



Thursday 7 May, 2015

Bell Bay Aluminium Demonstrates Vote of Confidence for Northern Tasmania

Bell Bay Aluminium today announced the signing of an agreement with Hydro Tasmania for the supply of an additional 33 megawatts (MW) of power.

The agreement helps secure long-term future investment at the smelter and creates additional business opportunities and potentially construction jobs for local suppliers and contractors in Northern Tasmania.

The commercial agreement increases power supplied to the smelter from 322MW to 355MW for its continuous 24-hour-a-day operation. This increase in power supply and a parallel capital investment program of around \$30 million, about half of which will be sourced locally in Tasmania, will allow Bell Bay Aluminium to increase production.

Ray Mostogl, Bell Bay Aluminium's General Manager, described the agreement as one of the important steps needed to ensure the smelter's future in Tasmania.

"Today's announcement also reflects the intent of the Tasmanian Government's Energy Strategy as a constructive means to leverage the State's existing (and future) energy assets to have the optimum impact on the Tasmanian economy that will enable economic and jobs growth as well as investment in the State," Mr Mostogl said.

"While the Federal Government has recently announced reform to the Tasmanian Freight Equalisation Service (TFES), now is the time to also implement policy reforms to remove the regulatory burden placed on Tasmanian industry from the Renewable Energy Target (RET) scheme, coastal shipping and transmission costs.

"Since 2012, Bell Bay Aluminium has been on a well-documented journey to restructure, transform and survive. As a consequence, we have been exploring a number of options to improve productivity—to enable an increased tonnage over our same fixed costs. Today's announcement would also facilitate a future option to grow the smelter's production capacity by a further 30 cells if we can attract the necessary capital for the project and if our regulatory burdens can be lifted.

"We would also like to acknowledge the work and expertise that has been provided by TasNetworks since mid-2014 to achieve a technical solution that has been an enabler for the increased load. The willingness of TasNetworks to review traditional methods on how to increase load on existing assets, has meant that we have been able to progress this project successfully.

"It goes without saying that today's announcement is good news for the more than 1,500 Tasmanians who are directly and indirectly employed by the operation, the local community and the State's economy.

"BBA employees have demonstrated their innovation in growing a nearly 60-year-old smelter, the first of its kind in Australia and the Southern Hemisphere, to run harder, faster and more efficiently, leading to

improved productivity and production gains. We are very pleased that we are able to continue our partnership with Hydro Tasmania which we have had for almost 60 years,” Mr Mostogl said.

Background information:

- Bell Bay Aluminium is located on the Tamar River near George Town in Northern Tasmania.
- Annual production in 2014: 191,246 tonnes
- Bell Bay Aluminium was the first aluminium smelter built in the Southern Hemisphere, commencing production in 1955 as a joint venture between the Commonwealth and Tasmanian Governments.
- Bell Bay Aluminium celebrates 60 years of aluminium production in Tasmania in September 2015

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