

Submission Content [commercially sensitive information has been withheld]

Dear Mr Sedgewick ,

Thank you for the opportunity to make a submission in relation to the Independent review of Export Finance Australia's Overseas infrastructure Financing Functions

The Reeves Envico Group consists of CCB Envico and Reeves International and we carry out substantial infrastructure projects through the Pacific and South East Asia. We have utilised the services and assistance of Export Finance since approximately 2013 commencing with them providing support for a bonding facility for the construction of a Wastewater Treatment Plant in Pohnpei Micronesia and growing to a point where this year EFA provide support for our business facilities enabling Infrastructure projects in Vanuatu, Marshall Islands, The Solomon Islands , Tuvalu, PNG and Kiribati. In total they have supported over 20 projects for us in some manner.

Our needs initially were for a relatively small bank guarantee bonding facility and now they have extended this to an "Export Business Multi Option Facility which provides for a committed bond facility which supports us to tender and secure international projects with bank guarantees, and a revolving loan facility which enables us to secure and pay for materials required on our international projects in advance of payments from our clients. The current Facility limit is approximately [REDACTED] and this support our ability to secure and service approximately [REDACTED] in international projects at any one time.

Of Relevance to this enquiry all of our projects which are supported by EFIC are infrastructure development projects delivered in the main to our near Pacific Neighbours.

For some reference I attach herewith table of Projects that have been performed by the Reeves Envico Group and supported by EFA since 2013.[withheld from publication]

This table gives some idea of the nature of the projects undertaken by our group that comprise either Water and Environmental projects or Built Environment projects predominantly in Overseas Development Assistance. Our clients are Government Authorities in each of the nations mentioned and they are typically supported by Multilateral Banks and or the Australian and New Zealand Government.

In total EFA have assisted us with finance facilities that have allowed us to enter into over 25 offshore contracts as Head Contractor or in joint venture arrangements for projects worth over [REDACTED] Million since our first interaction.

More specifically the support and facilities of EFIC have been increased since 2019 to include a Revolving Loan Facility and to increase valuable support to us to extend guarantee facilities this allowing potential access to further infrastructure projects.

While EFA were supportive of our needs previously we have noted a willingness by EFA to consider flexible facilities that meet our needs and a willingness to look specifically at what assists us as a business to work in these often remote locations. There is an increased willingness and flexibility afforded under the 2019 amendments and we congratulate the Government on the changes made. We believe Offshore infrastructure participation by the Australian Government had its zenith during the 90s and early 2000's while for some time there has been more national interest in exporting or supporting advisory services to Governments offshore particularly the Pacific and this is obviously

changing. We feel the provision of development infrastructure delivered with a high quality framework and a participation model that involves the national governments of our near neighbours is in Australia's interest and assists significantly our neighbouring countries. We have long held that view. Australia is well placed to provide quality development infrastructure services. We are encouraged by Australian willingness to engage in Infrastructure projects through the Pacific and near Asia – with a noticeable rise in interest in Pacific Infrastructure.

Unfortunately at the same time as this increased willingness and focus on development infrastructure the effects of COVID have meant that travel to and implementation of infrastructure projects offshore have been somewhat curtailed (I estimate in the order of 50% of what we could be doing). We have had some success in commencing a large projects in Vanuatu and PNG and keeping activities moving in the Marshall Islands but activities in areas of concern such as Kiribati and Tuvalu have been curtailed. This in some way affects a true assessment of the operation of the changes to EFA.

Along with this our own competitiveness in the Pacific and the ability for our clients to engage with us on projects is challenged by a corresponding increase in Activity by the State owned enterprises of China which have recently substantially increased their own presence in Kiribati, Solomon Islands, Vanuatu and PNG. All the above is probably more context than input

For the enquiry I have the following specific points to make;

There are further opportunities the National interest of Pacific Nations and Australia which may fall under the current amendments or be considered in relation to effectiveness by the review and these briefly are

- Support for Australian branch offices and equipment for companies like ours (infrastructure related) in our countries of operation would assist us in remaining competitive with the Asian State Owned Enterprises whom already receive almost full national support.
- Consideration of multiplier Tax Incentives similar to those given to R & D investments would assist us to remain in Pacific nations and invest further in establishment.
- Tack on Grants which could be provided under the EFA umbrella for maintenance and support to Pacific Nations that could be run in Parallel with, or by companies like ours in the roll out of infrastructure projects. If we were able to offer clients this as part of our offering Australian Infrastructure becomes more attractive.
- A review of fees would be appreciated – in particular line fees charged for unused portions of our facilities – Total fees for EFA facilities are in the order of 2-3 times that offered by a bank – while recognising that banks typically find it difficult from a risk perspective to operate the same level of intervention to organisations working in small Pacific nations. Noting EFA have moved some way in this on our last review and that we are understanding of the risk profile to the Commonwealth.
- We note that the AIFFP is excluded from this review and thus I have not addressed any of the points I may make in respect of that.
- We believe that as an organisation (The Reeves Envico Group) have more work to do to explore further the opportunities afforded under the amendments and time will open up opportunities to explore the scope of services which can be offered to our clients ie Pacific Governments. Our exposure to the Pacific and assistance from EFIC to remain flexible and nimble may provide further benefit to the Commonwealth, the Neighbouring governments and of course our own business.

We as a company are grateful of the support of EFA which allows us to participate in interesting and rewarding infrastructure development projects across the Pacific and South Asia.

If time permitted I would be pleased to back up this submission by an interview in person in Canberra or via zoom and respond to specific questions that the enquiry may have and can be contacted on the below phone number or this email.

Regards

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