

Submission to the Senate Foreign Affairs, Defence and Trade Legislation Committee

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ESS Weathertech (ESS) is a Melbourne-based and wholly Australian-owned advanced technology company that specialises in solutions for meteorological, oceanographic and environmental industries, as well as other specialised engineering fields.

ESS has been operating for over 30 years and has successfully undertaken more than 100 projects in Australia, Asia and the Pacific. ESS has become a major supplier to national weather agencies, port authorities, airports and defence weather operations across the region.

We note the proposed legislation will:

- Increase Efic's callable capital by A\$1b, enabling Efic to better manage large country and sector exposures.
- Re-draft Efic's mandate to a "benefits" test, rather than "content", with an increased emphasis on supporting new infrastructure in the region.
- Change its name to "Export Finance Australia".

We fully support the changes proposed by the new legislation.

All of our export work is focussed on the Pacific and Asia. We have successfully completed projects in South Korea, China, Hong Kong, Taiwan, Laos, Malaysia, Indonesia, India, Bangladesh, Sri Lanka, Mauritius and Pakistan.

Efic has supported ESS with working capital and performance bonds over the last ten years for our projects in South Korea, China, Samoa and Pakistan.

Recently ESS secured a contract with a Japanese corporation that is responsible for implementing Japan's overseas grant program. This grant program aims to promote international cooperation, and develop the Japanese and global economy, by supporting socioeconomic development and economic stability in developing regions.

Under this contract, ESS was required to manufacture and install new weather forecasting equipment to improve forecasting facilities in Pakistan to better monitor and warn of flash flooding.

However, as we needed to buy components and pay for manufacturing and delivery before the full payment was received, this placed some pressure on our cashflow. This is something that many SME manufacturers face, given they're often not able to receive advance payments for their products.

While supportive of this new contract, our bank was unable to approve the additional working capital the company needed, and so it suggested we contact Efic for assistance. Efic was able to provide us with a A\$2 million Export Contract Loan, which gave us the additional working capital we needed to complete this contract while continuing to grow our business internationally.

With our diversified pipeline of future orders, in addition to this contract, the future forecast for us as an advanced manufacturer from Victoria is looking very bright.

Our experience with Efic is a textbook example of how an Australian SME can compete with much larger companies from the northern hemisphere and win important infrastructure work.

ESS has a long history of business in the Pacific. In the 1990's we supplied weather radars and meteorological groundstations and data processing software to the Fiji Meteorological Service as part of a Japan Government Grant-aid project. This contributed to the establishment of the new Specialised Meteorological Services Centre in Nadi under the auspices of the World Meteorological Organization. It represented a major step forward in infrastructure and provided the platform for an enhanced tropical cyclone warning service for the Pacific.

In 2014-2017, we installed a new weather forecasting system in Apia for the Samoan Meteorological Service. This comprised a meteorological data message switch, a forecast data workstation display system, a climate database, a meteorological satellite groundstation and data processing system and a vertical profiler for wind, temperature and humidity soundings in the troposphere above Samoa. These data added significantly to relatively sparse observations available in the Pacific.

Over the last 25 years the Australian Bureau of Meteorology has installed three of our weather radars in New Caledonia for MeteoFrance. These provide much need early warning of tropical cyclones in the region.

These projects, while providing very valuable weather information and vital warnings, only fill very small regions of the Pacific. The small island states are all in desperate need of meteorological infrastructure to provide vital data for severe weather monitoring and warning and for the long term monitoring of climate and sea level.