



SYNERTEC

Synertec Pty Ltd

ABN 91 114 707 050

Level 1, 57 Stewart Street
Richmond VIC 3121 Australia

Ph: +61 3 9274 3000

Fax: +61 3 9274 3099

www.synertec.com.au

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

Dear Sir/Madam,

I would like to express concern regarding some recommendations made by The Productivity Commission report on Export Credit Arrangements. It is our belief that if some of these recommendations are implemented Australian companies, such as Synertec, will certainly be eliminated from participating in valuable export contracts.

Synertec is a small company with specialist engineering competencies. The company has been established for 16 years with strong banking relationships and an impeccable credit track record.

Recently Synertec was successful in winning a contract with a large foreign engineering company for the supply of highly technical services to a coal seam gas project destined for Queensland. Synertec was the only Australian company short-listed against an international contingent of some 8 companies.

Synertec is also hopeful of being able to compete for several other similar projects in the near future.

With the above frame of reference I will illustrate some of our major concerns:

- Notwithstanding Synertec's credit worthy track record and long standing banking relationships, our ability to meet the minimum requirements with regards to short-term working capital and performance bonds was not available via the private sector. EFIC was a critical enabling partner for Synertec. In this regard we cannot understand the contention of the Productivity Commissions report that EFIC is in some way competing with the private sector in providing financial services. Our observation is that EFIC is complementary.
- Synertec succeeded in winning the largest project of this type by an Australian company. Some of the more obvious benefits are: the project requires direct employment of numerous engineers and trades people over a two year period, substantial procurement of equipment sourced largely from Australian suppliers etc. Without EFIC's involvement this work would have been lost to a foreign economy.



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- While the project will be built within Australia, EFIC was able to assist Synertec due to the export nature of the final product i.e. gas for export. We are concerned that the Productivity Commission Report has recommended that projects located within Australia should not qualify for EFIC involvement regardless of the export nature of the final product. We would make the observation that many major resource projects in Australia are administered by foreign companies who are at the least parochial. Australian business needs the continued assistance (on a "fee for service" basis) in order to compete for contracts that are internationally tendered for projects that will positively impact Australia's balance of trade and the nations technical competences for decades to come. The notion to limit EFIC's involvement to export projects that are physically located off-shore is to limit Australian industry to a one-off benefit when in fact export projects located on-shore will provide on-going benefits and therefore should remain within EFIC's charter.
- We are concerned that The Productivity Commission report has recommended EFIC should not support companies more than 3 times. Presumably, the underlying assertion is that after EFIC has assisted a company three times that company should be able to access the required financial products from the private sector. The fact of the matter is that private sector financial products will still be difficult, if not impossible to access without EFIC's involvement, regardless of the track record. The arbitrary limit does not take into account such things as the possibility of new markets, new products, new services, different EFIC products available now or in the future, etc. The arbitrary limit seems to serve no purpose. In fact, it would be detrimental to Australian industry.

Our experience is that EFIC offers vital assistance in the area of financial services and products that are not readily available from the private sector for export related projects.

Our firm view is that EFIC's mandate should not be curtailed in many of the ways recommended by the Productivity Commissions report on Export Credit Arrangements.

Yours sincerely, ..

Michael Carroll
Managing Director
Synertec Pty. Ltd.