



Senator the Hon Don Farrell

Minister for Trade and Tourism
Special Minister of State

Senator the Hon Katy Gallagher

Minister for Finance
Minister for Women
Minister for the Public Service

Statement of Expectations – Export Finance Australia (EFA)

EFA's core purpose is to support Australian export trade and overseas investment, as well as overseas infrastructure development that has an Australian benefit. In administering the National Interest Account (NIA) on behalf of the Commonwealth, EFA also plays a key role delivering strategic projects that support Australia's economic resilience and security and deepen Australia's economic engagement in the Indo-Pacific. EFA's commercial account and NIA activities support Australian jobs, economic growth and promote quality, sustainable and resilient infrastructure in the Indo-Pacific.

In issuing this Statement, we acknowledge EFA's independence as a Corporate Commonwealth Entity and its functions and objectives, as set out under the *Export Finance and Insurance Corporation Act 1991* (EFIC Act). The expectations set out in this Statement only apply, and EFA should only act upon them, to the extent permitted under any relevant legislation and consistent with a Direction issued under the EFIC Act. For the avoidance of doubt, where a Direction has been issued under the EFIC Act, EFA is deemed to be in compliance with this Statement.

EFA's Commercial Account operations should be conducted on a commercial basis, with EFA not providing financial services or products unless it is satisfied that private sector providers ordinarily carrying on business in Australia are unable or unwilling to support financially viable business activities (the market gap). In regard to small and medium sized enterprises (SMEs), there is evidence that a market gap for finance exists and so EFA should therefore ensure its services are readily available and accessible to SMEs.

Within appropriate confidentiality and legal parameters, we expect EFA to share the pricing and terms of its transactions with relevant financiers operating in the domestic market. This will help demonstrate that commercial returns are possible and encourage private sector financiers to take on EFA clients.

Government Priorities

In exercising its functions and meeting its legislated requirements, EFA should consider the Government's broader policy framework and priorities. The following priorities are particularly relevant to EFA's operations.

Export-led growth that shares the benefits of trade among the community

As a trading nation, supporting Australian exporters remains as critical as ever. Export-led growth is fundamental to Australia's economic prosperity and we expect EFA to maintain a strong focus on growing Australian exports across all sectors, particularly from SMEs. The Government's policy is to ensure the benefits of trade are shared among the community, and that trade is a driver of inclusive economic growth and greater economic wellbeing for all Australians.

The Government is committed to ensuring First Nations Australians enjoy the job creating and income raising benefits of international trade. This includes promoting the excellence, ideas and unique offerings of First Nations businesses to international markets. We expect EFA to work with government partners to enhance its engagement with First Nations organisations, supported by a diverse and inclusive workforce.

Australia's net zero transformation and our ambition to become a renewable energy superpower

We expect EFA to have a strong focus on contributing to the Government's climate, trade and investment agenda. This includes:

- supporting Australia to become a renewable energy superpower, including through projects that support clean energy industries, critical minerals, and related infrastructure;
- supporting Australia's net zero transition including growing renewable energy exports and assisting the transition to a low-emissions economy;
- where the Net Zero Economy Agency has engaged with EFA on opportunities that support the net zero transition, considering those opportunities;
- supporting the Government's ambition to ensure better access to affordable, reliable and secure clean energy right across the Indo-Pacific, as we move to a net zero world;
- adopting appropriately tailored climate disclosure requirements, consistent with broader Government policy; and
- ending any new direct support for international unabated fossil fuel energy sector projects, except in limited circumstances where the transaction is in Australia's national interest (as outlined in Australia's *Statement on International Public Support for the Clean Energy Transition – Implementation Guidelines*).

In relation to existing NIA facilities (Southeast Asia Investment Financing Facility (SEAIFF), Critical Minerals Facility, Defence Export Facility and NIA transactions involving the Australian Infrastructure Financing Facility for the Pacific (AIFFP)), EFA will not directly finance the following:

- the extraction of coal, crude oil or natural gas;
- the construction of infrastructure for the primary purpose of extracting coal, crude oil or natural gas; or
- investments for the sole purpose of the use of coal, crude oil or natural gas.

These climate, trade and investment priorities align with the EFIC Act, which require EFA to have regard to Australia's obligations under the Paris Agreement and Australia's greenhouse gas emissions reduction targets, and Australia's commitments under the Statement on International Public Support for the Clean Energy Transition. The EFIC Act also applies the above facility restrictions on coal, crude oil and gas financing to all transactions on EFA's Commercial Account.

Supporting quality infrastructure in the Indo-Pacific and deepening trade and economic ties

The Government is committed to supporting a stable and prosperous Indo-Pacific and to increasing our trade and investment with the region. EFA should encourage Australian participation in overseas infrastructure projects that it finances and help facilitate stronger commercial links between Australia and the region. EFA should continue to collaborate with other infrastructure financiers, including private financiers, multilateral banks and the financing agencies of likeminded partners, that share the Government's goal of promoting high quality and sustainable infrastructure in our region.

