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HD **Saving EFIC for sake of small fish**

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IN a welfare-slashing budget, the federal government showed welcome support to the Export Finance and Insurance Corporation, in part to offset the chronic failure of the big banks to back small business in export markets.

EFIC chairman Andrew Mohl should know how the banks work, because in his AMP days he competed against them and he is now on the CBA board.

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EFIC's Murray Commission submission lays out the issue with some precision, noting first how competitors use export credit agencies aggressively to support their trade to the tune of $US300 billion in 2012 and indeed helping to finance $40bn of resources development in Australia.

The trouble in Australia is between the big banks and superannuation. Up to 90 per cent of financial-sector assets are held by a handful of companies — namely the banks, and financial giants like AMP and IAG — and with the big four banks also controlling 80 per cent of banking assets there is little room to move.

The 63 per cent of bank loans to residential real estate compares to 40 per cent in Continued on Page 36 Continued from Page 23 Canada, 30 per cent in South Africa and 34 per cent in the US. Small business loans total 10 per cent of total loans, compared to 80 per cent in Switzerland and Korea, yet this sector of the economy adds 60 per cent of value to the economy and provides 70 per cent of employment. Australian banks are reluctant to support Australian companies in markets where they have little presence.

EFIC can be accused of talking up its own book, but even with ANZ et al marching into Asia with high-quality staff the role for a government-backed agency is obvious. That explains why Trade Minister Andrew Robb was able to persuade Joe Hockey to reject Tony Shepherd's Commission of Audit on this issue.

Optus draws a line OPTUS boss Paul O'Sullivan has drawn a line on the sand and is ready to go back on the front foot to protect his market position after losing mobile market share to Telstra and facing a highly subsidised competition as the National Broadband Network gets rolled out.

The new NBN will allow Telstra to maintain parts of its copper network and this worried Optus, based on past performance when Telstra favoured its network customers. The final arrangements are yet to be reached, but expect Telstra rivals to be making plenty of noise on the issue.

O'Sullivan has inherited his old realm with a lower-cost base, with staff numbers at about 8614 people, with more retail-facing staff offsetting some head office job losses and bringing actual job cuts closer to 2 per cent, from 8745 a year ago.

Like Telstra's David Thodey, he sees merit in changing advertised revenue numbers from revenue per device to per account on the grounds that the old ARPU numbers don't take in the fact that most people now have more than one device and data is king.

Now it is up to phone companies to make the advertised changes and for O'Sullivan to put his foot on the accelerator, complete with a new advertising campaign to offset a 10.2 per cent fall in fourth-quarter profits on a 4.9 per cent fall in revenues.

Goodman close to done WILMAR and First Pacific are close to wrapping up control of Goodman Fielder at 70c a share after reaching deals with the two biggest shareholders to increase their **stake** to 20 per cent.

Perpetual and Ellerston, who both have just over 12 per cent of the **company**, agreed to sell the combined 10 per cent holding to the Singapore based bidders yesterday.

This puts Goodman chairman Steven Gregg in a difficult position, with his major shareholders deciding the increase from 65c to 70c a share was good enough for them.

The bidders told Gregg it was the last and final offer so all that is needed is a decision to accept or reject the offer, which his major shareholders have accepted.

Gregg had rejected a 65c-a-share offer last month and the **company**'s stock price closed at 67c when the **company** halted trade yesterday, with a decision in favour of the offer expected before the market opens today.

The $1.9bn offer including $500 **million** in debt and values the **company** at about 8.3 times earnings before interest tax, depreciation and amortisation of about $230m this year.

The offer is conditional on no **sale** of the $500m New Zealand **dairy business** and it seems former owner Graham Hart's unwanted assets are to be finally tested in Asia, leaving the fate of one of Australia's two big bakers up in the air.

Tanna an inspired pick **ENERGY** Australia chairman Graham Bradley has made an inspired choice in choosing Catherine Tanna as its new boss at a time when the industry is in the midst of myriad problems.

Tanna replaces Richard McIndoe, who in his eight years at the Melbourne-based integrated **energy** supplier transformed the **company** into one of the big three dominating the sector along with Origin and AGL.

Tanna is best known locally in her past roles at BG, firstly running its Queensland Gas **coal**-seam gas operation and helping to create its Gladstone Harbour LNG terminal.

While coming from the other end of the **energy** market, she confided yesterday she was excited about the opportunities and challenges ahead.

Given her father Reg created the working port of Gladstone on the Queensland coast, this was almost a natural progression for the former Shell and BHP executive.

A lawyer by training, Tanna stepped aside from day-to-day **operations** at BG for family reasons but remained as chairwoman and is a member of the Reserve Bank **board**.

A consummate networker, Tanna, whose fan club includes the likes of former Shell Australia boss Ann Pickard and Seven **Group** chief Don Voelte, is also prominent in the **Business** Council of Australia.

She is a highly regarded boss, known for being smart but easy to deal with, even if her visits to outback Queensland pubs were best known for her matching glasses of **wine** with the schooners of her drinking pals.

Tanna starts at EnergyAustralia in July at a time when the industry is replete with problems.

The list begins with what some regard as a dysfunctional regulatory system, colossal electricity oversupply and a half-pregnant electricity sector, with states such as Victoria already privatised and others such as NSW and Queensland working through the problems. Australian Competition & Consumer Commission chairman and chief executive Rod Sims has also come down hard on the industry for its sometimes wayward sales practices.Once Tanna works through those options and finalises an executive team — which has had its own personnel difficulties — there is the fact that parent **company China** Light and Power would still like to float the **company**. Tanna gives you the impression that all of the above will be handled with her usual calm efficiency.

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