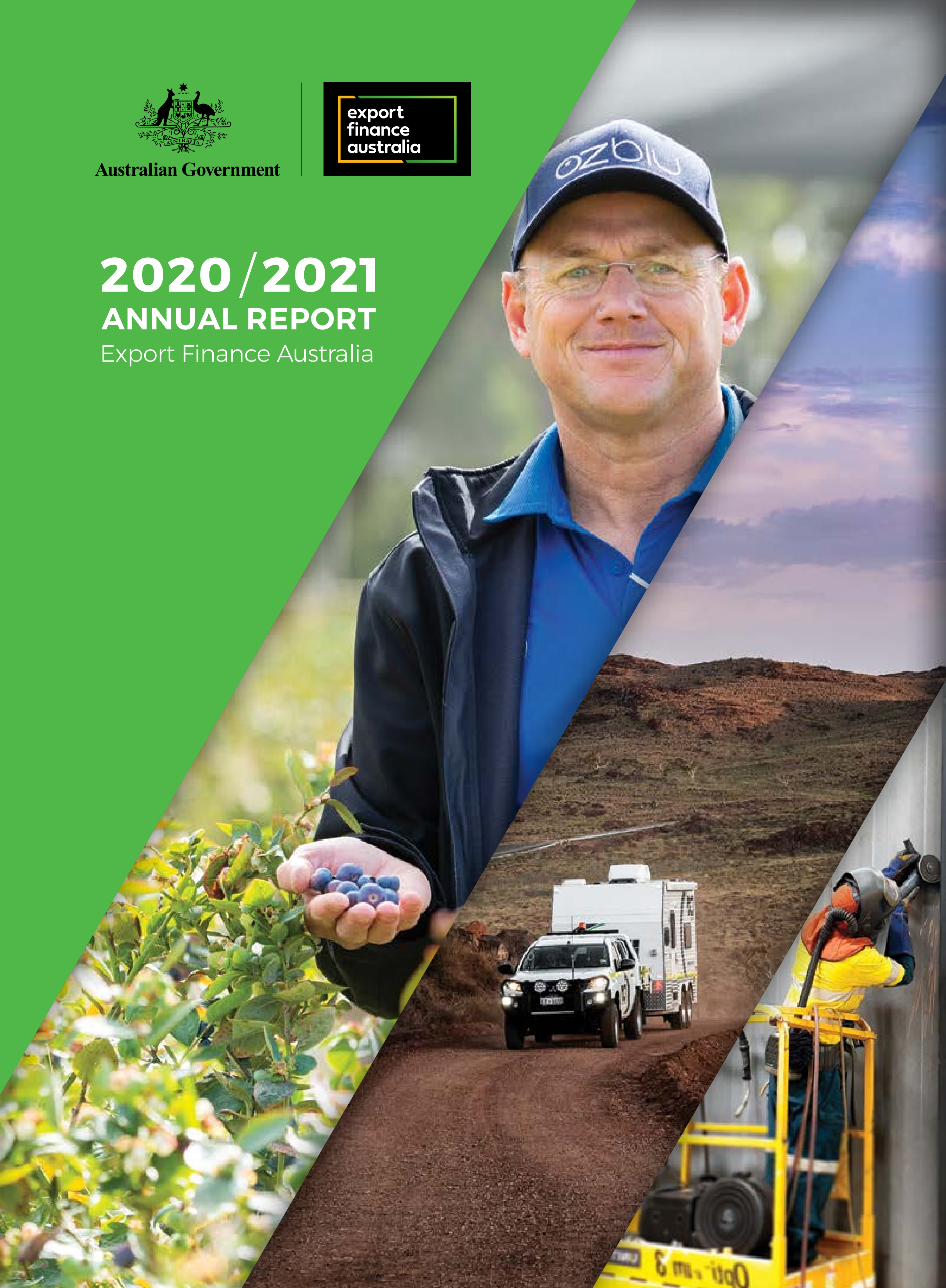
Australian Government

export
finance
australia

2020/2021 ANNUAL REPORT

Export Finance Australia



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Data in this report may not sum due to rounding.

Accessing this report online

An online version of this report is available on the Export Finance Australia website: **exportfinance.gov.au/annualreport**

Contents

Acknowledgement of Country and Traditional Custodians

Export Finance Australia acknowledges the Traditional Custodians of this country throughout Australia and their continuing connection to land, sea and community.

We pay our respects to them, their cultures, and to their Elders past, present, as well as emerging leaders.

About Export Finance Australia

We provide financing solutions for Australian exporters and overseas infrastructure development that delivers benefits to Australia.

As the Australian Government's export credit agency (ECA), we are an integral part of Australia's international trade and investment focus – supporting businesses, jobs and the community. We play a critical role for our customers and partners by using our commercial financing capability to support viable exporters and overseas infrastructure development, when financing from the private sector is unavailable.

What we do

We work closely with banks, other financial institutions and partners, such as the Department of Foreign Affairs and Trade (DFAT) and the Australian Trade and Investment Commission (Austrade), to support exporters and our international partners on their growth journey. By doing so, we encourage and catalyse private market financing.

Our mandate and capital base enable us to support a wide range of exporters, especially small and medium-sized enterprises (SME), finance overseas infrastructure development, especially in the Pacific and broader Indo-Pacific region and assist other government entities.

We are a corporate Commonwealth entity with an independent Board that is responsible for managing our affairs. This includes determining our strategy, defining our risk appetite and monitoring our performance.

We are part of the DFAT portfolio of agencies. Our responsible Minister is the Minister for Trade, Tourism and Investment, the Hon Dan Tehan MP.

What is an ECA?

Most advanced countries worldwide have government-owned ECAs, with a role to support and enable export trade and investment related activities for their country. Generally, these agencies provide various financing solutions to help businesses grow exports. The types of support provided depends on the mandate from the government and can include providing loans, guarantees, bonds and equity.

Export Finance Australia has a range of objectives that reflect the broad role we play as Australia's ECA. The assessment of our contribution in any year is a combination of our extensive outreach and engagement with customers, partners and stakeholders, as well as the results of our commercial and national interest financing activities.

Unlike traditional financial institutions, we expect to see variability in our financial results year on year, given our market gap mandate and the broader role we play in support of a range of government priorities. These priorities range from giving effect to Australia's Pacific Step-up (the Pacific Step-up), Trilateral Infrastructure Partnership (TIP), Critical Minerals and Defence Export Strategies and also providing essential operational support to the Australian Infrastructure Financing Facility for the Pacific (AIFFP) and other Commonwealth entities. Most of this work is on a cost recovery basis and does not factor in any opportunity cost impact to our Commercial Account (CA) activities.

How we provide finance

We help customers with financing solutions, which may involve loans, bonds and guarantees. We deliver our support through our CA and/or the National Interest Account (NIA). However, our intent is always to assess a transaction's eligibility for the CA first and only consider the NIA when CA criteria are not met.

Typically, transactions on the NIA are outside the risk appetite of the CA as determined by our Board. The NIA may be used as appropriate to support transactions that meet specific and targeted government policies and objectives.

Commercial Account

Under the CA, we operate on a commercial basis, retaining all transaction income and bearing all risks and losses.

Decisions under the CA are the responsibility of our Board.

National Interest Account

Under the NIA, our Minister can direct us to support classes of transactions that are in the national interest.

We can also refer transactions to our Minister for NIA consideration. This might be due to a transaction being unsuitable for the CA due to its risk and return profile, size, tenor or significant exposure to the country of export.

The Commonwealth receives all income on NIA transactions. It also bears all risks and losses.

Supporting exporters

'Crowding in' private finance

Australian exporting businesses, particularly SMEs, can experience difficulty accessing finance. As the Australian Government's ECA, we play a critical role by stepping in to provide commercial financing solutions.

Our Ministerial Statement of Expectations also requires us to play a demonstration role to other commercial financiers in the Australian market. Our demonstration role has a positive outcome for these businesses, even if it means we lose them as customers. This is known as 'crowding in' and can happen in two ways.

1

We 'crowd in' the private sector before a transaction is completed.

- Our presence in early financing discussions signals to the private sector that we are comfortable with the commerciality of a transaction. As a consequence, the private market provides the finance.
- In 2020–21, we crowded in the private sector on 22 transactions with a value of $242.1 million.

2

The private sector replaces our financing after we have completed one or more transactions.

- Our financing of a business over time signals to the private sector that the business is viable and should be supported.
- During 2020–21, our financing for 10 customers was replaced by the private sector with a value of $32.45 million.

Private market providers we have 'crowded in' this year

- Australia and New Zealand Banking Group Limited (ANZ)
- Commonwealth Bank of Australia (CBA)
- HSBC
- Judo Bank
- National Australia Bank (NAB)
- Westpac Banking Corporation (Westpac)

Threebyone

Threebyone is a fashion and apparel company, comprising of three high quality brands: Neuw Denim, Rolla's Jeans and Abrand Jeans. In 2019, high global demand for its products was placing pressure on Threebyone's working capital. Despite a strong track record and balance sheet, securing financial support proved to be a challenge. We provided a A$2.5 million Export Line of Credit to support its expansion, which saw Threebyone's US business double in size in 12 months. After two years, Threebyone received support from a major bank to provide the same working capital facility.

DJ&A

DJ&A is a manufacturer, distributor and exporter of beverages and snack foods, primarily health food products. Growing globally and expanding into new markets meant DJ&A required additional financial support. After successfully winning a contract with a global retailer, we provided DJ&A with a number of solutions including a Small Business Export Loan and Export Line of Credit. Our support enabled the delivery of regular orders. A major bank then provided increased debt funding.

Isochem Australia

Isochem Australia is a manufacturer and distributor of specialty and commodity chemicals. It required additional working capital to support sales to its key export markets in North America and Europe. To increase an existing facility, its bank required additional security. We provided an Export Working Capital Guarantee (EWCG), which facilitated an additional US$2 million ($A2.7 million) of funding to Isochem Australia. The EWCG combined with our ongoing support was crucial in helping the company grow its export activities and later securing a large funding line with a non-bank lender.

Quickstep Holdings
(Trading as Quickstep)

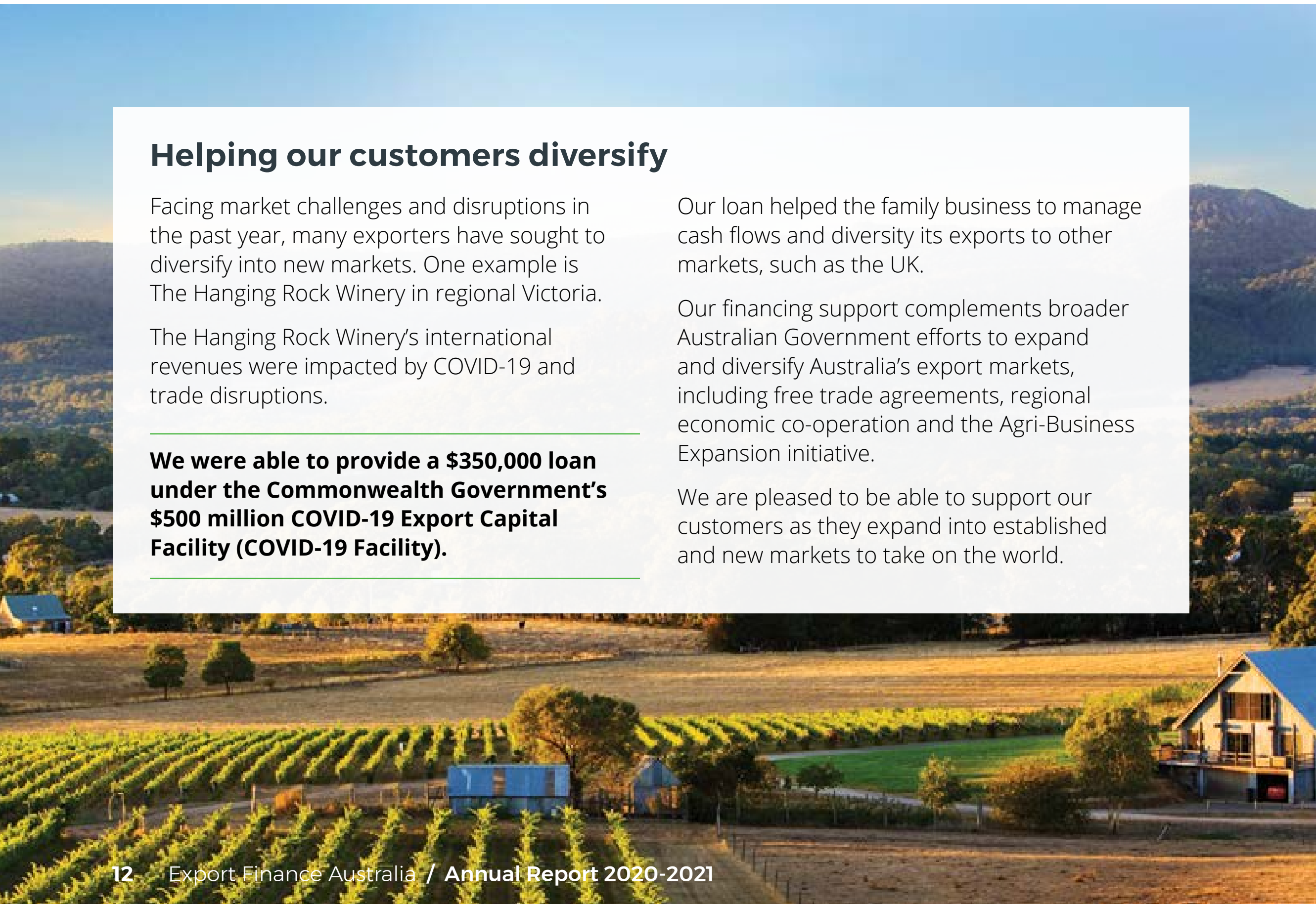
Quickstep is the largest independent aerospace-grade advanced composite manufacturer in Australia. It develops and licenses advanced composite manufacturing technologies for local and global markets. In 2011, Quickstep needed to relocate its manufacturing to undertake a large-scale manufacturing agreement and to provide capacity for further contracts. We provided a 10-year A$10 million facility to assist with capital expenditure and intellectual property. In 2021, a major bank was able to refinance the facility.

Our global reach

Our support helps Australian businesses to expand into new markets when finance from commercial providers is unavailable. This enables our customers to pursue export opportunities in new markets that might otherwise have been out of reach.

Our customers reflect the diverse nature of Australia's export mix. While China, Japan, Korea and the US remain popular export destinations, our customers export to a number of different countries.

In 2020–21, we supported exports to 85 markets across the globe, including fruit and vegetables to South Africa, wool to Pakistan and metal detectors to Egypt. Our finance solutions can also help our customers export to multiple destinations at the same time.



Helping our customers diversify

Facing market challenges and disruptions in the past year, many exporters have sought to diversify into new markets. One example is The Hanging Rock Winery in regional Victoria.

The Hanging Rock Winery's international revenues were impacted by COVID-19 and trade disruptions.

We were able to provide a $350,000 loan under the Commonwealth Government's $500 million COVID-19 Export Capital Facility (COVID-19 Facility).

Our loan helped the family business to manage cash flows and diversity its exports to other markets, such as the UK.

Our financing support complements broader Australian Government efforts to expand and diversify Australia's export markets, including free trade agreements, regional economic co-operation and the Agri-Business Expansion initiative.

We are pleased to be able to support our customers as they expand into established and new markets to take on the world.

Our support during COVID-19

In 2020–21, we continued to assist customers impacted by the COVID-19 pandemic. In total, we provided $224.6 million in financing to 42 COVID-impacted customers.

SMEs represented more than 9 out of 10 customers that we helped, and comprised 33 per cent of finance provided.

During the year, we provided $151.9 million in finance to 15 COVID-impacted businesses on our CA. These businesses were able to satisfy our commercial criteria by demonstrating strong financials and a pathway back to profitability.

In addition, the COVID-19 Facility on the NIA enabled us to provide $72.7 million to 27 businesses that could not meet our CA criteria. This financial lifeline provided working capital buffers or supported a change in business strategy. We administered the COVID-19 Facility until its expiry in April 2021.

Financial relief

We continued to provide financial relief to some of our existing customers during 2020–21, including payment extensions and repayment holidays. In total, we provided 83 payment extensions for 47 customers.

During the year, we also continued to offer rent relief to tenants at Export Finance House.

Support for the tourism sector

Under our mandate, we can support tourism businesses that derive a significant amount of revenue from international visitors.

The impact of COVID-19 on Australian tourism businesses has been significant. For many tourism businesses that rely on international visitors, the loss of this revenue means they do not meet our CA's debt serviceability criteria. Despite these challenges, during 2020–21, we supported eight tourism businesses with a financing value of $147 million on the COVID-19 Facility and our CA. Around 67% of the total finance provided on the COVID-19 Facility was for tourism businesses.

Our support since the beginning of COVID-19

Between March 2020 and June 2021, we have:

ASSESSED

146

COVID-impacted businesses for finance on our CA or the NIA.

SUPPORTED

64

businesses with $255 million in finance:

23 customers
on our CA (value: $167 million)

41 customers
on the COVID-19 Facility (value: $88 million)

PROVIDED

146

payment extensions to 77 customers.

Our contribution to jobs

The 139 customers we supported in 2020–21 **EMPLOY 27,591** people in Australia.

In keeping with our mandate, most customers supported are **SMEs**:

99
CUSTOMERS
(71%) employ less than 100 people.

107
CUSTOMERS
had a turnover of less than $50 million.

We have supported more than
7,926
JOBS
by funding customers that employ up to 499 people.

We supported
25,739
AUSTRALIAN JOBS
through funding on our CA and 1,852 via the NIA.

QANTAS WAS THE LARGEST EMPLOYER supported during 2020–21. Almost 90 per cent of jobs supported are in transport (tourism related), manufacturing and education.

Jobs by State and Territory

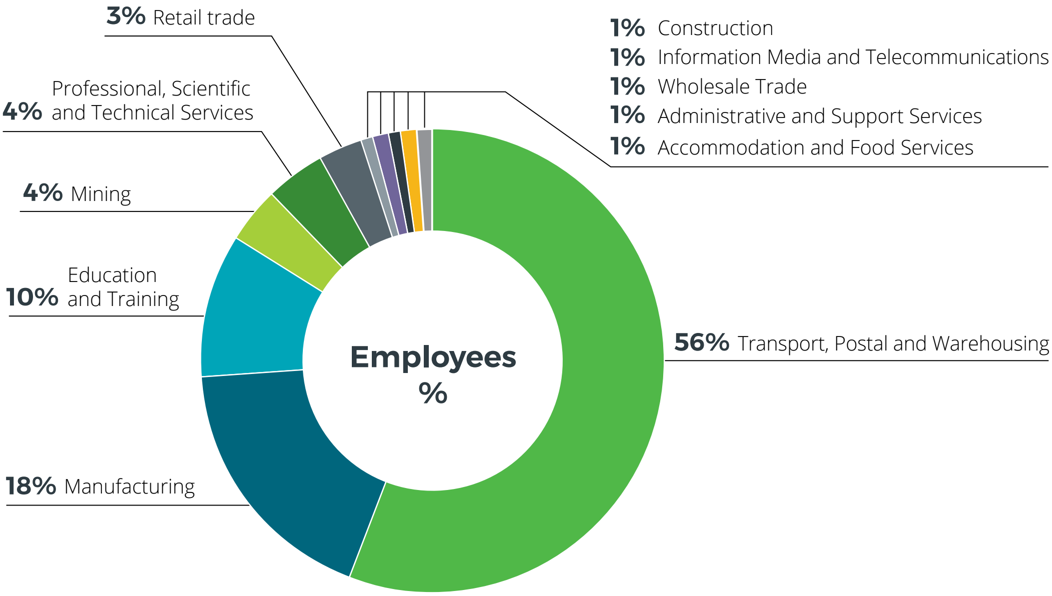
Chart 1: Jobs by location of head office

	17,230 NSW	3,324 WA	2,853 QLD
2,454 VIC	842 SA	496 TAS	392 ACT

Jobs supported are evenly distributed across the largest states. NSW accounts for 62 per cent of jobs because Qantas, the largest employer supported, is headquartered in NSW.

2020–21 Jobs by industry breakdown

Chart 2: Employment by industry sector



We classify all transactions in accordance with the Australia and New Zealand Standard Industrial Classification (ANZSIC) system. ANZSIC classifies entities based on their main business activity. ANZSIC is used to collect and analyse data across industries.

Industries that make up less than 1% of jobs supported are excluded.

Refining how we measure our impact

As indicated in last year's report, we have continued to refine how we measure our impact. Our evolving mandate and the increasing globalisation of supply chains means the export contract values and Australian content values of our transactions are changing.

In 2020–21, this continuing shift can be seen in working capital loans provided under the COVID-19 Facility, where there was no export contract dollar value to assign. Similarly, the $441 million sovereign loan to the Independent State of Papua New Guinea was excluded from modelling in 2019–20 for this reason.

Accordingly, we are now capturing our customers' total Australian-based employees at the time of financing and will report this data each year. We have discontinued economic modelling to calculate our contribution to jobs and gross domestic product (GDP).

We recognise most of our customers are SMEs and that our transactions will reflect this. We believe reporting total Australian-based employment data is a useful measure of the impact of our financings on Australian jobs and prosperity.

2020–2021 Highlights

We have delivered strong results for our customers and our economy. Our metrics showcase outreach activities, our people and customers.

27,591

AUSTRALIAN JOBS SUPPORTED

$2.7billion

IN CONTRACTS SUPPORTED

$16.2million

IN PRE-TAX PROFIT

($11.3 million post-tax profit).

$719million

IN SUPPORT PROVIDED

3,382

ENGAGEMENTS
with potential SME customers.

139

CUSTOMERS SUPPORTED
with 189 transactions completed.

420

OUTREACH ACTIVITIES
with our banking partners.

43%

WOMEN IN SENIOR LEADERSHIP

Implementation of our
INFRASTRUCTURE MANDATE
to support projects in the Indo-Pacific region.

49%

EMPLOYEES
from a non-English speaking background or with parents from a non-English speaking background.

Chair and Managing Director & CEO report

Unlocking our value

While the health and economic impacts of the COVID-19 pandemic have been less severe in Australia than first expected, the country continues to be tested by the intermittent requirements for lockdowns and border closures and the reduced business activity that inevitably follows. Though Australia has survived the worst economic downturn since World War II and surpassed its pre-pandemic economic activity, the path back to normality for exporters and for infrastructure development in our region remains uncertain. It is against this backdrop that we present the Export Finance Australia 2020–21 Annual Report.

Delivering on our purpose

During the year, we continued to offer financial relief to our customers and provided new loans under the Commonwealth Government's $500 million COVID-19 Facility. The COVID-19 Facility was part of a comprehensive support package delivered by the Government, including JobKeeper and the Commonwealth Treasury's SME Guarantee Scheme, to shield Australia from the crisis. Together, these measures protected Australia from the severe economic and social outcomes other nations suffered because of COVID-19.

The 12-month COVID-19 Facility, made available on the Government's NIA, enabled us to help 41 customers with $88 million in finance. These previously profitable businesses had been disrupted by the pandemic and we could not have helped them without the COVID-19 Facility.

Two-thirds of the funding provided under the COVID-19 Facility went towards supporting Australian tourism businesses severely impacted by the loss of international tourists. Our support for tourism included the largest loan provided under the COVID-19 Facility – a $30 million loan for Intrepid Group Limited (Trading as Intrepid Travel).

Intrepid Travel is the world's largest adventure travel company and aspires to be the world's first purpose-led billion-dollar travel company. Intrepid Travel has been carbon neutral since 2010, and purchases carbon credits from renewable energy projects. Our loan will help Intrepid Travel accelerate its growth as a leader in sustainable travel as international travel resumes.

We have also been able to help 23 businesses impacted by COVID-19 on our CA, bringing total COVID-related financings in 2020–21 to $225 million. Importantly, more than nine in ten of these businesses were SMEs, consistent with our mandate.

Our overall performance

COVID-19 financings made up just under one third of our total financings for the year. In 2020–21, we provided $719 million to 139 customers overall, supporting $2.7 billion in contracts. This includes a record financing of $265 million for SME businesses. Our total financing in 2020–21 is lower than the $1.1 billion provided in 2019–20, which included a $441 million sovereign loan to the Independent State of Papua New Guinea. Our overall result includes $494 million in financings unrelated to COVID-19.

The variability in our results year on year reflects our market gap mandate and our broader role to support a range of government priorities. For the year ending 30 June 2021, we achieved a post-tax profit of $11.3 million. We consider this to be a solid result given the challenging environment.

Supporting jobs

When we provide working capital or support large export contracts, our financings provide critical funding support to help safeguard employment for Australians. We capture the number of people our customers employ in Australia. In 2020–21, the 139 customers we supported employed 27,591 people.

More than 75 per cent of these customers had a turnover of less than $50 million, and three quarters employ fewer than 100 employees. The financings we provided to our SME customers alone supported more than 7,000 jobs.

Unlocking our value for government

We are always seeking ways to better deliver our key mandates across SME, infrastructure, critical minerals and defence. This includes reviewing whether we have the right financing tools, and how we can best support the Government's priorities and strategic objectives.

New equity power

In June 2021, our Minister announced that the Government will introduce legislation to provide us with an equity financing power. This new equity financing power will complement our existing financing capabilities and be directed towards the financing of transactions that serve Australia's national interests and priorities.

This new equity financing capability will better align our organisation with other export credit agencies that have similar powers, including those in the US, China, Japan, Canada and South Korea. Equity will also enhance our ability to work alongside like-minded financing partners.

While our core offering will continue to be debt, an equity financing power will enable us to better support the Government's priorities for overseas infrastructure development and export-linked Australian businesses in sectors of economic significance.

The addition of an equity financing capability is a significant step forward for our organisation and reflects the work we have done over the past few years to deliver on our core purpose and mandate.

We are working closely with DFAT, the Department of Finance and the Department of the Prime Minister and Cabinet to finalise the legislative package that will support the introduction of the new power. At the same time, we are reviewing our organisational and operational structures to ensure we deliver the new financing power effectively.

Helping businesses diversify

As Australia's ECA, we help commercially viable Australian businesses to expand into new markets when finance from the commercial market is unavailable. This supports the diversification of Australia's export trade by enabling our customers to pursue exports to new markets that might otherwise have been out of reach.

Since 2013, our finance has supported over $6.2 billion in contracts to over 115 countries. Our financial support is linked to many export destinations, with no single market dominating. This year, we financed exports to 85 countries, supporting a diverse mix of exports including agriculture, renewable energy, clean technology, fashion and premium wine.

Our financing also enables businesses working in the supply chain, which are fundamental to both the export of Australian goods and services and larger overseas projects. With many businesses having dependencies on overseas suppliers, we are pleased that greater scrutiny is being applied to human rights and labour conditions through the entire supply chain. We are a *Modern Slavery Act 2018* (Cth) reporting entity, having published our first Modern Slavery Statement in February 2021. Our Modern Slavery Statement outlines how we mitigate the risk of modern slavery occurring within our supply chain, business operations and customer relationships.

As an Australian-based entity in the financial services sector, we consider the risk of modern slavery occurring directly within our business operations generally to be low. However, we recognise that there is the risk of modern slavery occurring through our supply chain or via our customers and the transactions we support. Our statement sets out how we are tracking in terms of identifying and mitigating this risk.

Reaching more exporters

Given we operate in the market gap, we provide finance when the private market is unable or unwilling. Accordingly, our financing solutions are bespoke, which means they are resource intensive.

Last year we completed 3,382 engagements with 1,869 SMEs across Australia. From these, our SME Business identified 351 financing opportunities for 260 businesses. Of these, we were able to provide much needed financial support for 127 SME customers.

We believe we can support more exporting businesses by leveraging the larger customer base of other financiers. Our new Export Guarantee Scheme (EGS) is a risk-sharing arrangement with banks, which aims to realise this objective. The EGS will enable eligible bank customers to access bank financing, with majority guarantee support provided by us. Eligible customers can borrow between $250,000 and $10 million for working capital, capital investment, international expansion or online growth.

