

Australian regional brewery closure announced

Joshua Newsham
1 March 2014

Carlton & United Breweries (CUB) has announced the closure of the Bluetongue brewery at Warnervale, the second largest of the remaining breweries in the Australian state of New South Wales. The company told 64 employees in January that their jobs would be gone by the end of the year.

CUB blamed “excess brewing capacity” and “duplication” for the closure of the \$120 million brewery, which only opened in 2010. The shutdown is part of a broader restructuring in the cut-throat struggle for market dominance and an avalanche of job losses across Australian manufacturing industry, including food processing.

The premium Bluetongue beer brand, once available Australia-wide from 5,700 bottle shops and on tap in almost 400 pubs, has been run into the ground by the CUB’s owner, global brewing giant SABMiller, as part of its strategy of consolidating brands and eliminating competition.

CUB corporate affairs director Jeremy Griffith rationalised the closure, saying: “We weren’t seeing significant volumes, so we had to make a commercial decision... given the huge brand equity in both VB and Carlton Draught [two CUB brands], Bluetongue unfortunately just wasn’t getting the cut-through.”

The closure was announced on January 23, with staff being offered counselling and sent home for the day. Brewing equipment will be relocated to the company’s Queensland brewery at Yatala, Brisbane, while the other assets will be mothballed. Up to 15 staff from Warnervale, about half way between Sydney and Newcastle, have been given the option to move interstate.

The union that covers the Bluetongue brewery is United Voice, which claims 120,000 members, including workers at other CUB plants. The WSW

asked the union office responsible for the Warnervale plant for a statement on the announced closure but received no response.

In one shutdown after another over the past two decades, the unions have functioned on behalf of management to suppress any struggle to defend jobs.

Bluetongue started as a local Newcastle microbrewery, before it was purchased in 2007 by Pacific Beverages, a joint-venture between SABMiller and Coca-Cola Amatil (CCA). In 2011, following a hostile takeover of the Australian beer group Fosters, of which CUB is a subsidiary, SABMiller bought out CCA’s share in the joint venture.

As part of the deal, CCA agreed not to compete in the beer market for two years. Now that the agreement has expired, CUB and SABMiller face the re-entry of CCA into a market that is in decline. Last year, per capita beer consumption slumped to its lowest level in 66 years.

The closure of the Bluetongue brewery will impact heavily on Warnervale in the Shire of Wyong, north of Sydney. The official unemployment rate in Wyong is 7.6 percent and 16.4 percent among young people, but the actual figures are far higher. The area is already reeling from the announcement in December that the nearby Kellogg’s food processing plant will close with the loss of 100 jobs as part of a global corporate restructure.

The social crisis in Wyong is typical of many regional and rural areas that have been hard hit by plant closures, particularly in food processing, as well as the slashing of essential services by state and federal governments. In January, CCA announced the axing of 73 maintenance workers at SPC Ardmona’s fruit cannery in Shepparton, Victoria, amid fears that the plant could be closed completely with the loss of 1,000

jobs.

Former Australian Competition & Consumer Commission (ACCC) deputy chairman Alan Asher urged the agency to investigate the Bluetongue closure. “It isn’t closed because it was a failure or because people didn’t like it,” he argued. “It’s been closed because a giant global firm, the 10th-largest on the UK stock exchange and the second-largest brewer in the world, finds it convenient to snuff out this tiny speck of a potential competitor.”

The ACCC, in reality, has no ability to exercise any leverage. The Australian beer market, worth an estimated \$12 billion annually, is dominated by just two companies—CUB and Lion Nathan, owned by the Japanese giant Kirin—which together account for 90 percent of beer sales.

The Australian market, however, is just one segment of the operations of huge transnationals, such as SABMiller, which together control a global market worth around \$585 billion in 2010. In the decade to 2010, mergers and acquisitions led to a further concentration, with the worldwide market share of the top four companies rising from about 25 percent to more than 45 percent.

SABMiller accounts for about 14 percent, just behind the largest, ABInBev, with 18 percent, and ahead of Heineken with 9 percent and Carlsberg with 5 percent. Kirin also ranks in the top 10 companies with 2.6 percent.

The Bluetongue brewery closure is part of the ongoing restructuring of the Australian industry as CUB and Lion Nathan seek to boost their profits at the expense of each other and smaller craft breweries.

In October 2012, Lion Nathan announced the closure of the Swan Brewery in Western Australia (WA), with the loss of 80 jobs, shifting production of longstanding brands to the company’s South Australian brewery. Unions WA spokesperson Meredith Hammat simply declared people were “shocked” and “saddened” and announced that the union would negotiate payouts “to soften some of the blow.”

In August 2013, CUB announced that it would axe 33 jobs at its Abbotsford brewery in Melbourne and shut one of its production lines. SABMiller’s acquisition of CUB meant that the international beers would no longer be brewed under licence at Abbotsford. United Voice Victorian secretary Jess Walsh declared the job

losses were “a tragedy” but pledged to work with CUB management to carry out the redundancies.

Any defence of jobs must start from a complete break with the trade unions, which act as the enforcers of the ongoing corporate restructuring. This requires the formation of independent rank-and-file committees and a turn to other sections of workers in Australia and internationally facing similar attacks. Global giants such as SABMiller can be fought only on the basis of a global strategy by workers to restructure society along socialist lines.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact