

Export Finance Australia's Submission to Western Australian Legislative Assembly Inquiry into Western Australia's bilateral trade relationship with the Republic of Indonesia

Introduction

Export Finance Australia (EFA) thanks the Western Australian (WA) Legislative Assembly for the opportunity to provide the submission. We are pleased to provide this submission to assist.

Background

Export Finance Australia's purpose is to play a strategically impactful role in financing Australian exports and interests, including overseas infrastructure development that is in Australia's national interest and delivers benefits to Australia.

We achieve our purpose by fulfilling our legislated functions, which are to:

- provide finance that facilitates and encourages Australian export trade and overseas infrastructure development;
- encourage banks and other financial institutions to finance exports and overseas infrastructure development;
- provide financial information and advice to help support Australian export trade;
- assist other Commonwealth entities and businesses in providing finance and financial services; and
- administer payments in relation to certain overseas aid projects financed by the Commonwealth.

In performing our functions, the Australian Government requires us to:

- cooperate with and not compete with private financiers (to operate within the 'market gap')
- focus on supporting:
 - small and medium-sized enterprises (SMEs);
 - the infrastructure needs of Pacific island countries (including Timor Leste) and the Indo-Pacific region;
 - defence-related exports; and
 - critical minerals projects and related infrastructure.

In doing so, we must also have regard to Australia's international commitments, including:

- sustainable lending practices;
- multilateral, regional and bilateral trade agreements;
- environmental and social issues;
- human rights, particularly relating to combatting slavery and forced labour;

We support SMEs across a range of industries, from advanced manufacturing and defence to tourism and shipbuilding. Our specialist expertise also allows us to help with financing solutions for larger corporate and government projects, which in turn enables us to 'crowd in' Australian SMEs to project and transaction supply chains. We have an extensive suite of financing tools including loans, guarantees, bonds and insurance. We also have the capacity to provide equity financing support when there is a clearly demonstrated national interest case to do so. Our finance can assist SMEs and larger corporates to diversify their export business and fulfil orders for goods and services in new markets. Our global financing expertise, gained over 65 years, means we have deep experience in diverse countries and markets.



Australian Government

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Response

Western Australia is an important market for Export Finance Australia.

Our Western Australian team is co-located with Austrade in Perth, and includes customer-facing representatives from our Small and Medium Enterprise and Project and Structured Finance teams.

This team works proactively to engage with Western Australian businesses and identify where EFA can assist them to realise their export goals. The team also works to identify infrastructure opportunities across the Pacific and Indo Pacific, critical minerals and defence projects. Our Western Australian team is supported by our organisation to deliver financing and support to our customers.

EFA Financings in Western Australia

From 2018 to 2022, EFA provided finance worth \$1.66 billion across 179 transactions (customers or projects may have multiple transactions, for example a bond and a direct loan) to Western Australian businesses. Key features of this support include:

- By financing value: direct loans were the most significant support EFA provided to WA businesses – worth \$1.56 billion.
- By transaction volume: bonds were the most significant support EFA provided to WA businesses – involving 96 transactions.
- By financing value: the top three export industries EFA provided support to were mining, manufacturing and construction (in that order).

EFA financings to Indonesia

In relation to Indonesia, from 2018 to 2022 across Australia EFA has provided \$151 million in finance across 30 transactions where Indonesia was among specified export destinations. EFA can support exports to multiple markets.

By financing value: the top three export industries EFA provided support to for Indonesia were manufacturing, wholesale trade and professional, scientific and technical services.

- Of this total, WA represented 8 transactions worth \$4.9 million. The demand from WA has been consistent across the four years of data and no single year represented a notable peak.