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

12 March 2012

Dear Sirs

I have read the draft report into Export Credit arrangements and would like to express our company's concern with both the postulations and recommendations which have been published.

Wagners is a large corporate under the existing definitions (ie over \$150M annual revenues). Wagners is a privately-held Australian company and has been servicing international mining projects since 2002.

One of the postulations made in the draft report is that the private sector has the range of financial products necessary for Australian companies to fund export operations and that it is lack of knowledge that impedes smaller corporations accessing these products.

This is contrary to the reality of the situation. Wagners has long-established relationships with both Australian and international financial institutions. Wherever feasible, Wagners utilizes these institutions for the funding and guarantees required to undertake new projects.

Wagners has been unsuccessful in securing support from Australian financial institutions for the provision of finance for capital expenditure, working capital or bonds and guarantees in respect of projects situated external to Australia. This is not due to a 'lack of knowledge' of offerings – it is driven by financier policy that has a very Australian-centric view of the world.

EFIC is a financier-of-last-resort for Wagner. If EFIC support is restricted to newly-exporting companies with a turnover of less than \$25M or to a maximum of 3 transactions, then Wagners and many other companies exporting services will be severely impacted. Contrary to the postulation in the draft paper, there simply aren't alternate commercial offerings available at any price.

Another postulation is that EFIC has priced its products below true market price. Our experience has not borne this out – recently secured performance bonds were at twice the rate we would normally secure for comparable Australian project work.

There is no sign of Australian financiers developing an appetite for offshore projects. If EFIC is unable to fill the gap in the market then Wagners and other growth-focussed Australian companies will be prevented from bidding for and securing future contracts in this field.

Sincerely yours

Tom Esplin
Chief Financial Officer
Wagner Group Holdings Pty Ltd