

20-D-00466

29 April 2020

s 9(2)(a)

[@gmail.com](#)

Dear s 9(2)(a)

Thank you for your email of 30 March 2020 requesting the following under the Official Information Act 1982 (the Act):

"I would like to request a copy of the letter dated 27 February 2020 that Minister Parker sent to NZAS in relation to dross stored at Mātaura".

A copy of Hon David Parker's letter to Stewart Hamilton (Chief Executive and General Manager at NZAS) dated 27 February 2020, is attached to this letter. This document is released to you in full.

You have the right to seek an investigation and review by the Office of the Ombudsman of my decision relating to this request, in accordance with section 28(3) of the Act. The relevant details can be found on their website at: www.ombudsman.parliament.nz.

As noted above, due to the public interest in our work the Ministry for the Environment publishes responses to requests for official information on our [OIA responses page](#) shortly after the response has been sent. If you have any queries about this, please feel free to contact our Executive Relations team: ministerials@mfe.govt.nz.

Yours sincerely

This response has been approved electronically by Shaun Lewis

Director - Mana Honohono, Investments and Partnerships



27 FEB 2020

Stewart Hamilton
New Zealand Aluminium Smelters
Stewart.Hamilton@riotinto.com

Cc: Jennifer Nolan
Rio Tinto
Jennifer.Nolan@riotinto.com

Dear Stewart Hamilton

Accelerated removal of aluminium dross by-product from Maitua Paper Mill

I was extremely disappointed to read the New Zealand Aluminium Smelters (NZAS) press release of 17 February 2020 in which NZAS essentially passes the buck to central government and the local community to find ways to clean up the by-product of its operations, and makes assertions we would contest. As has been reported by the media, I was even more staggered that Rio Tinto tried to connect the stored dross by-product from NZAS's aluminium production with its upcoming strategic review.

In my view, the limited commitment on the part of NZAS to addressing the historical stockpiles of aluminium dross by-product stored at four, or potentially more, sites in Southland, and no commitment at all to speed up the process, is not consistent with the social and community responsibility espoused on the company's website.

There are two things I wish to cover in this letter:

1. The need for accelerated removal of aluminium dross by-product from storage sites in Southland, particularly the former Maitua Paper Mill; and
2. The historical pattern of handling the disposal of aluminium dross by-product from the Tiwai Point aluminium smelter.

The Maitua issue is particularly pressing. While it was well-known beforehand, the weather event of early February has shown plainly how unsuitable that site is for the storage of the material, even in the short-term. While NZAS has expressed publicly that it shares the concerns of the Government, Gore District Council and the Maitua community about ongoing storage of the material, that

stated public concern has not been supported by any greater commitment to urgently address this problem.

Initial discussions focused on the possibility of storing the substance back at the NZAS Tiwai Point site from which it originated. I appreciated the initiative shown by NZAS local staff to advance this option. However, this preliminary offer has since been withdrawn, leaving parties who were not responsible for the current situation at Maitava attempting to find a solution. Over the last two weeks no further progress has been made towards a practical solution to accelerate the removal of the aluminium dross by-product.

The material originated from the NZAS site, and I remain of the view that the most appropriate and obvious outcome is for the aluminium dross by-product to be returned to Tiwai Point for storage and processing. This is because storage at Tiwai Point would:

- limit any potential impact on communities;
- not require a resource consent as it would fall within existing land use controls at this site; and
- demonstrate NZAS's willingness to take active steps to resolve an issue which has arisen out of its own failed commercial arrangement in relation to material derived from its production processes and intended for its profit.

I have not been provided with any practical reason as to why Tiwai Point is not a suitable site beyond a need for minor work to secure a weatherproof building.

There may well be variations on this option which it would be useful to discuss. For example, it would be sensible to explore whether the amount of new aluminium dross by-product being processed by NZAS's current contractor, Inalco, could be paused or reduced to enable the material from the Maitava Paper Mill site to be prioritised.

I am open to exploring any implications or changes that may be required to ensure the arrangements already largely in place to process the Maitava material can continue but at a faster pace.

I am increasingly dissatisfied at what amounts to a pattern of unsatisfactory arrangements for the disposal of aluminium dross by-product which has meant organisations other than NZAS or its contracting parties have had to pick up responsibility for this material. I will continue to explore the Government's options in this regard.

In 1996 Southland Metal Recoveries Limited went into liquidation after storing aluminium dross for NZAS. The aluminium dross previously held by this company was disclaimed by the liquidators as onerous property, and it was only upon the threat of litigation that an agreement was able to be reached for this dross to be landfilled at Tiwai Point.

In 2014 NZAS contracted with Taha entities to process aluminium dross. In 2016, the NZAS contract with Taha expired and Taha were unsuccessful in renewing this arrangement. The Taha entities went into liquidation and the aluminium dross by-product was then disclaimed by Taha's liquidators.

The consequences of the failed arrangements between NZAS and Taha continue to impact on the local community to this day. The wellbeing of Southland's people and its waterways have been put at risk and significant costs associated with disposal have fallen to local and central government rather than NZAS or its contractors.

Given the earlier experience with Southland Metal Recoveries Limited, it is difficult to accept that NZAS could not have foreseen the need to have effective arrangements in place with Taha solid enough to prevent the current situation.

I strongly encourage you to reconsider your position and engage with officials to expedite removal of the stored aluminium dross by-product. Once we have a satisfactory approach to speeding up the removal of the material from the Mataura Paper Mill site I would like the opportunity to discuss the historical storage arrangements in more detail with you.

Yours sincerely



Hon David Parker
Minister for the Environment