

# Australia: Union hails “cooperation” with Alcoa after government subsidy

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26 January 2017

With much fanfare, Prime Minister Malcolm Turnbull, Victorian Premier Daniel Andrews and Australian Workers Union (AWU) secretary Ben Davis came together in Portland, southwestern Victoria, last Friday to announce a \$230 million government package to subsidise aluminium giant Alcoa’s operation of its Portland smelter.

The participants declared that the deal had “saved” the future of the city, which has a population of 10,000 and relies on the smelter for 600 jobs directly and up to 2,000 indirectly. Prime Minister Turnbull, a former investment banker, and Labor Premier Andrews, both donning workers’ overcoats, boasted of their support for jobs in the manufacturing industry.

These claims, repeated throughout the media, are bogus. For the workers, the threat of a plant closure remains. Alcoa has agreed to keep the smelter open for only four years in order to receive subsidies of approximately \$200 million from the state government and a one-off payment of \$30 million from the federal government. After that time, if not well before, Alcoa will again declare that “market conditions” dictate that the plant must be closed or that workers must make further “sacrifices” to keep it open.

As for defending jobs, the federal and state governments are assisting the shutdown of the entire auto industry, with the closure of Ford, GM Holden and Toyota, which will directly and indirectly destroy anywhere up to 200,000 jobs. Billions of dollars were provided by successive governments, Labor and Liberal-National, to the car makers over decades, supposedly to keep their plants going. These handouts were conditional upon the companies destroying jobs and driving up productivity to make the plants “internationally competitive.”

The precise terms of the Alcoa package have not been

released. In addition to securing a set electricity price for the smelter from the private electricity provider AGL, the government payments undoubtedly also depend on Alcoa and the AWU delivering “productivity” improvements at the plant by slashing workers’ wages and conditions.

The AWU pledged to work closely with the company and governments. Davis declared: “This is a victory for common sense and cooperation between all levels of government, the company and the union ... We need to harness the spirit of cooperation that allowed us to find a solution in Portland and apply that to planning the future of manufacturing jobs.”

For decades, the unions’ “spirit of cooperation” has assisted a sweeping corporate assault on the jobs, wages and conditions of the working class. The real meaning of Davis’ comments was indicated in a December 4, 2016 article in the Melbourne *Herald Sun*.

The article reported that federal industry minister Greg Hunt and his Victorian counterpart Wade Noonan had conducted joint meetings with the union and company, “taking a similar approach used to assist Arrium’s Whyalla steelworks.” Last October, the AWU pushed through a 10 percent pay cut on steelworkers at Arrium’s plant in Whyalla, South Australia, using the threat of an imminent plant closure if the workers opposed the deal.

Over the past year, the AWU has already enforced similar attacks on workers at Portland. Last May, the union demanded that workers accept a one-year agreement that froze wages, saving the company \$1.5 million. Last month, after the plant was hit by a five-hour power blackout, the union agreed that workers be required to use their annual leave while the plant shut down for several weeks.

The union's claim that concessions by workers will "save jobs" is a fraud. In 2014, the AWU worked with Alcoa to carry out an "orderly closure" of its Point Henry smelter in Geelong, Victoria, destroying 1,000 jobs and preventing any struggle by workers against the shutdown.

The Portland plant was built in 1986 under Labor Premier John Cain, who pegged the price of electricity to the global price for aluminium, although the terms of the agreement remain a state secret. The subsidy arrangement expired last October. According to analysts, the subsidy to Alcoa over 20 years amounted to \$2 billion.

The latest handout was driven by definite political considerations. On January 16, the *Melbourne Age*'s political editor Josh Gordon wrote that the state and federal governments were unwilling to let the plant close "at a time when mainstream parties are struggling to adjust to the rise of industry policy populists such as [anti-immigrant One Nation leader] Pauline Hanson and Nick Xenophon in Australia and Donald Trump in the United States."

In fact, the real concern in the political establishment is the seething anger within broad sections of the working class to mounting job losses, social inequality and cuts to pensions and social services, and the danger that this may develop in a left-wing direction, outside the framework of the parliamentary setup.

There is an offensive against aluminium workers globally as the major transnational producers restructure their operations in search of higher profits. Worldwide, the industry is beset by oversupply, partly due to a slowdown in Chinese demand. Large international producers are believed to be operating at close to cost.

The US-based Alcoa has been at the forefront of this drive. Last January, Alcoa closed its largest plant, in Warrick, Indiana, taking aluminium production in the US to its lowest level since 1950. American production has declined since 2000, with the number of plants cut from 23 to five. Operations have increasingly been shifted to regions with low energy prices and cheap labour, including Africa, China and Saudi Arabia.

This is leading to the closure of plants, destroying entire communities such as Point Henry, or demands from companies and trade unions in every country that workers accept cuts to their conditions.

In Australia, there are now just four smelters. On January 19, the global mining giant Rio Tinto announced that it would cut \$110 million worth of production at its Boyne, Gladstone smelter—the largest in the country—and destroy up to 30 jobs. Rio Tinto blamed high electricity prices.

These job cuts and closures are part of a broader assault on manufacturing and energy workers, including at Arrium Steel, the planned closure of the Hazelwood power station and mine in Victoria, and plans by AGL to slash wages for workers at the Loy Yang power station by 30–65 percent.

The Glenelg shire, which contains the city of Portland, is already one of the most disadvantaged areas in Victoria. According to the Australian Bureau of Statistics, it ranks among the most disadvantaged 18 percent of municipalities in the state. Glenelg is in the lowest 30 percent of the state in terms of education and occupation, with a high number of students leaving school in Year 8, aged between 12- and 13-years old.



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