

Dissenting report by the Australian Greens

1.1 The Australian Greens have significant issues with this bill, and believe the Government has missed an important opportunity to progress meaningful reform of the Export Finance and Insurance Corporation (Efic). These issues were addressed during the inquiry but not reflected in the Chair's recommendation to pass the bill in its current form.

1.2 Chief among the Greens' concern is Efic's inability to assess the impact of its investments. As a number of submitters pointed out, Efic must strengthen its accountability practices before it contemplates expanding its powers by sharing financing expertise with other Commonwealth entities, and by lowering the local content threshold for loans.

1.3 Efic has repeatedly demonstrated a failure to conduct due diligence, evidenced by human rights violations at Efic-sponsored projects overseas. These violations are set out in multiple submissions to the inquiry, including the egregious examples referenced in the Chair's report of the Panguna, Ok Tedi and Porgera mines, as well as support for ExxonMobil's LNG project in Papua New Guinea's Hela province, which led to conflict in that region.

1.4 As noted in the Chair's report, these concerns about Efic's lack of transparency and accountability were identified during the Productivity Commission's 2012 inquiry into Australia's Export Credit Arrangements, which found that Efic's exemption from the *Freedom of Information Act 1982* should be removed and that Efic should be required to release more information about social and environmental impact assessment. Efic has failed to meaningfully improve its transparency and accountability mechanisms since the Productivity Commission's report, having only adopted a grievance mechanism and introduced a weak and secretive Human Rights Policy. According to Efic, it holds itself to the International Finance Corporation's Performance Standards, which the IFI Network has consistently found to be problematic.

1.5 This bill also misses the opportunity to remove one of the many subsidies provided to the fossil fuel industry by the Australian Government. These fossil fuel subsidies are estimated to amount to \$7.7 billion of taxpayer funds in the 2016-17 financial year alone.

1.6 As noted by ActionAid in its submission, it is well established that export credit agency funding for fossil fuel developments should be considered a fossil fuel subsidy, as that funding is provided by Government. Various international frameworks have called for the removal of fossil fuel subsidies, including the Sustainable Development Goals and the G20.

1.7 Efic has funded and proposes to fund many fossil-fuel projects, which will drive dangerous global warming. One example is the proposed financing of ASX-listed company Resource Generation's Boikarabelo coal mine in South Africa, which, as Jubilee and the Australia Institute note in their submission, has approval to produce 32 million tonnes per year of unprocessed coal – more than the coal mines in

Australia's Hunter Valley combined. This development will also facilitate infrastructure for other mines in the Waterberg coal basin.

1.8 The Greens are disappointed, but unsurprised, that this bill fails to rule out support to fossil fuel projects. We are concerned that the expansion in Efic's mandate to provide advice to Commonwealth entities such as the Northern Australia Infrastructure Fund (NAIF) will provide yet another avenue for the Australian Government to support domestic fossil fuel projects like the proposed Adani coal mine.

1.9 The Greens are also concerned that this bill will result in the further offshoring of Australian manufacturing, depriving companies that produce in Australia, and in some cases, giving advantage to their competition in other countries.

1.10 For the reasons listed above, The Greens cannot support the Chair's recommendation that the bill be passed in its current form.

Senator Scott Ludlam