



20 March 2012

Export Credit Arrangements  
Productivity Commission  
LB2 Collins St East  
Melbourne Vic 8003

Dear Sir

**Productivity Commission – Draft Report into Australian Export Credit Arrangements**

We write to you to voice our concerns around a number of the recommendations made in the draft findings by the Productivity Commission into Australia's Export Credit Arrangements.

Let me say at the outset, EFIC has supported CoxGomyl for nearly 10 years providing guarantees that enabled our Australian factory to design, construct, sell and export products to 3 countries that otherwise may not have occurred. We have used EFIC's products to fill gaps in guarantee requirements where private enterprise weren't able to or didn't want to provide assistance.

EFIC's support has enabled CoxGomyl to become a global market leader in its industry and win numerous Australian Export awards. Whilst a global leader in its field, the industry is a niche market and comprises mainly of privately held SME's. CoxGomyl has its heart in Melbourne and has exported more than 50% of its locally engineered and manufactured machines around the world. We are not a large company and locally would fall into the Australian Bureau of Statistics definition of a SME (<200 employees).

It is with the above in mind we question the draft finding that suggest companies with a turnover of over \$25 million do not need EFIC's assistance. This is simply inaccurate, particularly as the private sector grapples with limited liquidity, local banking support and shrinking offshore wholesale markets to provide funding and guarantees. The recent Basel III legislation has reduced local financial institutions appetite to provide guarantees. CoxGomyl is larger than the \$25 million threshold advocated, but is dealing with EFIC right now to obtain assistance due to limited guarantee capacity in the market. Furthermore if you are a SME manufacturing business, then with 200 skilled employees you would have a payroll of around \$14 million (based on ABS average weekly earnings of \$1307). According to the ABS statistics on the Australian manufacturing industry<sup>(1)</sup>, the average % of labour costs to sales revenue of 15.5% would suggest a revenue ceiling of more like \$90 million for SME's operating in manufacturing. The suggested cap of \$25 million by the Productivity commission is totally inadequate and bears no relation to the size of SME's who potentially need assistance. The strong A\$ is making life extremely difficult for Australian manufacturers and if anything we need more support not less.

The second recommendation we have concerns about is limiting the number of times support is available to 3 times. We have already exceeded this limit by 3 times, and are currently looking to secure further guarantees through EFIC. We are not of the belief a company should be precluded from using EFIC just because they have used them 3 times before. The test should be around what is the need and are there available economic alternatives.

ABN 16 109 408 157



EFIC has provided great value and support to our business and we hope this will continue under its current mandate. Now more than ever, businesses need the support of EFIC to grow Australian exports in a capital constrained, slowing non resources sector economy.

Yours faithfully

Tony Combe  
**Chief Executive Officer**

#### **About Cox Gomyll**

CoxGomyll is the global leader in facade access solutions. It specialises in the design, production, installation and servicing of Building Maintenance Units (known as BMUs or gondolas in Europe & Asia, and access cradles in America). The group has over 50 years experience in developing truly differentiated and bespoke BMU solutions for the tallest and most advanced and complex building designs around the world. The technological advances created for these complex situations are integrated into the group's mid level product range for more straightforward and lower rise buildings, providing clients with sophisticated and cost efficient access solutions.

CoxGomyll's has developed facade access solutions for many of the world's tallest and most complex buildings (including the 828 meter tall Burj Khalifa, Taipei 101, Shanghai World Finance Centre and The Shard in London). CoxGomyll also operates a railway maintenance division, Gomyll Railway, which designs and manufactures maintenance equipment for the railway industry.

The group employs staff across the globe with the majority of employees working in engineering and production. The group has manufacturing facilities in Australia, Europe and the Middle East and enjoys a strong global sales presence through a network of regional offices and agents.