

Question\_Nyrstar\_100712

**Mr BROCK (Frome) (14:12): My question is to the Minister for Mineral Resources and Energy. What is the state government doing to ensure the viability and the continuation of the Nyrstar smelters at Port Pirie? In The Australian this morning, there is an article regarding the closure or the uncertainty of the continuation of the smelter in Port Pirie. The closure of the plant would be devastating for the city of Port Pirie, and I would like to know what the government is doing regarding this issue.**

The Hon. A. KOUTSANTONIS (West Torrens—Minister for Manufacturing, Innovation and Trade, Minister for Mineral Resources and Energy, Minister for Small Business) (14:12): I understand that The Australian today published reports and comments by the opposition, comments similar to what the Leader of the Opposition federally said on 1 July about what happened to Whyalla.

An honourable member: Give us a song, Tom.

The Hon. A. KOUTSANTONIS: I don't want to break into song, like my colleague Craig Emerson—

The SPEAKER: Order!

The Hon. A. KOUTSANTONIS: —and do a dad dance. I do have here a press release from Nyrstar, which I think is important the house be informed of. It is dated today (10 July 2012), and it states:

Nyrstar response to current media coverage.

There has been recent media speculation with regard to the impact of the Carbon Tax on Nyrstar's Port Pirie operations. The introduction of the Carbon Tax is not a factor in the decision making process related to any potential redevelopment of Port Pirie and the impact is not material to the Group as a whole—

Members interjecting:

The SPEAKER: Order!

Members interjecting:

The SPEAKER: Order! This is a very important question for the people of Port Pirie particularly. The member for Frome has asked an important question.

The Hon. A. KOUTSANTONIS: The press release goes on to state:

Our Australian operations continue to implement opportunities to sustainably reduce their operating costs in order to offset any additional costs related to the introduction of the Carbon Tax, which is currently estimated to add approximately \$6M for the first year of the tax.

The press release goes on to state:

The Nyrstar position as communicated in July 2011...remains unchanged.

Our Hobart operation has been provided with the maximum assistance (i.e. 94.5% assistance), and our Port Pirie operation has also been provided with maximum assistance for its zinc smelting operations and 66% assistance for its integrated zinc/lead smelting operations.

Nyrstar is reviewing the technical and commercial merits of a potential redevelopment of the smelter with a view to reducing its environmental footprint and securing its future. The ability to gain the support of the government...[and] other third parties is crucial to any redevelopment.

And, importantly:

Nyrstar welcomes the establishment of the South Australian Government taskforce to assist with this process.

Nyrstar has just put to a lie what the opposition has said in the paper. I think their hysterical comments do not do them, or the people of Port Pirie, any justice. To hysterically claim that Port Pirie would be ruined and would lose 5,000 jobs because of the carbon tax is irresponsible, and Nyrstar agrees.

Members interjecting:

The SPEAKER: Order!

The Hon. A. KOUTSANTONIS: Furthermore, the government has—

Members interjecting:

The SPEAKER: Order!

The Hon. A. KOUTSANTONIS: —every reason to be confident in Nyrstar's resolve to remain a long-term major contributor to the South Australian economy. For the past six months this state government has been working closely with Nyrstar to ensure the viability of Port Pirie.

Contrary to comments made by the member for Norwood on radio this morning, the main issue facing the Port Pirie smelter is the need to improve environmental outcomes by improving data technology, not the carbon tax. To Nyrstar's credit, it has invested substantial amounts of capital in the past to minimise its environmental footprint; however, the company has publicly stated that it is reviewing the technical and commercial merits of a potential redevelopment of the smelter. The primary focus of this is reducing the environmental footprint and making sure it is a sustainable operation in the long term.

The state government is very supportive of that approach and is working with the company to facilitate reinvestment on the site. In May, the Premier met with Nyrstar's CEO, Roland Junck, and a number of other executives in London to discuss the long-term operation of the Port Pirie smelter. Today, as with the Nyrstar press release, I can confirm to the member for Frome, and members opposite, that the state government can announce the establishment of a high-level Nyrstar Port Pirie steering committee.

An honourable member interjecting:

The Hon. A. KOUTSANTONIS: You got it wrong once today; I think you should just calm down.

Members interjecting:

The SPEAKER: Order!

The Hon. A. KOUTSANTONIS: The committee includes representatives from Nyrstar and the state government, as well as the current chair of the Olympic Dam Task Force, Mr Bruce Carter. The committee coordinated a range of activities around redeveloping the business case to enable a reinvestment and environmental upgrade of the smelter to proceed. As the elements of these discussions are commercial in nature, it is inappropriate to comment further on these matters, but I think all members can be reassured, especially the community of Port Pirie and the member for Frome, that the state government is working collaboratively with Nyrstar to deliver the best results for the smelter and the operations at Port Pirie and the community as a whole.