The EGS has been developed to enable us to partner with all Australian authorised deposit-taking institutions (ADI), giving us scope for a broad-based rollout. In June 2021, we were delighted to sign ANZ as our first EGS partner. ANZ's expertise in trade finance and presence in the Asia Pacific make them an ideal pilot partner.

Our diverse mandates

Our mandates encompass diverse interests that support the Australian Government's trade and investment objectives. We apply equal focus to our mandates, even when global events can make transactions more difficult to deliver.

In addition to SME and larger project finance, we are focused on the provision of finance for:

- infrastructure in the Pacific (including Timor-Leste) and broader Indo-Pacific region
- Australia's critical minerals sector
- Australia's defence sector.

We also continue to support other Commonwealth entities, including the AIFFP, the Northern Australia Infrastructure Facility (NAIF) and the National House Finance Investment Corporation (NHFIC).

Pacific and Indo-Pacific infrastructure

Our Indo-Pacific infrastructure financing powers enable us to support infrastructure projects where there is a benefit flowing back to Australia. Many of these opportunities directly support the Government's trade and investment objectives in the region. In the two years since these powers came into effect, we have grown a multi-billion project pipeline in the Pacific and Indo-Pacific, despite the ongoing challenges presented by COVID-19.

In 2020–21, we were pleased to complete our largest overseas infrastructure transaction to date: $41 million in green financing for three wind power projects in the central highlands of Vietnam. We co-financed the project alongside the Asian Development Bank (ADB), the Japan International Cooperation Agency and private financiers. This project is one of many renewable energy opportunities we are progressing throughout the region.

We were pleased to be able to continue to support AIFFP financings for Airports Fiji PTE Limited (AFL) and the Palau spur cable during the year. We participated in the independent review of our infrastructure mandate conducted by Mr Stephen Sedgwick AO. In our submission to the review, we noted that since April 2019, we've delivered 55 transactions in the Pacific and Indo Pacific with a value of $93.3 million. This is in addition to the three AIFFP projects we supported with financing worth $93.4 million. We have confidence our pipeline will result in significant transaction signings in the coming years.

In October 2021, we represented Australia at the Trilateral Infrastructure Partnership virtual mission to Vietnam, alongside our Japanese and US trilateral partners. We continue to be an active member of the Pacific Islands, Papua New Guinea and Fiji business councils. We are also engaging regularly with our diplomatic network on financing opportunities in Papua New Guinea, Indonesia, Timor-Leste, Sri Lanka, Philippines, Vietnam, India, Republic of Korea, China and Malaysia.

Establishing a critical minerals sector

Our work on critical minerals continues to gain momentum. Australia has many of the elements the world needs to make advanced technology like smartphones, computers, solar panels, batteries and electric vehicles. Establishing a viable critical minerals sector will help Australia play an active role in both processing and supply.

Critical minerals projects present unique financing challenges. Demand is challenging to accurately estimate and the technology is changing rapidly. There is limited, if any, appetite from commercial lenders and financing arrangements are complex and take time to both assess and finalise.

Since November 2019, we have held more than 240 engagements with 28 critical minerals proponents to find the right financial solutions to support their business goals. We are working closely with the Critical Minerals Facilitation Office (CMFO) within the Department of Industry, Science, Energy and Resources. We are also working with DFAT, Austrade, Clean Energy Finance Corporation and NAIF to identify viable projects.

In addition, we have provided letters of support to six significant critical minerals projects. Our letters of support are an important signal that we see commercial financing opportunities for these projects in future. Several critical minerals have defence end-use applications and projects may be eligible for finance on the Defence Export Facility.

Supporting Defence

We play an important role in administering the Government's US$3 billion Defence Export Facility. During the year, we financed five SME defence businesses for $31 million. This provided $79 million in financial support for defence-related exports. We also added 14 new defence opportunities to our transaction pipeline.

Progress on some defence transactions has been delayed due to COVID-19 disruptions in other markets. We will continue to work closely with the Defence Export Office, the Office of Defence Export Controls, and our international financing partners to progress these transactions towards completion.

Across our mandates, in any given year there will be transactions that do not close, either on our CA or the NIA. Last year was no different, with several large, complex transactions not closing within expected timeframes. A key part of our role is to share our commercial financial expertise to try and find the best outcome for our customers. The significant time, energy and resources we devote to such transactions is not reflected in our signings results and financial outcomes.

During the year, we shared our financing expertise with government and industry in key sectors including aviation and tourism recovery. We also participated in forums focused on trade recovery and diversification, hydrogen and solar energy, trade credit insurance and freight issues.

Our work towards Reconciliation

During the year we continued to partner with CareerTrackers Australia and were pleased to grow our employment of Indigenous people. We currently employ three people who identify as being Aboriginal or Torres Strait Islander.

We have made significant progress on our Innovate Reconciliation Action Plan (RAP). Almost 60 of our 88 RAP activities were delivered within the first 12 months of the plan's two-year life. We continue to participate in Indigenous cultural recognition events, including National Reconciliation Week, NAIDOC Week and Mabo Day. During the year, our Managing Director & CEO took part in the Jawun executive visit held in Alice Springs. For our people, a highlight of our Indigenous engagement was hearing from community leader Adam Goodes at our Reconciliation Week employee event in May 2021.

Sustaining our people

Technology and digitisation have enabled our employees to support our customers while working remotely and we are encouraging employees to find further ways to improve how we support our customers through the pandemic and beyond.

Focus on wellbeing

With COVID-19 requiring many employees to regularly work from home, keeping our people connected is very important. While our employees have shown great resilience, ongoing COVID-19 outbreaks in different Australian cities will continue to cause ongoing disruption and stress. For this reason, we continue to place a strong emphasis on employee wellbeing, as well as learning and development programs, and succession planning.

Our flexible work arrangements include alternate work hours, job sharing, part-time roles and remote working. We also offer individual arrangements to accommodate the personal circumstances of employees, while also supporting their health and wellbeing. This focus on wellbeing is reflected in our 2021 positive employee engagement score of 87 per cent.

Building diversity

We continue to take positive steps towards gender equality. Women now comprise 43 per cent of our Senior Leadership Team and 43 per cent of our Executive Team, respectively. During the year we introduced leadership programs for women and Lean In Circles to foster collaboration and support. We are pleased to have achieved a 100 per cent return rate from parental leave since 2017.

Throughout the year our Diversity and Inclusion Council enabled our employees to celebrate International Women's Day, the Sydney Gay and Lesbian Mardi Gras and Harmony Day, among many other events. Pride in Diversity has led a workshop for employees to expand our awareness of LGBTQI+ diversity and gender in the workplace. Our high cultural diversity continues to reward and enrich our workplace. Almost half of our employees were born overseas and 41 per cent are bi-lingual or multilingual. Collectively they speak 31 different languages with proficiency.

A greener workplace

Our Sydney headquarters has also achieved a 5-star National Australian Built Environment Rating System (NABERS) energy rating and a 4-star NABERS water rating. This is up from 4 and 3 stars respectively since last year and is a positive step to minimising our environmental footprint.

The improved ratings are the result of economic management of energy and water utilities throughout the building and our adoption of 35 per cent renewable energy from our retail energy provider.

The year ahead

Until the COVID-19 pandemic is brought under control, we believe the volatility that characterised 2020–21 will continue, as we are disrupted by lockdowns in the international markets we operate in and the cities where we work. We've learned that we can operate effectively, even in the most difficult environments.

In the coming year, we expect that our EGS will come online, as will our new equity financing power, subject to legislative approval. We will have broader capability to support Australian exporting businesses, deliver overseas infrastructure and support defence and critical minerals projects. We will continue to partner closely with the Australian Government, relevant agencies and our international network in support of Australia's trade and investment strategies and objectives.

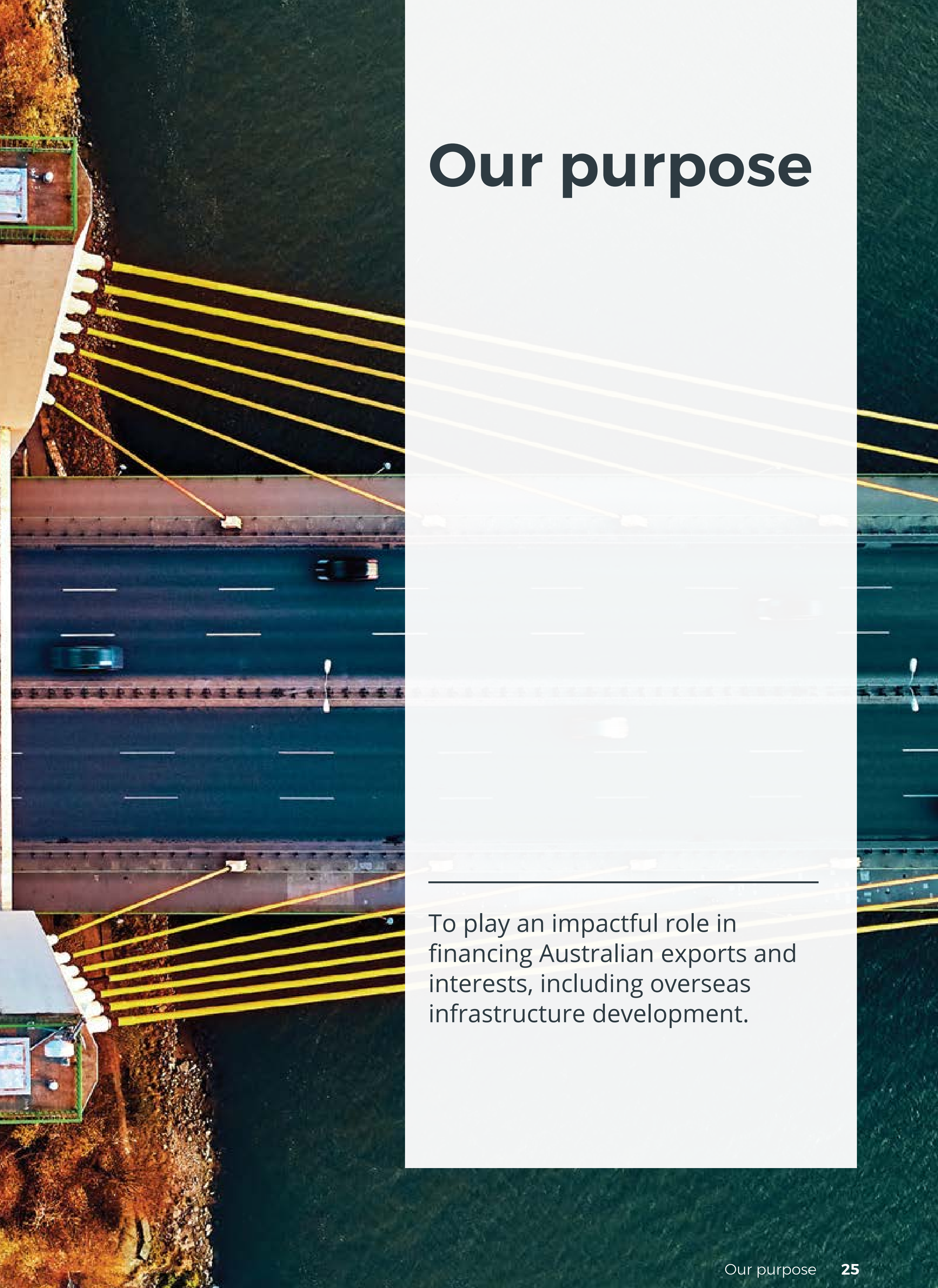
James M Millar AM
Chair

29 September 2021

Swati Dave
Managing Director & CEO

29 September 2021

Signed for and on behalf of the members of the Board, as the accountable authority of Export Finance Australia, and being responsible for preparing and giving the Annual Report to Export Finance Australia's Minister in accordance with section 46 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).



Our purpose

To play an impactful role in financing Australian exports and interests, including overseas infrastructure development.

We achieve our purpose by fulfilling our legislated functions, which are to:

- facilitate and encourage Australian export trade and overseas infrastructure development by providing finance
- encourage banks and other financial institutions to finance exports and overseas infrastructure development
- provide information and advice about finance to help support Australian export trade
- assist other Commonwealth entities and businesses in providing finance and financial services
- administer payments in relation to overseas aid projects financed by the Commonwealth.

How we do this:

Supporting SMEs, corporates and governments to realise export opportunities

We support SMEs across a range of industries, from advanced manufacturing and defence to tourism and shipbuilding.

Our specialist expertise allows us to help with financing solutions for larger corporate and government projects. It also enables us to 'crowd in' Australian SMEs to project and transaction supply chains.

Our finance can assist SMEs and larger corporates to diversify their export business and fulfil orders for goods and services in new markets. Our global financing expertise, gained over 60 years, means we have deep experience in a diverse range of countries and markets.

Helping finance sustainable infrastructure in the Indo-Pacific region and beyond

The Australian Government's 2017 Foreign Policy White Paper details how Australia's economic and security interests are converging.

To meet the challenges of an increasingly contested and competitive region, it sets out an agenda for shaping a regional balance that supports Australian interests, while reinforcing rules, norms and institutions that underpin our security and prosperity.

In support of this agenda, we continue to:

- actively seek to support infrastructure financing opportunities in the Pacific and the broader Indo-Pacific region
- provide transaction and technical financial support to AIFFP, a $2 billion infrastructure financing facility for the Pacific and Timor-Leste
- along with DFAT, represent Australia in the Trilateral Partnership for Infrastructure Investment in the Indo-Pacific, with the US International Development Finance Corporation and the Japan Bank for International Cooperation.

Providing defence export finance through the Defence Export Facility

As part of the Government's focus on building Australia's defence export capabilities, we administer the US$3 billion Defence Export Facility.

This amount is an upper limit available under the NIA, not a separate pool of funding. As directed by our Minister, this facility provides a way for us to finance defence exports where we may not have been able to help under our CA.

Supporting the critical minerals sector

The Government expects us to place a greater focus on critical minerals projects and related infrastructure. This is to help diversify critical minerals supply chains and support the expansion of downstream processing in Australia.

We can provide commercial financing support to critical minerals projects and related infrastructure, or support businesses in the critical minerals export supply chain.

Where critical minerals are important to the defence supply chain, finance may be available through the Defence Export Facility.

Enabling broader government objectives by supporting other Commonwealth entities

We do this by providing expertise and support to the following Commonwealth entities as directed by our Minister:

AIFFP, which supports infrastructure that encourages prosperity in the Pacific and Timor-Leste

NHFIC, which improves housing outcomes by making loans, investments and grants to encourage investment in social and affordable housing. NHFIC also administers the Government's First Home Loan Deposit Scheme

NAIF, which is a lending facility established to provide loans (which may be concessional) to infrastructure projects that benefit northern Australia.

Where we operate

We are a national organisation with on-the-ground presence across Australia.

Our headquarters are in Sydney, with a national network of employees located in Austrade's Adelaide, Brisbane, Melbourne and Perth offices. Our New South Wales, Victorian and Queensland employees support exporters in the Australian Capital Territory, Tasmania and the Northern Territory respectively.

A proposed new equity financing capability

On 24 June 2021, the Government announced that it will seek to provide us with broader powers to finance transactions that serve Australia's national interests and priorities.

On 4 August 2021, the Government introduced legislation that will enable us to provide equity finance in certain circumstances.

An equity financing power, once legislated, will allow us to better support overseas infrastructure development and export-linked Australian businesses in sectors of economic significance. The proposed changes also bring us more in line with other ECAs and will enable us to work more effectively with partner ECAs and other multi-lateral financing agencies.

Annual performance statement

- › Our performance
- › Delivering on our functions
- › Exposure breakdown

Annual performance statement

for the year ended 30 June 2021

Introductory statement

I, on behalf of the Board of Export Finance Australia, present the 2020–2021 Annual Performance Statement of Export Finance Australia, as required under Section 39 of the PGPA Act.

In our opinion, at the date of this statement, based on the material provided to the Board, this Annual Performance Statement accurately reflects the performance of the entity, and complies with subsection 39(2) of the PGPA Act.

James M Millar AM
Chair, Export Finance Australia

Approach

The criteria we report against are the quantitative and qualitative performance targets set out in tables 1 and 2 and on pages 34–35 of our 2020–2021 Corporate Plan.

In a practical sense, because we do not compete with banks or other financial institutions, their risk appetite impacts the level of business we can undertake. For that reason, our planned business activity relating to transactions completed and customers supported is largely outside our control.

Throughout the year, we were able to use both our CA and the NIA to help exporters and support broader government objectives.

In 2020–21 a number of transactions were delayed or did not proceed as a result of COVID-19. Similarly, we provided financing for customers that experienced temporary disruptions to their supply chains and working capital due to COVID-19 that may not require support in the future.

Our financial outcomes for the CA and NIA are shown as an aggregate with the exception of the Financials, which represent only the CA.

The Commonwealth receives all net income and must reimburse us for any losses under the NIA.

Commercial Account and National Interest Account targets

Performance criteria	2020-21	Measure
Transactions completed on the CA and NIA	$800m–$1.2b	Dollar value of facilities signed
	$1.6b–$3.6b	Dollar value of export contracts supported
Customers supported on the CA and NIA	125–150	Number of customers supported
	40%–50%	Percentage of new customers supported
CA financials	$16m–$20m	CA profit (pre-tax)

Source: 2020–21 Corporate Plan, p34 Table 1

Our performance

Quantitative analysis

Over the past 12 months, we have used our unique role to support Australian exporters through the COVID-19 pandemic. Our financing solutions have allowed customers to react swiftly to changing financial market conditions, maintain strong working capital and navigate difficult operating environments.

Our responses have included meeting our customers' liquidity needs and providing more flexible repayment options.

This year, we fell short on our transaction value key performance indicator (KPI) as a result of a significant transaction not proceeding due to factors outside our control. However, we exceeded the KPIs on the value of contracts and customers supported.

In 2020–21, we supported 139 customers for 189 transactions valued at $0.7 billion. Our financing supported contracts worth $2.7 billion.

Results on the combined Commercial Account and National Interest Account

Table 1: Transactions completed

We exceeded our target on contracts supported during the 2020–21 financial year, falling slightly short on facilities signed.

Performance criteria	2019-20	2020-21 targets	Result against performance criteria
Transactions completed			
Dollar value of facilities signed	$1.1b	$800m–$1.2b	$0.7b
Dollar value of contracts supported	$2.5b	$1.6b–$3.6b	$2.7b

Source: 2020–21 Corporate Plan, page 34, Table 1

Explanation

Commercial Account and National Interest Account

The value of facilities signed for the CA and NIA was $0.7 billion, which fell slightly short of the lower end of our target range by $0.1 billion.

Commercial Account

On our CA, we financed 157 transactions (167 in 2019–20) with a value of $552.9 million ($411.5 million in 2019–20). This supported nearly $2.6 billion in contracts and overseas investments ($1.8 billion in 2019–20).

We had our strongest year on record in financing SME businesses, with $223 million in signings. Our Project and Structured Finance business (PSF) supported infrastructure in the Indo-Pacific with transactions including Airports Fiji, Belau Submarine Cable, Solomon Islands Electricity Authority and Project Lotus (wind farms in Vietnam).

National Interest Account

On the NIA, we financed 32 transactions (18 in 2019–20) with a value of $166.1 million ($675 million in 2019–20). This supported $147.6 million in contracts and overseas investments ($0.7 billion in 2019–20).

We continued to work alongside the Government to support the $500 million COVID-19 Facility, which resulted in $72.7 million in financing support for 27 customers across 27 transactions. This facility ended in April 2021.

Table 2: Customers supported

We exceeded performance targets for the number of customers supported and the percentage of our new customers.

Performance criteria	2019–20	2020–21 targets	Result against performance criteria
Customers supported			
Number of customers supported	136	125–150	139 customers supported with 189 transactions
Percentage of new customers supported	51%	40–50%	56%
Referrals			
Percentage of transactions referred to banks	>80%	>80%	>80%

Source: 2020-21 Corporate Plan, page 34, Table 1

Explanation

Commercial Account and National Interest Account

This year, we supported 139 customers with 189 transactions, 56 per cent of which were new to our organisation. Often our customers work in industries and markets that may be considered too risky by the private sector, meaning their options for export-related finance are limited.

We continued to support customers impacted by COVID-19, through additional financing as well as assistance with repayment terms.

Table 3: Financial performance

Our pre-tax profit of $16.2 million exceeded our target of $16.0 million.

Performance criteria	2019–20	2020–21 targets	Result against performance criteria
Financial Performance			
CA profit (pre-tax)	$16.0m	$16–$20m	$16.2m

Source: 2020-21 Corporate Plan, page 34, Table 1

Explanation

Commercial Account

The 2020–21 CA operating income of $45.3 million was impacted by credit provisions taken against our SME and PSF portfolios. Our operating income was also impacted by new transactions having higher allowances for credit risk, relative to the associated revenue. An additional credit provision was also raised on the SME portfolio, due to a downgrade of one of our transactions.

The credit provisioning on the SME portfolio is likely to crystallise into actual losses, however, the timing is uncertain. In contrast, the credit provisioning on the PSF portfolio is unlikely to crystallise into actual losses. For accounting purposes, our exposures are at fair value, based on current market data.

While credit provisions impacted our profitability, we benefited from lower operating costs over this period. Our operating expenses of $27.6 million were $4.6 million lower than expected, due to delayed hiring of employees, rescheduled projects and ongoing travel restrictions.

Our continued efforts in supporting the Government's response to COVID-19, as well as on a range of potential transactions, also meant we allocated a higher proportion of our costs to the NIA. We also recovered costs from our support of other Commonwealth entities for shared services provided by our employees over the year.

Impacts to operating income

Our operating income was impacted by movements in both USD interest rates and exchange rates. Given around 77 per cent of our portfolio is denominated in USD, movements in these rates can have a material impact on our profitability.

While we hedge our loans and borrowings, the future net interest margin is not hedged.

This year, as a result of market fluctuations, we realised a $1.9 million loss in income (on a fair value basis) from movements in long-term USD interest rates. When we prepare our Corporate Plan, we assume the USD interest rate and exchange rate will have no material impact on our underlying profitability. Therefore, when assessing CA profit for future years, we normalise profitability back to eliminate these market movements.

We continued to make allowance for payments to the Commonwealth, covering a debt neutrality charge of $1.5 million, state equivalent taxes of $1.5 million and income tax equivalent payments of $4.9 million.

Our performance

Qualitative analysis

Following the Australian National Audit Office's (ANAO) 2019 effectiveness audit recommendation, we report on our performance against qualitative metrics set out in our 2020–21 Corporate Plan.

Qualitative metric	2020–21 Corporate Plan	Outcomes for FY 2020–21
Facilitate and encourage Australian export trade and overseas infrastructure development	Leverage the CA and the NIA to develop a pipeline of transactions that meet the requirements of our mandate and thereby contribute to Australia's GDP and job growth. Specific NIA facilities include the AIFFP, Defence Export Facility and the COVID-19 Facility.	We worked closely with stakeholders to leverage our CA and the Government's NIA to provide support to businesses impacted by COVID-19. We implemented a process to capture our customers' Australian-based employees in our Customer Relationship Management (CRM) system, which allows us to track and report on the contribution of our financing to employment in Australia. Our contribution to employment is reported in this report on pages 14-15. We continued to: › lift and enhance our engagement with Commonwealth, State and Territory government agencies, banks and industry groups on issues, including COVID-19 impacts on tourism, aviation, access to finance and insurance, renewable energy and supply chain resilience › capture and monitor our engagements with customers, financiers and government agencies across our core mandates: SME, Indo-Pacific Infrastructure, defence and critical minerals.
Encourage other financiers to support export trade and overseas infrastructure development	Collaborate with banks in implementing a response to COVID-19 by using our guarantee product to catalyse new opportunities for exporters and supply chain businesses. Collaborate and partner with banks and other financiers to support more exporters and overseas infrastructure development.	We obtained regulatory approval to offer our new EGS to Australian ADIs. We signed ANZ as our first EGS partner. We continued to: › monitor our demonstration role in attracting private market financiers, including opportunities that did not proceed due to private market financing. In FY21, we began to capture customers in our CRM where we crowded in the private market and record a range of non-financial metrics, including our engagements with other financiers. We maintained an ongoing dialogue with the Australian Banking Association (ABA) on the Commonwealth Government's COVID-19 Facility and our support for COVID-impacted businesses.

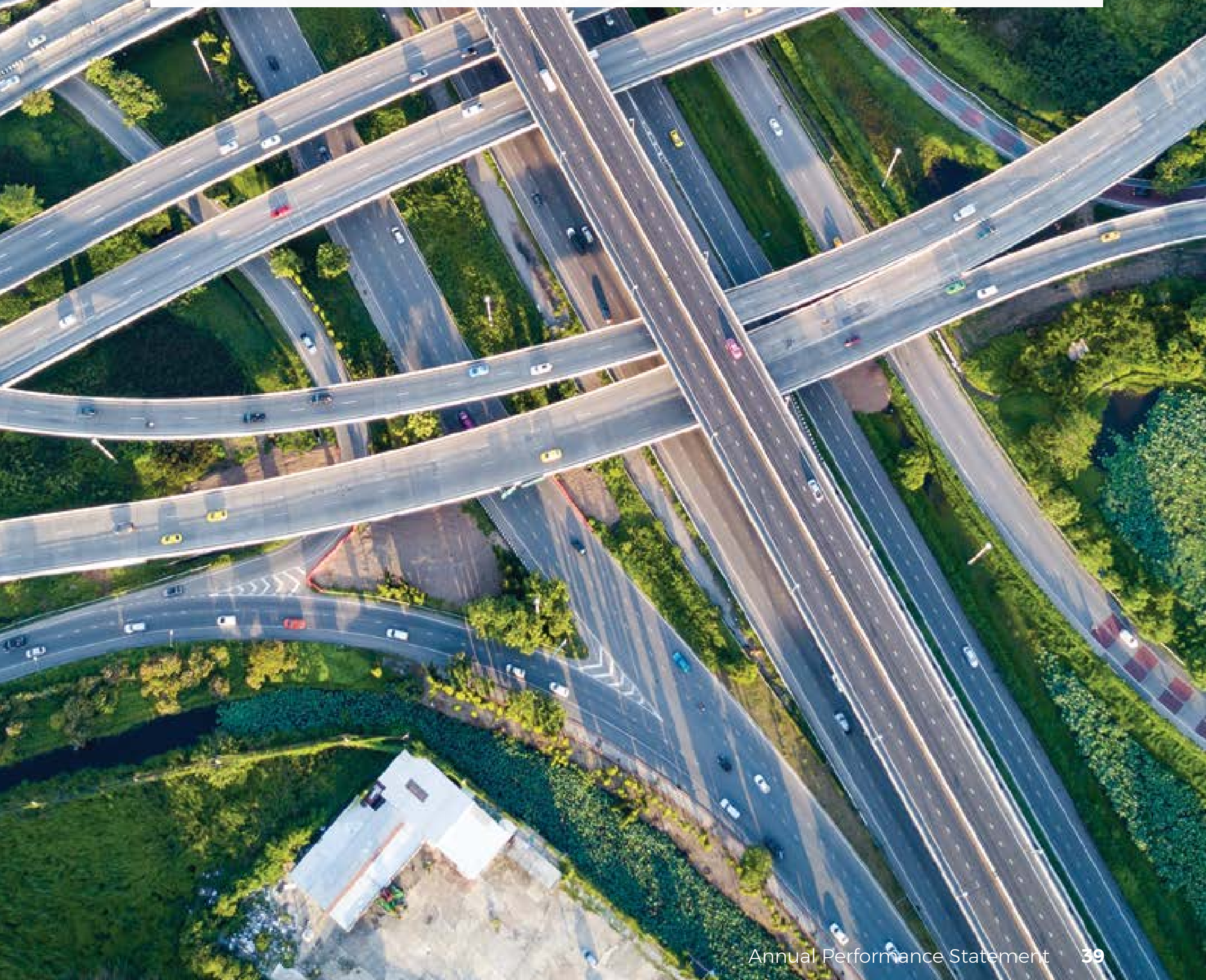
Qualitative metric	2020–21 Corporate Plan	Outcomes for FY 2020–21
Provide information and advice about export finance and infrastructure finance	Leverage our wider government and alliance partner network to provide timely information on a range of issues, including COVID-19 responses and promote our finance offering.	We continued to: › capture and monitor the outcomes of our marketing activities, the acquisition of new prospects into our CRM, and track our brand awareness and brand health › monitor our Net Promoter Score (NPS) among prospects and enhanced our NPS program for customers › distribute our monthly economics update World Risk Developments and commenced a stakeholder newsletter › capture the number of enquiries to our customer call centre and the number of businesses referred to other government sources or financiers.
Assist other Commonwealth entities	Provide timely and professional services consistent with the service level agreements and as directed by our Minister. Assist the Government to evaluate alternate financing mechanisms through other Government agencies to support COVID-19 efforts.	We continued to: › support the AIFFP by providing financing on behalf of the AIFFP through the NIA and other related services › provide services to NAIF and NHFIC as set out in our Statement of Expectations.
Administer overseas aid payments for the Commonwealth	Be a trusted adviser to the Government on financial payment solutions.	We continued to lift and enhance our engagement with Commonwealth and State government agencies, banks and industry groups on issues including COVID-19 impacts on tourism, aviation, access to finance and insurance, renewable energy and supply chain resilience.

