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Australian Government
Defence

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The Hon Jim Chalmers MP
Treasurer
Parliament House
CANBERRA ACT 2600

Senator the Hon Katy Gallagher
Minister for Finance
Parliament House
CANBERRA ACT 2600

Dear Treasurer and Minister

Your letter of 4 July 2025 asked for the Department of Defence, on behalf of the soon to be established Australian Naval Nuclear Power Safety Regulator (ANNPSR), to identify regulatory reform opportunities to bolster productivity growth, and in the case of ANNPSR, related to the Nuclear-Powered Submarine (NPS) Program.

ANNPSR, as Australia's independent statutory naval nuclear safety regulator, will stand up on 1 November 2025 when the *Australian Naval Nuclear Power Safety Act 2024* (the Act) commences. This new regulator will be within the Defence portfolio, separated from the Department of Defence and the Australian Submarine Agency, with direct reporting to the Minister for Defence. The ANNPSR will licence, monitor and enforce regulated activities associated with Australia's naval nuclear propulsion, and will be required to have strong regulatory interfaces with several other regulators in order to support the whole NPS Program. From the date of commencement, ANNPSR will take on regulating specific new facilities licenced by the CEO of the Australian Radiation Protection and Nuclear Safety Agency (ARPANSA) that support the AUKUS Optimal Pathway. The licence holders, and regulated community, for ANNPSR will be Defence (the Australian Submarine Agency (ASA)) and over time will encompass defence industry [REDACTED]

[REDACTED] The draft Regulations to support the Act are well progressed and in the process of finalisation, ahead of commencement.

At this point in time the ability for Defence to forecast opportunities for regulatory reform in the remit of ANNPSR for the NPS Program is limited. However, I can confirm that best practice expressed in the six principles of the Government's *Regulatory Policy, Practice and Performance Framework*, and the supporting *Resource Management Guide 128* for Regulator Performance, is being considered in the design and delivery of the ANNPSR. In particular, the following three principles are a focus to support establishing a fit-for-purpose regulator and regulatory environment to provide assurance that the highest standards of nuclear safety and radiological protection are applied across Australia's NPS Program:

Targeted and risk based. The new Regulator is being designed cognisant that the NPS Program is in its early stages, with a posture that will mature in line with the enterprise and the capabilities being introduced. ANNPSR is looking to develop a regulatory posture and internal culture that values early engagement with the regulated community on licencing activities, and communicates effectively to promote public confidence and trust in relation to

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the nuclear safety of Australia's NPS Program. The draft ANNPS Regulations give the licence applicant the latitude to achieve the outcome of nuclear safety, with guidance material being developed to consolidate 'what good looks like'. Compliance and enforcement activities will be tailored to the maturity of the program and nuclear risks, and the new Regulator will draw upon the expertise in ARPANSA, as Australia's highly experienced and respected nuclear safety regulator, to conduct assurance activities.

Integrated in existing systems. The draft ANNPS Regulations and Regulator will seek, where possible, to align with the focus on national uniformity being driven by ARPANSA as the lead nuclear safety agency, with the States and Territories. The draft ANNPS Regulations have been informed by international standards for nuclear safety from the International Atomic Energy Agency and the US and UK's more than 70-year history of regulating and managing nuclear propulsion technology, adapted to operate in the Australian context. This is important for defence industry to inform their understanding and adoption of best practice. The draft Regulations for facility and material activities harmonise with existing legislation and regulations for Workplace Health and Safety, environmental protection and radiological protection. Where available, codes and guidance are planned to be adopted, not duplicated, to support national uniformity and reduce duplication for the regulated community.

User centred design and delivery. The process for development of the draft ANNPS Regulations has involved over 18 months of intensive engagement and consultation with existing regulators (including in the UK and US) and the regulated community, in particular the ASA, Navy, defence industry [REDACTED] as well as the SA and WA regulators for environment, safety, emergency services and radiological protection. A month of public consultation will conclude on 30 July 2025, and included face-to-face engagement in SA and WA to brief state government ministers, council members, local community representatives and special interest groups, including anti-AUKUS campaigners. Local First Nations communities have also been engaged. The draft Regulations are being adjusted to reflect the feedback from that consultation, ahead of tabling planned for late September 2025.

As the ANNPS Regulator matures with the NPS Program into the early 2030s, and further work is done with the regulated community overall, it is envisaged that there will be further framework updates which will enable a focus on regulatory reform.

My point of contact is: Head of Nuclear Powered Submarine Regulatory Design, Ms Michele Miller who can be contacted by telephone on [REDACTED] or email: [REDACTED]

I trust that this information supports your needs ahead of the Economic Reform Roundtable.

Yours sincerely

Greg Moriarty AO
Secretary

29 July 2025