

Daniel Andrews' Alcoa secrecy an insult

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After 30 years of secrecy, it's time governments came clean on the rationale for and details of taxpayer support to the US multinational, Alcoa.

A new \$240 million assistance package - this is an estimate because state figures have not been officially released - has helped Alcoa strike a power deal with AGL, saving hundreds of jobs, temporarily, at Alcoa's smelter in Portland.

It is difficult for those outside the region to fully appreciate just how significant the smelter is to the far south-west of the state. And of course, aluminium remains a major Victorian export.

No-one wishes unemployment on the workers of the state's far south-west. Everyone supports jobs. But some key questions need answering.

First, why is an avowed free marketeer and climate change believer such as the PM so avidly supporting a taxpayer bailout of a single employer, and a massive guzzler of brown coal-fired electricity at that, especially when this means higher energy prices for others?

Former Treasurer Joe Hockey effectively turned the public tap off to car manufacturers in Australia. Before him conservative and Labor governments going back to Whitlam reduced protection. Entire industries and countless jobs have been wiped out in the name of the marketplace.

So what's so special about Alcoa?

The question is given greater weight by the fact Alcoa's Victoria's smelter had already enjoyed a massive public chop out over 30 years.

Portland has been controversial since the Hamer government in the 1970s opted to build it 500 kilometres from the state's electricity hub in the Latrobe Valley. It became even more so when the Cain government struck a power contract that turned into a massive annual subsidy.

The subsidies continued until the then current contract ended in 2016.

Alcoa has milked the power outage from late last year that reduced its plant's capacity to about a third.

Not for the first time, the global metals giant refused to commit to a future in Victoria. Governments panicked.

Yet the outage was due to a failure in a privately-owned electricity distribution network. Strictly speaking, the smelter meltdown should be a matter between two private parties - Alcoa and AusNet, the owner of the electricity distribution network.

It beggars belief, given aluminium's reliance on electricity, that Alcoa would not have been insured against such an eventuality. So why are we paying?

Neither the governments nor Alcoa will answer the insurance question. Alcoa says its insurance is no one else's business. Under the circumstances I couldn't disagree more.

As long as Alcoa hangs on - ever so ambivalently - in Portland, governments will fail to plan for a future for the region beyond it. And for as long as it remains, Alcoa will demand subsidy.

At least Turnbull's \$30 million in support comes with strings. It is conditional on operations at the smelter continuing until at least June 30, 2021 and maintaining production to at least 90 per cent of pre-outage levels.

As for the state assistance, which Treasurer Tim Pallas said on ABC Melbourne and 3AW would be up to be \$200 million over four years, there is no real detail. Is it the last hand-out? What are the conditions? What is required of Alcoa? Are there any obligations on it for even a medium-term commitment to Victoria? To renewable energy? Anything?

Remarkably, we the taxpayers have no right to know. Not even the dollar amount of the hand-out. It's all confidential. On Friday morning Daniel Andrews said "this deal is worth every cent". What deal?

In a different era when politicians had authority and citizens had some trust, secrecy around a major new enterprise may have made some sense, even if the original power contract with Alcoa is believed to be somewhere around \$4 billion.

But at a time when such deals are at odds with politicians' philosophies, policies and promises, and when public trust is all but gone, such confidentiality is an insult to those picking up the bill.

This story was found at: <http://www.theage.com.au/victoria/daniel-andrews-alcoa-secrecy-an-insult-20170120-gtv7lo.html>