Source: 2020-21 Corporate Plan, page 35, Table 2

Delivering on our functions

Through our activities, we highlight our achievements according to each of our mandated functions.

1. Facilitate and encourage Australian export trade and overseas infrastructure development.
2. Encourage other financiers to support export trade and overseas infrastructure development.
3. Provide information and advice about export and infrastructure finance.
4. Assist other Commonwealth entities.



1

FUNCTION

Facilitate and encourage Australian export trade and overseas infrastructure development.

OBJECTIVE

- Leverage the CA and the NIA to develop a pipeline of transactions that meet the requirements of our mandate and thereby contribute to Australia's GDP and job growth.
- NIA facilities include the AIFFP, Defence Export Facility and the COVID-19 Facility.

HELPED SUPPORT
27,591
jobs.

RECORDED
3,382
engagements with 1,869 SMEs. For 56% of these SMEs, it was their first engagement with us.

SUPPORTED
42
industry segments.

PROVIDED
financing support to small, medium and large businesses with annual turnovers between $260,000 and $365 million.

ASSISTED
an increased number of new customers up 14% on 2019–2020.

STREAMLINED PROCESSES
on our online loan platform, *exportonline*.

APPROVED APPLICATIONS
from small businesses impacted by COVID-19 for funding under the COVID-19 Facility.

2

FUNCTION

Encourage other financiers to support export trade and overseas infrastructure development.

OBJECTIVE

- Collaborate with banks in implementing a response to COVID-19 by using our guarantee solution to catalyse new opportunities for exporters and supply chain businesses.
- Collaborate and partner with banks and other financiers to support more exporters and overseas infrastructure development.

INITIATED

420 sales activities with our banking partners, including 36 external presentations.

RE-ENGAGED

with major banks and non-bank lenders to explore risk-sharing programs.

IMPLEMENTED

a pilot of the EGS with a major Australian bank.

RECEIVED

57

referrals from banks, with an aggregate value of $965 million, which led to 18 signings worth $135 million.

COMPLETED

11%

of our transactions with banks, with an aggregate value of $249 million.

3

FUNCTION

Provide information and advice about export and infrastructure finance.

OBJECTIVE

- Leverage our wider government and alliance partner network to provide timely information on a range of issues, including COVID-19 responses, and promote our finance offering.

PUBLISHED

our monthly World Risk Developments newsletter for businesses.

CONTINUED TO OFFER:

- economic commentary
- country profiles
- risk assessments
- tips for new exporters.

Australian Government

Austrade

CONTINUED TO PARTNER

with Austrade to support our customers.

Working with other organisations to support Australian businesses

Building our partnership with Austrade

We continued to collaborate with Austrade during 2020–21 to drive benefit for Australian export businesses and referrals between our agencies. We continue to partner with Austrade to build awareness of what we can do to enable businesses to grow internationally. Our SME business led an information session for Austrade's Global Engagement Managers (GEMs) in May 2021. The team is holding roundtables with Austrade and our employees to discuss export opportunities and challenges. These activities are important to cultivating personal ties that underpin closer links between our organisations.

In addition, we continue to work on priority areas such as critical minerals. Working with the CMFO and DFAT, our role is to provide finance, while Austrade sources strategic investors/off-takers. This enables a valuable exchange of perspectives on our mutual customers.

These benefits also extend to meet the needs of Australian businesses through the sharing of helpful resources, including a quick reference guide developed by our SME team for Austrade's GEM team.

4

FUNCTION

Assist other Commonwealth entities.

OBJECTIVE

- Provide timely and professional services consistent with the service level agreements and as directed by our Minister.
- Assist the Government to evaluate alternative financing mechanisms through other government agencies to support COVID-19 efforts.

Australian Infrastructure Financing Facility for the Pacific

AIFFP

Provided technical financial support to the $2 billion infrastructure financing facility for the Pacific.

National Housing Finance and Investment Corporation

NHFIC

Supported and provided back-office functions including:

- ICT infrastructure
- helpdesk support
- portfolio management
- property and financial expertise
- capital market expertise to ensure successful bond issues.

NAIF Northern Australia Infrastructure Facility

NAIF

Supported and provided back-office functions including:

- ICT infrastructure
- helpdesk support
- portfolio management
- property and financial expertise
- credit assessment.

Administer overseas aid payments for the Commonwealth

As part of our mandate, we are a trusted adviser to the Government on financial payment solutions.

In the 1980s and 1990s, Export Finance Australia made loans under the Australian Government's aid supported mixed-credit program, the discontinued Development Import Finance Facility.

Reflecting the priorities of Australia's aid program at the time, these loans included exposures of about $450 million to Indonesia, China and the Philippines. The only loans we currently administer relate to Indonesia with four loans valued at $6.7 million at 30 June 2021, the latest of which matures in April 2024.

Case Study
Intrepid Group Limited

Our support will enable Intrepid Travel to overcome challenges and seize new opportunities in the wake of COVID-19.

Intrepid Group Limited (Trading as Intrepid Travel) is a sustainability-focused adventure travel company, headquartered in Melbourne.

The business has grown from carrying 47 customers in its first year to offering trips to more than 100 countries on all seven continents. In 2019, the business – the largest adventure travel company globally – carried 460,000 customers on unique trips across Australia and around the world.

"We're trying to benefit all the stakeholders that interact with Intrepid Travel, including our people, our customers, our partners, the communities and the environment," explained James Thornton, CEO, Intrepid Travel.

Navigating the challenges of an industry on hold

Historically, Intrepid Travel had always been self-funded, running a profitable business from day one through reinvesting funds into the organisation and being financially conservative.

"That stood us in good stead going into COVID-19, but the pandemic has impacted all travel businesses," James said. "It doesn't matter how strong the balance sheet is, the reality is that as a result of the pandemic, our revenues have been hugely depleted."

The business started talking to the Government about what options might be available for successful Australian-owned travel companies that have been impacted by the pandemic. This is when Intrepid Travel connected with Export Finance Australia.

Anticipating a travel boom

Looking ahead, James expects to see huge demand for travel and a rapid bounce back in tourism once international borders reopen.

"As a global leader, and with the support of Export Finance Australia, Intrepid Travel is well positioned to meet those future demands."

James Thornton
CEO, Intrepid Travel

"Export Finance Australia's support will be critical in helping us position the business for rapid growth once international borders reopen."

COVID-19 Export Capital Facility

Case Study
Lotus Wind Power Project

Export Finance Australia collaborated with other banks to finance sustainable infrastructure in the Indo-Pacific region.

To support the growing demand for energy, Power Construction Joint Stock Company No.1 (PCC1), as the principal shareholder with financial guarantee responsibility, and RENOVA, Inc. joined forces to build onshore wind farms in Vietnam with financing support from Export Finance Australia.

PCC1 is one of the largest renewable power plant developers domestically, specialising in constructing power facilities in Vietnam. RENOVA is a Japanese renewable energy developer and operator of renewable energy power generation facilities. This is a unique partnership as it is RENOVA's first project outside of Japan and PCC1's first wind projects.

To enable the development, construction and operation of three wind farms in Quang Tri province in the central highlands of Vietnam, the project sponsors required a US$173 million Green loan project financing package.

In collaboration with the Asian Development Bank, the Japan International Cooperation Agency and private financiers, we provided a US$32 million (A$41 million) loan as part of a green syndicated finance facility.

"These are important development partners for Australia that leverage significant financial resources and expertise to support sustainable development in the region," said Swati Dave, Managing Director & CEO at Export Finance Australia.

Investing in the future

Expected to generate an average of 422 gigawatt-hours of electricity, the project will increase Vietnam's wind power capacity by 30%, avoiding an average of 162,430 tons of CO_2 emissions annually.

The projects will also provide women from the local community with access to training on wind power operation and management, under its gender action plan.

The projects are also a demonstration of the importance of the Australia-Vietnam bilateral relationship.

"Export Finance Australia's contribution to the syndicated loan facility represents its first major overseas renewable energy financing and is a fantastic demonstration of its flexible financing mandate," said Her Excellency Robyn Mudie, Australian Ambassador to Vietnam.

Swati Dave
Managing Director & CEO, Export Finance Australia

"Support for this project builds upon the 2019 joint statement by the Prime Ministers of Australia and Vietnam, which recognised our mutual interest in a prosperous and secure Indo-Pacific, and will contribute to the goal of our forthcoming Enhanced Economic Engagement Strategy of doubling two-way investment."

Direct Loan

Export Contract Loan

Case Study: RightCrowd

James Stewart
CFO, RightCrowd

> The support from Export Finance Australia was critical for us. It allowed us to mobilise against one of our largest contracts, during what was a difficult period, and they gave us the cash flow that we needed.

RightCrowd provides safety, security and compliance solutions to businesses across a broad range of industries, including financial services, mining, industrial and the high-tech market.

While RightCrowd has seen great success from exporting, it has not come without its challenges. "Probably the biggest challenge we had was lack of capital," Peter Hill, CEO at RightCrowd said. "We were a bootstrap company, and trying to export without funding in place, and trying to land some of the biggest customers in the world, is not particularly easy."

Choosing the right partner

The global pandemic impacted the business in varying ways. Some areas slowed, while others grew. During this period, RightCrowd won a large contract with a global tech giant and needed support to deliver the project. This is where Export Finance Australia's help was important.

Small Business Export Loan

Case Study: Y Bell Group

David Sigler
Chief Commercial Officer and General Counsel, YBell Fitness

"Export Finance Australia has been a fantastic choice for us. We were too young and too much of an emerging business to get any sort of serious financing from our bank. However, we were lucky that Export Finance Australia could see the growth potential of our business."

Y Bell Group (Trading as YBell Fitness) is an innovative fitness business with a flagship product; its patented 4-in-1 fitness tool the YBell.

Before the COVID-19 pandemic, YBell Fitness had started expanding into North America, Europe and Asia. There were regular sales to global distributors and dealers, as well as to the direct-to-consumer market. However, as a result of COVID-19, this changed very quickly.

"Everything suddenly stopped," said David Sigler, Chief Commercial Officer and General Counsel. "Shipping was disrupted and lots of things ran off the rails. We were in a very tight cash flow situation."

At the same time, a popular US gym franchise placed a large order for YBells. To fulfil the order, David's team had to find enough working capital to manufacture and ship the products.

The support the business needed

We provided YBell Fitness with a loan to fulfil the contract which also freed up enough cash flow to help the business adapt to meet the pandemic's changing market conditions.

Case Study
Altus Renewables

We provided Altus Renewables with the working capital it needed to support its significant growth plans.

Altus Renewables produces and markets biomass-based fuels. It converts wood-based waste into densified wood pellets and absorbents for domestic and industrial use.

In June 2020, Altus Renewables commenced a long-term agreement with a large company in Japan. Over a 10-year period, 110,000 metric tonnes per year of wood pellets will be exported from its production facility in Queensland into the Japanese market. Once shipped, the pellets are used as fuel by power stations to help the country meet its emission reduction targets.

Support for business growth

To deliver on this contract and continue its growth plans, Altus Renewables needed additional working capital support.

The financial assistance from Export Finance Australia was significant in more ways than one. It will allow Altus Renewables to complete the upgrading of its facility for greater capacity and enable it to complete the construction of a dedicated storage and export facility at the Port of Bundaberg.

"Our major challenge has been that we effectively started a new export industry in Australia," explained Denis Waddell, Chairman at Altus Renewables. "Raising funds has proven difficult because people don't understand what we do; they don't understand the application of pellets as a renewable energy."

Denis Waddell
Chairman, Altus Renewables

Export Finance Australia has provided a very important finance source. Their assistance has been extremely helpful in enabling us to ramp up the plant production levels, increase our inventory levels and meet our export commitments to third parties. I'd definitely recommend approaching Export Finance Australia to assist in the development of new export projects.

Export Line of Credit

Case Study Austin Engineering

Our financial support provided Austin Engineering with the freedom to grow and unlock new opportunities.

Austin Engineering has over 50 years of experience in engineering and manufacturing equipment for the mining industry. Known for its innovative mining truck bodies and buckets, Austin Engineering is highly sought after by major mining businesses and projects around the world.

"We design bespoke and innovative solutions for our clients who are all exporters and many are large mining companies," revealed Sam Cruickshank, CFO of Austin Engineering.

"We're a critical element of that supply chain - supporting them by enabling them to enhance their productivity returns, for example getting more material into their trucks through provision of a light-weight truck body."

Over the years, the business went through periods of both growth and decline. Unable to access financial support from commercial banks, Export Finance Australia was recommended to Austin Engineering by an existing long-term customer.

The right partner alignment

We worked closely with Austin Engineering to understand its business needs and finalise the transaction. Our $15 million Export Line of Credit Facility provided Austin Engineering with the working capital to support its contracts with Australian mining businesses and contractors.

"Our facility with Export Finance Australia supports all the way from receipt of purchase orders to final payments from the customer, truly funding the full working capital cycle." said Sam.

"It's so helpful to have a financing facility that aligns well to that, it really frees up capital for investing in the growth of the business which is great."

Sam Cruickshank
CFO, Austin Engineering

Export Finance Australia supported our business with a commercially priced loan facility that traditional banks would not provide in these uncertain times. With this facility, we are better able to supply the Australian mining industry with products critical to their operations and grow our business both domestically and internationally.

Export Line of Credit

Exposure breakdown

Commercial Account

Our total exposure under the CA at 30 June 2021 was $1.7 billion. This included loans, export finance guarantees, bonds and medium-term insurances.

At 30 June 2021, the weighted average maturity of facilities outstanding was 5.5 years (1.7 years unweighted). This includes an average maturity of 2.6 years (1.1 years unweighted) for SME exposures and 6.0 years (4.2 years unweighted) for larger corporate exposures.

Figure 1: Commercial Account at 30 June 2021 – exposure by region

Region	Value ($m)	Value (%)
Australia	894.3	53.6
South America	241.1	14.5
Asia	193.4	11.6
Europe	123.9	7.4
North America	122.1	7.3
Pacific	81.4	4.9
Middle East	11.3	0.7

Figure 2: Commercial Account at 30 June 2021 – exposure by industry sector

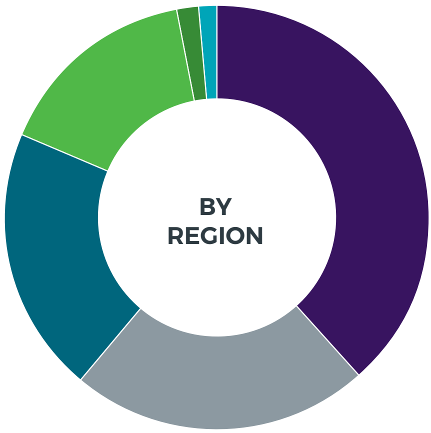
Industry sector	Value ($m)	Value (%)
Mining - LNG	400.8	24.1
Mining - Other	215.5	12.9
Reinsurance	202.7	12.2
Manufacturing	188.1	11.3
Transport, Postal, and Warehousing	180.5	10.8
Sovereign	177.2	10.6
Shipping	131.8	7.9
Financial and Insurance services	47.1	2.8
Sectors < $30m	123.8	7.4

National Interest Account

Our total exposure under the NIA at 30 June 2021 was $514.2 million, largely comprising loans to sovereign countries or their agencies and loans to natural resource projects in emerging markets.

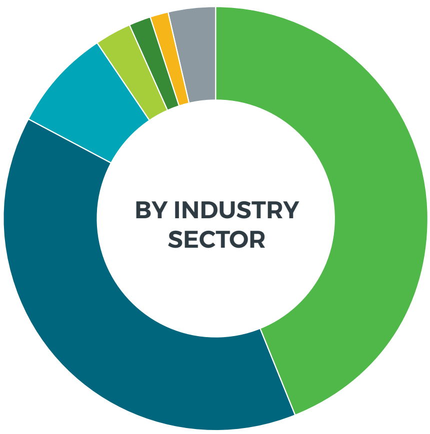
Our largest exposure is to the Independent State of Papua New Guinea, with exposure of US$148.9 million (A$198.3 million) at 30 June 2021.

Figure 3: National Interest Account at 30 June 2021 – exposure by region



Region	Value ($m)	Value (%)
Pacific	198.3	38.6
Middle East	116.1	22.6
South America	104.2	20.2
Australia	80.1	15.6
Caribbean	8.8	1.7
Asia	6.7	1.3

Figure 4: National Interest Account at 30 June 2021 – exposure by industry sector



Industry sector	Value ($m)	Value (%)
Sovereign	226.9	44.1
Mining - LNG	198.4	38.6
Manufacturing	40.3	7.8
Retail Trade	15.0	2.9
Financial and Insurance Services	8.8	1.7
Accommodation and Food Services	6.1	1.2
Sectors < $5m	18.7	3.7

Our governing principles

- Our governance structure
- Our Board members
- Workforce highlights

Our legislative authority

We were established in our modern form and operate under the provisions of the *Export Finance and Insurance Corporation Act 1991* (EFIC Act). We are a corporate Commonwealth entity for the purposes of compliance with the PGPA Act.

Our financial operations

Our organisation is self-funded and operates on a commercial basis. Our sources of income include:

- fees and risk premiums that we receive from customers
- interest on loans and investments that reflect the risk we take on by investing our cash and reserves.

Since 1991, we have generated post-tax profits in excess of $641 million and paid normal dividends in excess of $326 million. At the date of publication, the dividend for the year ended 30 June 2021 had not been determined.

The Australian Government guarantees that all of our creditors will receive payment from us. However, this guarantee has never been called.

Post-tax profits

$11.3 million post-tax profit in 2020–21, contributing to over $641 million accumulated profits before dividend payments since 1991.

Dividends

$5.6 million dividends paid in 2020, contributing to over $326 million of normal dividends paid since 1991.

Debt neutrality

$1.5 million debt neutrality charge, payable in 2021, contributing to $6.6 million paid under competitive neutrality arrangements since 1 July 2015.

State taxes

$1.5 million State equivalent taxes, payable in 2021, contributing to $7.9 million paid under competitive neutrality arrangements since 1 July 2015.

Income tax

$4.9 million income tax equivalent charge of 30 per cent, payable in 2021, contributing to $37.1 million paid under competitive neutrality arrangements since 1 July 2015.

Our Board

Our Board is responsible for managing our affairs. This includes determining strategy, defining risk appetite and monitoring performance. We take a strong, commercially disciplined approach to governance and risk management through our Risk Management Framework. Our Board Audit and Risk Committee and external and internal audit functions also provide valuable oversight. Our Board Audit and Risk Committee Charter can be found on our **website**.

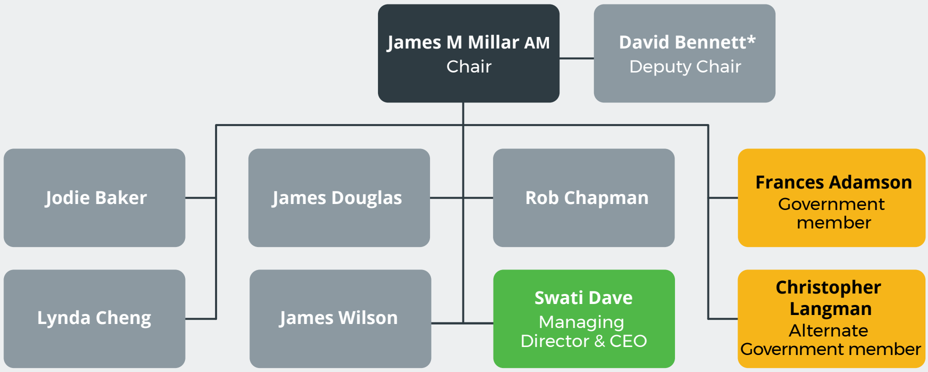
Our Board met six times in 2020–21 and held several intersessional meetings. Our Board consists of our Managing Director & CEO, seven Non-Executive Directors and a Government member. The Non-Executive Directors and Government member are appointed by our Minister. The Government member is the Secretary of DFAT (or their alternate). For more information on our Board members, see pages 60-64.

Our Minister

Our Minister provides guidance to our Board through a Statement of Expectations. Our Board responds with a Statement of Intent confirming how we will operate to meet those expectations. Our Minister may direct us in writing to perform our functions or exercise our powers in the public interest, including approving transactions on the NIA. Details of Ministerial directions for the financial year ended 30 June 2021 are set out on pages 85-89. The Board must keep our Minister informed about our operations and any other information the Minister or the Minister for Finance needs. Our Minister or their representative responds to questions from members of Federal Parliament about Export Finance Australia and to parliamentary orders about us. Our senior management team attends Senate estimates hearings three times a year to answer questions on behalf of our Minister on our operations.

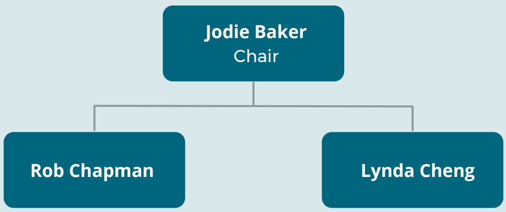
Our governance structure

Board members

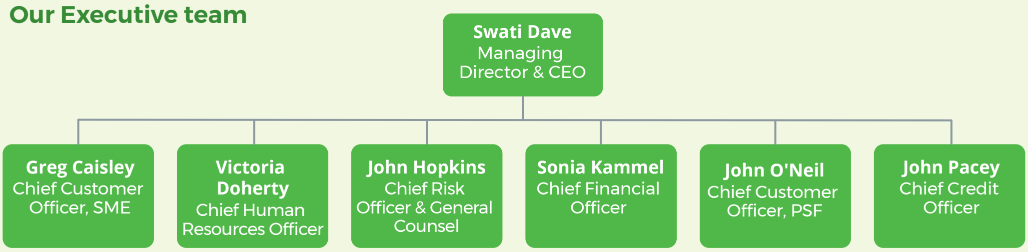


Appointed 9 July 2021

Board Audit and Risk Committee



Our Executive team



Our privacy obligations

We are partially exempt from freedom of information legislation, but are subject to confidentiality obligations under the EFIC Act.

This recognises the requirement to keep confidential any commercial information that is obtained from Australian exporters and investors.

Our Board members

James M Millar AM

BCom, FCA, FAICD

Chair

Term of appointment
09/12/2014 to 08/12/2017
09/12/2017 to 08/12/2020 and
09/12/2020 to 08/12/2023

Independent, Non-executive member

James is the former CEO and Area Managing Partner of Ernst & Young (EY) in the Oceania region and was a Director of the EY Global Board. His career before his leadership roles at EY was as a corporate reconstruction professional for large and small businesses, both within Australia and globally.

James is currently Chair of the Forestry Corporation of NSW.

He is a Non-executive Director of Mirvac Limited. He is the Chair of The Vincent Fairfax Family Foundation.

Swati Dave

BCom, GAICD, GAIST

Managing Director & CEO

Appointed
03/07/2017

Executive member

Swati is an experienced senior banking Executive and Non-executive Director with an established track record of successfully leading and growing complex businesses in Australia, the UK, Hong Kong and Singapore.

Swati has over 30 years of banking and finance experience across a number of sectors, including infrastructure, energy and utilities, renewable energy and property. She has held senior positions at National Australia Bank, Deutsche Bank, AMP Henderson Global Investors, Bankers Trust and Westpac.

Swati currently serves on the Board of State Super and is Deputy Chair of the Asia Society Australia. She is a Member of the Australian Government's Advisory Board of the National Foundation for Australia-China Relations and the QIC Global Infrastructure Investment Committee. She previously served as a Director of Australian Hearing, Great Western Bancorp, Inc. (US) and the NAB Wealth Responsible Entity Boards.

Swati holds a Bachelor of Commerce from the University of Newcastle and is a Graduate Member of the Australian Institute of Company Directors and the Australian Institute of Superannuation Trustees.

Jodie Baker

BCom, GAICD, TFASFA

Rob Chapman

SFFin, FAICD

Board member, Board Audit and Risk Committee Chair

Term of appointment
01/07/2018 to 30/06/2021 and
09/07/2021 to 08/07/2024

Independent, Non-executive member

Jodie is a Non-executive Director with more than 30 years of experience in investment banking and funds management. She is on the Board of Beyond Bank, where she chairs the Risk Committee and performing arts group Synergy and Taikoz.

During her executive career, Jodie's roles included Managing Partner of Blackhall & Pearl, a board, risk and governance advisory firm, CEO and Managing Director of a fintech business, Morgij Analytics, and senior executive risk roles at ANZ, Société Générale and BT Financial Group.

Earlier in her career, Jodie worked in frontline and risk roles at Westpac, Macquarie Bank and Bankers Trust Australia. She holds a Bachelor of Commerce from the University of Western Australia and is a Trustee Fellow of Association of Superannuation Funds of Australia and a Graduate of the Australian Institute of Company Directors.

Board member, Board Audit and Risk Committee member

Term of appointment
01/03/2019 to 28/02/2022

Independent, Non-executive member

Rob has enjoyed an extensive executive career within the financial services industry, having acted as both the Chief Executive Officer of St. George Banking Group (2010–2012) and the Managing Director of BankSA (2002–2010).

Rob is Chairman of Adelaide Airport Ltd, T-Ports, Barossa Infrastructure Ltd and ZeroCo. He is also a Director on the Board of Coopers Brewery Limited and ICAM, a South Australian Institutional Funds Manager. He is the past Chairman of Adelaide Football Club, BankSA and past President of Business SA and CEDA South Australia. Rob has also served on the Boards of Business SA, CEDA SA, Perks Integrated Business Services, BankSA Advisory Board, Kelly & Co. Advisory Council, Chairman of Catholic Church Diocesan Finance Council, Deputy Chairman SA Economic Development Board and Global Chairman of Investment Attraction Advisory Board.

Rob is a Fellow of the Australian Institute of Company Directors and Senior Fellow of the Financial Services Institute of Australasia and holds an Associate Diploma in Business from the South Australian Institute of Technology. Rob has been recognised for his consistent pursuit of excellence and outstanding contribution to South Australia with the 2005 SA Great Award for Business.

Lynda Cheng
BCom, LLB (Hons), GAICD

Board member, Board Audit and Risk Committee member

Term of appointment
13/05/2016 to 12/05/2019 and
13/05/2019 to 12/05/2022

Independent, Non-executive member

Lynda has more than 25 years' experience as a finance executive. She is currently Director of Corporate Development and Mergers & Acquisitions at Pratt Holdings and has held other senior executive roles for the Pratt Group since 2005 including CFO of Visy Industries. Previously, Lynda was in investment banking for a decade and worked for J.P. Morgan in its New York, San Francisco, Sydney and Melbourne offices. She brings a broad commercial and international corporate finance perspective.

Lynda is a Non-Executive Director of Starpharma Holding Ltd and a current member of the Wesley College Council. She was formerly Deputy Chair of South East Water, Chair of its Finance Audit and Risk Management Committee and served as a member of the Australian Government's International Development Policy Panel.

