

News Release

Premier Jay Weatherill
Minister Geoff Brock
Minister for Regional Development

Minister Tom Koutsantonis
Treasurer



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SA Government guarantee secures Port Pirie's long-term future

The long-term future of Port Pirie has been secured with a \$515 million investment by Nyrstar underpinned by a South Australian Government guarantee to upgrade its ageing smelter.

Premier Jay Weatherill said the landmark agreement guarantees the future of Port Pirie's largest employer and will contribute to improved health outcomes for the local community.

Mr Weatherill said the redevelopment would also be supported by a 10-year, \$50 million Targeted Lead Abatement Program to further improve the health of the people of Port Pirie.

"The agreements reached today not only secure the economic outlook for Port Pirie, but also ensure a healthier future for a regional community of more than 13,000 people," he said.

"This innovative approach to supporting private investment means we can provide Nyrstar and other investors with the certainty they need to commit to this transformative project.

"To complement the significant emission reductions achieved through the redevelopment, a Targeted Lead Abatement Program will identify strategies that can further reduce community blood lead levels.

"The South Australian Government will also maintain its annual funding of SA Health's Port Pirie Environmental Health Centre."

"Port Pirie will also benefit from the hundreds of jobs created during the construction phase of the upgrade.

Nyrstar Chief Executive Officer Roland Junck said he was pleased to announce the reaching of this pivotal milestone in the Redevelopment.

"The funding agreement gives us the certainty we need to move forward and transform Nyrstar Port Pirie into an advanced metal recovery and refining facility that will benefit all our employees, the Port Pirie community and our investors," he said.

"We remain on track with work on site for this year, construction work to begin early next year with the facility to be fully operational by the end of 2016."

The Nyrstar Port Pirie smelter redevelopment three-tiered financing package comprises:

- Direct contribution from Nyrstar of about \$100 million
- Further \$120 million commitment from Nyrstar through the forward sale of silver units to be produced at the smelter from 2016 onwards
- Seven-year \$291.25 million third-party funding guarantee underwritten by the South Australian Government with the risk management supported by the Commonwealth's Export Finance and Insurance Corp

Minister for Regional Development Geoff Brock said securing the future of production at Port Pirie ensures Nyrstar remains a significant contributor to South Australian economy as an exporter and a major regional employer.

“This is a very significant day in the history of Port Pirie,” he said.

“It’s great news, not just for the city and the Upper Spencer Gulf, but for South Australia.

“As the local member and a former smelter employee, I’ve worked very hard behind the scenes and lobbied for several years in an effort to see the smelter transformation become a reality.

“The upgrade will create up to 400 jobs during construction, provide certainty for our local community about their future and lead to better health for their children.

“I’d like to thank the Premier and Minister Koutsantonis and the Task Force for the hard work they’ve all done in the lead-up to where we are today.

“I’d also like to congratulate Nyrstar for the work they’ve done so far in making our community a better place in which to live and work.”

“The local community and workforce have been resilient and understanding while they waited for a final decision to be made.”

Treasurer Tom Koutsantonis said the Government’s commitment allows Nyrstar to secure external lenders with an assurance their funding contribution is underwritten by the South Australian Government.

“The financing commitment is a decision the Government has not taken lightly,” he said.

“The Government has had to consider the alternative of not making this decision and the impact that would have had on the Port Pirie community, the workers, their families and the local businesses that support the operation of the smelter.

“On the basis of all the information available including extensive due diligence, the Government is comfortable this investment is technically, commercially and financially viable.

“This agreement is underpinned by the regulatory certainty legislation that passed Parliament last year with bipartisan support and follows development approval based on a comprehensive environmental assessment.”

The redevelopment will transform the Port Pirie smelter into an advanced polymetallic processing and recovery facility that will both improve the efficiency of the plant and significantly reduce emissions.

As part of a review of its smelting assets, Nyrstar also announced zinc metal production will cease at Port Pirie by the end of July with the plant expected to close by the end of 2015.

Nyrstar will consult employees and their representatives about the closure with a focus on available retraining and redeployment opportunities to other parts of the Port Pirie operation.