

# Australia: Hazelwood power station closure threatens thousands of jobs

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ENGIE, a major French energy multinational, announced on Thursday it will close the Hazelwood coal-fired power station, in southeastern Victoria, in March 2017.

The closure will directly destroy up to a thousand jobs, with the flow-on impact threatening thousands more. It will further devastate the economically-depressed Latrobe Valley, which has one of the highest unemployment rates in Australia.

Reports have indicated that the move could see power prices across Victoria rise by up to 25 percent. State government figures indicate a 4–8 percent hike, but even that would exacerbate the financial difficulties facing millions of working class households.

The announcement is the culmination of decades of job cuts across the Latrobe Valley and the energy sector, including at Hazelwood, overseen by successive Labor and Liberal-National governments and enforced by the Construction Forestry Mining and Energy Union (CFMEU).

Announcing the shutdown, Alex Keisser, ENGIE's chief executive in Australia, made clear that the plant was no longer sufficiently profitable for the company's wealthy shareholders.

“ENGIE in Australia would need to invest many hundreds of millions of dollars to ensure viable and, most importantly, continued safe operation,” Keisser said. “Given current and forecast market conditions, that level of investment cannot be justified.”

The plant employs around 750 workers—450 permanent workers and 300 contractors—and a number of casuals. ENGIE also announced it will sell its other Latrobe Valley plant, Loy Yang B, which has about 150 full-time staff and 40 contractors, and its Kwinana cogeneration plant in Western Australia. There is no certainty either will find a buyer.

The Hazelwood shutdown is part of a global restructure of ENGIE's operations, spurred by mounting competition in the energy sector, the fall in commodity prices and stepped-up demands from the financial markets for ever-greater returns.

In February, the company's incoming chief executive, Isabelle Kocher, foreshadowed plans to slash costs annually by €10 billion to €20 billion, through the sale or closure of production and exploration sites, and a turn to renewable energies. At the end of 2015, the ENGIE had total assets of over €160 billion.

The company has sought to suppress and intimidate the widespread opposition to the closure. In the days before the announcement, workers were warned not to make any comments to the media.

The CFMEU, which has collaborated with Hazelwood's owners through successive rounds of job cuts, signalled it will seek to enforce an “orderly closure” of the plant.

Speaking to the *Australian Financial Review*, CFMEU state secretary Geoff Van Dyke touted the company's worthless claims that 200 workers may remain employed in the demolition of the plant over the next five years.

Trevor Williams, the CFMEU's mining and energy president for Victoria, called for more time, essentially so that the trade union could better assist the closure, on the pretext of supposedly providing workers with other opportunities. He stated: “If it needs to be closed we believe it should be done in a phased-out way which would give us an opportunity to make arrangements for the workers.”

At the same time, Williams admitted that the union was fully aware of long-standing plans for the closure. “Some of us have seen this coming for quite some time,” he said, noting “talk off and on for the last 20

years” about a shutdown.

While the union, and state and federal politicians, have cynically feigned concern, the policies they have implemented are responsible for the dire social crisis in the Latrobe Valley.

In the early 1990s, the Labor state government of Joan Kirner initiated the privatisation of Victoria’s electricity industry, which was completed by the Liberal government of Jeff Kennett. Over the ensuing years, under successive Labor and Liberal governments, up to 15,000 jobs have been destroyed in the Latrobe Valley, which was historically the state’s main centre of electricity production. More than 6,000 of those job cuts were in the electricity sector. Across the state, the number of electricity workers fell from 21,500 in 1990 to just 8,000 in 2005.

Privatisation programs implemented by Labor and Liberal governments in other states have resulted in similar attacks on the jobs, wages and conditions of workers.

The assault on jobs in the Latrobe Valley has escalated in recent years. In 2014, the Energy-Brix coal-powered station closed, with at least 70 workers sacked. The same year, Hazelwood unveiled a series of voluntary redundancies aimed at downsizing the workforce.

Unemployment in the town of Morwell, near the Hazelwood plant, stands at an estimated 19.7 percent. A 2015 report listed the town among the seven most disadvantaged areas in Victoria by a range of social indicators. Youth unemployment is endemic. Hazelwood was one of the few local facilities employing skilled workers and tradesmen, making a mockery of the claims that its workforce will be “retrained” and assisted to find employment elsewhere.

As for moving house to find work, the protracted decline in home values in the Latrobe Valley makes that almost impossible. According to a real estate web site, the median house price in Morwell is \$153,000, compared to \$773,669 in Melbourne, the state capital, which is about 150 kilometres away.

Underscoring the central role of the major capitalist parties in these attacks, federal Energy and Resources Minister Josh Frydenberg, a key member of the Turnbull Liberal-National government, and the state Labor government’s state Treasurer Tim Pallas, travelled to France late last month for backroom

meetings with ENGIE heads. The timing of the visit indicates that the purpose was to prepare to police the plant’s shutdown.

Other politicians claimed that the closure of the plant, a significant emitter of carbon dioxide, is a victory in the struggle against climate change. Last September, Greens federal MP Adam Bandt responded to rumours of the impending closure by declaring: “This good news is the start of Victoria’s energy transition, where dirty coal is replaced with clean renewable energy.”

In reality, as ENGIE’s corporate heads have made plain, the decision is based purely on profit-making motives. Bandt and the Greens, indifferent to the plight of workers in the Latrobe Valley, speak for an affluent layer of the middle class, with ties to various renewable energy corporations. They defend the capitalist profit system, whose anarchic operations are responsible for the climate change crisis.

The state and federal governments have announced “rescue” packages for the Latrobe Valley, reportedly totalling \$266 million. The state Labor government’s initiative is clearly about exploiting, not alleviating, the region’s social crisis. It wants to transform the region into an “economic growth zone” by providing businesses with tax breaks and financial incentives to take advantage of cheap labour in the area.

The Hazelwood closure is part of an escalating offensive against the working class across the country, and internationally, stemming from the breakdown of the global capitalist system. It comes hard on the heels of the closure of Ford’s auto assembly plants in Australia, destroying thousands of jobs.

The only way to oppose the shutdown is through a break with the thoroughly corporatised trade unions, the Labor Party and the entire capitalist political establishment, in the fight for a workers’ government and socialist policies, including placing the major energy companies under public ownership and democratic workers’ control.



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