Lynda holds a Bachelor of Law (Honours) and Commerce degree, majoring in actuarial studies and economics from the University of Melbourne.

James Douglas
BSc, LLB, GAICD

Board member

Term of appointment
09/12/2020 to 08/12/2023

Independent, Non-executive member

Victorian based Mr Douglas has more than 20 years of senior investment banking and SME-focused venture capital experience in Australia and the US.

James is a Director of Acorn Capital and established and manages the Acorn Capital Expansion Platform (ACEP). ACEP is a venture capital fund focused on supporting innovative Australian companies across all industries. He is also the Founder of Newmarket Capital, a late-stage venture capital and growth fund established to support Australian innovation and help create an ecosystem where Australian ideas are developed and commercialised by Australians.

He helped commercialise and scale listed Australian company Carbon Revolution and remains Chair of that company. Mr Douglas also holds directorships with Marketplacer, Flare HR, Splend Group, Elenium Automation, mx51 and Scotch College Melbourne.

Prior to his venture capital career, he was co-head of Global Banking at Citi (Australia) and Global Head of Consumer Products Investment Banking for Merrill Lynch in New York.

James “Jimmy” Wilson
BSc

Frances Adamson
BEc

Board member

Term of appointment
09/12/2020 to 08/12/2023

Independent, Non-executive member

James has significant international infrastructure and supply chain experience.

Western Australian based Mr Wilson was formerly the Chief Executive Officer of CBH Group, a leader in the Australian grain industry along the value chain from grain storage, handling, transport, marketing and processing.

He was previously President of BHP Iron Ore and Member of the Group Management Committee at BHP Billiton from 2012 to 2016.

Mr Wilson has significant international infrastructure and supply chain experience in Australia, South Africa, the US, South America and Indonesia across multiple commodities.

Government member

Appointed
13/09/2016

Ms Adamson led DFAT as Secretary from August 2016 until June 2021, when she retired from the Department of Foreign Affairs. She will be sworn in as the next Governor of South Australia.

Prior to her appointment as Secretary, Ms Adamson was International Adviser to the Prime Minister, the Hon. Malcolm Turnbull MP, from November 2015.

From 2011–2015, Ms Adamson was Ambassador to the People’s Republic of China. She was Chief of Staff to the Minister for Foreign Affairs and then the Minister for Defence from 2009–2010.

Ms Adamson has twice served in the Australian High Commission in London, as Deputy High Commissioner from 2005–2008 and as Political Counsellor from 1993–1997. From 2001–2005, she was seconded as Representative to the Australian Commerce and Industry Office in Taipei. She served in the Australian Consulate-General in Hong Kong in the late 1980s during the early years of China’s reform and opening.

Christopher Langman
BA

Frances Adamson (cont.)

Ms Adamson is a member of the Advisory Board of the Australian National University's National Security College and the Asia Society Australia Advisory Council. She is a Special Adviser to the Male Champions of Change and a member of Chief Executive Women. She was awarded a Sir James Wolfensohn Public Service Scholarship in 2015 and was made a National Fellow of the Institute of Public Administration Australia (IPAA) in September 2019 on completion of her two- year term as President of IPAA ACT Division.

Ms Adamson has a Bachelor of Economics from the University of Adelaide and was a recipient of a 2014 Distinguished Alumni Award. She joined the then Department of Foreign Affairs in 1985.

She is married with four children.

Alternate Government member

Term of appointment
04/04/2018

Mr Langman is responsible for the Trade, Investment and Business Engagement Group at DFAT, which includes:

- Regional Trade Agreements Division
- Trade, Investment and Business Engagement Division
- Office of Trade Negotiations
- Europe and Latin America Division
- DFAT's State and Territory Offices.

Mr Langman acts as the alternate ex-officio Government member on the Export Finance Australia Board.

Mr Langman was appointed as a Deputy Secretary in DFAT in March 2018. Previously, he was Australia's Ambassador to Iraq. Mr Langman earlier served as Ambassador to the OECD in Paris, as Deputy Head of Mission to the United Nations in Geneva, and in Washington and Buenos Aires.

In Canberra, Mr Langman has held a number of senior positions, including as First Assistant Secretary, G20 Policy in the Department of the Prime Minister and Cabinet in the lead-up to and during Australia's host year in 2014.

He also led DFAT's Trade and Economic Division and the Office of Trade Negotiations and was Special Negotiator for Agriculture and Australian Ambassador for the Environment.

Members whose term ended in 2020–21

Rick Sawers, Denise Goldsworthy and Laura McBain ended their terms as Board members during 2020–21. Frances Adamson retired as Government Member.

Board appointments included James Douglas and James Wilson as members. Board Audit and Risk Committee appointments included Jodie Baker as Chair and Rob Chapman and Lynda Cheng as members.

Transactions with Board members and related entities of Board members

Directors have made appropriate disclosures in respect of transactions our organisation has undertaken where they may have, or may be perceived to have, a material personal interest.

Declared conflicts and potential conflicts of interest

Our Board always ensures that a Board member does not participate in discussions where there is, or may be, a conflict between their own interests, those of our organisation or one of our customers. We maintain a register, which is updated with the disclosed interests of all Board members.

Table 4: Board attendance

Board member	Eligible to attend	Attended
James M Millar (Chair)	6	6
Rick Sawers	3	3
Jodie Baker	6	6
Rob Chapman	6	6
Lynda Cheng	6	6
Denise Goldsworthy	3	3
Laura McBain	3	3
James Douglas	3	3
James Wilson	3	2
Government member (or alternate)	6	6
Swati Dave	6	6

Table 5: Board Audit and Risk Committee attendance

Board Audit and Risk Committee member	Eligible to attend	Attended
Rick Sawers (Chair)*	2	2
Denise Goldsworthy	2	2
Laura McBain	2	2
Jodie Baker (Chair)*	3	3
Rob Chapman	3	3
Lynda Cheng	3	3

* Rick Sawers' term as Chair of the Board Audit and Risk Committee ended 8 December 2020. Jodie Baker was appointed Chair of the Board Audit and Risk Committee 9 December 2020.

Our people and culture

We strive to create an environment that attracts and retains the critical talent we require to deliver our purpose and create value for our customers.

Complex transactions and wide-ranging customer needs require our people to be commercially minded, persistent, patient and resilient.

Our people apply their expertise and focus to achieve success, whatever their role, knowing their contribution is depended on by their colleagues and our customers.

We value our ability to support customers in the market gap and our resultant contribution to businesses, jobs and community. We encourage our people to think differently, collaborate effectively and actively challenge the status quo.

Our culture is built on these four pillars

We Excel

We value high performance and are proud of achievements that are aligned with our purpose.

We embed our purpose, cultural aspirations and performance expectations into our KPIs, roles and responsibilities.

We Listen

We adapt to changing customer and market needs, and continuously improve the customer experience.

We design our systems and processes to meet the needs of our customers.

We Collaborate

We keep each other well informed and seek contributions from others to remain relevant.

We provide consistent, transparent and timely communication (up, down and sideways).

We Grow

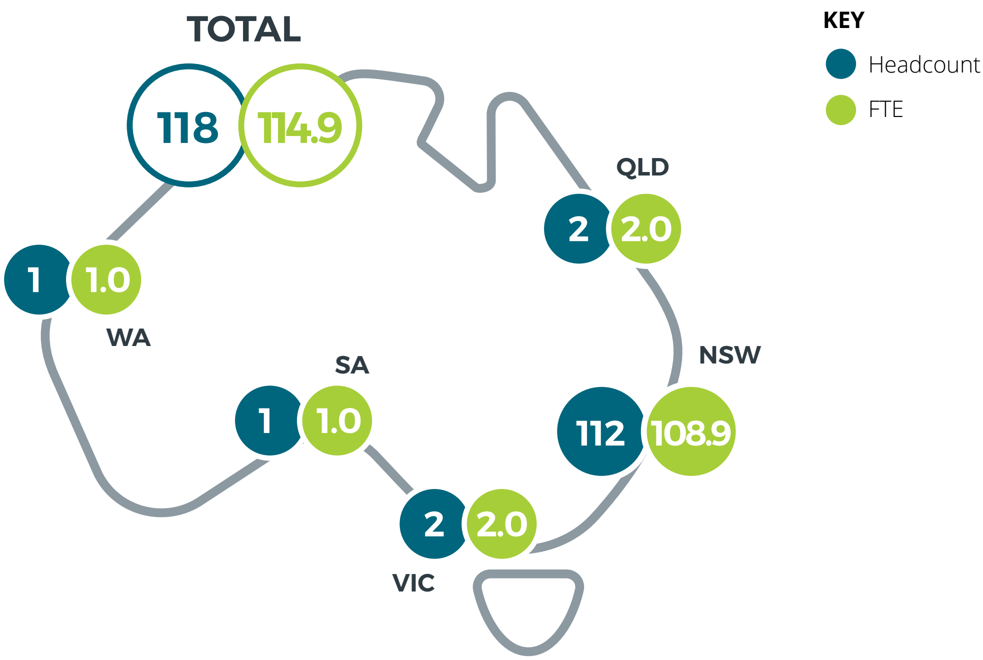
We grow our organisation and ourselves.

We promote and reward different ways of working across all roles to improve outcomes. We provide leadership support and mentoring to help people grow.

Workforce profile

Table 6: Number of full-time equivalent employees

	30 June 2021	30 June 2020	30 June 2019
Permanent employees	102.5	99.5	87.9
Short-term employees <12 months	12.4	8.0	8.0



Key management remuneration

This report covers the remuneration of our key management personnel (KMP), including Non-executive Directors and those Executives deemed to be KMP by our Board. This information is outlined in Table 7 below for the year ended 30 June 2021.

Table 7: Key management personnel

Name	Title	FY21 Status	KMP Status
Executive team			
Swati Dave	Managing Director & CEO	Full year	Current
Greg Caisley	Chief Customer Officer, SME	Full year	Current
Victoria Doherty	Chief Human Resources Officer	Full year	Current
John Hopkins	Chief Risk Officer and General Counsel	Full year	Current
Sonia Kammel	Chief Financial Officer	Part year	Current
Stuart Neilson	Executive Commonwealth Agencies	Part year	Former
John O'Neil	Chief Customer Officer, PSF	Full year	Current
John Pacey	Chief Credit Officer	Full year	Current
Board members			
James M Millar	Chair	Full year	Current
Rick Sawers	Deputy Chair	Part year	Former
Jodie Baker	Director	Full year	Current
Lynda Cheng	Director	Full year	Current
Rob Chapman	Director	Full year	Current
James Douglas	Director	Part year	Current
Denise Goldsworthy	Director	Part year	Former
Laura McBain	Director	Part year	Former
James Wilson	Director	Part year	Current
Government member (or alternate)	Non-remunerated		
Swati Dave	Managing Director & CEO	Full year	Current

The following changes were made in KMP during the year:

- Rick Sawers ceased to be a KMP on 8 December 2020.
- Denise Goldsworthy ceased to be a KMP on 8 December 2020.
- Laura McBain ceased to be a KMP on 8 December 2020.
- James Douglas was appointed as a KMP on 9 December 2021.
- James Wilson was appointed as a KMP on 9 December 2021.
- Sonia Kammel was appointed as a KMP on 4 January 2021.
- Stuart Neilson ceased to be a KMP on 31 March 2021.

In accordance with PGPA Rule 2014 and the Public Governance, Performance and Accountability Amendment (Reporting Executive Remuneration) Rules 2019, this report also contains summary data of other highly paid employees. Other highly paid employees are employees who are neither KMP nor senior executives and whose total remuneration exceeds the $230,000 threshold for this reporting period. We had no employees classified as senior executives, as the Executive team who report directly to our Managing Director & CEO have been classified as KMP.

Remuneration strategy

Our remuneration strategy supports the strategic imperatives of the organisation. This enables performance-based reward and recognition of highly capable employees, while remaining aligned to market practice and in the interests of our key stakeholders.

Executive remuneration is designed to attract and retain the right people, with the right expertise, to help deliver our vision and achieve the strategic objectives and targets set out in our annual Corporate Plan. To enable this, our Executive remuneration strategy establishes an effective link between pay and performance.

We achieve this through:

- conducting annual reviews of the Executive remuneration framework, including the performance measures under the Short-Term Incentive (STI) program, to ensure alignment with our evolving mandate and corporate objectives
- considering market remuneration practices when determining Executive remuneration
- ensuring performance gateways are achieved by the individual before any STI payments can be earned
- balancing Executive remuneration against corporate and individual performance outcomes.

2020–21 remuneration structure

Board Directors' remuneration

Our Board of Directors is appointed by the Commonwealth Government through our Minister. Our Board is established and governed by the provisions of the EFIC Act.

Fees for Board Directors (other than the Government member) are set and paid according to the determination of the Commonwealth Remuneration Tribunal (the Tribunal). We have no role in determining the level of Board Director fees.

Statutory superannuation is paid in addition to the fees set by the Tribunal.

Executive remuneration

Our remuneration structure is designed to responsibly, fairly and competitively reward Executives, while complying with all our regulatory obligations. To accomplish these goals, remuneration for all Executives consists of two components: a Fixed Annual Remuneration (FAR) and 'at risk' remuneration delivered through the STI program.

The FAR aims to reward Executives for executing the core requirements of their role. The STI program is an 'at risk' annual incentive opportunity where an STI payment may be awarded subject to the achievement of relevant corporate and individual KPIs.

The FAR for our Managing Director & CEO is determined by the Tribunal and the role is currently classified as a Principal Executive Officer (PEO) Band D. Our Board has the discretion to determine total remuneration within the range from 10 per cent below to 5 per cent above the Total Remuneration Reference Rate (TRRR). The Tribunal has also consented to an 'at risk' performance pay of up to 35 per cent of total remuneration for our Managing Director & CEO, including a deferred option. Our Board determines the variable remuneration of our Managing Director & CEO based on performance and against agreed KPIs.

For other Executives and highly paid employees, their expertise, relevant government policies and industry benchmarks all influence the setting of the FAR component. We work within the parameters of the Australian Public Service Commission (APSC) Workplace Bargaining Policy. Proposed increases to remuneration must be approved by the APS Commissioner through a Funding Productivity and Remuneration Declaration submission. A funding declaration was approved for remuneration increases of up to 6 per cent, averaged over three years for the September 2020 to August 2022 period. Other highly paid employees, who are not classified as Executives, are also covered by the Export Finance and Insurance Corporation Workplace Agreement 2008–2011.

FAR comprises of base salary, superannuation contributions and any non-cash benefits. Factors considered when setting the appropriate FAR for any Executive include:

- market data for comparable roles
- complexity of the role
- internal relativities
- an individual's skills and experience
- individual performance assessments.

We utilise the Finance Institutions Remuneration Group (FIRG) system to provide independent benchmarking in determining appropriate remuneration for roles across the organisation.

Remuneration benchmarking aims to position total remuneration competitively against comparable organisations. The guiding principle is to position total remuneration towards the mid-point of the benchmark for comparable roles in the Australian market, while working within the parameters set by the APSC.

To ensure consideration of government policies, individual and company performance and market conditions, remuneration levels of each Executive are reviewed annually by our Board.

A portion of Executive remuneration is 'at risk' to ensure alignment with our strategic objectives. In August each year, our Managing Director & CEO will recommend to our Board an aggregate STI variable remuneration pool. The size of the variable remuneration pool will be based on the achievement of corporate KPIs, as set out in our annual Corporate Plan and as agreed with our Board in August the previous year.

Individual variable remuneration, including those of each Executive and other highly paid employees, are capped at 20 per cent of their annual salary package inclusive of superannuation. The cap of 20 per cent is consistent with Executive employment contracts. The variable 'at risk' remuneration is tied to the achievements of our organisation and individual performance contributions. Actual remuneration received may vary from the target remuneration set out above.

In 2020–21 each Executive and other highly paid employees were required to meet performance gateways, which describe the minimum behaviours required to be eligible for variable remuneration at year end. These were:

- proactive management of operational risk and compliance
- consistent demonstration of our desired cultural behaviours.

For 2020–21, the Executive remuneration framework consisted of fixed remuneration and STI.

Impact of COVID-19 and Government Guidance on remuneration

In 2020–2021 we honoured the Australian Public Service Commissioner request for non-APS agencies such as Export Finance Australia to act in accordance with the s24(3) determination (Public Service Act 1999). The s24(3) determination required us to freeze wage increases for SES equivalent roles (Executives) and defer by six months, the wage increases in relation to all other employees.

Fixed remuneration increases for non-SES level equivalent employees approved in August 2020 became effective 4 March 2021.

On 25 June 2021, APSC advised the stay on all remuneration adjustments for SES employees and their equivalents in Commonwealth non-APS agencies had ended.

However, SES employees and their equivalents in non-APS Commonwealth entities remain subject to the Government's Public Sector Workplace Relations Policy 2020. The key principle of this policy is that annual remuneration adjustments are capped in line with the year-to-date percentage change in the Wage Price Index (WPI) for the Private Sector for this cohort.

In November 2020, Assistant Minister Morton, Prime Minister and Cabinet, the APSC commenced a review of government Senior Executive performance bonuses. The review was jointly conducted by the APSC, the Department of Finance and the Department of the Prime Minister and Cabinet.

On 3 August 2021, the Government released new guidance for all Commonwealth entities and companies. We are currently considering the guidance and will work with our Board around our approach going forward.

Table 8: Executive remuneration framework

Component	Objective	Performance condition
FAR	Reflects the market value of the role and the Executive's skills and experience	Reviewed annually or upon significant change in responsibilities
STI	Incentive for achievement of company and individual objectives and targets for financial year	Participate in an STI plan that assesses performance against agreed KPIs over the financial year

Remuneration governance arrangements

Management

Management is accountable for ensuring it responsibly rewards employees, having regard to our performance, individual performance, statutory and regulatory requirements and current business norms. In reference to Executive remuneration decisions, management achieves this by:

- our Managing Director & CEO making recommendations to our Board for individual Executive remuneration based on a performance assessment for each Executive
- Executives making remuneration recommendations for all individuals within their respective department including other highly paid employees, on both FAR and STI variable remuneration allocations, which are endorsed by our Managing Director & CEO
- implementing performance management and remuneration policies and practices, as agreed.

Board

Our Board is responsible for ensuring that we have coherent policies and practices that fairly and responsibly manage the performance and remuneration arrangements for our Managing Director & CEO and Executives. They achieve this by:

- monitoring management's performance against our annual Corporate Plan
- assessing the performance and setting the remuneration of our Managing Director & CEO consistent with the Government's remuneration policy framework
- reviewing and approving the Executive remuneration policy framework and outcomes
- providing guidance to our Managing Director & CEO on matters concerning the appointment and evaluation of Executives.

To inform decision making in 2020–21, our Board sought advice on performance and remuneration-related matters from our Managing Director & CEO, Executives and other management throughout the year.

Financial remuneration information

The following tables detail the fees paid to Board Directors and the remuneration received by KMP in 2020–21.

Table 9: Key management personnel remuneration for the reporting period 2020–21

Short-term employee benefits:	
Salary	$3,339,753
Variable remuneration	$576,700
Other benefits and allowances	$0
Total short term employee benefits	**$3,916,453**
Superannuation	$261,013
Total post-employment employee benefits	**$261,013**
Other long-term benefits	$0
Long service leave	$68,719
Total other long-term benefits	**$68,719**
Termination benefits	$0
Total key management personnel remuneration	**$4,246,185**

		Short-term benefits					Post-employment benefits	Other long-term benefits			
Name	Position title	Salary $	Annual Leave Adjustment $	Base salary $	Variable Remuneration $	Other benefits and allowances $	Superannuation contributions $	Long service leave $	Other long-term benefits $	Termination Benefits $	Total remuneration $
MD & CEO and Executives											
Swati Dave	MD & CEO	508,475	11,134	519,609	180,200*	-	21,871	12,100	-	-	**733,780**
Stuart Neilson**	Executive	283,417	(1,439)	281,978	33,750	-	25,428	6,255	-	-	**347,411**
John Pacey	Executive	350,913	2,689	353,602	65,000	-	33,337	8,767	-	-	**460,706**
John Hopkins	Executive	346,064	(1,852)	344,212	72,000	-	21,884	8,150	-	-	**446,246**
John O'Neill	Executive	382,428	(5,952)	376,476	46,750	-	36,331	9,703	-	-	**469,260**
Victoria Doherty	Executive	274,152	25,209	299,361	51,000	-	26,044	6,849	-	-	**383,254**
Gregory Caisley	Executive	325,112	15,931	341,043	63,000	-	25,116	7,991	-	-	**437,150**
Sonia Kammel**	Executive	340,184	5,882	346,066	65,000	-	25,649	8,904	-	-	**445,619**
Subtotal				**2,862,347**	**576,700**	**-**	**215,660**	**68,719**	**-**	**-**	**3,723,426**

* 50 per cent deferred.

** Stuart Neilson was a KMP until 31 March 2021.
Sonia Kammel was appointed a KMP on 4 January 2021.

Table 9: Key management personnel remuneration for the reporting period 2020–21 (cont.)

		Short-term benefits					Post-employment benefits	Other long-term benefits			
Name	**Position title**	**Board Fee $**	**Board Audit & Risk Committee Fee $**	**Base salary $**	**Bonuses $**	**Other benefits and allowances $**	**Superannuation contributions $**	**Long service leave $**	**Other long-term benefits $**	**Termination Benefits $**	**Total remuneration $**
Board Members											
James Millar	Board Chair	119,180	-	119,180	-	-	11,322	-	-	-	**130,502**
Richard Sawers	Board Deputy Chair & Board Audit Chair	44,695	8,160	52,855	-	-	5,021	-	-	-	**57,876**
Laura McBain	Board & Board Audit	29,795	4,080	33,875	-	-	3,218	-	-	-	**37,093**
Denise Goldsworthy	Board & Board Audit	29,795	4,080	33,875	-	-	3,218	-	-	-	**37,093**
Rob Chapman	Board & Board Audit	59,590	6,800	66,390	-	-	6,307	-	-	-	**72,697**
Jodie Baker	Board & Board Audit Chair	59,590	11,560	71,150	-	-	6,759	-	-	-	**77,909**
Lynda Cheng	Board & Board Audit	59,590	6,800	66,390	-	-	6,307	-	-	-	**72,697**
James Douglas	Board Member	33,691	-	33,691	-	-	3,201	-	-	-	**36,892**
James Wilson	Board Member	-	-		-	-	-	-	-	-	-
Subtotal				**477,406**	**-**	**-**	**45,353**	**-**	**-**	**-**	**522,759**
TOTAL				**3,339,753**	**576,700**	**-**	**261,013**	**68,719**	**-**	**-**	**4,246,185**

Table 10: Other highly paid employees' remuneration for the reporting period 2020–21

		Short-term benefits			Post-employment benefits	Other long-term benefits		Termination Benefits	Total Remuneration
Remuneration Band	**Number of Other Highly Paid Staff**	**Average Base salary $**	**Average Variable Remuneration $**	**Average Other benefits and allowances $**	**Average Superannuation contributions $**	**Average Long service leave $**	**Average Other long-term benefits $**	**Average Termination Benefits $**	**Average total remuneration $**
$230000 – $245000	3	189,457	24,971	-	18,183	4,603	-	-	237,214
$245001 – $270000	10	200,755	27,881	-	24,459	4,480	-	-	257,576
$270001 – $295000	3	232,149	22,717	-	28,879	5,822	-	-	289,568
$295001 – $320000	1	214,619	43,834	-	42,684	5,652	-	-	306,789
$320001 – $345000	3	259,700	34,981	-	29,472	6,296	-	-	330,450
$345001 – $370000	1	304,305	29,165	-	25,112	7,325	-	-	365,907
$370001 – $395000	1	287,621	50,325	-	25,952	6,758	-	-	370,655
	22								

We continue to strive for a culture of excellence.

We are proud of our employees' individual and collective efforts in enabling exporters to take their solutions and products around the globe.

We recognise the commitment of our people in translating our diverse thinking and ideas into action. We have looked for ways to support and invest in our employees, particularly over recent challenging times.

Workforce highlights

Keeping our people connected

As COVID-19 transitioned our people to remote working, our aim was to ensure our people felt safe, supported and most of all, connected. This was while our teams were focused on partnering with our customers and supporting them to pivot their businesses through COVID-19.

We instituted a range of new employee and leader communication channels. We did this ensuring people always understood what the priority was, how we were helping customers and recognising the many achievements of their colleagues.

We created multi-directional feedback loops to ensure that concerns, opportunities and required changes were surfaced.

We made sure key people messages were carried through and also ensured critical transactions, customer stories and core metrics of how we were delivering against our strategy were discussed. Contributions were compiled from various employees across the business, who did an extraordinary job over this period.

We adapted our people practices to support the emerging needs of our people and business.

Championing a team culture of excellence

We have championed teams as the heartbeat of our organisation. We introduced and rolled out the Team Edge culture development program, which helped us instil new practices and cadences, whilst building new capabilities and mindsets. This set the standard for how our teams work by focusing on three areas: high-performance, leadership and teams. A core premise was that a culture of excellence starts with a team conversation where everyone has ownership and a voice.

The program included Team Labs and the use of a team feedback tool enabling all employees to shape the team they want to be a part of. In Team Labs we saw teams come together on a level playing field, where everyone shared views and committed to future actions.

Team Edge equipped leaders with new methodologies, tools and guides in continuing meaningful dialogue and encouraging 'straight-talking'. Planning toolkits, conversation starter guides and capability development maps have been embraced. Leaders were also provided with strategies in creating greater safety and humanity through employee-driven conversations.

Throughout the year, our employee-led Culture Champions introduced a range of initiatives to enhance our culture and improve the experience of our customers, partners and employees. They worked together to support the further enablement of customer in how we work, by ensuring customers are embedded in people frameworks, capability solutions and recognition practices.

To ensure we have a contemporary offering that aligns with our culture, we proposed a refresh of the Export Finance and Insurance Corporation Workplace Agreement 2008–2011. We also continued to pursue opportunities to digitise and streamline our people processes.

We are delighted to be recognised as a **Best Place to Work** after taking part in the 2021 Best Places to Work Study administered by WRK+.

2021 BEST PLACES TO WORK

WRK+

The study involved organisations completing two components:

- an Engaging People survey, which was completed by all employees on their engagement and experience in the organisation
- an extensive Culture Insights audit, which collated organisational data and long-form responses around our policies, practices, culture and engagement.

The study provides a benchmark against Australia's best workplaces of the same size, insights into our existing practices, as well as feedback from our people.

The consolidated reports from the study provided us with valuable information on our strengths in culture and areas we may need to address.

Pleasingly, we achieved an overall Engagement score of 87 per cent (compared to 81 per cent in 2020) and a Great Workplace measure of 86 per cent.

The environment we are creating is being embraced by our people and shows we are moving in the right direction. Our people are proud of our organisation, believe in the work they do and feel they work with talented people.

We will continue to create ongoing feedback mechanisms and work with our people to make our organisation an even better place to work.

Promoting belonging

We have created an inclusive culture that promotes growth and nurtures belonging. We enable teams to thrive by providing support through our leadership programs. Our Innovate Reconciliation Action Plan, Women's Quantum Leap Leadership Program and Lean In Circles foster an environment where people feel respected, empowered and valued.

This year, we also participated in the Australian Workplace Equality Index (AWEI) Employee Survey, a benchmarking study that allows us to benchmark our progress in inclusion of people with diverse sexualities and genders. Our AWEI results show that 96 per cent of respondents personally support the work our organisation does for the inclusion of employees of diverse sexuality and/or gender.

Our 2021 Engagement score of 87 per cent and ENPS of 88 per cent acknowledge our camaraderie, trust and respect. As a certified Great Workplace, we welcome new starters with our comprehensive induction, foster an inclusive environment where everyone has a voice and listen to our people through robust conversation and feedback mechanisms.

Through COVID-19 our leaders championed the need to maintain and protect the resilience of our teams, whilst activating new ways to monitor team health. Our culture is to show we care in moments of difficulty and success alike, as we actively support our people's wellbeing. We recognise and give thanks for the efforts of all our people.

