

National Australia Bank Limited

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6 March 2019

Ms Lyn Beverley
Committee Secretary
Foreign Affairs, Defence and Trade Committee of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

By electronic submission

Dear Ms Beverley

SUBMISSION TO EXPORT FINANCE AND INSURANCE CORPORATION AMENDMENT (SUPPORT FOR INFRASTRUCTURE FINANCING) BILL 2019 SENATE INQUIRY

National Australia Bank (NAB) welcomes the opportunity to provide a submission to the Foreign Affairs, Defence and Trade Committee of the Senate Inquiry into the Export Finance and Insurance Corporation Amendment (Support for Infrastructure Financing) Bill 2019 (the Bill).

Background

NAB is one of Australia's leading infrastructure financiers and has been recognised in the top 15 in infrastructure finance globally and top 10 in the Asia-Pacific region. At NAB we recognise the huge potential for infrastructure to transform trade, businesses, economies and communities, particularly in the countries that are the focus of the Government's new initiatives to address the infrastructure needs of the Pacific.

In recent years, NAB has had several opportunities to work closely with the Export Finance and Insurance Corporation (EFIC) and to promote to our customers the services that EFIC provides pursuant to its current export finance mandate. This has included EFIC providing: supplementary Australian Government-backed finance to our Australian export business customers; working capital guarantees to support our customers' working capital requirements; advanced payment bonds; and performance and warranty bonds. We look forward to further opportunities to work with EFIC in the future.

Extending EFIC's Mandate to Overseas Infrastructure Financing

NAB maintains that extending EFIC's mandate to include financing of productive and sustainable infrastructure projects overseas will serve the dual purpose of contributing to economic growth and development in the region, while also supporting Australian businesses' participation in international opportunities. This includes the opportunity to support the export of Australia's world-leading infrastructure financing capability to the growing infrastructure project pipeline in Asia and the Pacific. NAB supports these objectives which we consider to be in the national interest.

NAB also supports the Bill's proposed increase to EFIC's callable capital by \$1 billion. In NAB's view this will ensure that EFIC can support more significant infrastructure projects to make a more meaningful contribution to infrastructure development in the region.

Australian Benefit Test

NAB notes the Bill's intention of introducing an Australian benefit test, with respect to EFIC's new overseas infrastructure financing activities. According to the Bill's Explanatory Memorandum EFIC will take into account both 'direct benefits' as well as 'future and indirect benefits for Australia or Australians'. We agree this is an important strategic imperative.

NAB is therefore supportive of EFIC's overseas infrastructure mandate being linked to an Australian benefit, and recognises that the broad test proposed will ensure a larger pool of infrastructure projects can be supported by EFIC. It will therefore be important to ensure rigorous application of the test, and to ensure that all relevant projects are sustainable.

Additional Comment

NAB is committed to doing business in a responsible manner in line with our values – this includes how NAB manages its operations and financing activities. Related to this, NAB recognises the importance of continuing to promote and support good governance in the overseas jurisdictions in which NAB and NAB customers operate. To this end, we support the Australian Government's continued focus on governance, transparency, and public-sector capacity building in Asia and the Pacific as detailed in the 2017 Foreign Policy White Paper. NAB believes that these continued activities go together with the increased focus on infrastructure development.

Thank you again for the opportunity to make a submission to this Senate Committee inquiry. |

Sincerely,

Brad Calleja
General Manager, Specialised and Acquisition Finance