

12 March 2012

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

Dear Sir

Productivity Commission 2012, Australia's Export Credit Arrangements, Draft Report

The recent Productivity Commission report on Export Credit Arrangements contains some recommendations that will restrict EFIC in providing assistance for larger corporations and also restrict the ability to assist repeatedly. The draft report indicates that:

- many of the services that EFIC provides can be provided just as easily by the private sector, and
- Australian exporters do not need assistance in most circumstances and that large exporters never need assistance.

Our view is that these recommendations are based on an incorrect understanding of how global markets operate and should be removed from the report. Australian exporters have in the past few years suffered as a consequence of the effects of the Global Financial Crisis (GFC) and continue to be disadvantaged with a relative strong Australian dollar. Exporters are struggling to compete in markets that are difficult and where competitors have assistance from Credit Agencies from other countries. The report tries to argue that EFIC's activities often do not fill the brief of helping where there is a market failure.

The GFC was a real example of market failure where financial institutions throughout the world withdrew credit to companies having little regard to the consequences and without taking into account their credit worthiness. Australian exporters who had assistance from EFIC during this time (whether they were large or small) were able to continue to operate.

On many occasions Ausenco and/or its' new and existing clients has benefited from the utilisation of EFIC services to assist in securing new work outside Australia. EFIC has helped provide insurance and bonding facilities for projects and thereby helped us to remain competitive and then execute these projects. Our view is that finding these services in the market would have been difficult and could have jeopardised our chances of securing these project opportunities.

In our offshore markets we are also regularly asked to provide possible access to ECA assistance which other international competitors can offer from their home country.

Our view is that EFIC provides services that cannot be easily obtained in the broader finance market and that it is of benefit to us in securing export related EPCM projects. These projects benefit Australia as it creates jobs and expertise and hopefully profits. Our view is that EFIC's operations/mandate should not be reduced.

Yours faithfully,

Zimi Meka
Chief Executive Officer