Capability

The complex nature of our work and the small size of our workforce helps to foster a culture of agility and collaboration. We seek to build an organisation with a blend of complementary skills and draw upon the collective expertise of our people who have both private and public sector backgrounds. Our Executive and Senior Management teams bring substantial global and local financing experience.

Our regular, future-focused employee development conversations support our people's unique strengths and aspirations. We invest in learning, to ensure our people are equipped to accelerate their growth, take ownership of their careers and navigate adaptive challenges.

At a team level, we have invested in building the technical capability of our customer-facing team.

Through succession planning and talent management practices we have identified our critical roles and capabilities within our organisation. Through critical-experience placements and secondment opportunities, we support our talented people with career pathways and build resilience in both our key leadership and technical roles.

We have invested in mentoring, participating in industry programs and a structured five-month internal mentoring program for high performing employees. We have also offered informal mentoring access through our popular 'mentor walks' initiative.

We also implemented our Strategic Leadership Program (SLP). This program aims to enhance our collective adaptive leadership capacity and broaden our leaders' strategic thinking to ensure a 'future-fit' organisation. We are already seeing the fruits of our labour: in our most recent engagement survey, all questions about people leaders achieved scores in the best-practice ranges.

Equal Employment Opportunity report

Introduction

This Equal Employment Opportunity (EEO) Program report covers the period 1 July 2020 to 30 June 2021. We seek to reflect the diverse nature of the Australian community and are committed to developing and supporting positive working relationships and a healthy and safe workplace. Our EEO Policy sets out guidelines to help ensure individuals are employed, trained and promoted fairly, on merit, without discrimination and harassment.

Equal Employment Opportunity implementation

Our policies and procedures are underpinned by EEO principles, which are embedded into operational practices. These policies, procedures and practices are communicated to existing and new employees through our intranet. Relevant documents include:

- our Code of Conduct
- internal corporate policies and procedures, including EEO principles, anti-discrimination and workplace bullying and harassment policies
- information on the Public Interest Disclosure Act 2013
- induction training for all new employees and ongoing refresher training for all employees.

Equal Employment Opportunity monitoring and evaluation

The effectiveness of our EEO Policy is reviewed on a regular basis. We have not identified any policies, procedures or processes that discriminate against, or any practices that indicate a lack of equality of opportunity, in respect of women and designated groups.

Flexible work arrangements

We offer a range of flexible work arrangements including alternate work hours, job sharing, part-time roles and remote working. Our emphasis has been on ensuring our work practices and resources actively support flexibility for all employees to accommodate their personal circumstances. Most of our people (98 per cent) feel they have access to flexible working arrangements, including in their hours, patterns or locations of work.

In response to the COVID-19 pandemic, our employees seamlessly transitioned to remote working arrangements while being responsive to our customers' escalating needs. This placed greater demands on our employees as they navigated their personal and professional responsibilities during periods of extended lockdown. To address this, we have provided individual flexible working arrangements to accommodate each employee's personal circumstances, while also supporting their health and wellbeing.

Employees are also able to use flexible work arrangements on an ad hoc basis (for example, flexible start and finish times and remote working) to help them more effectively balance personal and work commitments. Our technology systems support enhanced flexibility for our employees.

Throughout the year, our employees have returned to working from the office, based on guidance from respective State governments, with a combination of remote and office working available to all employees.

Employee promotions

During the reporting period, we promoted 12 employees.

Employee training and policies

New employees complete mandatory induction training and a suite of compliance modules. This training includes topics such as EEO, workplace bullying, harassment and discrimination, our Code of Conduct, whistleblowing awareness and workplace health and safety. This training is reviewed regularly to ensure it reflects current legislation. We also provide ongoing compliance training for our employees, along with cultural competence and LGBTQI+ awareness training. We require all employees to complete a suite of refresher training annually and conduct periodic briefings to ensure they stay up to date on EEO and other emerging compliance matters.

Gender program

During the reporting period, we launched the Quantum Leap Leadership program for women. The program had a 28 per cent participation rate among our female employees. We designed the initiative to empower women to reach their potential and navigate challenges in their professional and personal lives.

Paid parental leave

Our Paid Parental Leave scheme includes 12 weeks paid leave for employees taking parental leave. During the reporting period, five employees used the Paid Parental Leave scheme and two employees used the Support Partner Leave Scheme of 10 days. This has been further enhanced by our Lean In Circles designed for women come together to share insights, resources and strategies for continuing to navigate work and personal challenges.

Gender pay equity

A gender pay analysis is conducted at the time of the annual remuneration review to inform pay decisions and to monitor and mitigate any bias in decision making. The outcomes of the review are provided to our Board yearly in August.

Particulars of directions by responsible Ministers under S12

We have not received any directions made by responsible Ministers under section 12 of the Equal Employment Opportunity (Commonwealth Authorities) Act 1987 (Cth).

Diversity profile

As at 30 June 2021, we had 118 employees, of which 107 were full-time equivalents. Our organisation is comprised of 47 per cent female employees and 53 per cent male employees. The Executive team comprises four men (57 per cent) and three women (43 per cent). Of the 24 new hires in the reporting period, 15 were female (62 per cent) and nine were male (38 per cent).

As a result of our commitment to diversity and inclusion, 41 per cent of our people leadership positions are held by women and women comprise 43 per cent of our senior leadership team. We continue to align people processes (including recruitment, talent management, performance and remuneration) to ensure gender parity and we work to remove inherent gender biases.

We embrace our LGBTQI+ employees, allies and customers and are proud to now be a member of Pride in Diversity. This has expanded our network of support, resources and access to LGBTQI+ diversity practitioners, together with networks and communities across corporate Australia.

Our workforce is culturally diverse, with 54 employees born overseas and 29 per cent from a non-English speaking country. We are proud of our cultural diversity, with 41 per cent of our employees being bilingual or multilingual. As a collective, 40 different ancestries are represented amongst us and 61 per cent of our employees have lived and worked in countries other than Australia. At 30 June 2021, three employees identified as being of Aboriginal or Torres Strait Islander (ATSI) background and one employee has disclosed a disability. The average age of our workforce is 43 years.

Working to advance reconciliation

Our organisation is committed to advancing reconciliation in the communities we operate in. Last year, we launched our Innovate RAP, which has continued to be embraced by our employees. We acknowledge and align our efforts to the strategic focus areas of the Commonwealth Aboriginal and Torres Strait Islander Workforce Strategy 2020–2024.

We are focused on strengthening our cultural integrity by developing and delivering against our RAP commitments and building networks and partnerships across agencies and industry. We are committed to making a difference by supporting new and existing Aboriginal and Torres Strait Islander businesses, fostering a more diverse and inclusive workforce and establishing strong working relationships with Aboriginal and Torres Strait Islander organisations. We have partnered with CareerTrackers Australia to provide internships for Aboriginal and Torres Strait Islander undergraduates.

Table 11: Export Finance Australia employee diversity profile 30 June 2021

Classification	Female	Male	Total Employees	NESB[1]	ATSI[2]	PWD[3]
Support	14	7	21	9	3	0
Technical	20	20	40	28	0	0
Middle Management	12	25	37	17	0	0
Leadership	9	11	20	4	0	1
Total	55	63	118	58	3	1

[1] NESB: Non-English-speaking background (persons who have migrated to Australia and whose first language is not English, and the children of such persons)
[2] ATSI: Aboriginal or Torres Strait Islander background
[3] PWD: People with disability

Table 12: Export Finance Australia EEO comparison

	30 June 2020		30 June 2021	
EEO Designated Groups	Employees	%	Employees	%
Female	50	45%	55	47%
NESB	60	55%	58	49%
ATSI	1	1%	3	3%
PWD	1	1%	1	1%

Work health and safety

We are committed to providing a positive and safe work environment for all of our people, in line with our Board Charter and our due diligence requirements under the *Work Health and Safety Act 2011* (Cth) (WHS Act).

Work Health and Safety Committee

Our Work Health and Safety (WHS) Committee made up of employees and management, helps our Board to meet its health and safety obligations.

The WHS Committee meets before every Board meeting to review the findings of regular workplace inspections by our health and safety representatives. It then establishes an action plan to address any material issues, monitors ongoing risks and reports all key issues to our Board.

A continuing focus of the WHS Committee's work this year is on ensuring the ongoing health and wellbeing of our people through COVID-19. This has included ensuring that there has been appropriate consideration given to the workplace, health and safety needs of employees as they have moved in and out of remote working and in preparation for their return to an office working environment.

The WHS Committee also reviews our compliance requirements annually and completes an annual audit of its activities to ensure that all outstanding issues and other work have been actioned.

Risk management

We take a pragmatic, risk-based approach to maintaining our WHS compliance framework and management practices. This is backed by our strong culture of incident notification and investigation, which includes reporting any accidents or 'near misses'.

To support this approach, we:

- included a work health and safety overview with our Health and Safety Representative for all new employees
- provided ongoing training on safe workplace behaviour, as part of our compliance program
- provided regular training for first aid officers
- ensured officers and key employees undertake additional training to increase awareness of legislative requirements and best practice
- updated our WHS Risk Control Matrix to incorporate COVID-19 related risks and controls.

International business travel

We maintain a travel policy to cover business travellers against various risks. This includes personal liability, sickness and injury, medical expenses and other miscellaneous losses.

International business travel has been identified as a key risk. All employees travelling domestically and internationally are required to complete our certified traveller program.

Employees also have access to 24/7 medical and security assistance for emergency and non-emergency situations while travelling overseas.

Health and wellbeing

Employee physical and mental health is very important to us. We provide employees with access to:

- an Employee Assistance Program (EAP) with confidential counselling services
- executive health checks for senior employees and frequent overseas travellers
- annual health and wellbeing program offerings, including workshops and activities
- presentations by specialist health professionals.

Health and safety initiatives and outcomes

We are committed to ensuring the health and safety of our employees and any other person in the workplace.

In 2020–21, we implemented a number of measures to ensure health and safety in the workplace:

- employees completed training modules on work health and travelling safely
- updated our work health and safety information, forms, workflows and reporting processes on our intranet
- implemented corrective actions, as required, resulting from six workplace inspections and five accidents or injuries reported by our employees.

In response to the change in the workplace environment due to COVID-19, we:

- completed business continuity plan testing – consequently implementing this plan as the situation evolved
- provided financial assistance to our employees to adapt their home environment for remote working
- consulted with employees about their working arrangements and workplace needs resulting in the implementation of a number of flexible working arrangements
- developed COVID-Safe Plans to support the re-introduction of employees and building tenants back into the office, consistent with advice from health authorities and Government regulatory bodies to ensure a healthy and safe working environment
- increased digital employee engagement. This included workshops on the effects of COVID-19, socially focused online activities and new communications channels to assist our employees to balance the demands of their physical and mental health with their work in the changed environment.

Notifiable incidents and investigations

In 2020–21, we were not, in relation to work health and safety matters, investigated nor did we received any notices. There were no 'notifiable incidents' under the WHS Act.

Other matters under the Joint Committee of Public Accounts and Audit guidelines

Under the WHS Act, we must report on other matters as required by guidelines approved on behalf of the Australian Parliament by the Joint Committee of Public Accounts and Audit (JCPAA). At the end of the reporting period, the JCPAA had not specified additional requirements for us under this provision.

Corporate responsibility

We are committed to supporting the growth of Australian businesses internationally in a way that is ethically, environmentally and socially responsible. We achieve this through:

- Minimising the environmental footprint of our operations
- Striving for environmental and social responsibility through responsible lending and transactions
- Engaging with stakeholders in ways that are relevant to their needs
- Running an ethical business fairly, transparently and with integrity

We also have a statutory obligation under Section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) to report on our environmental performance (see Table 14 on page 84).

Equator Principles

We are a signatory to the Equator Principles, a risk management framework for financial institutions to determine, assess and manage environmental and social risk in projects. The framework provides a minimum standard for due diligence and monitoring to support responsible risk decision making.

As a signatory, we are required to provide an annual report on project-related transactions that have reached financial close. We are actively involved with the Equator Principles Association (see Table 13 on page 83).

Our transaction process

We review each transaction to ensure it meets our principles of ecologically sustainable development. We categorise new projects as:

Category A

Transactions with potentially significant adverse environmental or social impacts.

Category B

Transactions with environmental or social impacts somewhere between categories A and C.

Category C

Transactions with minimal or no adverse environmental or social impacts.

You can find out more about our transaction policies and procedures on our **website**.

Table 13: Environmental and social review summary

	Environmental and social impact category				
	Category A	Category B	Category C	Existing project and non-project potential impact	
				Yes	No
2020–2021					
All transactions*	1	6	7	1	169
Project finance	1	3	0	Not applicable	Not applicable
Project-related corporate loans	0	1	0	Not applicable	Not applicable
2019–20					
All transactions*	0	2	6	1	168
Project finance	0	0	0	Not applicable	Not applicable
Project-related corporate loans	0	0	0	Not applicable	Not applicable

* Excludes transactions related to the export of military equipment and dual use goods.

Our environmental footprint

One of our key priorities is to minimise our environmental footprint, including our energy and water use, solid waste generation and business travel.

We occupy two floors of Export Finance House, 22 Pitt Street, Sydney, and lease the remaining floors to tenants on standard commercial terms. Our tenants include AIFFP and the government agencies NHFIC and NAIF.

Table 14: Our environmental footprint

Parameter	2020–21	2019–20	2018–19
Energy use (megajoules/m2)			
Export Finance Australia occupancy[a], electricity	338	369	392
Building services[b], electricity	347	371	413
Building services[b], gas	38	61	85
Water (sewage data not available)			
Water (kilolitres[c])	2,541	5,998	5,403
Solid waste (tonnes)			
Comingle (recycled)	0.3	0.3	0.7
Cardboard (recycled)	7.5	7.1	13.1
Waste to landfill	17.8	18.3	86.8
Business travel by our employees			
Total domestic (million km)	0.073	0.30	0.39
Total international (million km)	0	0.38	0.88

a This figure represents energy used on the floors we occupy, which includes other government agencies.

b Building services are common facilities for all floors of Export Finance House and include lighting to common areas, lifts, air conditioning and hot water. Energy use per square metre is the building average.

c This figure represents total usage by Export Finance House. It is not possible to separately identify water use by floor or tenancy.

Reducing energy usage

As at 30 June 2021, green energy sources accounted for 35 per cent of our electricity supply. Our building had a 5-star energy rating and a 4-star water rating under NABERS.

Energy use declined in Export Finance House in 2020–21, primarily due to employees working from home during the COVID-19 pandemic.

We will continue to pursue methods to help minimise future electricity and water use, including the use of alternative energy sources.

Since 2014, we have sourced some of our electricity supply from green energy sources, including mini hydro, wind power, solar, biogas and biomass.

We continue to consider how to decrease waste generation and how to increase the proportion of waste we recycle.

Our employees flew 0.073 million kilometres during 2020–21. The figure was 94 per cent lower than 2018–19 due to COVID-19 related travel restrictions.

Indemnities and insurance

We have provided certain indemnities, as permitted by law, to our officers, including our Board members and employees.

We also maintained and paid premiums for professional indemnity insurance and Directors' and Officers' liability insurance, including cover for certain legal costs. In total, we paid $275,000 in premiums during 2020–21.

We did not pay out any amount in connection with Board member or employee indemnities during the year.

Judicial and administrative decisions and reviews

Nil.

Financial statements audit

The Auditor-General provided his annual independent auditor's report on our financial statements. The report was unmodified. This is discussed in the financial statements' section on pages 116-117 (auditor's report).

Directions from our Minister

We have had no instances of non-compliance with Ministerial directions this financial year.

Section 9 of the EFIC Act

Section 9 of the EFIC Act permits our Minister to issue directions with respect to how we perform our functions or exercise our powers. We complied with each of the Section 9 directions referred to below during 2020–21.

Date	Matter	Directing Export Finance Australia to:
9 June 2021	Republic of Cuba (Cuba)	Exercise its powers and perform its functions in accordance with and give effect to the agreement between Cuba and the Group of Creditors to Cuba recorded in the Agreed Minutes of 10 June 2021.
18 September 2020	Republic of Cuba (Cuba)	Exercise its powers and perform its functions in accordance with and give effect to the agreement between Cuba and the Group of Creditors to Cuba recorded in the Agreed Minutes of 30 July 2020.
7 May 2020	Paris Club Debt Relief	Provide debt relief in relation to the NIA loan to the Independent State of Papua New Guinea in accordance with the G20 Paris Club Agreement.
21 November 2018	AIFFP	Assist DFAT in establishing and administering the AIFFP and, upon its establishment, to assist the AIFFP in its financial arrangements and agreements.
8 May 2018	IECS	Assist the Department of the Prime Minister and Cabinet in establishing and managing the pilot IECS.
8 May 2018	NHFIC	Assist Treasury in establishing and administering NHFIC and, upon its establishment, to assist NHFIC in its administration and operations.
22 March 2016	Republic of Cuba (Cuba)	Exercise its powers and perform its functions in accordance with and give effect to the agreement between Cuba and the Group of Creditors to Cuba recorded in the Agreed Minutes of 12 December 2015.
15 February 2016	Iran	Resume facilitating and encouraging Australian export trade to Iran. However, Export Finance Australia shall not provide services or functions in relation to a prohibited activity under the Autonomous Sanctions Regulations 2011 and the Charter of the United Nations (Sanctions–Iran) Regulations 2008.

Date	Matter	Directing Export Finance Australia to:
18 June 2014	Uranium	Not assist any transaction linked to uranium unless an acceptable proliferation risk assessment is obtained from DFAT and any foreign country relevant to the particular transaction: › is a party to the Treaty on the Non-Proliferation of Nuclear Weapons or have concluded a Nuclear Cooperation Agreement with Australia; and › has in force a safeguard agreement and an additional protocol on strengthened safeguards within the International Atomic Energy Agency.
26 May 2014	Australian Public Sector Workplace Bargaining Policy	Adopt the relevant policy covering the bargaining of new enterprise agreements across the Commonwealth public sector.
19 July 2009	Democratic People's Republic of Korea (DPRK)	Not accept an application from a person in respect of any transaction that relates to trade with, or investment in, the DPRK, or provide any insurance or financial services or products or in any other way assist or facilitate any trade with, or investment in, the DPRK.
27 May 2009	Zimbabwe	Not underwrite trade or investment in Zimbabwe that would be incompatible with the targeted autonomous sanctions implemented by the Australian Government. Any application must first be referred to and determined by DFAT and all decisions by Export Finance Australia must be determined by the Board.
4 July 2007	Funding	Implement funding arrangements arising from the 2006 EFIC Review.
4 July 2007	Paris Club	Continuing participation as part of the Australian Government's negotiations in the Paris Club. The role includes finding payment solutions for debtor nations.
4 July 2007	OECD Arrangement on Officially Supported Export Credits (Arrangement)	Comply with Australia's obligations under the OECD Arrangement on Officially Supported Export Credits.

Financial effect on the operations of Export Finance Australia of each Ministerial direction issued under Section 9

The recoverable costs associated with Export Finance Australia's support of other Commonwealth entities (NAIF*, AIFFP and NHFIC) are detailed on page 43.

The specific costs of compliance with our Minister's other Section 9 directions are not easily quantifiable as the systems, processes and people used to ensure specific compliance with the directions are also employed, more generally, to ensure legal and regulatory compliance of the entity as a whole. For transaction-related costs associated with Section 9 directions, there may also be elements of such costs that are recoverable from third parties. Providing meaningful separation of these costs is therefore difficult to calculate.

**Support for NAIF is not provided through the mechanism of a Ministerial Section 9 direction, but instead directly through Section 7 of the EFIC Act.*

Section 26 of the EFIC Act

Section 26 of the EFIC Act permits our Minister to issue directions with respect to circumstances in which applications are, or are not, to be referred to our Minister. We complied with each of the Section 26 directions referred to below during 2020–21.

Date	Matter	Directing Export Finance Australia to:
14 May 2020	Defence Export Facility	Refer applications to our Minister up to a maximum amount of US$3 billion over 10 years that relate to the provision of financial support for Australian defence exports (including dual use goods) or resource projects with critical minerals important to defence end-use, where: › Export Finance Australia has identified a private finance market gap; › Export Finance Australia is unable to finance all or part of the application on the CA; › any necessary Defence Export Control export permit or in-principle approval has already been obtained; and › due diligence for the application is conducted in the same manner as we would for a transaction on our own CA.
9 April 2020	COVID-19 Facility	Refer applications to our Minister for financial accommodation of $5 million or greater for any single eligible applicant pursuant to the direction's conditions.
3 April 2019	AIFFP	Refer applications to our Minister – up to a maximum amount of $1.5 billion in total – that relate to the provision of financial support: › for the financing of infrastructure required by Pacific island countries or Timor-Leste; › in accordance with Export Finance Australia's Statement of Expectations in force at the time; and › where Export Finance Australia is satisfied that private financiers are unable or unwilling to provide the financial support requested by the application.

Section 27 of the EFIC Act

Section 27(4) of the EFIC Act permits our Minister to approve in writing loans made under Section 23 of the EFIC Act if our Minister is satisfied that it is in the national interest. In accordance with Section 28(c) of the EFIC Act, each loan approval is subject to the final terms and conditions offered under the relevant loan being consistent with its summary term sheet.

We complied with each of the Section 27 directions referred to below during 2020–21.

Date	Matter	Directing Export Finance Australia to:
25 June 2021	Airports Fiji PTE Limited – AIFFP	Provide a loan of up to FJ$10 million to AFL on behalf of the AIFFP that is to be managed in accordance with Export Finance Australia's normal commercial practices. Provide a guarantee of up to FJ$96 million to Australia and New Zealand Banking Group Limited – Fiji Branch (ANZ Fiji) in respect of a loan provided by ANZ Fiji to AFL that is to be managed in accordance with Export Finance Australia's normal commercial practices.
13 December 2020	Belau Submarine Cable Corporation – AIFFP	Provide a loan of up to US$1.75 million to the Belau Submarine Cable Corporation on behalf of the AIFFP that is to be managed in accordance with Export Finance Australia's normal commercial practices.

Date	Matter	Directing Export Finance Australia to:
13 December 2020	Belau Submarine Cable Corporation – AIFFP	Provide a loan of up to US$7.56 million to the Belau Submarine Cable Corporation on behalf of the AIFFP that is to be managed in accordance with Export Finance Australia's normal commercial practices.
2 November 2020	Intrepid Group Limited	Provide a loan of up to A$30 million under the COVID-19 Facility to Intrepid Group Limited that is to be managed in accordance with Export Finance Australia's normal commercial practices.
18 August 2020	Imperium Tourism Holdings Pty Ltd	Provide a loan of up to A$6.5 million under the COVID-19 Facility to Imperium Tourism Holdings Pty Ltd that is to be managed in accordance with Export Finance Australia's normal commercial practices.
13 August 2020	Apollo Tourism & Leisure Ltd	Provide a loan of up to A$15 million under the COVID-19 Facility to Apollo Tourism & Leisure Ltd that is to be managed in accordance with Export Finance Australia's normal commercial practices.
31 July 2020	Solomon Islands Electricity Authority – AIFFP	Provide a loan of up to US$10.6 million to the Solomon Islands Electricity Authority on behalf of the AIFFP that is to be managed in accordance with Export Finance Australia's normal commercial practices.
3 December 2018	Government of Trinidad & Tobago	Provide a loan of up to US$80 million for the Government of Trinidad & Tobago (as borrower or as guarantor for a related entity borrower) that is to be managed in accordance with Export Finance Australia's normal commercial practices.
3 December 2018	CEA Technologies Pty Ltd	Provide a loan of up to $90 million to CEA Technologies Pty Ltd (and/ or its wholly owned subsidiary) that is to be managed in accordance with Export Finance Australia's normal commercial practices.
1 August 2011	JSF Facility	Establish a facility on the NIA to provide financial support to Ferra Engineering Pty Ltd, Marand Prevision Engineering Pty Ltd and Quickstep Technologies Pty Ltd in relation to the JSF program, pursuant to the direction's conditions.

Section 29 of the EFIC Act

Section 29 of the EFIC Act permits our Minister to issue directions with specified transactions on the NIA. We complied with each of the Section 29 directions referred to below during 2020–21.

Date	Matter	Directing Export Finance Australia to:
9 April 2020	COVID-19 Facility	Provide financial accommodation of any amount under $5 million for any single eligible applicant pursuant to the direction's conditions.
4 July 2007	NIA Guidelines Unsecured Advance Payment and Performance Bond Facility	Provide a proposed facility to provide indemnities or guarantees up to an aggregate of $30 million in relation to contracts or proposed contracts.

Section 31 of the EFIC Act

Section 31 of the EFIC Act permits our Minister to issue directions to us to reduce or reschedule any of our actual or contingent liability made under Part 5 (national interest transactions) of the EFIC Act. For more information, please refer to the 'Financial matters' section on page 99.

Section 55 of the EFIC Act

Section 55(2) of the EFIC Act permits our Minister to issue directions regarding the payment of a dividend to the Commonwealth.

A dividend of $5.6 million of the 2020-21 CA profit was paid based on a direction from our Minister.

At the date of publication, the dividend for the year ended 30 June 2021 had not been determined.

Section 61A of the EFIC Act

Section 61A of the EFIC Act permits our Minister to inform us in writing of the requirement to pay a debt neutrality charge.

During the year ended 30 June 2021, a direction dated 18 June 2015 required Export Finance Australia to pay a debt neutrality charge of 10 basis points on its cost of borrowing. On 31 January 2020, our Minister advised us in writing that the debt neutrality charge is to no longer apply to new borrowings on the NIA. The charge now applies to new borrowings on the CA and all existing CA debt that is rolled over or refinanced. The amount payable is $1.5 million.

Section 63A of the EFIC Act

Section 63A of the EFIC Act permits our Minister to issue directions regarding tax equivalent payments.

During the year ended 30 June 2021, a direction dated 18 June 2015 required Export Finance Australia to pay a tax equivalent payment comprising:

- a payment in lieu of Commonwealth income tax at 30 per cent of accounting profits, and realised capital gains, with a capacity to carry forward any tax losses;
- a payment in lieu of New South Wales (NSW) payroll tax levied on wages, allowances, variable remuneration, fringe benefits and superannuation, at rates and thresholds specified in the NSW Budget; and
- a payment in lieu of NSW land tax, at rates and threshold specified in the NSW Budget.

The amount payable in lieu of Commonwealth income tax is $4.9 million, the amount payable in lieu of NSW payroll tax is $1 million and the amount payable in lieu of NSW land tax is $0.5 million.

Our risk management framework

We approach risk management in a way that helps us to achieve our strategy and objectives. Risk management is a critical enabler of our overall corporate objective of being financially sustainable within our Board's agreed risk appetite. We have developed an enterprise-wide risk management framework that identifies the key risks facing the organisation and the controls we have in place. You can read more about our Risk Management Framework on our **website**.

Our Risk Appetite Statement* details our risk tolerance for each of the Key Enterprise Risks that we face. We have also developed a Risk Control Matrix,* which sets out each of the inherent risks we face, as well as the controls we have in place, to arrive at a residual risk rating. We review the Risk Control Matrix regularly to add new risks or identify changes to existing risks. We also assign people responsibility for managing each risk and this approach engenders a culture of risk awareness and ownership across our organisation.

Types of risks

- reputational risk
- strategic risk
- credit and country risk
- market risk
- operational risk.

Oversight of risk management

Risk policies, tolerances and operational limits are set by our Board, the PGPA Act and the EFIC Act and Regulations. All our transactions are reviewed by our Board or by management as delegated by our Board. Country-related economic and political risks, credit risks and environmental and social risks are assessed by teams of experts.

We operate a 'three lines of defence' model for managing risk.

1. Business functions take responsibility for risks within their own operations.
2. Internal but independent risk and compliance functions review and improve our risk management controls.
3. EY conducts audits and reviews and provides detailed reports on improving our risk management approach.

Risk Appetite Statement*

- Details our risk tolerance for each of the Key Enterprise Risks that we face.
- Our risk appetite incorporates quantitative and qualitative measures to ensure effective monitoring and governance.

