

22 March, 2012

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PRODUCTIVITY COMMISSION
LB2 Collins Street East
MELBOURNE VIC 8003

SUBJECT: EXPORT CREDIT ARRANGEMENTS

Emtivac Engineering has been established for 14 years and has grown to twenty employees in that time. We have recently obtained a major contract of US\$2.5 Million for vacuum pump systems for the Maaden Alumina project in Saudi Arabia. It was only possible for us to accept this order with the assistance of EFIC.

Large projects like this have strict contractual conditions which make it impossible to negotiate favourable progress payment terms, this makes it very difficult for smaller companies like ours that cannot finance large projects like this. In addition to requiring cash flow finance we are also required to provide Bank Guarantees, 10% for the project performance and 40% against a progress payment.

Working with EFIC and Westpac we have been able to obtain the cash flow finance we require to complete the project and the Bank Guarantees to meet the contractual requirements. Without EFIC's support we would not be able to obtain finance for this type of project.

Into the future we are working hard to build up our export markets in the mining and oil & gas industries. We expect to require assistance from EFIC for cash flow and project bonds on larger contracts over \$1 million in value. Without the support of EFIC we would be unable to bid for these contracts as bank finance is not available to us without 100% cash or property security. If support for small manufactures from EFIC was limited to only three transactions it would severely limit the potential growth of our business.

We are also working on expanding our services locally in coal mining and iron ore mining projects, without EFIC's support we would be unable to compete with our multinational competitors for these projects in export focused industries. In these cases more of the work would be performed off shore and expertise and profits not retained in Australia.

Yours Faithfully
EMTIVAC Engineering Pty. Ltd.

David Hobson B.E. (Mech) Hons
Managing Director

