



WorleyParsons

resources & energy

Level 12, 141 Walker Street,
North Sydney NSW 2060
Australia
Telephone: +61 2 8923 6866
Facsimile: +61 2 8923 6877
www.worleyparsons.com

16 March 2012

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

Dear Sirs,

DRAFT PRODUCTIVITY COMMISSION REPORT ON EXPORT CREDIT ARRANGEMENTS

We are grateful for the opportunity provided by the Productivity Commission to make submissions on its draft report on Australia's export credit arrangements (the 'Draft Report').

WorleyParsons is an Australian company which has benefited greatly from exporting its services to overseas markets and which has grown to become a leading global provider of professional services to the resources and complex process industries.

The support WorleyParsons has received from the Export Finance and Insurance Corporation ('EFIC') leads us to disagree with the Draft Report's recommendations that EFIC's mandate be narrowed to assist only small and medium companies (those with an annual turnover less than \$25 million), and be limited to ensure that EFIC fulfills a 'demonstration' mandate; illustrating to the private financial sector via a small number of transactions the viability of providing funding and risk management facilities to a particular enterprise.

We certainly encourage a focus on assisting small and emerging Australian enterprises to export their products and services to overseas markets but do not consider that this should come entirely at the expense of the support that EFIC has been able to offer larger companies. The EFIC support received by WorleyParsons has complemented the facilities provided by the private sector and as direct result of this support, WorleyParsons has secured overseas projects that it would not otherwise have secured. For some larger companies EFIC support, often partial, may assist in securing private sector financing for projects that are considered difficult.

In our view, the Draft Report also fails to reflect the credibility that EFIC support lends companies tendering for work in overseas markets. Our competitors are often supported by their own national export credit agencies ('ECAs') in their tender proposals. In some overseas markets ECA involvement is a significant factor in providing the comfort required by a prospective client that a tendering company can execute the project tendered for. Should larger Australian companies be unable to have the support of EFIC they will be at a competitive disadvantage relative to their overseas competitors in bidding for offshore projects.



WorleyParsons

resources & energy

EcoNomics

EFIC was also of assistance to WorleyParsons during the Global Financial Crisis providing a bonding line to complement our existing private sector facilities at a price comparable to that charged by the private sector. During this period the ability of Australian companies to source credit to sustain and grow their businesses became significantly less certain. This experience was shared by companies large and small. While we value our relationships with our financiers, domestic and international, we do not consider that the private sector will always provide the financing and risk management facilities Australian export focused companies require.

Given the continued turbulence in the global economy it seems to us an inappropriate time to introduce prescriptive constraints into the mandate of EFIC or to ignore the importance of the support EFIC has provided to larger companies. In our view, to do so could disadvantage the Australian economy and its export focused companies, many of them large.

Yours faithfully,

John Grill
Chief Executive Officer