Risk Control Matrix*

Sets out:

- individual risks
- controls
- likelihood
- consequences.

*Due to their commercial sensitivity, these documents are not made public.

Core principles

Our risk culture and risk management foundations include:

A commitment to our shared purpose and Code of Conduct, which we review and renew periodically.

Strategies to recruit, develop and retain employees who have the required specialist skills.

Rigorous control processes, including management reporting, supported by Board oversight and independent review.

Strong policies and procedures supported by robust systems and processes.

Clear lines of responsibility and accountability for achieving set outcomes.

An employee performance system that requires and rewards robust risk management behaviours.

A culture of consultation and speaking up about potential issues and a continual focus on uplifting risk management processes.

A culture that seeks to anticipate and mitigate risks before they occur, always pursuing learning and improvement.

Roles and responsibilities

Our Board is responsible for setting the organisation's risk strategy, including our risk appetite and tolerances.

Our Board's Audit and Risk Committee oversees all aspects of risk management and internal control. This includes reviewing our compliance activity, financial reporting and performance reporting, our audit program and the adequacy of our accounting policies and procedures.

Our Executive and Senior Management teams, led by our Managing Director & CEO, implement our Board's risk strategy. This involves developing policies, processes, procedures and controls to identify and manage risks across all our areas of activity.

Our Board also engages an independent internal auditor to review our risk management and internal controls. This service provider, currently EY, reports to our Board via our Board Audit and Risk Committee and the Executive team. It enjoys full access to our employees and company data when conducting these reviews.

The ANAO and its appointed agent, currently KPMG, perform an independent review of our financial statements.

Role of committees

Our internal committees support our risk management processes and demonstrate individual accountability by the relevant Executive team members.

Executive Committee

- Examines all aspects of the business
- Chaired by the Managing Director & CEO

Credit Committee

- Examines large potential transactions
- Chaired by the Chief Credit Officer

Risk and Compliance Committee

- Reviews, monitors and improves our management of risk and compliance
- Chaired by the Chief Risk Officer

Treasury Risk Review Committee

- Examines Treasury activities, limits, noteworthy transactions and current issues
- Chaired by the Treasurer

WHS Committee

- Examines workplace risks and reports any hazards or safety problems that may cause harm or injury to employees, contractors or visitors
- Chaired by the Chief Risk Officer

Business Continuity Planning Steering Committee

- Coordinates Business Continuity Planning and Crisis Management
- Chaired by the Chief Risk Officer

Capital management

Our approach to capital management is based around assessing the level of and appetite for risk and ensuring that the level and quality of capital is appropriate to that risk profile. Prudent practice also requires that capital management be forward looking, having regard to changes in strategy, business plans and the operating environment as well as changes in the type, amount and concentration of risk that might impact on the capital resources available.

Capital also supports the operations by providing a buffer to absorb unanticipated losses from its normal business activities. In the event cash capital is insufficient, our Board, in consultation with the Government, may call additional cash capital up to a prescribed amount. Our organisation is also supported by a Commonwealth guarantee that protects third parties from any financial loss in the event we cannot meet our obligations. This guarantee has never been called.

Our Board is required to ensure that our capital and reserves at any time are sufficient, according to sound commercial principles, under Section 56 of the EFIC Act. We are required to maintain sufficient capital and reserves to meet our likely liabilities and provide for the possibility of loan defaults.

The approach we apply is to set our own standards by drawing on the prudential standards set by the Australian Prudential Regulation Authority (APRA) and the Bank for International Settlements through the Basel Committee on Banking Supervision (Basel Committee).

Our Board treats the capital as equivalent to the regulatory capital under APRA guidelines and uses this as the basis for setting risk tolerances regarding large exposures. When making this assessment, our Board is required to include as equity the $1.2 billion of callable capital that is available from the Commonwealth in accordance with the provisions of Section 54(8)(a) of the EFIC Act.

Our callable capital is an amount specified in the EFIC Act that the Government will make available to us if we (for whatever reason) are unable to meet our expected losses or liabilities. It is a requirement under the EFIC Act that in calculating our total capital, amounts specified as callable capital are included in that capital calculation.

Our maximum liability is set at $6.5 billion for our activities on the CA. This cap is set by *Export Finance and Insurance Corporation Regulations 2018*.

The requirement to hold sufficient capital and reserves only relates to our CA activities. We hold no capital against the NIA exposures, as the risks are borne by the Commonwealth. For more information on our capital adequacy, see Note 20 of the 'Financial statements' section on page 169.

Large exposures

We model our large exposure policy on APRA guidelines. ADIs are required to notify APRA before committing to any aggregate exposures to non-government, non-ADI counterparties exceeding 10 per cent of their capital base.

APRA has also indicated a maximum exposure per non-ADI counterparty (or related group of counterparties) of 25 per cent of capital.

Our Board allows a small tolerance above the internal limits for large exposures to account for foreign exchange movements, given the majority of our large exposures are in foreign currency against an Australian dollar capital base. Our Board is also prepared to consider exceptional cases.

Under current delegations, our Board must approve all transactions that involve commitments valued at over $50 million.

Allowances for risks

Allowance for credit risk and expected credit loss

While it is never possible to know in advance the losses a financial institution will suffer in a particular year, we can forecast the average level of credit losses it can reasonably expect to experience. The APRA guidelines refer to such losses as 'expected losses'.

Our approach is to take credit risk into account in the fair value calculation of all credit exposures, both on and off the balance sheet. We assess this in light of the expected losses over the life of facilities. Our current model takes into account the magnitude and nature of the exposures, their risk grading, the type of exposure and the maturity of the risk.

Periodically we review our methodology and results against independent market sources to ensure consistency.

When it is likely that a loan or debt will not be recovered in full due to a specific event, we do not use the model and instead determine an appropriate amount to set aside for expected loss.

The allowance for credit risk also provides for possible loan defaults and potential claims in relation to off-balance-sheet facilities, such as export finance guarantees.

Allowance for derivative risk

It is standard practice within financial markets to measure the credit risk and valuation risk component of all derivative transactions. The credit risk component factors in the counterparty risk rating, the maturity date and the terms of any collateral lodged under a credit support annex (CSA) arrangement. The valuation risk component recognises that different counterparties may value the same transaction differently because of the sophistication of the models they use. Each year, we consult our external auditors to ensure our methodology is appropriate for recognising credit and valuation risk in our derivatives portfolio.

Residual margin

When we value our loans and guarantees on a fair-value basis, we use a discounted cash flow methodology to calculate a valuation on day one for that particular transaction. The difference between the cash flow on day one and the net present value of the income stream (including an allowance for credit risk adjustment on that transaction) is termed 'residual margin'. This includes other risk factors such as servicing costs and prepayment risk. When these factors are included in the valuation, the day one profit equates to zero. The residual margin is then recognised over the life of the transaction.

Loans at amortised cost

Transactions that are recorded at amortised cost are floating rate loans and short-term loans. These transactions are physically hedged, and derivatives are not used to hedge the risk. As such the amortised value approximates their fair value.

Loans measured at amortised cost are evaluated for impairment using an expected credit loss model.

Handling currency exposure

Our loans and rescheduled debts are mostly denominated in foreign currencies. As at 30 June 2021, 77 per cent of our loans were denominated in US dollars and 7 per cent were in Euros. Generally speaking, we convert income and expenses to Australian dollars when we receive or pay them.

Any currency exposure is subject to a Board-approved limit. To protect our assets and liabilities, we borrow in the same currency as our assets.

Alternatively, we borrow in another currency and use cross-currency swaps and other foreign exchange instruments to manage currency risks.

We also use interest rate swaps and forward rate agreements to substantially match the interest rate profiles of our liabilities with those of our loans.

Foreign exchange rates do affect our fair value calculations, including the allowance for credit risk on the CA. This is because we do not hedge future income and expenses that are expected to be received and paid in foreign currencies.

Our activities

Activities

The core function of our Treasury team is to prudently raise funding at competitive rates. Treasury also manages the investment of our capital and reserves, as well as our other investment and liquidity portfolios.

These activities are carried out within a control framework approved by our Board and compliant with the EFIC Act, the PGPA Act and associated approvals required by the Australian Government.

Our Treasury operates according to the following key principles:

- we aim to minimise the cost of funding our loan assets for the CA and the NIA
- we seek to maximise the return on our investments, including funds that represent our equity, cash reserves and working capital
- in transacting on wholesale markets, our Treasury team manages credit risk within Board and management-approved limits and does not trade speculatively
- we use derivative products to minimise currency and interest rate risks.

See Note 18 of the 'Financial statements' section on pages 145-163 for further details about our financial exposure.

Borrowings

We borrow money to fund our activities on either the CA or the NIA.

Funding capacity is also necessary to cover the possibility of borrower defaults on our contingent liabilities, such as when banks call in our export finance guarantees.

We maintain a diversified funding capability with spare capacity. This ensures we have the strength and flexibility to accommodate financial market disruption and enables us to pursue a range of pricing and risk management strategies.

The main borrowing instruments we currently use are medium-term notes issued in the capital markets and Euro Commercial Paper (ECP).

We are authorised to raise funds from our approved commercial paper borrowing facility in advance of our loan funding needs. Our funding activity in 2020–21 comprised issuing euro commercial paper and medium-term notes.

We are generally able to borrow US dollars at margins below the benchmark London Interbank Offered Rate (LIBOR).

Investments and liquidity

The investment approval issued by the Finance Minister under the PGPA Act requires our Treasury investments to be in entities rated AA– or better, or ADIs rated BBB– or better.

As at 30 June 2021, the face value of our investment and liquidity holdings on the CA was $1.0 billion, comprising cash, bank deposits and investment securities. Of this amount:

- $530 million represented cash capital and reserves
- the remaining $463 million represented liquidity being held to fund future loan drawdowns, maintain a minimum market presence, reduce collateral posting risk or refinance borrowings.

Financial matters

Rescheduling and debt forgiveness

Export Finance Australia has rescheduled debts owed by the Indonesian, Cuban and Iraqi governments. This has occurred pursuant to the Paris Club, a group of government creditors charged with finding coordinated and sustainable solutions to debtor nations' payment difficulties.

Indonesia

As at 30 June 2021, our rescheduled loans to the Indonesian Government have been fully repaid.

Iraq

Between 1987 and 1992, we paid credit insurance claims, mostly from the NIA, regarding non-payment by the Iraqi Government for exports from Australia.

These credit insurance claims were expensed as paid. The prevailing situation in Iraq following the claim payments had prevented us and the Australian Government from pursuing the recovery of this money. After the passage of United Nations Security Council Resolution 1546 and transfer of full sovereignty to the interim Iraqi Government, the Paris Club restructured the country's external debt.

The Paris Club agreed to provide Iraq with 80 per cent debt forgiveness in three stages. In May 2006, we signed a bilateral agreement with Iraq, which triggered 60 per cent forgiveness under stages one and two of the debt relief package. The third and final 20 per cent stage of debt forgiveness was made in accordance with the last International Monetary Fund (IMF) Board review of Iraq's three-year IMF Program, in December 2008.

The remaining principal debt is to be repaid over 17 years until January 2028.

The rescheduled debt balance at 30 June 2021 is US$87.2 million on the NIA and US$0.3 million on the CA. As at 30 June 2021, all rescheduled amounts have been paid on time as per the rescheduling agreements.

However, the current situation in Iraq and the continuing deterioration in the economic environment were assessed as posing a real threat to the reliability of future payments. Accordingly, we hold a 75 per cent provision for impairment against the rescheduled debt.

Future payments from Iraq will only be recognised as income on receipt and booked as a recovery, consistent with current practice. Recoveries made during the year under this agreement resulted in $17.5 million taken up as income during 2020–21, on the NIA.

Cuba

As at 30 June 2021, our rescheduled loans to Cuba were valued at $8.8 million.

In the mid-1980s, we issued four NIA loans to Banco Nacional de Cuba to support the sale of sugar cultivation and harvesting equipment. In December 2015, the Paris Club's 'Group of Creditors of Cuba', which included Australia, agreed with Havana the terms upon which Cuba's outstanding debt would be rescheduled.

As a result of the COVID-19 pandemic, Cuba requested the deferral of payments under the 2015 Paris Club Agreement. In June 2021, the 'Group of Creditors of Cuba' at the Paris Club agreed to defer principal and interest payments due in 2020, 2021 and 2022, together with interest payments due in 2023 and 2024.

The loans have had a 100 per cent provision in place since the payments ceased and this is maintained at 30 June 2021.

Dividends

Section 55 of the EFIC Act requires our Board to recommend in writing to our Minister that Export Finance Australia pays a specified dividend, or not pay a dividend, to the Commonwealth for that financial year.

Our Minister then either approves the recommendation or directs that we pay a different dividend.

We paid a dividend of $5.6 million in December 2020, based on a recommendation from our Board.

At the date of publication, the dividend for the year ended 30 June 2021 had not been determined.

Table of facilities

Table 15: Table of facilities

Commercial Account transactions for 1 July 2020 to 30 June 2021

Exporter/ investor/ customer	Industry of export	Goods/ services	Export destination	Integral to supply chain	Products/ Transactions	Amount (A$ million equivalent)	Number of customers	Environmental/ social impact category (a)
Active Apparel Group Pty Ltd	Manufacturing	Synthetic Textile Manufacturing	Various		ELOC	2.61	1	Low Potential - Note 1
Active Apparel Group Pty Ltd	Manufacturing	Synthetic Textile Manufacturing	Various		ELOC-R	6.53		Low Potential - Note 1
ADB - Asia Commercial Joint Stock Bank - Exporter: CBH Grain Pty Ltd	Wholesale Trade	Other Agricultural Product Wholesaling	Vietnam		RPA	0.35	1	Low Potential - Note 2
ADB - National Bank of Pakistan - Exporter: Michell International Pty Ltd	Wholesale Trade	Wool Wholesaling	Pakistan		RPA	0.13	1	Low Potential - Note 2
ADB - National Bank of Pakistan - Exporter: Michell International Pty Ltd	Wholesale Trade	Other Agricultural Product Wholesaling	Bangladesh		RPA	0.49	1	Low Potential - Note 2
ADB - Southeast Bank Ltd - Exporter: Bunge SA	Wholesale Trade	Other Agricultural Product Wholesaling	Bangladesh		RPA	2.12		Low Potential - Note 2
ADB - Vietnam Technological and Commercial Joint Stock Bank (Techcombank) - Exporter: Trafigura Pte Ltd	Wholesale Trade	Metal and Mineral Wholesaling	Vietnam		RPA	0.49	1	Low Potential - Note 2
Agricomm Trading Australia Pty Ltd	Wholesale Trade	Meat, Poultry and Smallgoods Wholesaling	Indonesia		EWCG	8.00	1	Low Potential - Note 1
Altus Renewables Limited	Manufacturing	Other Wood Product Manufacturing n.e.c.	Japan		ELOC-R	5.00	1	Low Potential - Note 1
ARRB Systems Pty Ltd	Manufacturing	Other Professional and Scientific Equipment Manufacturing	South Africa		ECL	2.50	1	Low Potential - Note 1
Artists In Motion Pty Ltd	Arts and Recreation Services	Performing Arts Operation	United Arab Emirates		Bond	1.12		Low Potential - Note 1
Artists In Motion Pty Ltd	Arts and Recreation Services	Performing Arts Operation	United Arab Emirates		Bond	1.83	1	Low Potential - Note 1
Atlantic (Aust) Pty Ltd	Mining	Other Heavy and Civil Engineering Construction	Australia	Y	Bond	0.81	1	Low Potential - Note 1
Atlantic (Aust) Pty Ltd	Mining	Other Heavy and Civil Engineering Construction	Australia	Y	Bond	0.81		Low Potential - Note 1
Atomos Limited	Manufacturing	Other Electronic Equipment Manufacturing	Various		ELOC-R	4.98	1	Low Potential - Note 1
Austin Engineering Ltd	Mining	Iron Ore Mining	Australia	Y	Loan	15.00	1	Low Potential - Note 1
Australian Mustard Oil Pty Ltd	Manufacturing	Oil and Fat Manufacturing	Various		ECL	0.75	1	Low Potential - Note 1
Australian Wildlife Adventures Pty Ltd	Transport, Postal and Warehousing	Tourism	Various		SBEL	0.05	1	Low Potential – Note 3

Commercial Account transactions for 1 July 2020 to 30 June 2021

Exporter/ investor/ customer	Industry of export	Goods/ services	Export destination	Integral to supply chain	Products/ Transactions	Amount (A$ million equivalent)	Number of customers	Environmental/ social impact category (a)
Avionics Pty Ltd	Professional, Scientific and Technical Services	Other Professional, Scientific and Technical Services n.e.c.	Hong Kong		Bond	2.59		Low Potential - Note 1
Avionics Pty Ltd	Professional, Scientific and Technical Services	Other Professional, Scientific and Technical Services n.e.c.	Hong Kong		Bond	1.52		Low Potential - Note 1
Avionics Pty Ltd	Professional, Scientific and Technical Services	Other Professional, Scientific and Technical Services n.e.c.	Hong Kong		ECL	2.00	1	Category C
Birddog Australia Pty Ltd	Manufacturing	Other Electronic Equipment Manufacturing	Various		ELOC	4.38		Low Potential - Note 1
Birddog Australia Pty Ltd	Manufacturing	Other Electronic Equipment Manufacturing	Various		ELOC	0.86	1	Low Potential - Note 1
Boost Media Holdings Pty Ltd	Information Media and Telecommunications	Other Information Services	Various		EWCG-R	1.00	1	Low Potential - Note 1
Brandfarm Pty Ltd	Retail Trade	Pharmaceutical, Cosmetic and Toiletry Goods Retailing	United States of America		ELOC	0.30	1	Low Potential - Note 3
Calix Limited	Professional, Scientific and Technical Services	Engineering Design and Engineering Consulting Services	Belgium		ECL	2.93	1	Low Potential - Note 1
Carbon Revolution Limited	Manufacturing	Other Motor Vehicle Parts Manufacturing	Various		Loan	13.00	1	Low Potential - Note 1
Centor Australia Pty Ltd	Manufacturing	Architectural Aluminium Product Manufacturing	Various		SBEL	0.14	1	Low Potential – Note 3
Codan Limited	Manufacturing	Communication Equipment Manufacturing	Egypt		DCG	1.98	1	ME
Cryoperl Australia Pty Ltd	Manufacturing	Other Non-Metallic Mineral Product Manufacturing	United States of America		Bond	0.67		Low Potential - Note 1
Cryoperl Australia Pty Ltd	Manufacturing	Other Non-Metallic Mineral Product Manufacturing	United States of America		Bond	0.67	1	Low Potential - Note 1
DCI Electrical Services (WA) Pty Ltd	Mining	Other Mining Support Services	Australia	Y	ELOC	1.20	1	Low Potential - Note 1
Digital Media Solutions Au Pty Ltd	Information Media and Telecommunications	Internet Publishing and Broadcasting	Various		SBEL	0.13	1	Low Potential – Note 3
Discovery Business Industrial Zone LDA	Wholesale Trade	Non-Residential Property Operators	Timor-Leste		ECL	5.67	1	Category C
Doen Pacific Pty Ltd	Manufacturing	Boatbuilding and Repair Services	Various		Bond	0.63	1	Low Potential - Note 1
DrillCube Pty Ltd	Manufacturing	Other Specialised Machinery and Equipment Manufacturing	Papua New Guinea		ELOC	0.67		Category C
DrillCube Pty Ltd	Manufacturing	Other Specialised Machinery and Equipment Manufacturing	Papua New Guinea		ELOC-R	0.25	1	Category C

Commercial Account transactions for 1 July 2020 to 30 June 2021

Exporter/ investor/ customer	Industry of export	Goods/ services	Export destination	Integral to supply chain	Products/ Transactions	Amount (A$ million equivalent)	Number of customers	Environmental/ social impact category (a)
DXN Limited	Manufacturing	Other Electrical Equipment Manufacturing	Various	Y	ECL	0.50		Low Potential - Note 1
DXN Limited	Manufacturing	Other Electrical Equipment Manufacturing	Various		ECL	0.50	1	Low Potential - Note 1
Earth Systems Consulting Pty Ltd	Professional, Scientific and Technical Services	Other Professional, Scientific and Technical Services n.e.c.	Sweden		Bond	0.52	1	Low Potential - Note 1
EDK Enterprises Pty Ltd as trustee for Kims Property Trust Two	Retail Trade	Other Store-Based Retailing n.e.c.	Various		ELOC	0.25	1	Low Potential - Note 1
EFTlab Pty Ltd	Information Media and Telecommunications	Electronic Information Storage Services	Various		ECL	0.35	1	Low Potential - Note 3
Ennio Pty Ltd	Manufacturing	Other Food Product Manufacturing n.e.c.	United States of America		ELOC	1.65	1	Low Potential - Note 1
EOS Defence Systems Pty Ltd	Manufacturing	Other Specialised Machinery and Equipment Manufacturing	United Arab Emirates		Bond	20.89	1	ME
EPI Capital Pty Ltd	Information Media and Telecommunications	Data Processing and Web Hosting Services	United States of America		Bond	0.26	1	Low Potential - Note 3
ESS Weathertech Pty Ltd	Manufacturing	Other Specialised Machinery and Equipment Manufacturing	Various		ELOC-R	11.85	1	Low Potential - Note 1
FCT Holdings Pty Ltd	Professional, Scientific and Technical Services	Engineering Design and Engineering Consulting Services	Various		ECL	0.94	1	Low Potential - Note 1
FFF Australia Pty Ltd	Manufacturing	Other Machinery and Equipment Wholesaling n.e.c.	Australia	Y	ELOC-R	1.00	1	Low Potential - Note 1
FFF Australia Pty Ltd	Manufacturing	Other Machinery and Equipment Wholesaling n.e.c.	Australia	Y	ELOC	0.25		Low Potential - Note 1
Finnigan Investments (Aust) Pty Limited	Information Media and Telecommunications	Internet Publishing and Broadcasting	Various		ELOC-R	0.50	1	Low Potential - Note 1
Finnigan Investments (Aust) Pty Limited	Information Media and Telecommunications	Internet Publishing and Broadcasting	Various		ELOC	0.50		Low Potential - Note 1
Fliteboard Pty Limited	Manufacturing	Toy, Sporting and Recreational Product Manufacturing	Various		ELOC	0.50	1	Low Potential - Note 1
Fox Farming Pty Ltd as trustee for Fox Family Trust	Agriculture, Forestry and Fishing	Other Crop Growing n.e.c.	Various		SBEL	0.08	1	Low Potential – Note 3
Furnace Solutions Pty Ltd	Mining	Other Mining Support Services	Australia	Y	Bond	2.25		Low Potential - Note 1
Furnace Solutions Pty Ltd	Mining	Other Mining Support Services	Australia	Y	Bond	0.73		Low Potential - Note 1
Furnace Solutions Pty Ltd	Mining	Other Mining Support Services	Australia	Y	Bond	0.73	1	Low Potential - Note 1
Gold Star International Pty Ltd	Wholesale Trade	Cereal Grain Wholesaling	Various		ELOC	0.10		Low Potential - Note 1

Commercial Account transactions for 1 July 2020 to 30 June 2021

Exporter/ investor/ customer	Industry of export	Goods/ services	Export destination	Integral to supply chain	Products/ Transactions	Amount (A$ million equivalent)	Number of customers	Environmental/ social impact category (a)
Gold Star International Pty Ltd	Wholesale Trade	Cereal Grain Wholesaling	Various		ELOC-R	0.35	1	Low Potential - Note 1
Honan Holdings Pty Ltd	Manufacturing	Grain Mill Product Manufacturing	Various		EFG	70.00	1	Category B
Incat Australia Pty Limited	Manufacturing	Shipbuilding and Repair Services	Spain		Loan	8.06	1	Low Potential - Note 1
Innovative Asset Solutions Group Ltd	Mining	Other Mining Support Services	Australia	Y	ECL	0.70		Low Potential - Note 1
Innovative Asset Solutions Group Ltd	Mining	Other Mining Support Services	Australia	Y	ECL	0.30	1	Low Potential - Note 1
Jaytona Pty Ltd T/A Multiplant Holdings	Mining	Other Heavy and Civil Engineering Construction	Australia	Y	Bond	0.74	1	Low Potential - Note 1
Jaytona Pty Ltd T/A Multiplant Holdings	Mining	Other Heavy and Civil Engineering Construction	Australia	Y	Bond	0.74		Low Potential - Note 1
Latorre & Dutch Coffee Traders Pty Ltd	Wholesale Trade	Other Agricultural Product Wholesaling	Various		ELOC-R	0.50	1	Low Potential - Note 1
Lee Mathews Australia Pty Limited	Wholesale Trade	Clothing and Footwear Wholesaling	Various		ELOC	0.50	1	Low Potential - Note 1
Lien Lap Wind Power Joint Stock Company (Lotus Wind Power Project)	Electricity, Gas, Water and Waste Services	Other Electricity Generation	Vietnam		Loan	13.95	1	Category B
Mackay Consolidated Industries Pty Ltd	Manufacturing	Natural Rubber Product Manufacturing	Various		ECL	1.50	1	ME
Mandala Trading Pty Ltd	Wholesale Trade	Other Agricultural Product Wholesaling	Various		ELOC-R	0.75	1	Low Potential - Note 1
Mantoverde S.A.	Professional, Scientific and Technical Services	Engineering Design and Engineering Consulting Services	Chile		Loan	79.06	1	Category A
Marand Precision Engineering Pty Ltd	Manufacturing	Machine Tool and Parts Manufacturing	New Zealand		Bond	2.47	1	Low Potential - Note 1
Marque of Brands Pty Ltd	Manufacturing	Cosmetic and Toiletry Preparation Manufacturing	Various		ELOC	2.62		Low Potential - Note 1
Marque of Brands Pty Ltd	Manufacturing	Cosmetic and Toiletry Preparation Manufacturing	Various		ELOC-R	2.62	1	Low Potential - Note 1
McNally Group Contracting Pty Ltd	Construction	Non-Residential Building Construction	Australia	Y	Bond	3.58	1	Low Potential - Note 1
Minprovise International Pty Ltd	Mining	Other Mining Support Services	Australia	Y	Bond	0.33		Low Potential - Note 1
Minprovise International Pty Ltd	Mining	Other Mining Support Services	Australia	Y	Bond	0.20		Low Potential - Note 1
Minprovise International Pty Ltd	Mining	Other Mining Support Services	Australia	Y	Bond	0.33	1	Low Potential - Note 1

