

Aluminium producer closes smelter in regional Australia

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5 June 2012

Norwegian aluminium and mining company Norsk Hydro announced on May 22 that it will close its aluminium smelter in the small town of Kurri Kurri to the north of Sydney. At least 350 fulltime jobs and 150 contractors will be eliminated.

Norsk Hydro is the fourth largest integrated aluminium company worldwide, with operations in 40 countries employing some 23,000 people. Alongside aluminium production, the company is also the fourth largest miner of bauxite globally.

The closure of the smelter, which was the largest employer in the Cessnock municipality, has shocked workers at the plant and people across the region. It is a further sharp indication of the growing recessionary conditions that are decimating manufacturing and other labour-intensive sectors such as retailing and services.

The Cessnock area is already suffering the highest level of joblessness in the Hunter region of New South Wales, with unemployment for young people aged 16 to 24 as high as 23 percent. The area is still reeling from the closure of a Pacific Brands garment factory in 2009 with the loss of hundreds of jobs.

Local aluminium recycling company, Weston Aluminium, has already indicated that it may cut a third of its workforce, telling media that the smelter closure meant “less business” and “less jobs.”

Trevor, who had worked at the smelter as a contractor, told the WSW: “It’s going to hurt the area. There is industry around, but not that much. There are a lot of people looking for work. You throw 400 guys out there [out of work], plus contractors—that’s 900 people. It’s going to affect everyone.”

Nicole, a waitress, said: “It’s unfair to all the people who’ve now lost their job. It’s hard to find work around Kurri, a lot of businesses have closed down. Everyone’s losing their job. There’s no jobs left for anyone anymore. It’s pretty hard.

“A lot of people who’ve lost their jobs are packing up and moving. They’re leaving so we’re getting smaller and smaller. It’s alright having a small town but it’s a big hit for those who’ve lived here all their lives. They’ve lost their jobs so they can’t support their families anymore.”

The Kurri Kurri smelter had lost \$35 million this year alone and the company wrote down its value in February by \$162 million and reduced production by a third. In January, it sacked 150 workers from the plant, claiming that the lay-offs, along with other cost-cutting, would enable the facility to remain open.

Announcing the closure last week, however, a management spokesperson claimed that a subsequent review had revealed the operation “would not be profitable in the short term” and that its “long term viability would be negatively affected by increasing energy costs and the carbon tax.”

The carbon tax is not due to become operative for another six weeks so to date it has not affected Australia’s aluminium producers. Companies such as Norsk Hydro would have also been massively compensated for the tax, receiving 94.5 percent of their carbon permits free under the arrangements put in place by the federal Labor government.

The rising cost of electricity may be a factor in the

company's decision to close the plant, but the overriding reason is the continuing fall of aluminium prices, which have plunged from \$3,000 a tonne five years ago to \$2,000 a tonne today, and the negative impact of the high Australian dollar.

Moreover, Norsk Hydro and other aluminium producers are calculating that prices will fall even further as economic activity slows in China. China accounts for 41 percent of global aluminium consumption and has boosted its own aluminium production to 16.8 million tonnes a year, producing a glut on world markets.

Most aluminium producers in Australia are implementing savage cost cutting measures as part of a global restructuring of their businesses. A report in the *Australian Financial Review* on May 25 estimated that almost 30 percent of Australia's aluminium capacity could be mothballed by the end of the year.

Alongside the closure of its Kurri Kurri plant, Norsk Hydro slashed 100 jobs earlier this year at the Tomago smelter, which it jointly owns with mining giant Rio Tinto. It may be preparing to end manufacturing operations altogether and seek to enter the bauxite mining and export industry instead. Australia is the world's largest miner of bauxite with 71.5 million tonnes produced in 2010. Rio Tinto is expanding its Weipa mines in Queensland, with plans to sell bauxite directly to China.

Alcoa, the world's third largest aluminium producer, has put a question mark over continuing production at its Point Henry smelter in Victoria, which employs 600 workers. In January, the company announced it would close its Portovesne smelter in Sardinia, Italy, and plants at La Coruña and Avilés in Spain, at the cost of 1,500 jobs.

The response of the Australian Workers Union (AWU) to Norsk Hydro's closure of the Kurri Kurri smelter was entirely predictable. Only weeks earlier, the AWU had led a delegation to meet with top Alcoa executives in the United States and offer 300 suggestions to cut costs and boost productivity at the Point Henry plant, including axing around 50 jobs.

Having already assisted Norske Hydro to cut jobs at Kurri Kurri in January, the union is now working in

lockstep with the company and the federal Labor government to facilitate an "orderly closure" of the plant. AWU official Richard Downie ruled out any opposition to the job cuts, telling the media that the union would be "taking as long as it needs to put everything in place that is going to cover the process leading up to the closure and then following the closure."

Downie heaped praise on the company for offering redundancies, alternate job training and other limited assistance, declaring: "They [Norsk Hydro] have not shirked away from that [paying entitlements] for one minute and it is important to say that because it is very easy for an employer to want to play some games."

Prime Minister Julia Gillard voiced her "concern" for the sacked workers and their families, but her government has fully backed employers as they restructure their operations and eliminate jobs. Under the government's draconian industrial laws, it is illegal for workers to take industrial action in defence of jobs or against plant closures.

In the face of a mounting wave of job cuts, it is essential that the working class take a stand against the employers' offensive. The AWU's response closure makes clear that workers can only take forward a fight if they break from the unions and establish rank-and-file committees that develop a political struggle against the Labor government and the corporate interests it serves. Such a fight necessarily involves a turn to other sections of workers in Australia and internationally that face similar attacks on jobs and living standards.

Against the profit dictates of the companies, every job and all conditions should be defended. A workers' government is required that will implement socialist policies. This includes putting the banks and major corporations under public ownership and democratic control of the working class to meet the social needs of the majority, not the private profits of a wealthy few.



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