

2 July 2021

Mr Stephen Sedgwick AO  
Export Finance Australia Infrastructure Mandate Review Secretariat  
Investment Branch, Trade, Investment and Business Engagement Division  
Department of Foreign Affairs and Trade  
**CANBERRA ACT 2600**

Dear Mr Sedgwick

Thank you for the opportunity to make a submission to your independent review of Export Finance Australia's (EFA) overseas infrastructure financing functions.

The Business Councils have been supportive of the broadened role made available for EFA through the changes to its enabling legislation. A submission expressing this was made to the Australian Senate Committee Inquiry into the Export Finance and Insurance Corporation Amendment (Support for Infrastructure Financing) Bill 2019.

The Councils continue to believe EFA has a crucial role to play in supporting Australian business engage in major infrastructure and other projects in the Pacific. EFA will be more effective now it has the powers and mandate provided it works closely with Australian business and applies the Australian benefit principle in a broad and positive manner. The current geo-political situation in the Pacific makes it even more important than ever that Australian business is able to continue to operate and grow its footprint in the region to support Australia's national interest.

EFA's achievements to date have been constrained due to the time it is taking to get AIFFP projects finalised, but there are signs that Australian business sees its expanded role positively as evidenced by what we understand is a growing number of applications currently under consideration by EFA.

Critical to the success of EFA will be having adequate resources to assess projects especially in the SME sector in a timely manner, and it is recommended that greater consideration be given to ensuring there are sufficient resources available for this.

Since the legislation was enacted EFA and the Councils have developed a closer relationship than previously. EFA has recognised that the Councils, through their members which include the Australian financial institutions in the Pacific, know the business environment and how to make it profitable, has deep connections to business in the Pacific and want to see Pacific business and economies grow in collaboration with Australian business. Infrastructure is an important means to achieve that both through supporting major financial and project transactions and support for smaller businesses in the project supply chain.

Given the proliferation of foreign exchange controls in the Pacific and periodic shortages of foreign exchange EFA should be empowered to write transactions in local currency as well as in AUD or USD. To deal with these issues EFA should work closely with Australian financial institutions and business experienced in these matters in the region.

We note also that there are some Pacific based superannuation and provident funds in the Pacific with which EFA could partner to provide another useful vehicle and potential co-investors while avoiding transactions which add to national debt. Assets should be financed in such a way they are delivered to the future generations through the superfunds with a simultaneous retirement of government debt in the State Owned Enterprises.

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The Councils look forward to continuing to work with EFA to advance Australia's business interests and the national interest in the Pacific. Their networks of members and associates have an extensive range of on the ground contacts in the Pacific which can assist inform EFA on relevant matters about those economies and are happy to assist EFA leverage off these.

Again, thank you for the opportunity to comment. We can make relevant people available to speak with you in executive this review if you wish.

Your sincerely

A handwritten signature in black ink, appearing to read 'Frank Yourn', followed by a period.

(Frank Yourn)  
Executive Director