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Business

Qenos to close half of Melbourne manufacturing lines in the wake of Exxon's Altona refinery decision

The domino effect of Exxon Mobil's Altona shutdown is taking hold, with a major manufacturer which relies on the plant cutting 150 jobs and mothballing lines.



Nick Evans [Follow](#)

3 min read May 19, 2021 - 9:40PM The Australian Business Network

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Qenos CEO Stephen Bell at the company's Altona plant, near Melbourne. Picture: Stuart McEvoy

Plastics major Qenos says the closure of ExxonMobil's Altona refinery will force it to shutter part of its Melbourne manufacturing plant, at a cost of about 150 jobs, just days after a \$2.3bn bailout of the nation's

two remaining refineries.

Exxon announced plans to close Altona in February, and the impacts of the planned closure are still rippling through the Victorian manufacturing sector, given the refinery supplies not only fuel but petrochemical products to a range of industries across the state and country.

Qenos, Australia's biggest petrochemicals manufacturer, said on Wednesday the planned closure would restrict the amount of LPG available to feed its nearby ethylene and polyethylene plants, forcing it to mothball two of its four production lines.

The company said it would be forced to close one of two of Altona's ethylene units, as well as one of the two polyethylene plants. The closure, planned for later this year when the refinery has wound down, will force it to shed 150 of the 400 manufacturing workers it employs at Altona, and reduce its annual polyethylene production by about 15 per cent.

Qenos is currently supplied with LPG through a dedicated pipeline from Exxon's refinery. But with the nearest alternative local supplier at Viva Energy's Geelong refinery, 60km further down the coast, the company said it had little option but to cut production and jobs.

Qenos CEO Stephen Bell said the closure of the refinery was the major cause of its own decision to mothball production lines.

"The impact of the Altona Refinery closure, combined with current ethane supply volumes, means we simply do not have enough total feedstock supply to keep these plants fully utilised. We've not taken this decision lightly and deeply regret the loss of jobs," he said.

"Qenos's goal is, and always has been, to keep manufacturing ethylene and polyethylene in Australia. Our ability to do so is dependent on the supply of gas and ethane at internationally competitive prices."

Unions and manufacturers warned in February that Exxon's decision to close its refinery and convert the site into an import terminal could affect as many as 2000 manufacturing jobs in the region, among plants that previously relied on output from the facility.

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AWU national secretary Daniel Walton said on Wednesday the Qenos decision was an inevitable effect of the closure of the Altona refinery.

"When the Altona refinery was allowed to shut we warned the knock-on effects would be significant and sadly that is what we are seeing today. Today's announcement is devastating to our members, their families, and their communities," Mr Walton said.

“What manufacturers like Qenos desperately need, now more than ever, is access to gas at a reasonable price. With Altona gone they lost a major source, we need that replaced. If that doesn't happen, more jobs will go. That's the hard reality we need governments to confront.”

Exxon's February decision to close Altona came amid running discussions over a subsidy package for the nation's refining industry, finally announced this week in the wake of the federal budget.

The refinery is expected to finish processing oil by the end of August, triggering the loss of another 300 Victorian jobs.

The federal government this week announced a \$2.3bn subsidy package to keep Australia's two remaining oil refineries open, with Ampol and Viva Energy both promising to keep their under-threat plants open for at least the next six years in return for the subsidy package.



The Exxon Mobil refinery at Altona after the company announced it would close the facility. Picture: Andrew Henshaw

Ampol's Lytton refinery in Brisbane and Viva's Geelong facility will be subsidised with variable payments to meet earnings shortfalls, to the value of \$2bn to 2030.

The refineries will be given a further \$302m to bring forward a scheduled improvement in fuel standards from 2027 to 2024, which refiners had previously warned could make their operations unviable. But the promise of a forthcoming refinery rescue package was not enough to keep either Altona or BP's West Australian refinery open.

Qenos said it would continue manufacturing operations for its major customers that buy piping, injecting moulding and film extrusion. Its Botany plant in NSW is not affected by the restructure of its Victorian

operations.

A spokesman for Exxon said the company had been talking to Qenos since its own announcement in February to try to “minimise any potential impacts of the transition of the Altona refinery to a modern import terminal”.

“We have developed innovative solutions for medium-term arrangements to support Qenos during the transition,” he said.

“We have held a strong relationship with Qenos for more than six decades and recognise that their decision today is a very difficult one. ExxonMobil remains a critical supplier of energy to Australia and will continue to support Qenos going forward.”

A government spokesman said they had “supported Qenos to enable it to expand its operations and workforce dating back to 2010, and feel for the workers affected by today’s announcement”.

“We note Qenos has indicated that supporting affected workers is its priority and welcome that statement.”

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