

# Visit and tour of the Ixom Laverton Site with the Minister for the Environment and Energy, the Hon Josh Frydenberg MP

## **PRIME MINISTER:**

Well, thank you very much for the tour of the Ixom plant here and thank you to Adam Voigt very much for refreshing us on our chemistry.

This is a great example of an Australian company employing 640 people in its Australian operations- 1200 worldwide is that right? Just over 1,000 worldwide.

Now, right here at this plant which makes the chemicals that are vital for industry, for mining, for keeping our water safe to drink – these are vital essential chemicals made here – the biggest overhead is energy and electricity costs have trebled in recent years. That is putting enormous pressure on this business.

Now we've had a fantastic record in job creation over the last 12 months; 371,500 jobs created, 85 per cent of them full time, around Australia. It's been the longest continuous run of monthly job increases in 23 years.

But we need to ensure we protect Australian industry, jobs in Australian industry. The biggest threat to the jobs here and in so many other industrial plants and manufacturing businesses around Australia is Labor's reckless policy on energy. It is all about ideology, it's got nothing to do with engineering and economics.

We need to have a clear-eyed, hard-headed business plan for energy and that's what we have from the Energy Security Board, presented by the experts to us, the people that know more about the industry than anyone else.

Again we call on Labor to get off their reckless job-destroying agenda to push renewables into the market without any regard to the consequences. Get on-board with the right plan, recommended by the smartest people in the room.

Now, the Energy Security Board have said that their plan, the national electricity guarantee, would be expected to reduce wholesale generation costs by 20 to 25 per cent. That will have, they've said, an impact of between \$110 and \$115 on the average household electricity bill. But you can imagine that Dean buys a lot more electricity than the average household. In fact this plant alone Dean was saying, consumes as much electricity as Geelong. Is that right? The whole city of Geelong.

There are hundreds of jobs that depend on the energy here.

Now, if wholesale generation costs are reduced by 20 to 25 per cent, as the Energy Security Board has forecast, by adopting the plan they've recommended, that will save this business millions of dollars a year. That means they've got greater security for the workers here and they've got the money to continue to invest in this plant and grow this plant and have more opportunities for the chemists, the engineers, the scientists, the tradesmen. All of the workers here depend upon affordable and reliable energy. That's what our plan will deliver.

So this is all about jobs. This is all about jobs, protecting Australian jobs, affordable, reliable energy and meeting our environmental commitments under the Paris Agreement. That is what we need to achieve to secure the jobs here and at hundreds of other manufacturing and industrial plants around Australia.

So, Dean thank you very much, and thank Adam for the really great tour. I can see his passion and all your team. You've got the passion, you've got the experience and talent, you've got the customers. But what you need is affordable and reliable energy and that's what our National Energy Guarantee will deliver.

So I'll ask Josh to say a few words and Dean you may be able to add a little bit after we've spoken. Thanks Josh.

**MINISTER FOR THE ENVIRONMENT AND ENERGY, THE HON. JOSH FRYDENBERG MP:**

Thank you, Prime Minister, and thank you Dean for the tour of this plant.

Lower energy prices mean more jobs. More jobs for the fitter and turners. More jobs for the scientists, for the engineers, for the electricians that are employed in this plant and in thousands of manufacturing plants right across our country.

So we call upon our political opponents to accept the National Energy Guarantee as recommended by the Energy Security Board.

It is a credible, workable, pro-market policy that delivers lower power prices and a more reliable system.

No more subsidies, no taxes, no emission trading schemes, but a policy that is designed to build on the existing market mechanisms to produce lower power bills for millions of Australian families and for major manufacturers like this plant, which produces hundreds of millions of dollars for export and domestic use in vital chemical products.

**PRIME MINISTER:**

Thanks Josh. Dean, do you want to say a bit more about the importance of energy in your business?

**MR DEAN DRAPER – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER, IXOM:**

Certainly. First, I'd like to thank you both for joining us today. I think

the colleagues really enjoyed your engagement and your questions.

Clearly, this is one of our most important sites in Australia. It produces products which is used in the mining industry for food and beverage and plays a really important role in securing water supply.

When I come to work every day, I'm really focused on the competitiveness of our production assets and a key part of that, is our energy costs and those energy costs have increased threefold over the past two years.

We need to address this, because that enables us to then consider future investment, protect jobs and look for new opportunities to grow this business.

So we welcome the policy which supports and addresses those issues, so we're in a better position as a company to be more competitive and to support further job growth

**PRIME MINISTER:**

Thank you very much Dean, thank you. So, do we have some questions?

**JOURNALIST:**

Mr Turnbull Labor regards your energy guarantee as cleverly disguised carbon trading scheme. If that's what they need to support it, I mean would you support that interpretation?

**PRIME MINISTER:**

We certainly encourage the Labor Party to support it, in particular the state and territory governments.

But as John Pierce, the Chairman of the Energy Markets Commission said yesterday, it is not a carbon trading scheme, it's not a renewable energy target. It's a market-based mechanism that allows the retailers to compete, to have their portfolio of generation assets as they choose, consistent with meeting two requirements. One, to ensure there's enough reliable power to keep the lights on – always vitally important, particularly for a plant like this – and also that we meet our Paris commitments.

So I think John Pierce and others have dealt with this, but the important thing is that Labor delivers the bipartisanship they've talked about so much.

This is not a plan written by Josh and me. This has been presented to government by the Energy Security Board and you've seen them all. These are the experts in the field, this is the Energy Market Operator, the rule maker, the regulator an independent chairman in Kerry Schott with vast experience in this field.

They've presented this plan to us and they've said, this will deliver lower wholesale generation costs. It will mean millions of dollars a year in savings to this business and it will mean savings to every consumer of

electricity around Australia.

**JOURNALIST:**

What happens if the state and territory government don't support this energy plan?

**PRIME MINISTER:**

Well we're focused on ensuring that they do. The state and territories you know are part of COAG, of course, and they appointed these people.

The Energy Security Board was recommended by Alan Finkel, and then appointed by COAG. Josh was part of that but so were the energy ministers from the states and territories. So they chose these experts and they set up this board for the purpose of seeking advice and that's what we've done.

Now I think what Labor should do, is rather than having pot-shots and reeling from one sort of political line after another, they've been all over the shop this week, what they should be doing is saying to the Energy Security Board, "thank you very much, that is a great recommendation it's a real breakthrough. Let's sit down and go through the detail and make sure we implement it".

**JOURNALIST:**

Labor says that the NEG will mean renewables have a cap of 38 per cent but isn't it true that there is no cap, so if solar and batteries get cheaper it's conceivable and permissible for the renewable mix to hit 50 per cent by 2030?

**PRIME MINISTER:**

It's going to be up to the market to determine, there's a level playing field.

What the constraints are, the rules are, that there's got to be an adequate percentage of reliable energy, of dispatchable battle energy – baseload power if you like – energy that can be delivered on demand.

You can see what happens when you lack that in South Australia. You get like blackouts, you get enormous volatility, much higher prices. These are all factors that have worked into putting up the price of Dean's electricity here. The electricity system has been made less reliable and more expensive by misguided, ill-considered Labor Party policies, to push wind and solar into the market without putting in the backup to support it.

Now let me just reassure everybody, we are absolutely committed to every technology playing its role and as far as renewables are concerned what makes renewables reliable is storage. We are in the process of building the largest renewable project ever built in Australia since Snowy Hydro One – its Snowy Hydro 2.0. It's going to be the biggest battery if you like, in the southern hemisphere.

That is a mark of our commitment. But we understand the importance of doing this on the basis of economics and engineering. Remember what Audrey Zibelman, the Chief Executive of the Energy Market Operator said yesterday, talking about grid reliability. She said "you have to respect that physics. At the end of the day, you need dispatchable power to keep the network running and to keep the lights on".

Now that can come from coal, that can come from gas, it can come from hydro. But whatever way you look at it's got to be there. So all of these technologies will compete and if reliable renewables are cheaper than coal and gas there will be more reliable renewables. If they're not, there won't be.

The important thing is we're getting out of the subsidy business. We're getting out of the picking winners business. The only winners we want to have here are Australian families and Australian jobs. That means having the most affordable and the most reliable energy.

So no more subsidies, a level playing field, have the right level of reliable power, the right level of emissions abatement and then let the market and technologies competing sort it out.

**JOURNALIST:**

Do you risk I guess hindering investment in renewables by some of the strong statements that have been made?

**PRIME MINISTER:**

Absolutely not.

Can I just say to you that investment in renewables is increasing all the time, but the importance is to make sure that there is that reliability.

If you look at what the Federal Government is doing through Arena and the CEFC, we are providing support to a lot of really innovative renewable projects. In fact, going to South Australia, which you know has had a dreadful problem with unreliable electricity, because the State Government allowed a huge amount of wind to go in.

I mean, Josh made the point the other day that recently in a 3-day period, just three days, wind was producing nearly 100 per cent of the state's demand one day and 3 per cent the next. You can imagine what that does to costs, to prices, to reliability, to volatility. So you need storage.

One of the projects we've provided support for, for a feasibility study, and it's looking very good, is pumped hydro projects on the Spencer Gulf. It is smaller than Snowy 2, but of course it is in South Australia, it's an example of innovation that we're supporting.

So renewables, reliable renewables, are critically important.

Now just before we wrap up, I just want to say something about a really

historic day today, the end of Holden making cars in Australia.

Now it's a very sad day for the workers there and everyone, every Australian feels for them and of course for the end of an era. But the important thing is that while there may be an end to making cars, there's not an end to employment. There's not an end to manufacturing.

84 per cent of the workers affected by the closure have either – are either transitioning to a new job or a full-time study or are retiring.

What you can see is with the strong economic leadership we're delivering, strong jobs growth. So there are other businesses setting up, employing people, providing new jobs and new opportunities.

And of course in South Australia in particular our massive investment in naval shipbuilding is going to deliver thousands of jobs, manufacturing jobs, at the very cutting edge of technology in every respect.

But you know, what is the biggest threat to jobs and industry? Dean's testament to that here today. It is unaffordable electricity and gas.

Affordable, reliable energy is the foundation upon which jobs are built.

And if we want to maintain a strong manufacturing base in Australia, if we want to have more businesses, more innovation, more investment, we've got to have affordable energy and that's what our National Energy Guarantee will deliver.

Thank you very much.

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