



AUSTRALIA'S EXPORT CREDIT ARRANGEMENTS

SUBMISSION TO THE PRODUCTIVITY COMMISSION ENQUIRY INTO EFIC

November 2011

Ref: Corp\EFIC

10 November 2011

Export Credit Inquiry
Productivity Commission
LB 2 Collins Street East
MELBOURNE VIC 8003

Email: exportcredit@pc.gov.au

PRODUCT COMMISSION ENQUIRY INTO EFIC

1. INTRODUCTION

TTG are an Australian SME, who manufactures energy efficiency products for railway systems. These products have been developed in co-operation with the University of South Australia and significant R&D funding support from Government and are recognised world leading technologies.

TTG and its former entities have used the EFIC Working Capital Guarantee arrangements and are currently doing so, and have in the past, had EFIC support for project proposals and worked on DIFF/EFIC funded projects in Asia pre 1996.

TTG bank with one of the leading Australian banks and are self funding via its Shareholders. We draw on funding support via EMDG and various state programs aimed at helping exporters.

2. COMMENTS

Our comments in summary are.

1. EFIC's WCG plays a role not available in the commercial market and as such is of critical importance to SME's.
2. Banks or the private sector do not offer any similar facility and provide little, or no project finance to SME's.
3. EFIC's requirements are onerous in respect to guarantees, charges over assets, that go well beyond any balance of risk.
4. We went directly to EFIC for the most recent facility but our Bankers questioned why we didn't approach them. We felt there was confusion about how the process works initially but this was resolved subsequently.
5. The EFIC WCG is expensive and leaves all the risk with the exporter on top of that.
6. Important that the facility has flexibility both as to extension and redraw, if payment cash flows alter.

7. We have no recent experience with banking but last time we looked at this for advanced payment in India, the EFIC Bond wording was not acceptable to the local bank. We have yet to test this again on current contracts in the UK.
8. We have found EFIC in Sydney to be very helpful and I regard the facilities and services as invaluable to SME's like us in helping our export efforts. SME's get little support from banks when it comes to working capital so approval via EFIC with the Australian Government backing has both a financial benefit, as well as adding credibility to the transaction from the exporters perspective.

Kind regards,
TTG Transportation Technology Pty Limited

DALE COLEMAN
MANAGING DIRECTOR