

NATIONAL OFFICE

Level 6, 50 Clarence Street
Sydney NSW 2000
GPO Box 56
Sydney NSW 2001

T. 02 9922 4711 F. 02 9957 2484
E. info@consultaaustralia.com.au
W. www.consultaaustralia.com.au
ABN. 25 064 052 615



Driving Business Success for Consulting Firms in the Built and Natural Environment

30 March 2012

Ms Patricia Scott

Presiding Commissioner
Inquiry into Australia's export credit arrangements
Productivity Commission
LB2 Collins Street East
Melbourne VIC 8003

Dear Ms Scott,

Re: Inquiry into Australia's export credit arrangements

Consult Australia is pleased to respond to the Productivity Commission's draft report on Australia's export credit arrangements.

Consult Australia is the association for professional services firms within the built and natural environment. Our member firm services include, but are not limited to: design; architecture; technology; engineering; planning; landscape architecture; surveying; cost consulting; project management; and management solutions. We represent some of the industry's biggest players in this space with our member firms collectively employing more than 50,000 staff.

Consult Australia is a member of the Australian Chamber of Commerce and Industry (ACCI) and the Australian Services Roundtable (ASR). We are supportive of those key recommendations outlined in each of their earlier and subsequent submissions to this review.

Consult Australia represents industries with significant overseas activities. As highlighted in our annual Consult Australia Outlook Report, over the past six years:

- Exports of engineering services have averaged more than \$1 billion a year and accounted for 87 per cent of all construction and related services exports.
- Exports of construction-related services (including architecture, engineering and surveying services) have averaged \$1.25 billion a year.
- Construction-related exports accounted for 2.6 per cent of Australia's total service exports.

One of the mechanisms by which the ongoing competitiveness of these export industries is supported is through programs and services that facilitate access to credit where that would not otherwise be available. As the Commission reviews the role of the Export Finance and Insurance Corporation (EFIC), Consult Australia reiterates our support for EFIC as a critical lever helping deliver competitive advantage for Australian companies overseas. That is a broad role both to address market failure, and also to act to fill in 'market gaps'.

Any recommendations to narrow EFIC's mandate to a focus only on small and medium companies (with a turnover less than \$25 million), or fulfil only a 'demonstration' role to encourage private sector investment, would put at risk the full benefits available under the



current approach. While Consult Australia supports a focus for EFIC on smaller firms, this should not be at the exclusion of larger companies.

Consult Australia member, WorleyParsons, has highlighted in their submission to the Commission the important role of EFIC in complementing facilities provided by the private sector, and ensuring their ability to secure overseas projects as a result. WorleyParsons is not alone in accessing EFIC's services during this period of turbulence. Access to EFIC's products and services is valued across Consult Australia's membership. As Australia continues to shift away from manufacturing towards an increasing reliance on professional services industries, it is critical that we preserve every opportunity to maximise the competitiveness and export potential of these services.

WorleyParsons' further illustration of the support provided by EFIC during the Global Financial Crisis, and a period of far tighter credit markets, should not be underestimated. In the current period of ongoing uncertainty in financial markets, it would be particularly poorly timed to recommend any reduction in the tools available to government to support the competitiveness of our key industries.

In this context, comparing EFIC's return on investment with that of other private financial institutions, fails to acknowledge its role in augmenting products and services offered by the commercial sector (in areas where they are constrained). A broad view must be taken on the overall positive impact of EFIC in supporting export industries, rather than a focus on EFIC's operations relative to the financial sector more generally.

Consult Australia recommends the Commission reconsider its draft report. We recommend ongoing support for EFIC providing for a broad role and mandate in line with the varying needs of industry and challenges in overseas markets.

Yours sincerely,

Megan Motto
Chief Executive