



9 March 2012

Export Credit Arrangements
Productivity Commission
LB2 Collins Street East
MELBOURNE VIC 8003

Dear Sir/Madam

RE: Productivity Commission Inquiry into Australia's Export Credit Arrangements, February 2012

I refer to the above public inquiry and set out below an overview of Macmahon Holdings Limited's existing relationship with EFIC together with the Company's considered response to the Commission's draft findings and recommendations.

As a leading contract mining and construction company, Macmahon has operations across Australia and an expanding international footprint. Having built strong relationships with some of the world's leading resource companies and government sector clients, Macmahon has delivered many of Australia's largest multi-disciplinary mining and construction projects since its formation in 1963 and continues to expand internationally. Operating throughout Australia, in New Zealand, Asia, Africa and Mongolia, Macmahon currently employs more than 4,500 people.

In order to pursue the company's growth objectives both domestically and internationally, Macmahon refinanced its existing syndicated financing facilities from AUD240m to AUD475m in December 2011. Participation by EFIC into the syndicated financing facility was critical in securing lending in a timely and efficient manner, particularly given the Eurozone Debt Crisis and the resulting scale back in lending activities of some European Banks as they retreated to home markets. Additionally, some Asian Banks were hit with cost of funds increases. Without EFIC's participation in the new financing facilities, Macmahon's ability to fund new mining and construction contracts would have been somewhat diminished.

As part of Macmahon's strategy of growing its business offshore, the Company has expanded its international activities into Mongolia, one of the world's largest emerging mining regions. On 14 October 2011, Macmahon was awarded a 50:50 JV contract with Germany's Operta GmbH. The contract is for an initial period of five years with an estimated total value of USD500m for coal mining operations at the Government-owned Tavan Tolgoi coal mine.

Over the course of the last 12 months, EFIC has been instrumental in providing Macmahon with a highly specialised international service and facilitating global financing contacts in order to pave the way for developing a long term business in the region. EFIC's relationship with Macmahon in Mongolia has already provided demonstrable results with heightened financier interest being generated by the prospect of EFIC's participation in this future transaction. The proposed funding solutions for an overall USD350m fleet financing facility with EFIC's ongoing support, will also be essential in garnering interest and support from other Export Credit Agencies (ECAs).

In summary, EFIC's current role as a market gap lender to Australia's exporters has been instrumental to Macmahon in securing the necessary financing to grow our business. Additionally, partnering with EFIC in emerging offshore markets has and will continue to significantly assist Macmahon in overcoming potential financing barriers to securing new mining and construction contracts. Macmahon considers EFIC's market gap role mandate and international partnering as paramount in the broader finance market. The company does not support the curtailment of EFIC's mandate.

Yours faithfully

Theresa Mlikota

Chief Financial Officer