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THE AUSTRALIAN

Qenos lay-offs start as energy costs hit

Manufacturing company Qenos is being forced to lay off 15 per cent of its 700-strong workforce as it battles to cope with higher energy prices, chief executive Stephen Bell said yesterday. Mr Bell said Qenos, which has polyethylene plants in Altona in Melbourne and Port Botany in Sydney, had been battling hard to boost productivity following increases of up to \$60 million a year in its gas and electricity expenses, but was now being forced to lay off staff.

“We have taken a lot of action working on every aspect of the business to improve our competitiveness, but it can only partially mitigate the impact,” he said. “We are having to take out 15 per cent of our workforce at the moment.

“We have already started with a number of people over the last few weeks and it will continue into the New Year. We are doing it with great reluctance but we have a business to run. We have to take action to keep the business viable.”

Mr Bell said the manufacturing industry in Australia was “facing the very real prospect of further job losses” because of the impact of higher energy prices. “I just don’t see how large industrial companies can continue (with) the sorts of cost increases we have sustained without having to take action.

“There is a very real prospect that some businesses might not be able to remain viable. With the prices we are seeing now for gas and electricity, some are just not sustainable. “The rise in energy prices is a big issue for us, and for all large users of energy.”

Mr Bell said electricity prices at the company’s plant in Sydney had more than doubled since last year. He said he was also worried about the effect of rising energy prices on his company’s customers. “We are a very domestically focused business. “We add value to local resources,” he said. “I worry about our customers. They are consumers of energy and the dramatic escalation of energy costs is putting them under enormous pressure. “It is a real issue for the whole value chain.”

Mr Bell said Australia had gone from having some of the cheapest energy in the world to being a country with the most expensive. Gas prices in the US had come down dramatically in recent years while prices in Australia had more than doubled, he said. “In Australia we were paying \$4 a gigajoule a few years ago for gas but in recent times the costs are between \$10 and \$15 a gigajoule,” he said. “For most large industrial users, this is not competitive.” He said the big fall in energy prices in the US had encouraged more manufacturing to move back to America while manufacturing in Australia was under pressure. “We are competing against the world.

“We are going to see more industries go offshore.” He said this would have long-term effects on Australia’s economy. “Manufacturing is a sector which employs an enormous number of people,” he said.

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