

RESPONSE TO THE PARLIAMENT OF AUSTRALIA SENATE STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE INQUIRY INTO THE EXPORT FINANCE AND INSURANCE CORPORATION AMENDMENT (DIRECT LENDING AND OTHER MEASURES) BILL 2104.

Quickstep Technologies Pty Ltd has developed a world-class advanced composites production facility in Bankstown, NSW on the site formerly occupied by Boeing Aerostructures Australia and, since the initial occupation of the site in 2012, quickly become the largest independent manufacturer of advanced composite parts in Australia, second in size only to the Boeing Aerostructures facility in Melbourne.

The formation and growth of Quickstep has been based primarily on the opportunities for production of Joint Strike Fighter parts offered by Lockheed Martin, Northrop Grumman and BAE Systems. Quickstep's success would not have been possible without Australian Government participation in the Joint Strike Fighter program, the financial support provided by both the Commonwealth and NSW governments and very importantly the loan guarantee provided by Efic. The development of the Quickstep Bankstown facility also enabled Quickstep to win a contract to produce Lockheed Martin C130J Wing Flaps.

Quickstep has since secured a second Efic loan guarantee to enable the company to contract to supply equipment to a European aerospace producer, equipment which will produce parts for satellite launch vehicles using a patented Quickstep production process. This is the first production application of this patented process and the successful production using this large-scale sophisticated installation is expected to lead to further sales to international aerospace manufacturers.

Neither of these achievements would have been possible without the support of Efic.

Particularly during periods of initial development and growth small and medium enterprises such as Quickstep, regardless of the apparent potential of their products and processes, have limited opportunities to attract the funds required as they build towards viability. There is little doubt that the enterprise Quickstep has built, now employing more than 150 people, would not have succeeded without Efic assistance. Even with the success to date, at full production rates for our current programs we will utilise only 60% of capacity, necessitating significant additional export orders if Quickstep is to remain competitive. We anticipate that once again we are likely to require Efic support for working capital investment to secure and deliver against those

orders. We anticipate that we will more than double employment numbers as we add further contracts and reach full production rates for current programs.

We are therefore pleased to be able to support Efic and in particular to support the amendment for direct lending and other measures. The support Quickstep received for our Joint Strike Fighter program was via loan guarantees given that the exported goods are not capital goods and therefore not eligible for direct loans. Quickstep hopes to win significant contracts for the export of aerospace components in the next few years, and, as with the Joint Strike Fighter exports, these are not currently eligible for direct Efic loans. Under the proposed amendments, programs for the export of these components would in future be eligible for direct Efic loans providing enhanced access to the funding pool and a more cost effective and streamlined process.