Commercial Account transactions for 1 July 2020 to 30 June 2021

Exporter/ investor/ customer	Industry of export	Goods/ services	Export destination	Integral to supply chain	Products/ Transactions	Amount (A$ million equivalent)	Number of customers	Environmental/ social impact category (a)
Minprovise International Pty Ltd	Mining	Other Mining Support Services	Australia	Y	Bond	0.20		Low Potential - Note 1
Mipac Pty Ltd	Professional, Scientific and Technical Services	Engineering Design and Engineering Consulting Services	Russia		Bond	0.93	1	Low Potential - Note 1
MSL Solutions Limited	Information Media and Telecommunications	Other Telecommunications Services	Various		ECL	2.50	1	Low Potential - Note 1
Natures Dairy Australia Pty Ltd	Manufacturing	Milk and Cream Processing	Various	Y	ELOC	1.90		Low Potential - Note 1
Natures Dairy Australia Pty Ltd	Manufacturing	Milk and Cream Processing	Various	Y	ELOC-R	2.60		Low Potential - Note 1
Natures Dairy Australia Pty Ltd	Manufacturing	Milk and Cream Processing	Various		Bond	0.65		Low Potential - Note 1
Natures Dairy Australia Pty Ltd	Manufacturing	Milk and Cream Processing	Various	Y	ELOC	2.60	1	Low Potential - Note 1
Navitas Pty Limited	Education and Training	Adult, Community and Other Education n.e.c.	Australia		Loan	15.00	1	Low Potential - Note 1
Neowest Building Co Pty Ltd	Mining	Non-Residential Building Construction	Australia	Y	ELOC	1.30	1	Low Potential - Note 1
Nicholas The Label Pty Ltd	Manufacturing	Clothing Manufacturing	Various		ELOC-R	1.00	1	Low Potential - Note 1
NMT International (Australia) Pty Ltd	Mining	Other Mining Support Services	Australia	Y	Bond	4.50	1	Low Potential - Note 1
NMT International (Australia) Pty Ltd	Mining	Other Mining Support Services	Australia	Y	Bond	0.50		Low Potential - Note 1
Nomad Tackle Pty Ltd	Manufacturing	Other Polymer Product Manufacturing	Various		ELOC	0.10	1	Low Potential - Note 1
Nomad Tackle Pty Ltd	Manufacturing	Other Polymer Product Manufacturing	Various		ELOC-R	0.35		Low Potential - Note 1
Ocean & Earth Australia Pty Ltd	Wholesale Trade	Toy and Sporting Goods Wholesaling	Various		EWCG-R	0.45	1	Low Potential - Note 1
Olli Ella Global Pty Ltd	Wholesale Trade	Other Goods Wholesaling n.e.c.	Various		EWCG-R	0.50	1	Low Potential - Note 1
Oz Varieties Pty Ltd	Wholesale Trade	Fruit and Vegetable Wholesaling	South Africa		Loan	5.53	1	Category C
Pataza Pty Limited	Wholesale Trade	General Line Grocery Wholesaling	Various		ELOC	0.30	1	Low Potential - Note 3
Phong Huy Wind Power Joint Stock Company (Lotus Wind Power Project)	Electricity, Gas, Water and Waste Services	Other Electricity Generation	Vietnam		Loan	13.60		Category B
Phong Nguyen Wind Power Joint Stock Company (Lotus Wind Power Project)	Electricity, Gas, Water and Waste Services	Other Electricity Generation	Vietnam		Loan	13.60		Category B
Platinum Blasting Services Pty Ltd	Mining	Other Mining Support Services	Australia	Y	ELOC	1.50	1	Low Potential - Note 1
Platinum Blasting Services Pty Ltd	Mining	Other Mining Support Services	Australia	Y	ELOC-R	2.00		Low Potential - Note 1
Precise Global Pty Ltd	Manufacturing	Machine Tool and Parts Manufacturing	Australia	Y	ELOC	0.70	1	ME

Commercial Account transactions for 1 July 2020 to 30 June 2021

Exporter/ investor/ customer	Industry of export	Goods/ services	Export destination	Integral to supply chain	Products/ Transactions	Amount (A$ million equivalent)	Number of customers	Environmental/ social impact category (a)
Precise Global Pty Ltd	Manufacturing	Machine Tool and Parts Manufacturing	United States of America		ELOC	0.30		Low Potential - Note 1
Promethea Pty Ltd	Mining	Other Mining Support Services	Australia	Y	ECL	0.25	1	Low Potential - Note 1
Purveyors International Pty Ltd	Wholesale Trade	Fruit and Vegetable Wholesaling	Hong Kong		SBEL	0.10	1	Low Potential – Note 3
Qantas Airways Limited	Transport, Postal and Warehousing	Air and Space Transport*	Australia		Loan	90.00	1	Low Potential - Note 1
Quickstep Holdings Ltd	Manufacturing	Other Machinery and Equipment Manufacturing n.e.c.	United States of America		ELOC-R	6.00	1	ME
Rathbone Wine Group Pty Ltd	Manufacturing	Wine and Other Alcoholic Beverage Manufacturing	Various	Y	ELOC-R	0.30		Low Potential - Note 1
Rathbone Wine Group Pty Ltd	Manufacturing	Wine and Other Alcoholic Beverage Manufacturing	Various	Y	ECL	0.75	1	Low Potential - Note 1
Real Serious Games Pty Ltd	Mining	Software Publishing	Australia	Y	ELOC	0.10		Low Potential - Note 1
Real Serious Games Pty Ltd	Mining	Software Publishing	Australia	Y	ELOC-R	0.30	1	Low Potential - Note 1
Red Analytics Pty Ltd	Information Media and Telecommunications	Other Information Services	United States of America		ELOC	1.30	1	Low Potential - Note 1
Resolution Systems Pty Ltd	Mining	Mining and Construction Machinery Manufacturing	Australia	Y	ECL	0.40	1	Low Potential - Note 1
Rhodes Project Services Pty Ltd	Construction	Non-Residential Building Construction	Papua New Guinea		Bond	0.12	1	Low Potential - Note 1
Rhodes Project Services Pty Ltd	Construction	Non-Residential Building Construction	Papua New Guinea		Bond	0.37		Low Potential - Note 1
Rhodes Project Services Pty Ltd	Construction	Non-Residential Building Construction	Papua New Guinea		Bond	0.12		Low Potential - Note 1
Rhodes Project Services Pty Ltd	Construction	Non-Residential Building Construction	Papua New Guinea		ELOC-R	0.88		Low Potential - Note 1
Rhodes Project Services Pty Ltd	Construction	Non-Residential Building Construction	Papua New Guinea		ELOC-R	1.01		Low Potential - Note 1
Rhodes Project Services Pty Ltd	Construction	Non-Residential Building Construction	Papua New Guinea		ELOC	1.61		Low Potential - Note 1
Rightcrowd Software Pty Ltd	Professional, Scientific and Technical Services	Computer System Design and Related Services	United States of America		ECL	1.40	1	Low Potential - Note 1
RJE Global Pty Ltd	Manufacturing	Other Specialised Machinery and Equipment Manufacturing	Myanmar		ECL	1.52	1	Low Potential - Note 1
Roberts Constructions Serbia Pty Limited	Construction	Non-Residential Building Construction	Serbia		Bond	11.97	1	Potential Impacts - Note 1
S & E Engineering Pty Ltd	Manufacturing	Machine Tool and Parts Manufacturing	Chile		ECL	0.78	1	Low Potential - Note 1

*Transaction was completed under Tourism limb of Section 23.

Commercial Account transactions for 1 July 2020 to 30 June 2021

Exporter/ investor/ customer	Industry of export	Goods/ services	Export destination	Integral to supply chain	Products/ Transactions	Amount (A$ million equivalent)	Number of customers	Environmental/ social impact category (a)
Seed Terminator Pty Ltd	Manufacturing	Agricultural Machinery and Equipment Manufacturing	Various		SBEL	0.35	1	Low Potential – Note 3
Shield Resources Pty Ltd	Wholesale Trade	Timber Wholesaling	Various		ELOC	0.20		Low Potential - Note 1
Shield Resources Pty Ltd	Wholesale Trade	Timber Wholesaling	Various		ELOC-R	0.80	1	Low Potential - Note 1
Silk Laundry Pty Ltd	Manufacturing	Clothing Manufacturing	Various		ELOC	0.50	1	Low Potential - Note 1
Sir The Label Pty Limited	Wholesale Trade	Clothing and Footwear Wholesaling	Various		ELOC-R	0.50	1	Low Potential - Note 1
South State Food & Beverage Pty Ltd	Wholesale Trade	Liquor and Tobacco Product Wholesaling	Singapore		SBEL	0.07	1	Low Potential – Note 3
Sun Engineering (Qld) Pty Ltd	Construction	Other Construction Services n.e.c.	Papua New Guinea		Bond	0.06		Low Potential - Note 1
Sun Engineering (Qld) Pty Ltd	Construction	Other Construction Services n.e.c.	Papua New Guinea		Bond	0.15		Low Potential - Note 1
Sun Engineering (Qld) Pty Ltd	Construction	Other Construction Services n.e.c.	Papua New Guinea		Bond	0.06		Low Potential - Note 1
Sun Engineering (Qld) Pty Ltd	Construction	Other Construction Services n.e.c.	Papua New Guinea		Bond	0.15		Low Potential - Note 1
Sun Engineering (Qld) Pty Ltd	Construction	Other Construction Services n.e.c.	Fiji		Bond	0.06	1	Low Potential - Note 1
Sun Engineering (Qld) Pty Ltd	Construction	Other Construction Services n.e.c.	Fiji		Bond	0.06		Low Potential - Note 1
Sun Engineering (Qld) Pty Ltd	Construction	Other Construction Services n.e.c.	Fiji		Bond	0.05		Low Potential - Note 1
Sun Engineering (Qld) Pty Ltd	Construction	Other Construction Services n.e.c.	Fiji		Bond	0.05		Low Potential - Note 1
Sunny Trading Group Pty Ltd	Wholesale Trade	Other Agricultural Product Wholesaling	Various		ELOC	0.13		Low Potential - Note 3
Sunny Trading Group Pty Ltd	Wholesale Trade	Other Agricultural Product Wholesaling	Viet Nam		SBEL	0.09	1	Low Potential – Note 3
The Banktech Group Pty Ltd	Professional, Scientific and Technical Services	Other Professional, Scientific and Technical Services n.e.c.	Philippines		ELOC	4.00	1	Low Potential - Note 1
The Bearded Chap Pty Ltd	Wholesale Trade	Pharmaceutical and Toiletry Goods Wholesaling	Various		SBEL	0.10	1	Low Potential – Note 3
The Critical Slide Society Pty Ltd	Wholesale Trade	Clothing and Footwear Wholesaling	Japan		SBEL	0.10	1	Low Potential – Note 1
The Wod Life Pty Ltd	Wholesale Trade	Clothing and Footwear Wholesaling	United States of America		ELOC	0.60		Low Potential - Note 1
The Wod Life Pty Ltd	Wholesale Trade	Clothing and Footwear Wholesaling	United States of America		ECL	0.63	1	Low Potential - Note 1
Theatre Safe Australia Pty Ltd ATF The Theatre Safe Australia Unit Trust	Arts and Recreation Services	Performing Arts Operation	Korea (Republic of)		SBEL	0.30	1	Low Potential - Note 3

Commercial Account transactions for 1 July 2020 to 30 June 2021

Exporter/ investor/ customer	Industry of export	Goods/ services	Export destination	Integral to supply chain	Products/ Transactions	Amount (A$ million equivalent)	Number of customers	Environmental/ social impact category (a)
Thomas Global Systems Pty Ltd.	Manufacturing	Aircraft Manufacturing and Repair Services	United States of America		ECL	1.92	1	Low Potential - Note 1
Thompson Meat Machinery Pty Limited	Manufacturing	Machine Tool and Parts Manufacturing	Various		ELOC-R	1.00	1	Low Potential - Note 1
Threebyone Pty Ltd	Manufacturing	Clothing Manufacturing	Various		ELOC-R	2.50	1	Low Potential - Note 1
Titeline Drilling Pty Ltd	Mining	Other Mining Support Services	Chile		ECL	1.30	1	Low Potential - Note 1
TNA Australia Pty Ltd	Manufacturing	Other Machinery and Equipment Manufacturing n.e.c.	Egypt		ECL	8.18	1	Category B
Torque Enterprises Pty Ltd	Mining	Other Transport Equipment Manufacturing n.e.c.	Australia	Y	ECL	1.00	1	Low Potential - Note 1
United Wool Company Pty Ltd	Wholesale Trade	Wool Wholesaling	Various		EWCG-R	2.50	1	Low Potential - Note 1
Velnah Pty Ltd as trustee for the Velnah Unit Trust	Manufacturing	Other Electrical Equipment Manufacturing	New Zealand		SBEL	0.09	1	Low Potential – Note 3
Vino Investments Pty Ltd Atf The Vino Investment Trust	Wholesale Trade	Liquor and Tobacco Product Wholesaling	United Kingdom of Great Britain and Northern Ireland		ECL	0.50	1	Low Potential - Note 1
Vix Mobility Pty Ltd	Professional, Scientific and Technical Services	Computer System Design and Related Services	United States of America		Bond	3.24	1	Low Potential - Note 1
Woodform Architectural Pty Ltd	Manufacturing	Wooden Structural Fitting and Component Manufacturing	United States of America		Bond	0.70	1	Low Potential - Note 1
Worldpoly Pty Ltd	Manufacturing	Other Machinery and Equipment Manufacturing n.e.c.	Various		ELOC-R	0.38	1	Low Potential - Note 1
Zhik Pty Ltd	Wholesale Trade	Clothing and Footwear Wholesaling	Various		ELOC	0.60	1	Low Potential - Note 1
Zonte's Footstep Pty Ltd	Manufacturing	Wine and Other Alcoholic Beverage Manufacturing	Canada		ELOC	0.30	1	Low Potential - Note 1
Total Commercial Account (to 30/06/2021)					**157**	**552.90**	**110**	

National Interest Account transactions for 1 July 2019 to 30 June 2020

Exporter/ investor/ customer	Industry of export	Goods/ services	Export destination	Integral to supply chain	Products/ Transactions	Amount (A$ million equivalent)	Number of customers	Environmental/ social impact category (a)
A.C.N. 620 988 936 PTY LTD	Wholesale Trade	Fruit and Vegetable Wholesaling	Saudi Arabia		SBEL	0.25	1	Low Potential – Note 3
Apollo Australia Pty. Limited	Retail Trade	Trailer and Other Motor Vehicle Retailing*	Australia		Loan	15.00	1	Low Potential - Note 1
Aquatic Leisure Technologies Pty Ltd as trustee for the Aqua Technics Trust	Manufacturing	Rigid and Semi-Rigid Polymer Product Manufacturing	New Zealand		SBEL	0.45	1	Low Potential - Note 1
Au Life International Pty Ltd	Wholesale Trade	Pharmaceutical and Toiletry Goods Wholesaling	Various		SBEL	0.25	1	Low Potential – Note 3
Austwine Viticulture Pty Ltd	Manufacturing	Wine and Other Alcoholic Beverage Manufacturing	Finland		ECL	2.00	1	Low Potential - Note 1
Can Ellgee Pty Ltd as trustee for Can Ellgee Trust	Construction	Other Heavy and Civil Engineering Construction	Japan		SBEL	0.25	1	Low Potential – Note 3
CBS International Trading Co. Pty Ltd	Wholesale Trade	Dairy Produce Wholesaling	China		ECL	0.75	1	Low Potential - Note 1
Creatively Squared Pty Ltd	Professional, Scientific and Technical Services	Advertising Services	Various		SBEL	0.25	1	Low Potential – Note 3
Defab Weavers Pty Limited	Manufacturing	Natural Textile Manufacturing	New Zealand		SBEL	0.30	1	Low Potential – Note 3
Down Under Enterprises International Pty Ltd ATF The Little Blue Cottage Trust	Wholesale Trade	Pharmaceutical and Toiletry Goods Wholesaling	Various		SBEL	0.25	1	Low Potential – Note 3
Envorinex Pty Ltd	Manufacturing	Rigid and Semi-Rigid Polymer Product Manufacturing	Various		SBEL	0.33	1	Low Potential – Note 3
Fotomerchant Holdings Pty Ltd	Information Media and Telecommunications	Data Processing and Web Hosting Services	Various		SBEL	0.25	1	Low Potential – Note 3
Global Travel Xperts Pty Ltd	Administrative and Support Services	Tourism	Various		SBEL	0.25	1	Low Potential – Note 3
Harvest Box Pty Ltd	Manufacturing	Other Food Product Manufacturing n.e.c.	Various		ELOC	0.50	1	Low Potential - Note 1
Illusionist Holdings Pty Ltd ATF Illusionist Trust	Professional, Scientific and Technical Services	Management Advice and Related Consulting Services	Various		SBEL	0.25	1	Low Potential – Note 3
Imperium Tourism Holdings Pty Ltd	Accommodation and Food Services	Accommodation*	Australia		Loan	6.50	1	Low Potential - Note 1
Intrepid Group Limited	Administrative and Support Services	Travel Agency and Tour Arrangement Services*	Australia		Loan	30.00	1	Low Potential - Note 1
Key 2 Learning Pty Ltd	Education and Training	Technical and Vocational Education and Training	Various		SBEL	0.25	1	Low Potential – Note 3
Kramer Ausenco (Pacific) Pty Ltd	Professional, Scientific and Technical Services	Engineering Design and Engineering Consulting Services	Papua New Guinea		ECL	0.50	1	Low Potential - Note 1
Nicholas The Label Pty Ltd	Manufacturing	Clothing Manufacturing	Various		ECL	1.00	1	Low Potential - Note 1

*Transaction was completed under Tourism limb of Section 23.

National Interest Account transactions for 1 July 2019 to 30 June 2020

Exporter/ investor/ customer	Industry of export	Goods/ services	Export destination	Integral to supply chain	Products/ Transactions	Amount (A$ million equivalent)	Number of customers	Environmental/ social impact category (a)
Ocean Dynamics Pty Ltd	Arts and Recreation Services	Tourism	Australia		ECL	0.50	1	Low Potential - Note 1
Palm Investment Holdings Pty Ltd	Transport, Postal and Warehousing	Tourism	Australia		ECL	4.70	1	Low Potential - Note 1
Point Duty Pty Ltd	Professional, Scientific and Technical Services	Other Professional, Scientific and Technical Services n.e.c.	Various		ECL	2.20	1	Low Potential - Note 1
Praline Holdings Pty Ltd	Manufacturing	Confectionery Manufacturing	Various		SBEL	0.25	1	Low Potential – Note 3
The Hanging Rock Winery Pty Ltd	Manufacturing	Wine and Other Alcoholic Beverage Manufacturing	China		SBEL	0.35	1	Low Potential – Note 3
Union Institute of Language - Springfield Campus Pty Ltd	Education and Training	Technical and Vocational Education and Training	Japan		ECL	0.80	1	Low Potential - Note 1
Victory Aluminium Pty Ltd	Wholesale Trade	Metal and Mineral Wholesaling	Kenya		ECL	4.32	1	Low Potential - Note 1
Airports Fiji PTE Limited	Transport, Postal and Warehousing	Airport Operations and Other Air Transport Support Services	Fiji		EFG	61.68		Low Potential - Note 1
Airports Fiji PTE Limited	Transport, Postal and Warehousing	Airport Operations and Other Air Transport Support Services	Fiji		Loan	6.42	1	Low Potential - Note 1
Belau Submarine Cable Corporation	Information Media and Telecommunications	Other Telecommunications Services	Palau		Loan	2.27	1	Category C
Belau Submarine Cable Corporation	Information Media and Telecommunications	Other Telecommunications Services	Palau		Loan	9.21		Category C
Solomon Islands Electricity Authority	Electricity, Gas, Water and Waste Services	Electricity Transmission	Solomon Islands		Loan	13.80	1	Category B
Total National Interest Account (to 30/06/2021)					**32**	**166.07**	**30**	

As at 30 June 2021, on the CA the weighted average margin on all facilities signed during the year was around 5.3%, with a weighted average tenor of 6 years. Export Finance Australia confirms that each of the transactions in this table of facilities complies with our Ministerial Statement of Expectations

EWCG: Export Working Capital Guarantee

EWCG-R: Export Working Capital Guarantee Renewal

ELOC: Export Line of Credit

ELOC-R: Export Line of Credit Renewal

SBEL: Small Business Export Loan

EFG: Export Finance Guarantee

RPA: Risk Participation Agreement

ECL: Export Contract Loan

DCG: Documentary Credit Guarantee

(a) These notes refer to Export Finance Australia's Procedure for environmental and social review of transactions that is available on Export Finance Australia's website under "Our Organisation - Our Corporate Responsibility - Transactions - Environmental and Social Review Procedure". This Procedure applies to all transactions that Export Finance Australia assesses after commencing its credit assessment and due diligence processes, other than military equipment transactions.

Note 1 Transaction associated with either a non-project or a bond. This association determines the way that Export Finance Australia considers the potential environmental and social impacts of the transaction. Further details are available in section 2.3 of the above Procedure.

Note 2 This type of product was assessed and found to always have a low or no potential for significant environmental and social impact.

Note 3 Assessed under a screen to identify which transactions require a detailed environmental and social review.

ME Denotes military equipment transaction.

Ten-year summary

Commercial Account

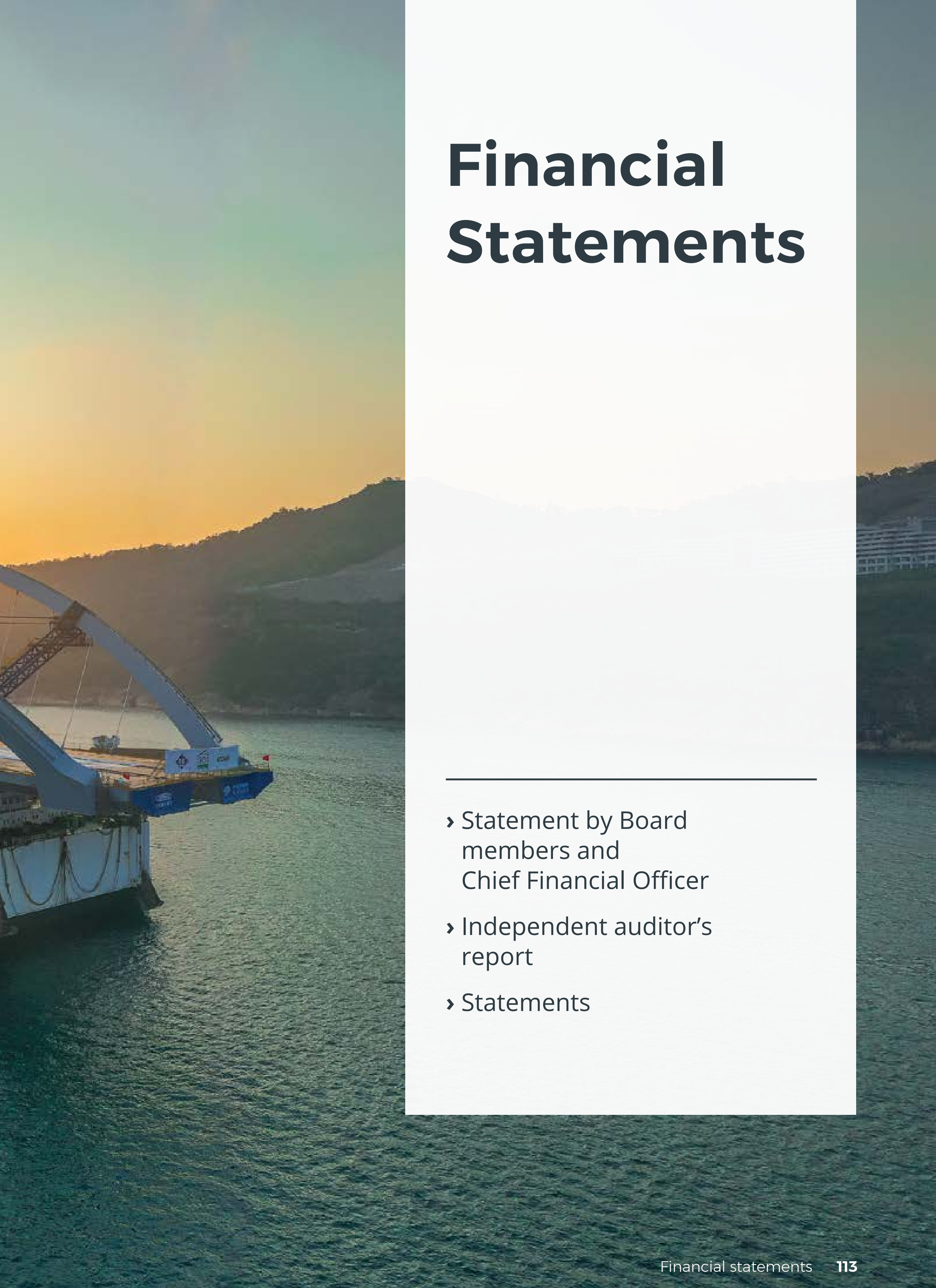
Years ended 30 June ($m):

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Signings	553	411	378	194	396	390	179	577	514	990
Export contracts and overseas investments supported	2,576	1,780	2,289	1,394	996	1,475	823	2,138	2,075	4,278
Net interest income	17.9	20.4	24.7	22.0	22.5	24.6	26.5	22.6	32.8	38.1
Net premiums and fees	23.3	20.8	42.8	29.6	24.1	26.7	26.4	27.2	14.4	16.5
Fair value other financial instruments	(1.9)	3.1	0.7	(0.9)	0.0	0.1	(0.2)	(2.0)	(3.0)	(4.1)
Foreign exchange profit/(loss)	4.4	(2.2)	(2.9)	(1.4)	1.9	(1.6)	(5.4)	0.2	0.6	0.0
Debt Neutrality Charge	(1.5)	(1.0)	(1.1)	(1.0)	(1.1)	(0.9)	0.0	0.0	0.0	0.0
Other income	3.1	3.8	3.8	3.2	2.9	2.6	2.5	4.1	4.7	3.1
Operating income	45.3	44.9	68.0	51.5	50.3	51.5	49.8	52.1	49.5	53.6
Operating expenses	(27.6)	(28.1)	(29.3)	(29.0)	(32.4)	(34.0)	(31.5)	(27.9)	(26.9)	(26.7)
State-tax equivalent charges	(1.5)	(1.4)	(1.3)	(1.2)	(1.3)	(1.2)	0.0	0.0	0.0	0.0
(Charge) / credit for sundry allowances	0.0	0.6	(0.6)	0.0	0.0	0.1	(0.1)	0.0	0.0	0.1
Profit / (loss) from the discontinued credit insurance business	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	(0.2)
Profit before tax equivalent	16.2	16.0	36.8	21.3	16.6	16.5	18.2	24.2	22.6	26.8
Income tax-equivalent charge	(4.9)	(4.8)	(11.0)	(6.4)	(5.0)	(5.0)	0.0	0.0	0.0	0.0
Operating profit for Export Finance Australia	11.3	11.2	25.8	14.91	11.6	11.5	18.2	24.2	22.6	26.8
Dividend (paid in subsequent years)	Not Decided	(5.6)	(12.9)	(7.4)1	(5.8)	(5.8)	(13.6)	(18.2)	(11.3)	(26.8)
Dividend payout ratio	Not Decided	50%	50%	50%	50%	50%	75%	75%	50%	100%
Special dividend / Capital injection	0.0	0.0	0.0	0.0	0.0	0.0	200.0	0	(200.0)	0
Equity	542.8	537.1	539.3	459.3	451.3	444.8	436.8	225.9	216.3	418.1
Return on average equity (% pa) before tax equivalent	3%	3%	7%	5%	4%	4%	5%	11%	7%	6%
Capital adequacy ratio including callable capital	57.5%	61.6%	60.2%	25.0%	25.2%	26.1%	30.5%	22.5%	21.2%	31.0%
Face value of Commercial Account client facilities outstanding (before provisions)										
Loans	1,178	1,119	1,069	910	813	868	878	594	535	458
Funded EFGs	12	24	34	51	72	99	117	123	149	101
Guarantees and other off-balance-sheet exposures	274	283	413	431	420	436	438	663	654	513
Exposures reinsured	203	355	562	640	634	673	601	478	362	327
Rescheduled debts	1	1	1	1	1	3	8	13	16	20
Total Commercial Account facilities	1,668	1,782	2,079	2,033	1,940	2,079	2,042	1,871	1,716	1,419

National Interest Account

Years ended 30 June ($m):

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Signings	166	675	10	0	49	0	0	0	0	13
Export contracts and overseas investments supported	148	670	261	0	2,667	0	0	0	0	240
Net interest income (including grant amortised)	(0.1)	0.3	0.5	0.7	0.9	1.4	1.8	2.1	2.1	1.2
Net premiums and fees	14.7	13.3	11.8	12.7	13.9	14.4	12.2	9.8	7.7	5.3
Total revenue	2.6	13.6	12.3	13.4	14.8	15.8	14.0	11.9	9.8	6.5
Operating expenses	(4.5)	(3.7)	(1.4)	(1.4)	(1.4)	(1.2)	(1.0)	(1.6)	(2.2)	(1.4)
Foreign exchange profit/(loss)	0.2	0.4	(0.1)	0.0	(0.1)	(0.1)	(0.3)	(0.2)	(0.1)	(0.2)
(Charge) / credit for specific provisions	2.7	0.3	0.2	0.2	(7.5)	(19.7)	(14.3)	(9.6)	(8.3)	(8.1)
Profit/ (loss) from the discontinued credit insurance business	17.5	21.9	23.1	20.1	19.9	19.4	17.6	15.5	14.8	19.8
Operating profit attributable to the Commonwealth	30.5	32.5	34.1	32.3	25.7	14.2	16.0	16.0	14.0	16.6
Face value of National Interest Account client facilities outstanding (before provisions)										
Loans	398	842	366	431	527	596	665	624	670	590
Guarantees and other off-balance-sheet exposures	0	5	8	10	10	11	12	11	11	6
Exposures reinsured	0	0	0	0	0	0	0	0	5	10
Rescheduled debts	116	145	160	169	179	215	238	232	72	87
Total National Interest facilities	514	992	534	610	716	822	915	867	758	693



Financial Statements

- Statement by Board members and Chief Financial Officer
- Independent auditor's report
- Statements

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Statement by Board Members and Chief Financial Officer

In the opinion of the members of the Board and the Chief Financial Officer of Export Finance Australia:

(a) the accompanying financial statements are drawn up to give a true and fair view of the performance of Export Finance Australia for the year ended 30 June 2021 and the financial position of Export Finance Australia at 30 June 2021

(b) the financial statements for the year ended 30 June 2021 comply with subsection 42(2) of the PGPA Act

(c) the financial statements have been prepared in accordance with Australian Accounting Standards

(d) the financial statements have been prepared based on properly maintained financial records

(e) there are reasonable grounds to believe that Export Finance Australia will be able to pay its debts as and when they become due and payable.

