

The Treasury

New Zealand Aluminium Smelters (NZAS) Information Release

September 2013

Release Document

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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

From: Juston Anderson
Sent: Tuesday, 25 September 2012 8:47 a.m.
To: ^Parliament: Andrew Falloon; ^AssocMoF: [4] ^MOF: Andrew Craig
Cc: John Crawford; Andrew Blazey; Chris White; [4]
Subject: FW: Smelter to spend big on new transformer

[4] AC and Andrew

At the 4pm meeting yesterday Minister Joyce asked about the news item below. Meridian advise that the cost of each transformer (including installation) for the smelter is likely to be \$10 to \$15 million.[2]

[2]

<http://www.stuff.co.nz/southland-times/business/7682238/Smelter-to-spend-big-on-new-transformer>

Saturday 15/09/2012

The cash-strapped Tiwai Point aluminium smelter is continuing with plans to purchase a new transformer, with management saying yesterday the company was committed to securing a viable future.

The Southland Times understands a specialist power engineer from the smelter will travel to South Korea in the next two weeks to buy the new multimillion-dollar transformer.

NZAS general manager Ryan Cavanagh declined to comment. However, his spokeswoman, community relations officer Andrea Carson, said in a statement:

"NZAS is losing money . . . We are working very hard on this front, but we also need to ensure that the plant can maintain reliability and sustainability for the future. This includes replacing the final of our three original 1971 potline transformers."

In February a 165-tonne multimillion-dollar power transformer was delivered to the smelter and installed during a six- week period.

When asked by The Southland Times if the latest transformer would be the same size as the one installed in February, Ms Carson said it was, but it would be sourced from a different supplier.

The transformer had not yet been paid for but she declined to say how much it would cost, citing commercial confidence.

When asked to comment on suggestions the smelter would not close because it was investing money on equipment, the smelter responded with an emailed statement that says:

"At this stage, there are no plans for closure. Tough times will continue in aluminium in the short term and the business will continue to focus on innovation, flexibility and adaptability to try and remain viable."

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