Members opposite, and the member for Frome, would be aware that the state government sees great potential for Port Pirie. That is why we announced \$200,000 in funding in the budget to support key studies to help guide the long-term strategy for the further development of Port Pirie. The studies will look at long-term strategies for improved access to the port as well as maximising—

The Hon. I.F. EVANS: I have a point of order. Does the four-minute rule apply in this chamber?

The SPEAKER: Minister, your time has expired. Can you quickly wind up?

The Hon. A. KOUTSANTONIS: Yes, Madam Speaker. I think the press release by Nyrstar today proves that the opposition is behaving hysterically.

Members interjecting:

The SPEAKER: Order! Member for Frome, you have a supplementary?

Mr BROCK (Frome) (14:18): I have a supplementary, Madam Speaker, and this is to the minister for the environment. The press release in The Australian this morning says that the company also faces new licence conditions from the state Environment Protection Authority, expected to cost \$500 million. Can the minister make any comment on that?

The SPEAKER: Member for Frome, that was actually another question, but I will give you that out of graciousness.

The Hon. P. CAICA (Colton—Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Aboriginal Affairs and Reconciliation) (14:18): I thank the honourable member for his question. It is common knowledge within this chamber that variations were made to the licence conditions. Those variations have been agreed to by Nyrstar and, of course, those variations are, as my colleague said, about ensuring that the environmental footprint, and indeed the lead emissions, are and continue to be significantly reduced through this particular process.

With respect to the \$500 million, I am not quite sure where that has been plucked from, but what I would say is that the commitment made by Nyrstar with respect to the agreement of the variations and conditions, as was mentioned by my colleague, will necessitate investment in infrastructure to achieve those variations. With respect to the figure, I can't comment on that because I don't know. All I do know, as this house knows, is that matters of enforcement, compliance and licence conditions are matters for the EPA. However those variations were agreed to between the EPA and Nyrstar.

## **NYRSTAR**

**Mr MARSHALL (Norwood) (14:49): My question is to the Minister for Manufacturing, Innovation and Trade. Will the minister confirm whether the government has received any request from Nyrstar for financial assistance for the upgrade of their Port Pirie smelter and, if so, how much is the company seeking and when will the government be making a decision?**

The Hon. A. KOUTSANTONIS (West Torrens—Minister for Manufacturing, Innovation and Trade, Minister for Mineral Resources and Energy, Minister for Small Business) (14:49): I think it is important to note that when the member for Norwood, or the Liberal candidate for Dunstan, asks a question about Nyrstar, he is really trying to inflate the fears and anxieties of the people of Port Pirie.

Members interjecting:

The SPEAKER: Order!

Mr PISONI: Point of order: the minister is clearly debating—

The SPEAKER: Thank you, sit down.

Mr PISONI: —clearly debating the answer.

The SPEAKER: The minister has only just started his answer, but I would ask him to stick to the substance of the question.

The Hon. A. KOUTSANTONIS: I know there is one set of rules for the member for Norwood and one set of rules for the rest of us, but perhaps I will try and walk that line.

Members interjecting:

The SPEAKER: Order!

Mr MARSHALL: Point of order.

The SPEAKER: Sit down, member for Norwood. Minister, you will get back to the question and stop antagonising.

The Hon. A. KOUTSANTONIS: Yes, ma'am. They are very precious. The member for Norwood was on radio today saying that the carbon tax would kill Nyrstar. He said that the costs of \$6 million to \$10 million per year—

Members interjecting:

The SPEAKER: Order!

The Hon. A. KOUTSANTONIS: —and I am paraphrasing now—could be used to reinvest into Nyrstar because of the cost. Now, Nyrstar have said themselves that the introduction of the carbon tax is not a factor.

Mrs Redmond: That's got nothing to do with the question asked.

The Hon. A. KOUTSANTONIS: I am answering the question the way I want to answer it.

Ms Chapman: How much have they asked?

The SPEAKER: Order!

The Hon. A. KOUTSANTONIS: The introduction of the carbon tax is not a factor in the decision-making process related to any potential redevelopment of the Port Pirie facility.

Ms Chapman: How much have they asked for?

The SPEAKER: Order, Member for Bragg!

The Hon. A. KOUTSANTONIS: The most important thing to realise about the redevelopment of the Port Pirie smelter is that it is not the carbon tax or the policies of this government that is in any way inhibiting the redevelopment of that smelter.

Members interjecting:

The SPEAKER: Order! Member for Norwood.

Mr MARSHALL: I do not know whether you would like me to repeat the question, but the point of order I raise is relevance.

The SPEAKER: Thank you.

Mr MARSHALL: The question was about whether the government has received any request from Nyrstar for financial assistance—

The SPEAKER: Thank you.

Mr MARSHALL: —for the upgrade of their Port Pirie smelter.

The SPEAKER: Thank you. The minister is very aware of your question. He has only just started to answer it.

