

Alcoa threatens smelter closure to extract more Australian government subsidies

Terry Cook
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Alcoa and its investment partners CITIC and Marubeni Aluminium Australia have again used threats to close the Portland aluminium smelter in the state of Victoria to secure a multi-million dollar government subsidy package. The latest handout adds to an estimated \$20 billion in public handouts to the corporation over the last 20 years by Labor and Liberal-National governments.

To achieve the latest cash-grab, Alcoa Australia callously held a question mark over the continued operation of the Portland smelter throughout 2020. This followed an announcement by its US-based parent company of plans to sell off around \$1 billion of assets and to close down facilities around the world.

The closure of the Portland smelter, which produces 20 percent of the country's total aluminium output, with a capacity of 358,000 tonnes per year, would have resulted in the destruction of 500 full-time jobs and around 160 casual positions, along with as many as 2,000 more jobs in downstream industries. This would decimate Portland, a city with a population of 10,000.

The latest subsidy deal was hatched in closed door meetings between the company, the Liberal-National federal government and the Victorian state Labor government. It will see a total of nearly \$160 million of public money transferred to the company's coffers over the next four years. A previous \$240 million government-funded subsidy package agreed on four years ago is due to expire this year.

Of the new subsidy, the state Labor government will directly provide around \$80 million. The federal government has guaranteed the company will rake in at least \$76.8 million in revenue over the next four years under the so-called reliability and emergency reserve trader (RERT) scheme.

The RERT, introduced in 2009, is an extraordinary

arrangement designed to benefit major corporate players whereby large energy consumers are paid to power down during peak electricity use periods such as during heatwaves to prevent blackouts and price spikes.

For Alcoa, the scheme is a lucrative gift horse as its Portland smelter is the single biggest user of energy in the state of Victoria accounting for about 10 percent of the state's overall demand. Having been underwritten by the government, Alcoa has struck new power supply contracts for Portland with existing suppliers AGL Energy, Alinta and Origin Energy that will come into effect on August 1.

The bailout of the Portland facility has been seized on by Prime Minister Scott Morrison to talk up his slumping economic credentials and to divert attention from the political crisis wracking his government that is being fuelled by ever-widening allegations of rape and sexual abuse involving government ministers and staff members.

This crisis has placed a question mark over the very future of Morrison himself and has already produced a hasty cabinet reshuffle resulting in two of his senior ministers being dropped from their key portfolios.

Appearing alongside workers for a photo-op outside the plant on March 19 after the Portland deal was consummated, Morrison fraudulently claimed that the multi-million dollar taxpayer funded handout to the aluminium giant was all about "keeping jobs" and furnished proof of his government's commitment to boosting employment in regional areas.

"Whether it's here in Portland or up in Gladstone or the Hunter in New South Wales, we are absolutely committed that we keep the jobs and we grow the jobs in these regions." Morrison crowed.

Such claims are belied by the entire record of the Morrison government, which has unceasingly backed

the corporate and financial elites' drive to carry out massive restructuring to bolster profits and shareholder values at the expense of the workforce.

This process has been stepped up over the past 12 months, as major corporations utilised the COVID-19 pandemic to impose even further workplace changes resulting in the wholesale destruction of jobs and the far-reaching dismantling of conditions.

Moreover, thousands more workers will be flung out of work with last Sunday's termination of the government JobKeeper scheme that provided payments to employers as a wages subsidy to keep employees on their books.

The Australian Workers Union (AWU), which covers the majority of the Portland workforce, enthusiastically echoed Morrison's claims, with the union's Victorian state secretary Ben Davis declaring: "Today is a great announcement that has been a long time coming. Hopefully this secures the future of the site and those who work there."

In truth the deal does nothing of the sort. It contains no guarantee that operations will continue past the four-year life of the agreement. Even then there is nothing to prevent the company from walking away from any commitment if it deems that to continue operations would be unviable, especially if there is a slump in aluminium prices and demand.

As in the past, the Alcoa package will undoubtedly require the AWU to collaborate with the company to deliver "productivity" improvements and cost savings at the plant by further slashing workers' wages and conditions.

In May 2016, as the last government-funded bailout was being finalised, the union demanded workers accept a one-year agreement that froze wages, saving the company \$1.5 million.

When the Portland plant was hit by a five-hour power blackout at the end of 2016, the union agreed that workers be required to use their annual leave while the plant shut down for several weeks even though the company would have been handsomely compensated under the RERT scheme.

All the talk by the AWU, the unions and the employers that concessions by workers will "save jobs" should be weighed against the actual record. Despite the cost-cutting demands of companies in sectors such as smelting and refining being faithfully delivered by

the unions, closures and job cuts have continued year on year unabated.

To name just a few, Alcoa closed its Point Henry smelter in Geelong, Victoria in 2014 at the cost of 1,000 jobs; Rio Tinto slashed 150 jobs at the Boyne aluminium smelter at Gladstone in Queensland in 2017; BP shuttered its refinery in the city of Kwinana in 2020 destroying 590 jobs, and in February this year ExxonMobil announced the closure of its Altona refinery in Victoria eliminating 260 permanent jobs along with many more specialised contractor positions.

Workers cannot defend jobs and working conditions within the straitjacket of the unions. New organisations of struggle, including independent rank-and-file committees, must be established to begin a unified industrial and political counter-offensive by workers throughout the sector.

Such committees are posed with the need for an alternative, socialist perspective aimed at establishing workers' governments that will place all resources, essential industries and utilities, along with banks, under public ownership and democratic workers' control, to meet social need and not profit.



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