

## MEDIA RELEASE

For Immediate Release

29<sup>th</sup> May 2020

### AUSTRALIA'S GAS VISION "TOO FAR AWAY"

Australia's largest petrochemical company says government plans for a gas-led economic recovery are likely to "misfire" if steps aren't urgently taken to make gas more affordable and accessible for Australian manufacturers.

Responding to the National COVID-19 Coordination Commission's (NCCC) Manufacturing Interim Report, Qenos CEO Mr Stephen Bell said while the Report's vision for gas was welcomed, he warned that the Australian economy and gas dependent businesses like Qenos could not wait another five years for gas costs and supply issues to be fixed.

"Over the past three years, the global price of natural gas has fallen by over 40 per cent. Over the same period the cost of the gas supplied to Australia's east coast has increased dramatically," Mr Bell said.

"Australia is the world's biggest exporter of natural gas. There's more than enough gas in Australia for export and domestic use."

"Yet, despite having this abundant energy and value adding resource, Australian industry, manufacturers and households are being asked to carry the burden of high gas prices."

"We know that one petajoule of gas used by the Australian chemical industry supports 1,600 FTE jobs, compared to 14 FTE jobs in gas-fired electricity generation, and contributes around \$300 million to the economy. Gas is not just about energy. Gas is also a raw material, a building block for value adding industries and creating jobs."

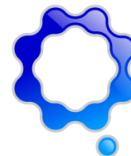
"The real sovereign risk here is allowing this market dysfunction and gas crisis to continue," he said.

Mr Bell said the Commission's vision of establishing a competitive Australian gas market with gas available at \$4 per gigajoule would create circumstances where local industry could thrive, but a transition plan was needed for the short-term.

"Global supply chains are changing now as a result of the COVID-19 crisis. This is creating opportunities for Australian industry to grasp that won't wait for five years," Mr Bell said.

"Securing affordable domestic industry supply commitments is in the national interest."

"While longer-term policy recommendations strive for \$4 per gigajoule, they need to be backed by an immediate commitment to guarantee or supply gas for industry at internationally competitive prices to give industry a fighting chance and to secure the economic development that depends upon businesses like Qenos," Mr Bell said.



## AUSTRALIA'S GAS VISION "TOO FAR AWAY" (cont.)

Mr Bell said Qenos supported the NCCC's call for more affordable and accessible gas.

"We welcome the Commission's thought-leadership about sensible reservation policies and ideas around targeted infrastructure investment in pipelines to link gas fields to the south-eastern markets."

"And we acknowledge the Commission's wider appreciation of the need to value-add natural resources and strengthen domestic production and supply capabilities."

"There are short term measures available to the Federal Government within current COVID-19 budget allocations that will keep Australians working, and fast track the path to \$4 gas."

"But while the talk continues, energy intensive manufacturing is being driven into the ground. We need to build a bridge today to get us to the policy position forecasted by the NCCC for the future."

"If we don't secure a cheaper, more accessible gas supply immediately then many of the energy intensive industries that government hopes will supercharge the economy will be sidelined from the field of action," he said.

Mr Bell said evidence from the US showed how Australia could capitalise on its comparative advantage with affordable access to gas and ethane, to rebuild a competitive sustainable and self-reliant manufacturing sector.

"The US has demonstrated that an abundant supply of competitively priced gas has driven a renaissance of manufacturing and industrial activity," he said.

Qenos is Australia's only polyethylene manufacturer. Petrochemicals and polymers are used by hundreds of companies in the Australian plastics and chemical industry for packaging, consumer goods, food processing, health security, water and gas supply plus agricultural and mining systems.

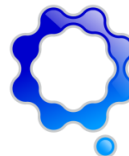
"We need to find a solution together. The national interest requires greater cooperation between the States and the Commonwealth, as well as gas producers and energy intensive manufacturers, to establish a new domestic industry supply arrangement."

"If we can fix Australia's gas market failures together, starting in months, rather than years, then a gas-fired recovery for manufacturing and our economy is still a real opportunity, which this country cannot afford to miss," he said.

-2-

### Media Enquiries:

Rod Coughlin  
Qenos Corporate Services Manager  
Tel. +61 (0) 437 102 195  
[rod.coughlin@qenos.com](mailto:rod.coughlin@qenos.com)



## About Qenos:

As Australia's only manufacturer and leading supplier of polyethylene, Qenos adds value to Australia's natural resources through conversion into high value petrochemicals and polymers that are used by hundreds of companies in the Australian plastics and chemical industry. Qenos products are used in myriad applications, including the key packaging, agriculture, automotive, water, mining and waste management industries making Qenos a vital link in the Australian manufacturing chain. With manufacturing sites in Victoria and New South Wales, Qenos has approximately 1000 employees and contractors with an annual revenue of \$750m.

Qenos website link: [www.qenos.com](http://www.qenos.com)