

Australia: Rio Tinto threatens to close Tomago Aluminium smelter, destroying over 1,000 jobs

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Last week, Tomago Aluminium announced it is preparing to shut down its smelter, north of Newcastle, by the end of 2028, destroying more than 1,000 jobs and devastating the region. Management insists the plant cannot remain viable once its 40-year electricity contract with AGL's Bayswater power station expires, pointing out that power makes up more than 40 percent of total costs.

Located about 160 kilometres north of Sydney, in the state of New South Wales (NSW), the threatened closure could result in a further 5,000 job losses through flow-on effects to local businesses and manufacturing. The regional economy has already been gutted by decades of industrial closures and layoffs.

Rio Tinto, one of the world's largest mining conglomerates worth around \$180 billion, holds the majority stake in Tomago through a joint venture with CSR Limited and Hydro Aluminium, a subsidiary of Norway's state-linked Norsk Hydro.

Tomago's chief executive officer Jerome Dozol said "consultations" with workers had already begun over the possible closure, declaring that "all market proposals received so far show future energy prices are not commercially viable" and there was "uncertainty about when renewable projects will be available at the scale we need."

Aluminium smelting is among the most electricity-intensive industrial processes. The Tomago plant operates around the clock, consuming roughly 10 percent of the entire NSW electricity grid. It produces around 600,000 tonnes of aluminium each year, some 37 percent of Australia's total output, worth an estimated \$2 billion annually.

The threat of closure is being used by Rio Tinto to leverage further concessions from the Australian government. A joint federal-state Labor offer of \$1 billion has been rejected by the company, with Dozol indicating that only a long-term deal that secured cheaper power prices would be accepted.

The company has already extracted substantial concessions from the Labor government. In January, Prime Minister Anthony Albanese unveiled a \$2 billion Green Metals Fund to provide tax credits to subsidise aluminium and steel produced

with renewable energy.

The Fund is one aspect of the government's limited program to address climate change, which aims to reach net zero carbon emissions by 2050—a goal that climate scientists warn will not address the serious consequences of global warming.

The Fund's announcement was staged at Tomago, where Rio Tinto Australia chief executive Kellie Parker hailed the initiative as securing "a future" for the plant and praised it as "the best smelter in Australia." She said the new Green Metals Fund would help secure its business for decades to come. Less than a year later, the company is demanding billions more in subsidies to lock in low-cost electricity beyond 2028.

In March and April, amid strikes over an enterprise bargaining deal, the company also pressured workers to accept lower wages, supposedly to guarantee the future of the smelter. In a media statement, Tomago declared its wage offer was made amid "rising energy costs and our long-term investments to decarbonise our plant so that we can continue operating far into the future."

In response to last week's announcement, Industry and Innovation Minister Tim Ayres declared that the government was "open to every option" to keep Tomago open, including changes to ownership and further subsidies. Labor clearly fears a further collapse of support in the region, which has already been hit hard by closures and job losses.

Ayres appeared at a press conference alongside four Labor MPs from the Hunter region, assuring workers that the Albanese government was "committed to keeping the plant operating." Asked how much taxpayer money would be provided, he said he would "exhaust every opportunity," adding that the process of making Tomago "self-sustaining" would involve government support "for years."

The trade unions have joined hands with the company in pressuring the federal government to meet the company's demands. Leigh Shears, secretary of Hunter Workers, the region's umbrella union organisation, urged the government to "use its balance sheet to secure Tomago the power it needs at the price it needs."

Brad Pidgeon, state secretary of the Australian Manufacturing

Workers' Union, described the company's announcement as "very disappointing." Effectively accepting the closure as inevitable, he said it "validates the sad news that's going to occur."

As Pidgeon admitted, the unions, along with the state and federal governments, have engaged in discussions with Tomago management behind closed doors for months and kept workers in the dark as to the threats of closure. None of the union bureaucrats has so much as hinted at any fight to prevent the shutdown.

As for the company, Dozol declared Tomago was still working with the government and was "very open to have an innovative solution to find a pathway moving forward." But he emphasised that "a significant change" would be required to prevent the closure—in other words, meet our demands or we will close.

Last year, Rio Tinto strong-armed the Queensland Labor government into a "partnership" agreement to keep its Boyne Island aluminium smelter open on the basis of subsidised renewable energy from 2029. The cost was not disclosed, but it will be borne by the working class through cutbacks to essential services including education and health, as well as the jobs, wages and conditions of public sector workers.

What is happening at Tomago follows a well-worn pattern. For decades, major corporations have used the threat of closing down and moving their operations elsewhere to extract government subsidies and financial assistance to the tune of billions of dollars, and, in league with the trade unions, to demand ever-greater productivity from fewer and fewer workers in the name of "international competitiveness." It is a never-ending process that has ultimately ended in devastating closures and job losses.

In the Hunter region, the most dramatic example was the closure of the Newcastle steelworks. The Hawke Labor government, with the backing of the unions, drew up the 1984–88 Steel Industry Plan, which provided BHP with \$800 million in subsidies and tax concessions, (worth roughly \$3.1 billion today), to "save" the industry. In return, the unions enforced mass sackings and wage restraint.

Steel employment in Newcastle was more than 12,000 in the early 1980s, but was slashed again and again over the next decade and a half. Despite years of public subsidies, BHP finally shut the steelworks in 1999, destroying the remaining 2,500 jobs overnight and wiping out tens of thousands indirectly.

The same pattern was repeated in the car industry under the Labor government's Button car plan. For decades, Ford, Holden, Toyota and Mitsubishi extracted billions of dollars in subsidies and tax breaks from successive Labor and Liberal governments, while the unions helped slash jobs and conditions. As profit margins fell, however, all four companies shut their Australian plants, destroying the whole car industry and leaving entire working-class communities in ruins.

Workers at Tomago should place no faith in Rio Tinto, the state and federal governments or the unions, whatever the immediate outcome of the present discussions. To fight the closure, workers need to establish a democratically elected rank-and-file committee, independent of the trade unions, to discuss, plan and execute their own industrial and political campaign.

An immediate task should be to reach out to the thousands of workers in other plants who are facing similar threats, including in this region the closure of Bayswater power station and Molycop steelworks. More broadly, workers at Glencore's Mt Isa copper mill, the Whyalla Steelworks, Nyrstar's zinc and lead smelters and Rio Tinto's Bell Bay aluminium plant all face the same tenuous future, after these companies have been handed huge government subsidies that will only keep operations going in the short term. Moreover, to wage a fight against global corporations such as Rio Tinto, workers need to think and act globally, establishing ties with workers around the world hit by its continual restructuring in search of greater profits.

A new political strategy is also needed. The trade unions all declare that nothing else can be done but to bow to the profit-driven demands of these major corporations and the anarchy of the capitalist market. But if Rio Tinto is incapable of keeping the Tomago smelter open then it should be nationalised, without compensation, under the democratic control of the working class, which, after all, built it and ran it for decades. That is what the Socialist Equality Party advocates as part of its fight for the socialist reorganisation of society from top to bottom to meet the pressing needs of the vast majority of working people, not the enormous profits of the wealthy few.

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