



Piacentini & Son

Piacentini & Son Pty Ltd
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Committee Secretary
Senate Economics Committee
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600
Australia

Submission to the Senate Economics Committee's inquiry into the effects of the Gas Explosion.

Introduction

Piacentini & Son Pty Ltd provides earthmoving and mining services predominately to the mineral sands industry and is a privately owned family business. We have revenues of approx \$217m per annum and currently employ 790 people at operations across Australia including Queensland, NSW and Western Australia. Based in Bunbury, Western Australia we contribute significantly to the employment and business activity in the region.

WA Gas Crisis Impact

Piacentini & Son Pty Ltd undertakes earthmoving activities for Iluka Resources Limited, Doral Mineral Sands Pty Ltd, Tiwest Joint Venture and Cable Sands Pty Ltd, all of whom were directly affected by the disruption to gas and electricity supply in Western Australia.

The explosion at the Veranus Island Gas Facility had an immediate flow on impact on the operations of our business in the following ways:

- for 6 days from 3rd June 2008 75 % of our operations were stood down
- 11 contractors were terminated
- 8 casual employees were let go
- for June and July 450 employees were put on 40 hour per week (resulting in them receiving 50% of normal take home pay allowing for reduction in penalty rates)
- forced annual leave for 67 employees
- Over the affected period, Piacentini lost \$18m in revenue which resulted in a significant flow on effect to our Suppliers.



To manage the risk to our business, we immediately cut expenditure across the operations and sought additional work from industries that were not affected resulting in new work being obtained on a short term basis.

Conclusion

The significant business interruption caused by the Veranus Island Gas Explosion to our Clients, Suppliers and Employees had the potential to be catastrophic.

Uncertainty surrounding the timeframe of the disruption provided us with little opportunity to plan for alternative activities or alternative supply of energy.

The hardest hit during this period were the employees of all affected parties. Reduced hours and the potential for loss of employment placed significant stress on them all.

Key questions that remain include:

- Why can't export gas be redirected to domestic supply (even at a premium price)?
- Why were critical spares not required to be held?
- Why direct energy supply to households at the expense of industry (our employees were telling us they would rather have an income to pay the mortgage than electricity/gas at home)?
- Why is there no contingency plan for infrastructure assets vital to industry in this State

Should you require further information regarding this matter please do not hesitate to call.

Regards

John Tombleson
Group Commercial Manager