Mrs Redmond: He doesn't want to answer it.

The Hon. A. KOUTSANTONIS: I do want to answer it, but the unfortunate thing is that, like I said, there is one set of rules for the golden boy and one set of rules for the rest of us.

Members interjecting:

The SPEAKER: Order! Point of order.

Mr PISONI: As far as I understand, members are to be addressed by their electorate.

The SPEAKER: Thank you. Minister, I refer you back to the substance of the question. Please do not refer to members as 'golden boys'.

The Hon. A. KOUTSANTONIS: Sorry, I know he's sensitive.

The SPEAKER: They are men.

Members interjecting:

The SPEAKER: Order!

The Hon. A. KOUTSANTONIS: How is David Ridgway? Speaking to you yet?

The SPEAKER: Order!

The Hon. A. KOUTSANTONIS: I want to make very clear—

Members interjecting:

The Hon. A. KOUTSANTONIS: I wouldn't take David Ridgway on either. The government has no policies that are in place that is doing anything to inhibit—

Members interjecting:

The SPEAKER: Order!

The Hon. A. KOUTSANTONIS: —the redevelopment of the Port Pirie smelter. To the contrary, Nyrstar and the government are working together—

Members interjecting:

The SPEAKER: Order!

The Hon. A. KOUTSANTONIS: —to make sure we have a solution for the people of Port Pirie. This is not a debating point: this is about the future of Port Pirie, and this government is committed. I am not going to get up in the house and detail for the pleasure of the member for Norwood or the Liberal candidate for Dunstan—whatever you prefer—just for his own personal pleasure. We are going to go ahead and deal with this company and we are going to do it in confidence. If we detailed in advance—

Members interjecting:

The SPEAKER: Order!

The Hon. A. KOUTSANTONIS: If we detailed in advance every single negotiation we have with every company on the floor of the parliament, no company would come to us for assistance. The only way you can deal with companies—

Members interjecting:

The SPEAKER: Order!

The Hon. A. KOUTSANTONIS: The only way you can deal with these companies to get an outcome for the people of Port Pirie is to do it in confidence. Do we really believe that it would benefit the community of South Australia if the government and Nyrstar were negotiating about any form of redevelopment—not that it requires necessarily a bailout, but in terms of what policy settings, how we can help facilitate Nyrstar to reinvest into a new model that does not have emissions? I think it really is low form for the opposition to be blaming the carbon tax. Nyrstar has been denying it is the carbon tax. When the government—

Members interjecting:

The SPEAKER: Order!

The Hon. A. KOUTSANTONIS: When the government then works with Nyrstar management to try and get a solution, they complain.

Members interjecting:

The SPEAKER: Order! Have you finished interjecting, member for Norwood? If you have, you can ask your next question.

Mr MARSHALL (Norwood) (14:54): My question is to the Minister for Sustainability, Environment and Conservation. Can the minister confirm what the lead emission level condition in the new EPA licence he referred to in a previous answer is, and has the government determined what the net cost of this new licence condition will be on the Nyrstar operation?

The Hon. P. CAICA (Colton—Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Aboriginal Affairs and Reconciliation) (14:54): I thank the honourable member for his question. I don't have the figures in front of me with respect to what changes have been made. They are more stringent, as I said. They are based on the lead emissions in the air that they

say have a corresponding relationship to the lead levels in children's blood. I don't have those details of a technical nature with me, but I will get them to you and show you. I do not know whether they will mean anything to you, but I will give them to you, anyway, and I am not meaning that in a disrespectful way. What I—

Members interjecting:

The Hon. P. CAICA: I'm not.

The SPEAKER: Order!

Mr Marshall interjecting:

The Hon. P. CAICA: I'm not.

The SPEAKER: Order!

The Hon. P. CAICA: Well, if the member for Norwood is technically minded like that he will understand them better than I. But in layman's terms—and bearing in mind that is what I am—we have certain conditions placed on them now. Those conditions were not being met, and it was exposed by the spike. More stringent conditions are being put on them, which was agreed to by Nyrstar; and, of course, as I said in answer to my earlier question, that in itself is an indication that if—

The Hon. A. Koutsantonis interjecting:

The Hon. P. CAICA: —that's right—they cannot meet the current requirements and have agreed to more stringent requirements, it sort of means that there is a commitment to reinvest and to ensure because we know that, under the current—

Mrs Redmond interjecting:

The Hon. P. CAICA: I don't know what the cost is, but what I do know is the benefit that will arise not only from Nyrstar's perspective but also to the wonderful members, the constituents, of the member for Frome in that their health and wellbeing will be further enhanced—as will be the case for people who in the future live in Port Pirie—by the fact that operations will be in place that reduce the levels of lead being emitted to the air, and that clearly is a good thing.

Members interjecting:

The SPEAKER: Order! The member for Bragg.