We expect EFA to continue working closely with the AIFFP to help address the infrastructure needs of the Pacific and Timor-Leste and ensure Australia is the infrastructure investment partner of choice in the Pacific. This includes finding efficiencies with AIFFP on standards and processes for sovereign infrastructure development financing, to enable AIFFP to originate and prepare projects on behalf of the Government while ensuring EFA can comply with its existing legal frameworks and obligations.

The Government is also committed to deepening its engagement with Southeast Asia. Where it is within its mandate, including through the SEAIFF and Investment Deal Teams, EFA should help advance the *Southeast Asia Economic Strategy to 2040* and over time seek to increase its export and overseas investment financing focus on Southeast Asian markets where possible. To support an expanded focus on Southeast Asia, EFA may consider an adjusted risk and return profile for individual transactions as necessary.

We expect EFA to reasonably satisfy itself, through consultation with other government agencies as relevant, the infrastructure project is appropriate for the relevant nation and the governance surrounding project procurement is sound. For projects outside of the Indo-Pacific, EFA should not rely on its powers to provide guarantees under section 18A or lend money under 23A of the EFIC Act alone in support of overseas infrastructure development.

Supporting a Future Made in Australia

The Government's Future Made in Australia agenda and the Domestic National Interest Account powers (Domestic NIA) takes steps to foster and encourage the significant private sector investment into priority domestic industries necessary to ensure our future prosperity in the net-zero economy. In certain circumstances, targeted public investment can strengthen the alignment of economic incentives with Australia's national interests and crowd-in private investment at scale to develop priority industries. Within its legislative powers, EFA should support Australia's economic resilience and security and the net zero transformation.

National Interest Account

The Domestic NIA is a strategic initiative, to be managed by EFA supporting projects consistent with the Future Made in Australia National Interest Framework. EFA should represent the Government as lead negotiator on a financing package and refer proposed transactions to the Minister for Trade and Tourism, following appropriate consultation with other portfolios as required.

While EFA should seek to administer NIA transactions (including Domestic NIA transactions) it delivers on behalf of the Government on a commercial basis, the risks of these transactions are borne directly by the Commonwealth and subject to the Minister for Trade and Tourism's direction. The Minister for Trade and Tourism will provide further guidance on EFA's administration of the NIA through legislative directions related to facilities and transactions as appropriate.

For all NIA business, we expect EFA to only refer NIA applications to the Minister for Trade and Tourism where it has determined other financing options (including EFA's Commercial Account, other Specialist Investment Vehicles and private financiers) are not available, not appropriate or inadequate. This determination should be made in consultation with the Department of Foreign Affairs and Trade, the Department of Finance and other relevant agencies.

We also ask EFA to use the NIA to mobilise private and other finance in NIA transactions to minimise the Commonwealth contribution, unless there is a compelling reason otherwise. EFA should establish a formal agreement with the Department of Foreign Affairs and Trade (DFAT) and the Department of Finance in relation to the management and administration of the NIA. Equity investments, which are limited to the NIA, should have appropriate exit arrangements and target, over the medium to long term, a rate of return for EFA's equity portfolio of at least the five-year Government bond rate plus three per cent (noting the return on individual investments at a given point in time can vary).

EFA should, as appropriate, work collaboratively with other Corporate Commonwealth Entities and Companies to ensure a coordinated approach to investments made by the Commonwealth. We acknowledge that EFA's growing mandate adds to the significant and increasing role EFA is being asked to play in advancing Australia's trade, investment and strategic foreign policy priorities in order to support the Government's agenda. EFA should manage its resources appropriately to deliver on this agenda and recover costs from the NIA in line with legislative frameworks.

Governance, accountability and reporting

We expect EFA to continue to fulfil its duties under the *Public Governance, Performance and Accountability Act 2013*. While Export Finance Australia is not an Authorised Deposit-taking Institution, it should continue to be guided by the Australian Prudential Regulation Authority in managing financial risk. EFA should also adhere to Resource Management Guides as required, including providing data for the Reporting Framework. Commonwealth exposures will continue to be reported through the statement of risks in the Budget papers.

We expect EFA to publish, through its on-line register, information on all transactions within eight weeks of signature. This will include, at a minimum, the name of the client; the goods/services or overseas infrastructure involved; the country; the type of transaction; and the value of the transaction.

For NIA transactions, EFA should also disclose the tenor and interest rate (subject to commercial sensitivities) of the transaction. We also expect EFA to continue to be supportive of Government initiatives to promote debt sustainability in our region, including measures to increase transparency of sovereign debt.

EFA should continue to publish its policy and procedures for environmental and social review and regularly review the policy to ensure it is consistent with best-practice environmental and social standards. EFA should continue to publicly disclose, in line with the OECD Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence, its prospective involvement in transactions associated with projects that have potentially significant adverse environmental or social impacts (Category A projects). EFA should also ensure there is appropriate compliance, as applicable, with relevant international standards and guidelines such as:

- OECD Recommendation on Sustainable Lending Practices and Officially Supported Export Credits;
- OECD Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence;
- OECD Recommendation of the Council on Bribery and Officially Supported Export Credits;
- OECD Arrangement on Officially Supported Export Credits;
- International Finance Corporation's Performance Standards;
- OECD Guidelines for Multinational Enterprises;
- Prague Proposals; and
- Equator Principles risk framework.

04 MAR 2025



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