

Ref: A91516-A91517

24 November 2015

Mr Michael Drake
Australian Competition and Consumer Commission
GPO Box 3131
Canberra ACT 2601
AUSTRALIA

Dear Mr Drake,

**RE: Submission by Monadelphous Group Limited (“Monadelphous”)
for
Australia Pacific LNG Pty Ltd and Others applications for authorisation (A91516-A91517)**

Monadelphous wishes to make a submission in support of the application by Australia Pacific LNG Pty Ltd and Others for *Co-ordinated scheduling of maintenance for Queensland LNG projects* (“the Application”).

Monadelphous

Monadelphous is an ASX-listed, engineering services company that provides, *inter alia*, maintenance and shutdown services to the Australian LNG market. Monadelphous holds a Maintenance Services Contract with QGC for their QCLNG Curtis Island LNG facility. The scope of services to be provided by Monadelphous on this contract include the planning, management, supervision and execution of major and minor shutdowns on the LNG plant. Monadelphous supplies skilled personnel, tooling, materials, consumables and plant and equipment for the conduct of the shutdowns.

Under this contract, Monadelphous employs a core team of 45 to 50 personnel, likely to increase up to 200 plus for major shutdowns.

Minor shutdowns have been completed for QGC to date.

Monadelphous also operates in the Gladstone region from two permanent workshops, providing mechanical services, fabrication and welding, electrical and instrumentation. The Gladstone operations for Monadelphous employ approximately 250 people (this is in addition to the QGC contract).

Benefits of Application

Monadelphous sees the following benefits of the Application.

(a) More efficient utilisation of labour resources and equipment

The applicants seek to co-ordinate the timing of their shutdowns and maintenance activity to avoid concurrent activity. The seasonal constraints on the timing of LNG shutdowns (Gladstone weather & cyclones, LNG customer demands, etc.) limit the available period throughout the year for execution of shutdowns. By co-ordinating the timing of shutdowns within these already constrained windows, the LNG operators and contract service providers can get better utilisation of labour resources and equipment.

The cost of unnecessary mobilisation and demobilisation of personnel and equipment can be eliminated, reducing costs for both the operators and service providers.

Further, co-ordinating shutdowns will provide opportunities for service providers to invest capital with confidence of longer term engagement (rather than lumpy, peak demand).

(b) Curtis Island facilities are competing for a national pool of LNG shutdown personnel

The execution of shutdowns in LNG facilities (major and minor) involve resourcing of skilled personnel and specialist plant and equipment. The available labour pool for this work (e.g. trade qualified, oil & gas industry experience, specific LNG shutdown experience) is an Australia-wide pool. Each of the LNG facilities on Curtis Island will be competing with other LNG plants in Australia (Darwin, North-West Western Australia) for access to this labour.

Coordinating the planned maintenance shutdowns on Curtis Island will improve the attractiveness to potential employees, thereby reducing the cost of labour, and increasing the quality and calibre of employees. Moreover, better sequencing of shutdowns will provide opportunity to upskill local labour, thereby increasing the employment of local resources for ongoing shutdowns.

(c) Levelled demand for support infrastructure and services

Shutdowns will require use of support infrastructure, such as accommodation, transport and logistics, and specialist engineering services. Shutdowns executed concurrently would stretch local capacity in these areas, requiring services to be drawn from further afield (at an increased cost).

Coordinating the shutdowns better would provide greater opportunity for local businesses and service providers to meet the LNG operators' requirements.

Should you require further information or clarification of any aspect of this submission, please contact the undersigned on (07) 3368 6700 or 0438 931 665, or by email at ctabrett@monadel.com.au

Yours sincerely



Chris Tabrett
General Manager, Strategy & Growth