



Swiss mining giant Xstrata to threaten shutdown

05182011

SWISS mining giant Xstrata is expected to threaten the closure of two of its Queensland plants to escape an imminent deadline for tougher emissions standards, despite long-held plans to shut the operations under a corporate restructure.

Xstrata's copper smelter in Mount Isa and its refinery in Townsville are facing closure - with the loss of up to 500 jobs - in an increasingly bitter standoff over a crackdown on emissions.

It is understood Xstrata has been considering closing the operations in the medium term, as part of an international restructure, but is now fast-tracking the shutdown in the face of the looming deadline to meet the new environmental standards.

In mid-2008, laws were passed repealing the special status the Bjelke-Petersen government granted to nine mine operations, which exempted them from having to operate under environmental standards that currently apply to 1200 mines.

Xstrata, which is facing a series of high-profile lawsuits over the alleged lead poisoning of children in Mount Isa, said last night it was trying to "work with the government" to meet the new standards.

A senior Queensland cabinet source said Xstrata was not intending to meet the new standards and was threatening to close the smelter and refinery if it were forced to comply.

The source said Xstrata had told the government it was already planning to shut down the operations and was now trying to blame the decision on the environmental crackdown.

"It is good enough for everyone else to meet the laws of the land except for this one company which essentially wants to hold Mount Isa and Townsville to ransom," the source said. "Xstrata clearly wants to close the smelter and refinery and use the requirement for it to improve its environmental performance as an excuse."

A spokesman for Xstrata Copper denied the company had made threats that it would shut down the two operations under the new standards. "Our goal is to sustain our operations in Mount Isa and Townsville and comply with the new environmental authority," the spokesman said.

In 2008, Xstrata issued a statement welcoming the changes, saying the three-year transition period was "well aligned" with the company's moves to reduce emissions and clean up its operations.

Last year, Xstrata temporarily shelved its \$600 million Wandoan coalmine as part of industry pressure to force the then-Rudd government to dump the resources super-profits tax. After the RSPT plan was aborted, Xstrata revived the Wandoan project.



Under the crackdown, the nine miners have until Friday to file an application for a permit for their operations under the revised environmental standards.

Final negotiations have been under way for several months, with the other operations - involving BHP, Rio and Anglo-American - all understood to be on track to comply with the laws.

The Xstrata spokesman said the company would be submitting its application on time but refused to comment on whether Xstrata was seeking new exemptions.

The repeal of the miners' exemptions followed mounting concerns about emissions, after a 2008 blood-screening program found 11 per cent of Mount Isa's children had lead poisoning.

The Queensland Health screening of 400 children was launched after The Australian revealed in 2006 that independent soil tests showed widespread metal contamination, in the face of inaction over similar tests in 1990 that led to the closure of a childcare centre.

This year, a follow-up survey of 167 children aged one to four showed 4.8 per cent had a blood-lead level of equal to or higher than 10 micrograms per decilitre, the Australian and international safety limit.

The program led to lawsuits concerning seven children with dangerously high blood-lead levels. The first trial is expected early next year.

A lawyer for the children, Damian Scattini, said last night Xstrata must be forced to comply with the new laws. "Xstrata has claimed all along that the people of Mount Isa were their first priority," Mr Scattini said. "So why then do they refuse to meet the same standards as every other community is entitled to for their children?"