

**Senate Standing Committee on Economics**  
**ANSWERS TO QUESTIONS ON NOTICE**  
Industry, Innovation, Science, Research and Tertiary Education Portfolio  
Additional Estimates Hearing 2011-12  
15 February 2012

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**AGENCY/DEPARTMENT:** DEPARTMENT OF INDUSTRY, INNOVATION, SCIENCE, RESEARCH AND TERTIARY EDUCATION

**TOPIC:** Aluminium Industry

**REFERENCE:** Written Question – Senator Bushby

**QUESTION No.:** AI-217

Rio Tinto, Norsk Hydro, Rusal and Alcoa have all in recent months expressed concern about the on-going viability of their Australian operations.

1. What is the real situation with this industry in Australia?
2. What reductions in refining and smelting capacity in Australia is the Government anticipating?
3. What is the aggregate number of jobs at risk?
4. What is the likely impact on national export income?
5. What is the Government doing to address this situation?

**ANSWER**

1. The key challenges to the aluminium manufacturing industry are low world aluminium prices and the strong and volatile Australian dollar. Low prices are due to global over-supply, heightened by a reduction in global demand for aluminium. The aluminium producers are continually reviewing their global smelting and refinery assets, including those which are in Australia.
2. Aluminium producers around the world have recently made announcements to reduce capacity due to low global aluminium prices. Australia's aluminium industry has significant production capacity by world standards. Given that global reviews by aluminium producers are underway, the Government is not in a position to speculate on potential restructures to the aluminium producers' businesses.
3. Some companies are undertaking reviews to assess their Australian operations. It is not appropriate to speculate about whether these reviews will result in any restructuring and/or job losses.
4. Some companies are undertaking reviews to assess their Australian operations. It is not appropriate to speculate about any possible impact on national export income.
5. The Government is closely monitoring the industry. The Jobs and Competitiveness Program includes support for aluminium refining and aluminium smelting activities.