



Foreign Affairs, Defence and Trade Committee
Department of the Senate
PO Box 6100
Parliament House
Canberra
ACT 2600

1st May 2013

Re: Export Finance and Insurance Corporation Amendment (New Mandate and Other Measures) Bill 2013

Dear Senators,

Aid/Watch has campaigned for over 20 years on aid, trade and debt to ensure that these systems promote social and environmental justice rather than furthering Australia's narrow economic interests at the expense of the ability for communities to determine their own development pathways. We are particularly concerned when projects sponsored by Australian government agencies and statutory bodies, such as the Export Finance and Insurance Corporation (EFIC), endanger people and the environment.

Aid/Watch was one of the first organisations in Australia to draw attention to the lack of accountability and social and environmental standards within EFIC, the role of EFIC in generating developing country debt, the negative implications of omitting a human rights or environmentally sustainable development mandate as the underlying basis for EFIC policy, and the financing of numerous projects with disastrous outcomes such as the Ok Tedi and Panguna mines in PNG. EFIC'S history of funding big mining projects in vulnerable communities that generate suboptimal outcomes for people and the environment is well-documented.

We have published reports such as, 'Putting the ETHIC into EFIC', 'Silent Dealings, Deafening Impacts', and '100 to 1: EFIC's Gamble with Climate', from as far back as 1999 recommending that EFIC implement transparent, public guidelines, remove exemption from Freedom of Information Laws, and cease funding for large scale, export-driven resource extraction at the expense of community driven, culturally appropriate and environmentally sustainable projects.

EFIC thus far has demonstrated limited to no accountability for investments that have few environmental or social safeguards, and as such has demonstrated little evidence to have learned from past mistakes by continuing a commitment to the risky financing of large scale resource extraction projects such as the PNG Liquefied Natural Gas (LNG) Project. Given the inadequacy of environmental and human rights standards, and endemic problems with lack of transparency from both multi-national corporations and a lack of good governance in many countries receiving EFIC funding, it is essential for EFIC to engage more directly in ensuring that projects it funds meet international standards through adequate monitoring mechanisms.

Furthermore Aid/Watch recommends that EFIC should not finance projects affecting indigenous lands which do not have the free prior and informed consent of the indigenous occupants, projects in protected areas and crucially, all phases of the fossil fuel and mining cycles – prospecting, exploration, test drilling, exploitation, as well as the construction of related infrastructure such as pipelines and roads.

The activities of EFIC have largely gone unnoticed by the Australian community. EFIC does not operate in a transparent environment. The idea of 'commercial in confidence' is an irrelevant condition in relation to the environmental and human rights impacts of projects. Aid/Watch can think of no circumstances where the way an appropriate project will be carried out and the potential impacts could make necessary the idea of 'commercial in confidence'. To our knowledge, no examples exist in Australian environmental assessment legislation which allows details of the impacts of a project to be withheld on the grounds of commercial confidentiality. The many risks of investing in projects with

poor outcomes for people and the environment should not continue to be absorbed by EFIC on behalf of the private sector with the obvious benefit to dubious projects being little accountability when things go wrong or little recourse for justice for affected peoples and their environments.

For these reasons, Aid/Watch wishes to endorse the detailed recommendations submitted by Jubilee Australia that will increase the transparency of EFIC's assessment of the risk to communities and the environment posed by projects it proposes funding, EFIC's compliance with international treaties and human rights obligations and EFIC's operations more generally. We particularly recommend the establishment of a statutory requirement for project disclosure, public participation and project assessment prior to the approval of funding arrangements.

Aid/Watch strongly supports the removal of EFIC's exemption from Australian freedom of information laws because EFIC should not be financing projects that would not receive the support of the Australian tax-payers should they be made public. In recognition of the importance of transparency and accountability, it is essential that this exemption is removed.

Many thanks for your kind consideration of this submission.

Regards,

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