Australia: Qenos collapse threatens hundreds of manufacturing jobs

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Around 700 Australian manufacturing jobs are likely to be destroyed, as petrochemical company Qenos prepares to shut up shop after being placed in administration on April 17. The company produces ethylene and polyethylene at two plants in Australia: Altona in Melbourne and Botany in Sydney.

Qenos was placed under administration by LAOP Bidco, a subsidiary of property developer LOGOS, which acquired the company earlier this month. Previous owner China National Chemical had been looking to sell Qenos since at least July last year, after recording financial losses over the past few years, largely as a result of soaring natural gas prices.

Administrators have confirmed the closure of the Sydney plant, which has been out of action since a cooling tower collapsed in February 2023. A planned restart last month, following the completion of extensive repairs, did not go ahead.

While the Melbourne plant will continue to operate for now, administrators have flagged that it too will be shuttered. McGrathNicol administrator Jason Preston told workers this week, “the intention is to continue trading the Altona plant in the near term. We will provide further updates as the timing for the shutdown of Altona becomes clearer.”

In response to the April 17 announcement, Australian Workers Union (AWU) national secretary Paul Farrow said: “Right now there seems to be some uncertainty about the future of the Altona site. If there’s a chance of retaining operations we want every option explored. We will be meeting with the administrators and with Qenos leadership to make sure no stone is left unturned.”

Qenos workers should take this as a sharp warning that the AWU is ready to sacrifice workers’ jobs, wages and conditions in order to make the operation a profitable venture for its new owners.

Accepting that even this is unlikely to reverse the imminent closure, and attempting to hose down workers’ opposition to the destruction of their livelihoods, Farrow continued: “We have been assured that Qenos Group’s new owner, LAOP Bidco, has indicated it will propose a Deed of Company Arrangement that will fund employee’s pre-appointment entitlements, including redundancy.”

In other words, the best workers can hope for is that they are paid what they are owed before they are thrown on the scrapheap. According to the *Australian*, workers “could be owed more than $100m in leave, redundancy, and other entitlements.”

This is a clear attempt by the AWU bureaucracy to categorically rule out any possibility of workers taking up a struggle against the shutdown.

The union leadership is preparing to deliver yet another “orderly closure,” just as it is doing at the Alcoa alumina refinery in Kwinana, Western Australia, and as it did in the recent partial closure of Molycop’s Newcastle steel plant.

Similar operations have been carried out countless times before, by the AWU and other unions, including with the complete destruction of the Australian car industry.

To avoid the same fate, workers will have to take matters into their own hands. But this does not mean Qenos employees must fight alone.

As Australia’s sole manufacturer of high-density polyethylene, the Qenos shutdown will likely lead to further closures and job cuts around the country.

Business analysts have warned that the demise of Qenos is a sign of things to come and increasing gas prices will lead other energy intensive industries to cease operations in Australia, destroying thousands more jobs.

More broadly, corporate insolvencies are at record levels. More than 1,100 companies appointed administrators in March, 26 percent higher than in March 2023, and the first time a figure of over 1,000 has been recorded in a single month since 2015.

The Australian Securities and Investments Commission anticipates at least 10,000 insolvencies in 2023?24, the highest in a decade. While the construction industry is the worst affected, the number of insolvencies in manufacturing has risen to three times that recorded in 2021.

In the same week the Qenos administration was announced, high-tech “green-energy” company Tritium also collapsed. The Queensland-based company that made electric vehicle fast chargers was established in 2001, and, when it was floated on the share market in 2022, was valued at $2 billion.

Having already shut down its Australian manufacturing operation late last year, Tritium has now been placed in administration after it failed to secure a $90 million handout from the state government. Around 200 jobs will be lost with the closure of its Brisbane research and development division and headquarters.

Tritium had previously been hailed by Prime Minister Anthony Albanese as an exemplar of the his governments supposed plan to boost Australian manufacturing, especially in the “green” sector. When the company’s financial woes became clear last year, it was flagged by analysts as a likely candidate for funding from Labor’s National Reconstruction Fund. Despite being announced more than a year ago, the fund has not dispensed a single dollar.

The collapse of Qenos and Tritium, and the resultant destruction of hundreds of jobs, exposes the reality behind Labor’s phoney rhetoric on the manufacturing industry. News of their failures emerged just a week after Albanese, announced the “Future Made in Australia Act,” hailed by the Australian Council of Trade Unions as a “historic step forward for workers.”

In reality, it has nothing to do with the interests of workers. Albanese made this clear, underscoring that the growth of Australia’s manufacturing sector was predicated on the reduction in labour costs—that is, the destruction of jobs—made possible by advances in automation.

The real purpose is to hand out billions of dollars to corporations involved in strategic, war-related industries. This is part of the Labor government’s completion of the transformation of Australia into a frontline state for a catastrophic war with China.

The AWU is completely on board with these plans. Farrow declared: “We are currently on a trajectory to lose core elements of our sovereign capability… Without this capability, Australia would be further at the mercy of unstable global supply chains to meet our essential daily needs.”

Workers at Qenos and throughout the manufacturing sector should reject this attempt by the AWU bureaucracy to tie their fate to corporate profits and the war plans of Australian imperialism. They also need to draw lessons from their experiences with the union.

In October 2022, the company locked out 33 workers at its Altona plant in response to strike action over wages, conditions and safety issues. Qenos had offered workers a real wage cut—just a 2 percent pay increase as inflation peaked at 8 percent.

Workers demanded a wage increase of 7 percent in each of the three years of the contract, increased staffing to address safety concerns and the abolition of a two-tier wage structure. After declaring a Fair Work Commission ruling suspending industrial action over the dispute a “huge victory,” the AWU imposed a sell-out deal containing a pay rise of less than 4 percent a year.

For more than two decades, the AWU and all other unions covering workers at the Qenos plants, operating as an industrial police force of management, have presided over a constant restructuring process, in order to boost company profits. This has resulted in the slashing of hundreds of jobs and the continual erosion of working conditions and safety.

This underscores that, to fight the closure of Qenos, and the destruction of jobs, wages and conditions more broadly, workers need to build new organisations of struggle, rank-and-file committees democratically run by workers themselves, independent of the unions.

Above all this poses the need for workers to fight for the establishment of workers’ governments, to enact socialist policies. Critical factories and industries, as well as the major corporations and banks, must be placed under democratic workers’ control and ownership, to be operated in the interests of the entire working class, not those of the wealthy few.