon Robin Chapple; Hon Jon Ford; Hon Simon O'Brien

---

gone there have been exceptional costs long after the mining industries have gone. The idea here is that although we oppose uranium mining, it is clear that if we are to have uranium mining, which is something we do not support, it is really beholden on this government to ensure that there is some financial structure into the future to protect future generations and the environment and to help clean up toxic waste if and when we mine uranium.

Question put and a division taken with the following result —

Ayes (4)

Hon Robin Chapple

Hon Lynn MacLaren

Hon Giz Watson

Hon Alison Xamon (*Teller*)

Noes (24)

Hon Liz Behjat

Hon Kate Doust

Hon Philip Gardiner

Hon Helen Morton

Hon Matt Benson-Lidholm

Hon Phil Edman

Hon Nick Goiran

Hon Simon O'Brien

Hon Jim Chown

Hon Brian Ellis

Hon Nigel Hallett

Hon Ljiljana Ravlich

Hon Peter Collier

Hon Donna Faragher

Hon Alyssa Hayden

Hon Linda Savage

Hon Mia Davies

Hon Adele Farina

Hon Col Holt

Hon Ken Travers

Hon Ed Dermer

Hon Jon Ford

Hon Michael Mischin

Hon Ken Baston (*Teller*)

Question thus negatived.