

Wellard Rural Exports Pty Ltd

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The Productivity Commission  
Export Credit Arrangements  
Productivity Commission  
LB2 Collins Street East  
Melbourne Vic 8003

13<sup>th</sup> March 2012

Dear Sir/Madam,

**Re: Australia's Export Credit Arrangements draft report 22<sup>nd</sup> Feb 2012.**

We note that the Productivity Commission's draft report focusses heavily on EFIC responding to the "the limited number of market failures in financial markets that impede otherwise commercially viable export transactions."

We contend that in our area of business (agriculture and livestock) EFIC has developed a funding support mechanism that is not provided by any commercial finance houses and as a result has created export opportunities that would never have been able to have been achieved otherwise.

A case in point is Wellard Rural Exports Pty Ltd.'s recent USD 12.9 million contract with the National Livestock Development Board of Sri Lanka. Even with EFIC support this project took some 3 years to reach final sign off by the Sri Lankan government. Without EFIC's involvement and support we would have aborted any efforts to conclude this program several years ago. Instead now we are in the process of delivering a turnkey dairy project to the Sri Lankan government that will have every chance of opening a much larger and longer term market for Australian livestock producers and equipment manufacturers.

EFIC are also able to support the long term acquisition of livestock for export under breeding protocols that allow premium cattle to be sourced well in advance of export protocol programs which underwrites shipments that otherwise would not be able to be put together. Facilities such as this are currently not available in the market a fact we know as we have been trying to place this type of facility for several years.

Wellard have been exporting from Australia for more than 30 years. We are well established, have a range of diverse markets and customers, all with vastly different needs. Even with our experience and understanding of the market we are regularly confronted with complex commercial deals that would not be able to be completed without EFIC's involvement. This was recently the case with behind the scenes support of Letters of Credit issued from Arab countries during the Arab Spring and for cash against refund guarantees for customers for breeding stock from Russia.



In our opinion EFIC professionally and capably fill a role that increasingly the commercial finance sector does not. We deal in in Agricultural exports a market that is poorly serviced and poorly understood by the conservative Australian finance sector. We sell into complex, developing or politically challenging markets, a further complication for Australian banks. EFIC bridge this gap and allow us to trade to our maximum capacity.

In our global dealings we are seeing increasing Government support for national exports in every other country from which we export, this is particularly the case in the USA where export support schemes are significantly enhancing America's drive into export markets aided by the weaker USD. Our strong AUD is eroding our margins and competitiveness meaning that the financial support EFIC provide to get new deals over the line is even more important for our business and the producer's from whom we source our livestock.

By supporting Australian exporters, regardless of enterprise size, EFIC facilitate business that flows back through the Australian economy to all levels underpinning their contribution to the National Interest in general.

We strongly support the work EFIC is doing to support Australia's exports.

Yours faithfully

Stephen Meerwald  
Managing Director