

**Submission
No 7**

INQUIRY INTO KOORAGANG ISLAND ORICA CHEMICAL LEAK

Organisation: Air Liquide Australia Limited

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The Director
Select Committee on the Kooragang Island Orica chemical leak
Parliament House
Macquarie St
Sydney NSW 2000

3 November 2011

Dear Sir or Madam,

Submission to the Select Committee on the Kooragang Island Orica chemical leak

This letter is a submission by Air Liquide Australia Limited (**Air Liquide**) to the Legislative Council inquiry conducted by the Kooragang Island Orica chemical leak Committee, which was established on 25 August 2011. This submission relates to paragraph 1(d) of the Select Committee's terms of reference ("any other related matters arising from these terms of reference").

Air Liquide wishes to formally bring the Select Committee's attention to the ongoing and substantial effects of the continued Orica shutdown at Kooragang Island.

Air Liquide understands that Orica has now addressed all of the issues raised in the final report conducted by Brendan O'Reilly (referred to in paragraph 1(c) of the terms of reference) and is now waiting on a formal government decision regarding the recommencement of plant operations.

Orica's ammonia process at Kooragang Island involves the reforming of natural gas which generates large quantities of concentrated carbon dioxide gas (> 90% purity). As Orica has no use for the CO₂, upon separation from the ammonia process it is directly emitted from a vent stack to the atmosphere. Air Liquide draws a portion of this by-product CO₂ from the vent stack to feed an Air Liquide owned CO₂ purification and liquefaction plant. In this plant Air Liquide compresses, dries, purifies and liquefies the CO₂.

The end product is a very high purity, liquid CO₂ (>99.9%), which is required in a range of applications in industry and society. Many of Air Liquide's customers cannot operate without a supply of CO₂: it is used by potable water treatment plants, soft drink bottlers, food processing plants, fire protection service providers, swimming pools (pH control), etc.

In mid-June this year, Orica shut down its ammonia plant for scheduled maintenance and upgrades and Air Liquide planned around a six-week outage. The Orica plant has now been shut down for four to five months. To replace this missing source, Air Liquide needs to transport liquid CO₂ from interstate sources located in Queensland, Victoria and Western Australia to service its customers. During the winter months, demand for CO₂ is generally at its lowest and sourcing from interstate is more manageable. Many customers' CO₂ needs increase significantly leading up to and during summer months. CO₂ sourcing has therefore become increasingly difficult through September and October with a growing number of long distance road tanker movements. As volumes continue to increase, the sourcing will become more and more difficult. Further shortages created by scheduled shutdowns of other interstate CO₂ sources are imminent. Orica's Kooragang Island plant remains a critical source of CO₂ on the east coast.

We would anticipate that without a timely resumption of operations a number of our NSW customers will be obliged to stand down significant numbers of employees due to the shutdown or curtailment of their production.

For the above reasons, Air Liquide urges the Select Committee to support the immediate recommencement of Orica's Kooragang Island plant.

Yours sincerely,

MacPherson Redfern
Managing Director
Air Liquide Australia Limited