

BP refinery closure threatens hundreds of jobs in Western Australia

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In late October, British oil and gas company BP announced that over the next six months it will progressively close its refinery in the city of Kwinana near Perth, Western Australia (WA). The shutdown will cost at least 590 jobs.

The refinery, the largest in Australia and the only one in WA, has been in operation for over 65 years. It currently employs 400 permanent staff and 250 contractors. It is to be converted into an import terminal that will employ only 60 people when it is completed in the middle of next year.

The company's callous decision will see the Kwinana workers dumped into an ever tightening jobs market under conditions where thousands of workers have already been laid-off across the state since the coronavirus crisis began.

Even before the pandemic had fully taken effect, official unemployment in Kwinana had hit 11.8 percent in the March quarter this year. This is far higher than the general rate for WA, which has just fallen to 7 percent, down from 8.7 percent in June as COVID-19 restrictions are eased.

BP Australia head Frédéric Baudry told the media that the company's decision "was not in any way a result of local policy settings," but was in "response to the long-term structural changes to the regional fuels market."

The closure is part of a vicious global restructuring of the sector by the major oil companies, to cut costs and offset the impact of a slump in oil prices. Production is being slashed, jobs destroyed and older plants closed to facilitate the relocation of operations to newer large-scale export refineries in Asia and the Middle East.

A September article by Reuters stated that global oil refiners, "reeling from months of lackluster demand and an abundance of inventories," are cutting fuel

production "because the recovery in demand from the impact of coronavirus has stalled."

Reuters reported that the Paris-based International Energy Agency (IEA) had reduced its forecast for global oil demand for 2020 for the second time in two months "due to the faltering recovery." The IEA also forecast that "global consumption of petroleum and liquid fuels will average just 91.7 million barrels per day (bpd) for all of 2020, a reduction in its previous forecast of 200,000 bpd and down 8.4 million bpd from 2019's 100.1 million bpd level."

According to natural resources research and consulting firm Wood Mackenzie, nearly 10 percent of high-cost refineries in Europe, or 1.4 million bpd of capacity, are in serious threat of closure over the next three years. Research and marketing agency Argus reported in August that US and Canadian refiners had already slashed 800,000 bpd of crude capacity this year and "at least 575,000 bpd of that will stay closed."

In Australia, other closures are likely to follow Kwinana with owners of the country's three other remaining refineries already placing their operations under critical review. Ampol is considering shutting its Lytton refinery in Queensland, threatening 500 jobs, Viva Energy will possibly close its refinery in Geelong, Victoria, a facility that employs 700 people, while ExxonMobil has put a question mark over its Altona refinery in the same state, which is manned by 350 workers.

Australia's energy unions have signalled that they have no intention of mobilising workers in an industrial and political campaign to oppose the Kwinana closure or to defend jobs. On the contrary, they are already working to prevent such a development and to divert all opposition into dead-end appeals to the pro-business federal Liberal-National government to intervene.

In a statement reeking of nationalism, Australian Workers Union (AWU) national secretary Daniel Walton declared the Kwinana closure “a matter of national security, and called on Prime Minister Scott Morrison “to get on the phone to BP and tell them to stop dead in their tracks” and “throw this decision into reverse immediately.”

Australian Manufacturing Workers’ Union (AMWU) state secretary Steve McCartney has made it clear that as far as the union is concerned, the closure is already a fait accompli. He called on BP to reveal what “their plans are for the surplus staff,” adding, “BP needs to step up and show us what they’re going to do for these workers and for the contractors who provide maintenance and services.”

The Morrison government has no intention of intervening in the interest of workers. All this year, with the full support of Labor and the unions, it has backed the corporate elite’s ruthless utilisation of the pandemic to restructure operations, cutting jobs and implementing further regressive changes to working conditions.

For months, the unions have been involved in tripartite working groups established by Morrison. These bodies, involving corporate, government and union representatives have been tasked with developing proposals for pro-business workplace changes and more “industrial relations reforms.” The depth of the unions’ collaboration was epitomised by the declaration of Australian Council of Trade Unions (ACTU) secretary Sally McManus in April that employers “can get everything you want through co-operation.”

The record shows that to mount a fight to defend jobs and conditions refinery workers have to break with the thoroughly corporatised unions. This must involve a complete break with the economic nationalism promoted by the unions. It serves only to divide the working class along national lines, in an inherently global industry, and line workers up behind their class enemies in the corporations and national governments.

The turn must be to building new organisations of struggle, including rank and file committees, to organise a unified counter-offensive by refinery and energy workers, nationally and internationally, against global oil conglomerates.

This struggle must be based on a socialist perspective and the fight for a workers government that will place

energy and other key sectors of the economy under public ownership and democratic workers’ control to meet social need, not private profit.



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