

Shell confirms Sydney refinery closure

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Assisted by a cynical three-month “consultation” with the trade unions, Royal Dutch Shell will go ahead with the closure of its refinery at Clyde in Sydney’s western suburbs. By transforming the 85-year-old complex into a storage and distribution facility, the global giant will eliminate almost 500 jobs—those of 330 permanent workers and 200 maintenance contractors.

Shell first announced the closure in April, while offering to look at submissions from “employees and unions” as a means to help union officials head off anger among workers and line up redundancy deals to ensure another “orderly closure.” The Construction Forestry Mining and Energy Union (CFMEU), which represents the majority of Clyde workers, assured its members that the “consultation process was not a sham.”

According to Shell, the refinery’s output of 79,000 barrels a day is simply too small to compete with the large new Asian refineries that produce more than one million barrels of refined products on a daily basis. In reality, the closure is part of a global restructuring of the oil industry, intensified by the post-2008 financial crisis. Weak refining margins and falling demand for fuel in Europe have led Shell to sell its European refineries.

Shell’s decision adds to the avalanche of job cuts throughout Australian manufacturing, coming on top of the thousands of retrenchments unveiled in recent weeks by Qantas, BlueScope Steel, OneSteel, Westpac bank and other companies. It is further proof that, far from being immune from the impact of the global crisis, much of Australian industry is being devastated by the high dollar and interests associated with the mining boom.

The Future of Clyde Refinery, a report by economists and oil industry experts commissioned by the CFMEU and the Australian Manufacturing Workers Union

(AMWU) estimates that in addition to the 500 jobs directly at stake at Clyde, approximately 1,700 jobs will be lost in associated industries.

The CFMEU feigned surprise and indignation at Shell’s confirmation of the closure on July 27. Union official Lorraine Usher said: “Today’s announcement has made it clear that Shell had no intention of moving from its initial position of closure.” The truth is that the review process was always a sham, perpetrated with the complicity of the unions.

From the outset, the perspective of the unions was not to fight the destruction of jobs but to ensure the ongoing involvement of the unions in any restructuring. *The Future of Clyde Refinery* report tables an “Action Plan.” Recommendation 1 proposes “a joint Efficiency and Innovation Improvement and Working Group with a mandate to identify initiatives at Clyde.” These initiatives included achieving cost reductions by “best in class contractor management systems,” technological innovation and reductions in unit processing costs.

Recommendation 2 calls for an agreement that the unions would be pivotal in any “future development and restructuring options for the refinery.” Recommendation 3 proposes negotiations with the New South Wales state government to use the site and assets to develop a refinery that is “competitive.” In the event that the refinery closes, recommendation 4 appeals to the state government to “prepare an expert summary proposal for a competitive oil-industry infrastructure.”

The recommendations demonstrate that the unions function, not in the interests of their members but those of big business. In effect, the unions pleaded with the company to be the enforcement mechanism for imposing the cuts to jobs and conditions necessary for Clyde to “compete” globally.

AMWU secretary Tim Ayres declared that Shell should be “engaging with the unions on an alternative plan.” He also appealed to the Liberals to intervene.

“We really think it’s a big test for the NSW government... They should be rolling up their sleeves, getting engaged with Shell and with industry, and making sure we’ve got a viable future for that site.”

The oil industry unions have already been complicit in the destruction of jobs and conditions at Clyde and other refineries. In 1968, Clyde’s workforce exceeded 1,000. Repeatedly, union members were told that sacrifices of jobs and conditions were necessary to keep the refinery open.

Although Shell has stated that its larger refinery at Geelong, near Melbourne, will not close, the writing is on the wall for it and other refineries. Company spokesman Andrew Smith told the *Sydney Morning Herald* on July 28: “Asian refining capacity is increasing and it will have an impact on the Australian refining industry.”

Australia’s biggest petrol retailer, Caltex, which owns two of Australia’s six refineries—at Kurnell in Sydney and Lytton in Brisbane—said in April that Australian refineries were competing against those “in Asia that have refineries that are five and 10 times the size of our refineries—very efficient, very modern.”

In appealing to Shell for collaboration, the unions have pushed a nationalist line, seeking to blame foreign workers. The CFMEU’s Usher stated on the Australian Broadcasting Corporation’s radio program “PM” in April: “It’s 280 Australian jobs that are going to be lost to foreign imports.” This is a diversion from the real source of the attack—which lies in the private profit system itself and the role of the unions in enforcing its dictates.

For the past 30 years, the CFMEU, AMWU and every other union has refused to defend a single job. Instead, they have imposed cuts in working conditions and productivity speed-ups, as demanded by employers. This process was institutionalised through the Australian Council of Trade Unions accords with the 1983-1996 Labor governments of Hawke and Keating. Today the destruction of manufacturing jobs and conditions is being accelerated under the federal Labor government.



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