



13 January 2017

Foreign Affairs, Defence and Trade Committee Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600
Via e-mail: fadt.sen@aph.gov.au

Re: Export Finance and Insurance Corporation Amendment (Support for Commonwealth Entities) Bill 2016 [provisions]

Dear Senate Committee,

We are writing to support the proposed second amendment to the Export Finance and Insurance Corporation (EFIC) Bill 2016.

Austmine represents the Australian Mining Equipment, Technology and Services (METS) Sector. The sector generates approximately \$90 billion in revenue annually and exports some \$15 billion of goods and services each year. In fact, approximately 66% of METS companies export, making it one of the most highly internationalized sectors in Australia. Of those companies that export, 52% have offices or operations offshore, signaling a committed and sophisticated approach to international business.

EFIC has been a strong supporter of the Australian METS sector for many years and many of our members have used EFIC's facilities to enable them to export and grow their international business. EFIC's offerings are very important to our members, as finance is often a key impediment to exporting. In a survey undertaken in 2015, we found that 20% of respondents had difficulty commencing exporting or expanding their export business because of a lack of finance (survey size 428 firms). Banks are notoriously difficult to deal with when it comes to financing an export deal or expanding offshore. They simply will not lend money for these types of transitions, particularly for SME businesses. The problem has become even more acute during the mining downturn as banks link METS with falling commodity prices and consider anything mining related too risky. EFIC's guarantees are therefore even more vital in the current climate.

We are aware, however, that getting the bank to come to the party on these transactions even with EFIC support is difficult and there is considerable time and money involved. The change of allowing EFIC to lend money directly will greatly help SME exporters, by not only reducing the costs involved, but actually enabling the deal to go ahead.

Further, we welcome the broader definition of "Australian export trade" which recognizes the realities of how business is done today, and the competitive nature of international business in general. In order to compete, many of our members are sourcing inputs offshore and/or assembling their products or equipment in other countries. The driver for this is not only to bring down costs, but can



be required by customers to enable quicker delivery, provide after sales servicing and foster strategic partnerships. As our METS companies are part of highly globalized supply chains, more sophisticated business models are necessary in order to compete. This does not lessen the benefit to Australia in any way, yet ensures sustainability and growth of Australian business over the longer term.

Thank you for your consideration.

Very truly yours,

Christine Gibbs Stewart
CEO