

Australian nickel refinery crisis threatens thousands of jobs

Mike Head
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Australian mining magnate Clive Palmer placed his Queensland Nickel refinery in the northern Queensland city of Townsville into voluntary administration on Monday, directly threatening the jobs of almost 800 refinery workers, with another 3,000 workers likely to be affected by the flow-on effects in the Townsville region.

Refinery workers are still being kept in the dark about their futures. Trade union officials reported yesterday that the newly-installed administrators had revealed that Queensland Nickel had no money to pay entitlements owing to 237 workers already retrenched last Friday, and had not made any superannuation payments since November, even for workers' own contributions.

The jobs and livelihoods of thousands of nickel mining-related workers are also imperiled in the French Pacific island colony of New Caledonia, where the government is warning of civil unrest if the refinery closes, because it takes all of the island's production of nickel, its main industry.

The demise of Queensland Nickel underscores the depth and sharpness of the collapse of the two-decade mining boom now hitting Australian capitalism, with devastating results for the working class. The global price of nickel has fallen by more than 80 percent since its 2007 peak.

The collapse of prices for nickel, the ninth-biggest export earner for Australia, has been particularly driven by the slowdown of basic industry in China. Nickel is used primarily for steel production, of which there is now a massive glut in China. According to the latest official China data, steel output in that country fell in December by more than 5 percent, year-on-year. The World Bureau of Metal Statistics estimated that China accounted for about half of global nickel demand in the

first half of 2015.

Once rated as a billionaire, Palmer also has significant stakes in debt-laden iron ore and coal projects, which have also been hard hit by precipitous price falls over the past two years. Evidently, Palmer declined to provide Queensland Nickel with \$35 million to meet immediate cash flow problems, after the major banks and the Queensland and Australian governments both decided not to lend the company that amount.

BHP Billiton, then the world's largest mining corporation, offloaded Queensland Nickel to Palmer in 2009, after the nickel price plummeted from a peak of around \$US50,000 per tonne in 2007, before the global financial crisis, to below \$10,000 a tonne. Since then, the price has fallen to around \$8,000 per tonne.

The *Australian Financial Review* estimates that the 2009 sale price, which has never been disclosed publicly, was as low as \$35 million. After extracting an estimated \$365 million in operating cash flow from the business, Palmer increasingly faced losses. Along the way, he also donated some \$21 million from the company to help fund his right-wing, pro-business Palmer United Party, formed in 2013.

Yesterday, FTI Consulting, the administrators appointed by Queensland Nickel, said the company owed creditors between \$70 million and \$80 million. Retrenched workers were warned they would be added to the bottom of the long list of creditors, forcing them to wait for the possible partial payment of redundancy entitlements.

Queensland Nickel is the largest private employer in Townsville, which is home to about 180,000 people. Sacked workers and their partners interviewed by the media voiced anger and disgust. Darelle Baker, the wife of retrenched maintenance operator Nathan Baker, 36,

told the *Australian* it was “a kick in the guts,” for the couple and their five children, aged from four to 17, leaving them unsure how they will pay school fees and rent. “This is dire straits stuff for us,” she said.

Thousands of coal miners and coal industry-related workers have already lost their jobs in central Queensland over the past two years because of closures and cutbacks by major companies, including BHP Billiton. Across the country, tens of thousands of retrenchments are continuing to take place in the mines and mining construction projects, on top of a wave of sackings in the auto, steel, maritime and retail industries.

In New Caledonia, where a quarter of all private sector employment relates to nickel exports, a government agency source told journalists yesterday that if the Townsville refinery closed, “the impact would be tremendous. It would possibly trigger some industrial conflict and social discontent.”

Last November, New Caledonian President Philippe Germain warned in a letter to Palmer that a shutdown of the refinery would result in political unrest, violence and mine closures. The refusal of Germain’s administration to grant export licences last year to local miners seeking to sell ore to customers other than Queensland Nickel triggered a series of rolling protests and industrial blockades.

Palmer’s handover of the refinery to financial administrators, leaving hundreds of workers to face unemployment, further exposes the reactionary class character of his Palmer United Party (PUP), which was formed in the lead-up to the 2013 Australian federal election to try to divert the widespread hostility to the main parties of the political establishment.

By posturing as an opponent of both the Labor Party and Liberal-National Coalition, the PUP attracted around 5 percent of the national vote, and 11 percent in Queensland, gaining Palmer a seat in parliament and, initially, three PUP senators. Palmer issued a grab-bag of promises, including to abolish tertiary education fees, reduce all income tax by 15 percent, provide pensioners with an extra \$150 each fortnight, and inject \$80 billion into the federal health budget. All this was supposed to be financed by boosting corporate profits, above all by drastically reducing business taxes.

The trade unions covering Queensland Nickel workers, chiefly the Australian Workers Union (AWU)

and the Australian Manufacturing Workers Union, have demagogically denounced Palmer as an individual, but are working to prevent any fight by workers to defend their jobs and halt the closure. Signalling its acceptance of the reduction of workers to the status of unsecured creditors, the AWU is seeking permission to attend a creditors’ meeting in Townsville on January 28, which could decide to liquidate the company.

To divert workers’ outrage, the unions have spoken of taking legal action to seek to obtain redundancy and other payouts, and are trying to help the state Labor government sow illusions in the prospect of launching government-funded capital works that could provide alternative employment.

Premier Annastacia Palaszczuk flew to Townsville yesterday for meetings with union bureaucrats and local government officials on the crisis, making a show of support for the “hurting” workers and their families. She claimed that her government would establish “a priority list of projects for the North and give them the green light.” No details have been offered by the government, which itself faces worsening revenue shortfalls because of the mining collapse.

At the same time, the government directed the retrenched workers to state agencies and Centrelink, the federal welfare agency, designed to cater for, and head off opposition to, job losses. The *Townsville Bulletin* reported today that some people “stormed out in anger,” having received only information about re-training, counselling for depression and details about Centrelink payments.



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