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Copper clock ticking down

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Smelter closure tipped to derail \$13.9bn CopperString project plan

Chris Burns

Queensland’s critical mineral supply faces a “five minutes to midnight” threat on the proverbial doomsday clock, with industry insiders fearing the closure of its only copper smelter could derail the \$13.9bn CopperString transmission project.

Queensland Investment Corporation is developing a business case for the western section of 1100km transmission spine from Hughenden, while Powerlink focuses on delivering the eastern link to Townsville.

But insiders believe QIC’s case depends heavily on the future of Glencore’s Mount Isa copper smelter, warning of a domino effect on regional industries including Incitec Pivot and the Townsville refinery.

The company is closing three copper mines and is months away from deciding the smelter’s fate, after struggling to compete with heavily subsidised Chinese rivals.

Townsville Enterprise chief

executive Claudia Brumme-Smith said the smelter’s closure would “absolutely” weaken the western case.

“The copper smelter is the most energy hungry asset that we have,” she said.

“So if the smelter closes, that would also challenge the business case for Copperstring.”

She said while high energy costs had long weighed on the smelter, the global landscape had worsened with six new Chinese smelters entering the market.

“But now we’re in the position where we really are five minutes to midnight to see that asset close because of the trade war that China is playing with copper supply chains around the world.”

A mining executive said the smelter’s loss could be the “first domino to fall” in Townsville’s manufacturing supply chain.

They warned that international markets now expected governments to subsidise smelters and that Australia

risked losing major manufacturing capacity by refusing to follow suit.

“I know this is sort of the doomsday conspiracy nut theory, it just depends on your point of view,” the representative said.

“I don’t think now’s the time to be losing that capability for a couple hundred million bucks.”

Treasurer David Janetzki would not confirm if QIC’s business case would be dependent on the smelter.

“QIC is undertaking a full analysis of options to deliver the best economic value for the Western Link,” Mr Janetzki said.

“We’re committed to working in lock-step with local communities in a calm and methodical manner to ensure we’re delivering the best project for the North West.”

Traeger MP Robbie Katter warned that public servants with little knowledge of regional resources could advise cabinet to scale back the full

1100km Copperstring scope.

“It feels like Queensland Nickel,” Mr Katter said.

High-level discussions have been held between Glencore and Premier David Crisafulli, with the company indicating it would need \$2bn over a decade to justify keeping the smelter open.

Mount Isa Mayor Peta MacRae said she couldn’t see the smelter closing but acknowledged that governments “can’t just give money to the smelter” and called for a broader long-term plan.

Glencore’s head of corporate affairs Cass McCarthy said the smelter “will close this year” without a favourable deal from governments.

“We have absorbed a number of those losses but we can’t continue,” she said.