



Media Release

15 September 2020

Joint Statement - Gas Fired Recovery

Qenos, along with other large industrial users of gas, welcomes the Commonwealth Government's commitment to restore Australia's domestic gas supply and market pricing to globally competitive conditions.

Qenos, Incitec Pivot, Brickworks, Opal and AdBri managements publicly commit to the process outlined by Prime Minister Morrison, which they see as a sophisticated, considered series of steps to correct chronic failure in the domestic gas market.

"Success in this effort will avoid potential short term damage and, through medium term steps, offers a strong foundation for new investment and economic recovery based on stable, competitive energy markets," the companies said in a joint statement.

Effective actions, adopted in a timely way, are essential to sustain substantial parts of Australian manufacturing – and tens of thousands of jobs, which have been placed at risk by the instability of supply and sharply rising cost of gas since 2015. The compounding influence of the pandemic on Australia's economy heightens pressure on these businesses and demands a sense of urgency in resolution of the gas issues.

The companies confirm their commitment to the Government's process to reach a heads of agreement and industry code of conduct, preferably by November. As the Government has outlined, the key principles are related to adequate supply and an appropriate pricing mechanism.

While allowing for the fact that 80 per cent of Australia's gas is exported, industrial consumers emphasise the need to balance resource management with security of supply to our domestic market. This is one key factor for the heads of agreement.

A second vital element of heads of agreement is a globally competitive benchmark for a price mechanism, which should be the US Henry Hub. The US market is similar to Australia in that it has substantial domestic gas and is a gas exporter. Its Henry Hub mechanism is a transparent, contestable market-making mechanism for both producers and consumers.

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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.

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