Alcoa to shut down West Australian alumina refinery, destroying more than 1,000 jobs

Martin Scott
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Alcoa announced on Tuesday that it plans to shut down its 60-year-old alumina refinery at Kwinana, south of Perth in Western Australia (WA).

The move will eliminate around 550 jobs by the third quarter of this year, when all alumina production is ceased. A further 200 workers will be cut over the following 12 months. In addition, Alcoa will no longer engage about 300 workers employed by third-party contractors.

Around 50 workers will be kept on after the 2025 shutdown, with the Kwinana facility's port continuing to handle caustic soda imports and alumina exports for the company's nearby Pinjarra refinery.

The Australian Workers Union (AWU), which covers most of the affected workers, responded with a token expression of "deep disappointment." Presenting the closure as a foregone conclusion that could not be opposed, the AWU declared, "Our focus now shifts to supporting our members and keeping Alcoa honest."

This message is intended to hose down opposition to the shutdown among workers at Kwinana, and, above all, to suppress any call for a unified struggle against the closure involving workers from Alcoa's Pinjarra and Wagerup refineries.

The AWU plans to deliver the company an "orderly closure" of Kwinana, as it is currently trying to do at the Molycop steel plant in Newcastle, on the opposite side of the country, and as it has done countless times before, including with the complete destruction of the Australian car industry. To avoid the same fate, workers will have to take matters into their own hands.

As one of the largest factories in the Kwinana Industrial Area, the refinery's closure will be major blow to workers in the area, which has been a major industrial centre for decades. It follows soon after the BP oil refinery shutdown announced in 2020 and completed in 2021, which destroyed at least 600 permanent jobs.

Alcoa of Australia, a joint venture between US-based multinational Alcoa and Melbourne-headquartered Alumina Limited, owns three alumina refineries in WA, of which Kwinana is the smallest and oldest. Feedstock for the plants comes from the company's nearby Huntly and Willowdale bauxite mines. Alcoa also owns a 55 percent stake in the Portland aluminium smelter in south-west Victoria.

In 2022, the most recent year for which figures have been filed, Alcoa of Australia recorded a profit of $837 million and paid dividends to Alcoa and Alumina Ltd totalling $1.3 billion.

A spokesperson for Alcoa said on Wednesday that the Kwinana closure was based on "a variety of factors including its age, scale, operating costs and current bauxite grades," as well as "current market conditions."

While claiming he was "disappointed" by the announcement, WA Labor Premier Roger Cook defended the company's action, saying: "the Kwinana plant is old technology, doesn't have the scalability that they're looking for, and as a result of that they've made a commercial decision."

Cook noted that an Alcoa vice president had recently told him that "he appreciated the work the government was doing to make sure their operations remained viable."

The most recent example of this collaboration came less than one month ago. In mid-December the WA Labor government granted Alcoa an exemption allowing it to continue mining operations in areas under investigation by the Environmental Protection Authority (EPA), despite the company's dire environmental record.

Cook claimed in December that the exemption would "support local jobs while strengthening protections for our environment." The fraudulent character of this claim is exposed by Cook's comment this week that "the situation in Kwinana has been evolving for many years."

In fact, restructuring at Kwinana has been underway since October, with $9 million allocated for severance costs in early 2024, and 90 job cuts flagged. A total shutdown was also raised with investors as a possibility by Alcoa CEO Bill Oplinger, who declared: "Kwinana is a marginal asset at this point, we'll consider options on the table, including curtailment and closure."

The closure announcement also exposes the extent to which the AWU leadership has betrayed Alcoa workers.

In 2018, workers across the company's WA operations struck for 53 days in opposition to management's attempt to slash workers' rights and real wages through a new enterprise agreement. The AWU eventually forced workers back on the job, falsely claiming the company was committed to protecting full-time jobs.

In fact, the so-called "job security" provisions in the agreement did nothing of the sort, merely preventing the company from making workers involuntarily redundant and replacing them with labour-hire or casual employees.

But this meagre protection would only apply "for 6 months after the nominal term of this Agreement or until the Union applies for a protected action ballot order whichever occurs sooner."

This was, in effect, a guarantee from the AWU leadership that a repeat of the eight-week strike would not be allowed. The mere act of calling a vote on industrial action would have given the company grounds to sack full-time workers and replace them with cheaper, more precarious labour.

The six-month limit in the clause also meant that workers would ultimately have to accept whatever the company offered, or risk being made redundant.

With workers stripped of their most basic workplace rights, the stage was set for another betrayal in 2023, which even more starkly reveals the AWU's collaboration in the Kwinana closure.

While the previous agreement was not set to expire until December 15, the union rushed through a deal in October, ensuring that the bargaining period would be well and truly over before the closure was announced. Under Australia's draconian industrial relations laws, workers can only legally strike while an enterprise agreement is being negotiated.

In addition to smoothing the way for Alcoa to destroy 1,000 jobs, the deal delivers a further real wage cut for the workers that remain employed, with just a 10 percent nominal pay rise over three years. Following on from the 1.5 percent per annum continued in the 2018 agreement, under conditions where inflation reached as high as 8 percent, this represents a massive hit to wages.

AWU WA secretary Brad Gandy offered no criticism of Alcoa's decision to shutter Kwinana, except to claim the company gave workers "false hope" in recent months. Instead, he hit out at the federal Labor government, declaring, "from a WA point of view, it sometimes feels like we're just the ATM."

This appeal to state parochialism is both an attempt to divert workers from a struggle against Alcoa and the other corporations that derive massive profits from WA's natural resources, and a plea for even more taxpayer handouts and concessions to these big businesses.

The AWU has trod a similar path at Molycop and elsewhere, going hand-in-hand with management to demand guarantees of cheaper energy from the federal government, under the false pretext that this will "protect Australian jobs."

In reality, the aim is to subordinate workers to big business, governments and the corporations, as both destroy jobs and conditions. That is in keeping with the role of the AWU and all the unions as corporatised entities, hostile to the basic interests of workers.

A fight to defend the jobs at Kwinana can and must be waged. But it requires a rebellion against the AWU bureaucracy.

What is posed is the need for workers to take matters into their own hands. As a first step, this means forming a rank-and-file committee, democratically controlled by workers, not well-heeled union officials.

The struggle cannot be confined to Kwinana. An appeal must be made to workers across Alcoa's WA operations. These workers should be warned—if the destruction of jobs at Kwinana is allowed to proceed without a fight, it will serve as a blueprint for future attacks throughout the company.

Although it ended in betrayal, the 2018 strike demonstrated the potential for a unified struggle to defend jobs at Kwinana and fight for real improvements to pay and conditions for all Alcoa workers.

But this will require a struggle, not just against Alcoa, but against the union officialdom and the whole political establishment, including Labor and the industrial courts. To succeed, this fight will have to be broadened to include workers throughout the mining and manufacturing sectors, including those at Molycop, who confront similar attacks on their livelihoods.

The onslaught on jobs and conditions underscores the need for a fight against capitalism, and for a socialist perspective, aimed at reorganising society to meet the needs of workers, not the dictates of the financial elite.