Under section 62 of the EFIC Act, the Commonwealth guarantees the due payment by Export Finance Australia of any money payable by Export Finance Australia to third parties.

Signed in accordance with a resolution of the Board.

James M Millar AM
Chair
26 August 2021

Sonia Kammel

Sonia Kammel
Chief Financial Officer
26 August 2021

Swati Dave

Swati Dave
Managing Director & CEO
26 August 2021

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT

To Minister for Trade, Tourism and Investment

Opinion

In my opinion, the financial statements of Export Finance Australia (the Entity) for the year ended 30 June 2021:

(a) comply with Australian Accounting Standards and the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015; and

(b) present fairly the financial position of the Entity as at 30 June 2021 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2021 and for the year then ended:

- Statement by the Board Members and Chief Financial Officer;
- Statement of Profit or Loss and Other Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Board is responsible under the Public Governance, Performance and Accountability Act 2013 (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under the Act. The Board is also responsible for such internal control as they determine is necessary to enable the preparation that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the ability of the Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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Phone (02) 6203 7300

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office

Rahul Tejani

Executive Director

Delegate of the Auditor-General

Canberra

27 August 2021

Statement of profit or loss and other comprehensive income

for the year ended 30 June 2021

		Commercial Account		National Interest Account	
	Note	**30 June 2021 $ m**	30 June 2020 $ m	**30 June 2021 $ m**	30 June 2020 $ m
Interest income	3(i)	**54.4**	131.5	**-**	-
Other interest income	3(ii)	**9.4**	20.5	**5.6**	15.8
Interest expense	3(iii)	**(47.4)**	(132.6)	**(5.7)**	(15.5)
Net interest income		**16.4**	19.4	**(0.1)**	0.3
Fair value movement of third-party loans and guarantees	3(iv)	**23.3**	20.8	**-**	-
Fair value movement of other financial instruments	3(v)	**(1.9)**	3.1	**-**	-
Unrealised foreign exchange gain/(loss)		**4.4**	(2.2)	**0.2**	0.4
Other revenue	3(vi)	**3.1**	3.8	**32.2**	35.2
Operating income		**45.3**	44.9	**32.3**	35.9
Operating expenses	3(vii)	**(27.6)**	(28.1)	**(4.5)**	(3.7)
Impairment expenses	3(viii)	**-**	0.6	**(12.0)**	-
State tax equivalent charges	3(ix)	**(1.5)**	(1.4)	**-**	-
Net operating income		**16.2**	16.0	**15.8**	32.2
Specific provision	3(x)	**-**	-	**14.7**	-
Net rescheduled loans and debt forgiveness	3(xi)	**-**	-	**-**	0.3
Profit before tax equivalent		**16.2**	16.0	**30.5**	32.5
Income tax equivalent charge		**(4.9)**	(4.8)	**-**	-
Profit from ordinary activities		**11.3**	11.2	**30.5**	32.5
National Interest Account attributable directly to the Commonwealth		**-**	-	**(30.5)**	(32.5)
Net profit available to the Commonwealth		**11.3**	11.2	**-**	-
Other comprehensive income					
Items not subject to subsequent reclassification to profit or loss:					
Gain on revaluation of land and buildings	10	**-**	-	**-**	-
Total other comprehensive (loss)/income for the period		**-**	-	**-**	-
Total comprehensive income for the period available to the Commonwealth		**11.3**	11.2	**-**	-

The accompanying notes form an integral part of the financial statements.

Statement of financial position

as at 30 June 2021

		Commercial Account		National Interest Account	
	Note	**30 June 2021 $ m**	30 June 2020 $ m	**30 June 2021 $ m**	30 June 2020 $ m
Assets					
Cash and liquid assets	1(i)	**12.6**	9.5	**-**	-
Receivables from other financial institutions	4, 1(j)	**137.5**	324.6	**-**	-
Investment securities at amortised cost	6, 1(k)	**856.0**	738.1	**-**	-
Loans and receivables at amortised cost	7, 1(l)	**-**	-	**398.6**	837.8
Loans and receivables designated at fair value through profit or loss	8, 1(m)	**1,226.9**	1,248.4	**-**	-
Loans to National Interest Account designated at fair value through profit or loss	1(n)	**390.2**	841.4	**-**	-
Derivative financial assets	9, 1(o)	**66.5**	48.5	**-**	-
Property, plant and equipment	10, 1(p)	**108.8**	111.9	**-**	-
Other assets	11	**18.3**	18.0	**6.3**	13.2
Total assets		**2,816.8**	3,340.4	**404.9**	851.0
Liabilities					
Payables to other financial institutions	12, 1(q)	**-**	5.3	**-**	-
Amounts payable to the Commonwealth	5	**-**	-	**15.5**	13.1
Borrowings from Commercial Account at amortised cost	24, 1(r)	**-**	-	**389.2**	832.3
Borrowings designated at fair value through profit or loss	13, 1(s)	**2,105.7**	2,386.9	**-**	-
Guarantees designated at fair value through profit or loss	14, 1(t)	**4.8**	5.6	**-**	-
Derivative financial liabilities	9, 1(o)	**96.6**	350.9	**-**	-
Sundry provisions and allowances	15	**15.2**	13.4	**-**	-
Other liabilities	16	**51.7**	41.2	**0.2**	5.6
Total liabilities		**2,274.0**	2,803.3	**404.9**	851.0
Net assets		**542.8**	537.1	**-**	-
Equity					
Contributed equity		**206.0**	206.0	**-**	-
Reserves		**190.5**	190.5	**-**	-
Retained profits		**146.3**	140.6	**-**	-
Total equity		**542.8**	537.1	**-**	-

The accompanying notes form an integral part of the financial statements.

Statement of changes in equity

for the year ended 30 June 2021

Commercial Account	Retained Profits $ m	Asset Revaluation Reserves $ m	Cash Flow Hedge Reserve (Note 18) $ m	Other Reserves $ m	Contributed Equity $ m	Total Equity $ m
Opening balance as at 30 June 2020	**140.6**	**124.3**	**-**	**66.2**	**206.0**	**537.1**
Comprehensive income						
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**
Profit for the period	**11.3**	**-**	**-**	**-**	**-**	**11.3**
Total comprehensive income	**11.3**	**-**	**-**	**-**	**-**	**11.3**
Transactions with the Commonwealth						
Dividends paid	**(5.6)**	**-**	**-**	**-**	**-**	**(5.6)**
Closing balance available to the Commonwealth 30 June 2021	**146.3**	**124.3**	**-**	**66.2**	**206.0**	**542.8**
Opening balance as at 30 June 2019	142.8	124.3	-	66.2	206.0	539.3
Comprehensive income						
Other comprehensive income	-	-	-	-	-	-
Profit for the period	11.2	-	-	-	-	11.2
Total comprehensive income	11.2	-	-	-	-	11.2
Transactions with the Commonwealth						
Dividends paid	(13.4)	-	-	-	-	(13.4)
Closing balance available to the Commonwealth 30 June 2020	140.6	124.3	-	66.2	206.0	537.1

The accompanying notes form an integral part of the financial statements.

The previous tables are for the CA only as the NIA holds no equity.

Contributed equity comprises of $6 million of capital advanced by the Commonwealth in November 1991 and an equity injection of $200 million paid in July 2014 that restored the capital base following a $200 million special dividend paid in June 2013.

In addition to the contributed equity, section 54 of the EFIC Act provides for $1.2 billion of callable capital from the Commonwealth, which to date has never been called.

Other reserves of $66.2 million represent other net assets transferred from the Australian Trade Commission on 1 November 1991.

As agreed with the Minister, Export Finance Australia paid a dividend for the year ended 30 June 2020 based on the recommendation from the Board that 50% of the 2019–20 profit be paid as a dividend, and accordingly a dividend of $5.6 million was paid in December 2020.

Cash flow statement

for the year ended 30 June 2021

		Commercial Account		National Interest Account	
	Note	**30 June 2021 $ m**	30 June 2020 $ m	**30 June 2021 $ m**	30 June 2020 $ m
Cash flows from operating activities					
Inflows:					
Premium and fees received*		**44.1**	48.3	**15.3**	13.8
Interest received		**70.5**	139.4	**10.4**	9.9
Insurance claim recoveries		**0.1**	0.1	**19.4**	22.6
Sundry income*		**3.2**	4.0	**-**	-
Net repayments/(disbursements) of loans		**289.7**	(373.3)	**383.0**	(475.4)
Net decrease/(increase) in other debtors and prepayments		**13.9**	14.4	**-**	-
Rescheduled debt repayments		**-**	-	**-**	0.3
Net increase/(decrease) in payables to the Commonwealth		**-**	-	**(0.1)**	0.1
Outflows:					
Premiums paid to reinsurers (net of commissions)		**(2.7)**	(5.1)	**-**	-
Interest and other costs of finance paid		**(51.3)**	(129.6)	**(10.9)**	(11.2)
Guarantees called/ loans written off and associated costs		**-**	-	**-**	-
Payments to creditors and employees*		**(30.1)**	(28.9)	**-**	-
Net cash from/(used by) operating activities	24	**337.4**	(330.7)	**417.1**	(439.9)
Cash flows from investing activities					
Inflows:					
Proceeds from investment securities		**713.9**	993.3	**-**	-
Proceeds from property, plant and equipment		**-**	0.1	**-**	-
Outflows:					
Payments for investment securities		**(831.9)**	(767.8)	**-**	-
Payments for property, plant and equipment		**(0.5)**	(1.1)	**-**	-
Net cash from/(used by) investing activities		**(118.5)**	224.5	**-**	-

* Grossed up for Goods and Services Tax.

	Note	Commercial Account		National Interest Account	
		30 June 2021 $ m	30 June 2020 $ m	**30 June 2021 $ m**	30 June 2020 $ m
Cash flows from financing activities					
Inflows:					
Receipts from the Commonwealth		**-**	-	**7.0**	2.5
Receipts from National Interest Account		**5.3**	2.5	**-**	-
Receipts from other Commonwealth entities		**2.3**	1.5	**-**	-
Outflows:					
Net proceeds/(repayments) of payables to other financial institutions	24	**(4.8)**	(4.6)	**-**	-
Net proceeds/(repayments) of other borrowings	24	**(141.5)**	(26.6)	**(383.7)**	476.9
Net proceeds/(repayments) of derivatives	24	**(218.3)**	50.5	**-**	-
Dividend payments to the Commonwealth		**(5.6)**	(13.4)	**-**	-
Other payments to the Commonwealth		**(7.2)**	(13.9)	**(35.1)**	(37.0)
Payments to Commercial Account		**-**	-	**(5.3)**	(2.5)
Net cash from/(used by) financing activities		**(369.8)**	(4.0)	**(417.1)**	439.9
Net increase/(decrease) in cash equivalents held		**(150.9)**	(110.2)	**-**	-
Cash equivalents at beginning of financial year		**334.1**	467.2	**-**	-
Net effects of exchange rate changes on cash equivalent balances held in foreign currencies		**(33.1)**	(22.9)	**-**	-
Cash equivalents at end of financial year	23	**150.1**	334.1	**-**	-

The accompanying notes form an integral part of the financial statements.

Notes to and forming part of the financial statements

for the year ended 30 June 2021

Note 1: Summary of significant accounting policies

Export Finance Australia (formerly known as the Export Finance and Insurance Corporation or Efic) is the Australian Government's ECA. We were established under the EFIC Act and are defined as a corporate Commonwealth entity under PGPA Act. Export Finance Australia is part of the DFAT portfolio of agencies, and reports to the Minister for Trade, Tourism and Investment (the Minister).

In recent years, the Government has enhanced our mandate to enable us to support a wider range of exporters, assist other government entities, and finance overseas infrastructure development.

These changes have complemented and enhanced our core export-focused mandate and enable us to use our specialist financing capabilities to support broader government policy initiatives.

We are a corporate Commonwealth entity with an independent Board that is responsible for managing the affairs of Export Finance Australia. This includes determining strategy, defining risk appetite and monitoring performance.

The continued existence of Export Finance Australia in its present form is dependent on Government policy.

(a) Basis of preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 42 of the PGPA Act.

The financial statements have been prepared in accordance with:

- the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that apply for the reporting period; and
- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR).

The financial statements are presented in Australian dollars and amounts are rounded to the nearest $0.1 million unless otherwise stated.

Export Finance Australia operates two separate accounts; (i) the CA and (ii) the NIA. The results of these accounts are reported separately in the financial statements.

(i) Business undertaken on the Commercial Account

The majority of financial assets and liabilities on the CA are measured at fair value due to the way derivatives are used to hedge risk. Changes in fair value are taken through profit or loss. Some assets and liabilities, however, are measured at amortised cost. Typically, these transaction either qualify for hedge accounting, are receivables from other financial institutions, are investments in securities, or the transactions are short term and derivatives are not used to hedge the risk.

The CA operates on a for-profit basis and bears all the risks for those business activities undertaken under Part 4 of the EFIC Act.

(ii) Business undertaken on the National Interest Account

All financial assets and liabilities on the NIA are measured at amortised cost. Derivative financial instruments (e.g. swaps, foreign exchange contracts or borrowings with embedded derivatives) are not entered into on the NIA.

The NIA operates on an approval or direction from the Minister enabling Export Finance Australia to undertake business activities under Part 5 of the EFIC Act, which the Minister considers to be in the 'national interest'. Such activities may relate to a class of business, which Export Finance Australia is not authorised to undertake, or involve terms and conditions Export Finance Australia would not accept in the normal course of business. Where the Minister directs Export Finance Australia to undertake a business activity under Part 5 of the EFIC Act, the credit risk is borne by the Commonwealth. The funding risk, however, is borne by the CA. The CA is compensated for this funding risk by retaining the difference between the actual borrowing rate and an agreed benchmark rate for funding loans on the NIA. Premium or other income derived from the business activity on the NIA is paid to the Commonwealth.

The CA recovers from the Commonwealth, the costs of administering business undertaken under Part 5 and any losses incurred in respect of such business.

The EFIC Act also allows the CA to share part of a NIA business activity. In such cases, income and expenses are apportioned between the two accounts in accordance with the risk participation.

(b) New Australian Accounting Standards (AAS)

Consistent with government policy, no accounting standard has been adopted earlier than the application date as stated in the standard. There has been no new standards that have an application date for this financial year that affect the financial statements.

Export Finance Australia uses LIBOR-based prices in several customer, borrowing, investment and derivative arrangements. Export Finance Australia closely matches its LIBOR-based assets and liabilities to lock in margins. Accordingly, changes in LIBOR should have minimal impact on margin. Export Finance Australia is closely monitoring technical and regulatory developments offshore affecting the replacement of LIBOR and expects to adopt the market consensus as it emerges. The interest rate benchmark reform will change the basis for determing the contractual cash flows for financial assets and liabilities.

(c) Recognition of income and expenses

CA income and expense is recognised in the financial statements at fair value by applying market rates and using a discounted cash flow valuation. All future income and expense to be received or paid are estimated based on actual disbursements and receipts or the best estimate of future disbursements and receipts. The future cash flows are discounted to their present value. For transactions at amortised cost, the income or expense is taken through the profit or loss using the effective interest method.

NIA income and expense is at amortised cost, and recognised in the financial statements as earned or incurred from the date of attachment of risk and taken through the profit or loss using the effective interest method.

(d) Operating segments

Export Finance Australia operates its specialist financing activities through a single business segment – Export and Infrastructure Finance. Export Finance includes support for SME customers as well as larger corporate and sovereign customers by providing them with loans, bonds, guarantees and insurance products.

Notes to and forming part of the financial statements

for the year ended 30 June 2021

Note 1: Summary of significant accounting policies (cont.)

(e) Unamortised grants income on the National Interest Account

Unamortised grants income is comprised of funds previously provided from the Commonwealth's overseas aid appropriations. The Commonwealth provided overseas aid funds under a mixed credit scheme to assist developing countries to undertake high-priority public sector projects. The mixed credit grant, which is administered by Export Finance Australia on the NIA, was blended with funding at commercial rates under Export Finance Australia's export finance facility to provide a 'soft loan' package to finance the project in the developing country and is known as the Development Import Finance Facility.

The mixed credit grant is amortised over the life of the loan to cover the difference between Export Finance Australia's commercial borrowing costs and the concessional interest income earned on the loan using the effective interest method. The unamortised balance is included in the Statement of Financial Position of the NIA as an offset to loan assets.

The Commonwealth discontinued the mixed credit scheme in 1996. The balances outstanding on these loans are shown in Note 7.

(f) Foreign currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables at reporting date are translated at exchange rates prevailing at reporting date.

All exchange gains and losses are brought to account in determining profit or loss for the year.

The principal exchange rates affecting the statement of financial position are the US dollar and the euro. The relevant exchange rates used are:

	2021	2020
Average rates during year		
US$ / A$	**0.7466**	0.6716
Euro / A$	**0.6259**	0.60718
Rates at 30 June		
US$ / A$	**0.7510**	0.6860
Euro / A$	**0.6312**	0.6105

(g) Taxation

Under section 63 of the EFIC Act, Export Finance Australia is not subject to income tax and a number of other taxes. Under section 63A, Export Finance Australia is subject to tax-equivalent payments under competitive neutrality arrangements as outlined below.

Export Finance Australia is also subject to Goods and Services Tax (GST) and Fringe Benefits Tax (FBT). Revenues, expenses and assets are recognised net of the amount of GST, except:

- where the amount of GST incurred is not recoverable as an input tax credit from the Australian Taxation Office, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- the net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of the receivables, payables or commitments.

(h) Competitive neutrality

The competitive neutrality arrangements impose a mandatory obligation on Export Finance Australia to pay amounts as determined by the Minister each financial year.

Under section 61A of the EFIC Act, a direction dated 18 June 2015 by the Minister requires Export Finance Australia to pay a debt neutrality charge to the Commonwealth that consists of:

- a payment of 10 basis points on Export Finance Australia's cost of borrowing, which applies to all new borrowings and to existing debt that is rolled over or refinanced.
- On 31 January 2020, the Minister advised Export Finance Australia that the debt neutrality charge would no longer apply to new borrowings on the NIA. The charge now applies to new borrowings on the CA and all existing CA debt that is rolled over or refinanced.

Under section 63A of the EFIC Act, a direction dated 18 June 2015 by the Minister requires Export Finance Australia to pay a tax-equivalent payment to the Commonwealth that consists of:

- a payment in lieu of Commonwealth income tax at 30% of accounting profits, and realised capital gains
- a payment in lieu of New South Wales payroll tax calculated at 4.85% above the relevant threshold
- a payment in lieu of New South Wales land tax calculated at 2% above the relevant threshold.

(i) Cash and liquid assets

Cash and liquid assets include cash on hand and bank account balances. Cash is recognised at its nominal amount as this is considered fair value.

(j) Receivables from other financial institutions

Receivables from other financial institutions include overnight deposits and short-term fixed deposits with banks and other financial institutions. These are measured at amortised cost using the effective interest method, which is equivalent to fair value.

(k) Investment securities at amortised cost

The reason for holding investments is to collect the contractual cash flows that are 'solely payments of principal and interest on the principal amount outstanding'. Export Finance Australia's business model is to hold these financial assets until maturity. Investments may be sold due to credit quality issues and in limited cases for cash requirements. They are short-term, medium-term and long-term government, bank and other debt securities and include bonds, bills of exchange, commercial paper and certificates of deposit. Interest income is taken up using the effective interest method. They are carried at amortised cost.

Notes to and forming part of the financial statements

for the year ended 30 June 2021

Note 1: Summary of significant accounting policies (cont.)

(l) Loans and receivables at amortised cost

On the CA, transactions that are recorded at amortised cost are floating rate loans and short-term loans. These transactions are physically hedged and derivatives are not used to hedge the risk. As such the amortised value approximates their fair value. Loans measured at amortised cost are evaluated for impairment using an expected credit loss model.

On the NIA, export finance loans and rescheduled credit insurance debts are carried at amortised cost. The recoverable amount is represented by the gross value of the outstanding balances, adjusted by expected credit loss, specific provisions for impairment, deferred income, unearned premium and unamortised grants (see Note 1(e)). Unearned premiums and deferred income received in cash at the start of the loan are brought to income on an effective yield basis over the life of the loan by reducing the carrying amount. Interest income is recognised using the effective interest method. A loan or receivable is recognised as impaired when it is likely that the debt will not be recovered in full. In this instance a specific provision will be created for the impairment.

Historically, there was no expected credit loss on the NIA as the Commonwealth fully reimburses Export Finance Australia for any losses. However, as a result of the addition of the COVID-19 Facility, which changed the risk profile of the NIA, an expected credit loss is now recognised for NIA exposures.

(m) Loans and receivables designated at fair value through profit or loss

Export finance loans and rescheduled credit insurance debts held on the CA are designated at fair value through profit or loss. They are designated at fair value as this designation significantly reduces the accounting mismatch that would otherwise arise from measuring the asset on a different basis from derivatives that have been entered into to hedge the transactions. Interest income through profit or loss is recorded using the effective interest method, which forms part of the fair value calculation. Movement in fair value for premium, reinsurance, residual margin, interest income and credit risk is recorded separately through profit or loss. For more detail on the fair value calculation, refer to Note 19.

(n) Loans to National Interest Account designated at fair value through profit or loss

The CA funds the loans on the NIA and this funding is recorded in the CA at fair value through profit or loss. For more detail, on the fair value calculation, refer to Note 19.

(o) Derivative financial instruments

Export Finance Australia uses derivative financial instruments on the CA to manage exposures to interest rate and foreign exchange risk. These include foreign exchange contracts, interest rate and cross-currency swaps, and forward rate agreements. Derivatives are initially recognised at fair value on the date a derivative is entered into and are subsequently remeasured to their fair value at each reporting date. Derivatives are carried as assets when their fair value is positive (in the money) and as liabilities when their fair value is negative (out of the money). Any gains and losses arising from changes in the fair value of derivatives, except those that qualify for hedge accounting, are taken through profit or loss. For more details on the fair value calculation, refer to Note 19.

(p) Property, plant and equipment

Property, plant and equipment are revalued periodically to fair value to ensure that the carrying amounts of assets do not differ materially from the assets fair value at the reporting date.

The valuation of property, comprising land and buildings, is made by an independent registered valuer based on the net present value of future income expected to be generated from the land and buildings.

The valuation of plant and equipment is based on internal assessment by management to ensure that the carrying amounts do not differ materially from their fair value.

Revaluation increments are credited directly to the asset revaluation reserve and any subsequent decreases are written back against the asset revaluation reserve. On revaluation, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Property, plant and equipment, other than freehold land, is depreciated over their estimated useful economic lives using the straight-line method.

Depreciation rates used are as follows:

- building 3.0% pa
- computer equipment 33.3% pa
- other plant and equipment 10.0-22.5% pa

The profit or loss on disposal of property, plant and equipment is taken into account in determining the result for the year.

(q) Payables to other financial institutions

Payables to other financial institutions are short-term borrowings with banks and other financial institutions and are measured using the effective interest method as this would be equivalent to their fair value.

(r) Borrowings from Commercial Account

The NIA loans are funded from the CA at an agreed benchmark rate and these borrowings are recorded in the NIA at an amount equal to the net proceeds received. Interest expense is recognised using the effective interest method.

(s) Borrowings designated at fair value through profit or loss

Commercial paper, medium-term notes, bonds and structured bonds (which may have embedded derivatives) are designated at fair value through profit or loss. They are designated at fair value as this designation significantly reduces the accounting mismatch that would arise from measuring the liability on a different basis from derivatives that have been entered into to hedge the transactions. Interest expense in the profit or loss is recorded using the effective interest method, which forms part of the fair value calculation. The movement in fair value is recorded separately through profit or loss. For more details on the fair value calculation, refer to Note 19.

Notes to and forming part of the financial statements

for the year ended 30 June 2021

Note 1: Summary of significant accounting policies (cont.)

(t) Guarantees designated at fair value through profit or loss

Guarantees, medium-term insurance, bonds and political risk insurance transactions are regarded as financial instruments under accounting standards. These are designated at fair value through profit or loss at inception. Subsequently, they are carried at their fair value with any movements transferred through profit or loss. For more details on the fair value calculation, refer to Note 19.

(u) Employee entitlements

Provisions for annual leave and long service leave have been established to provide for amounts expected to be paid to employees based on their entitlements. Where applicable, the entitlements take into account prior government service.

The provision for annual leave is based on the value of actual entitlements at reporting date. Long service leave is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date and discounted using appropriate market yields at reporting date.

Export Finance Australia makes contributions to the Commonwealth Superannuation Scheme (CSS) and Public Sector Superannuation Scheme (PSS) and its obligation is limited to a required annual contribution as determined by the actuaries of the superannuation plans administered by the Commonwealth. Accordingly, the plans are accounted for as defined contribution plans. The liability for defined benefits are recognised in the financial statements of the Australian Government and are settled by the Australian Government in due course.

Export Finance Australia employees can also be members of superannuation funds held outside the Australian Government. Export Finance Australia makes employer contributions to these funds as per the superannuation guarantee contribution rate. The liability for superannuation recognised as at 30 June represents outstanding contributions.

(v) Sundry creditors

Creditors and other liabilities are recognised when Export Finance Australia becomes obliged to make future payments resulting from the purchase of goods or services.

(w) Cash flows

For the purpose of the cash flow statement, cash equivalents includes cash on hand and at bank, and deposits with financial institutions, to maintain liquidity.

(x) Contingencies and commitments - assets and liabilities

Where, as a result of past events, there is a possible asset or liability whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Export Finance Australia, this will be disclosed as a contingent asset or contingent liability. When the inflow of economic benefits is probable, but not virtually certain, a contingent asset is recognised. When the outflow of economic benefits is probable, a contingent liability is recognised.

Commitments to provide financial facilities are contractually based. For loans and funded guarantees, Export Finance Australia has committed to lend a fixed amount and any undrawn amounts under these facilities are shown as commitments. For guarantees and bonds, Export Finance Australia has committed to cover a fixed exposure and any undrawn amounts under these facilities are shown as commitments.

(y) Events after the reporting period

There have been no material events occurring after the reporting period that impact these financial statements for the year ended 30 June 2021.

Note 2: Significant accounting judgements, estimates and assumptions

In applying accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the financial statements.

All judgements, estimates and assumptions made are believed to be reasonable, based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of the financial statements are outlined below.

Impairment of investment securities at amortised cost

Export Finance Australia holds a number of investment securities. A review of these investments has been undertaken for the year ended 30 June 2021 and it has been determined that no investment is considered to be impaired. These investments have a maturity of less than three years and are held with Australian ADIs rated BBB- or above, or foreign financial institutions rates AA- or above.

Property, plant and equipment

The valuation of land and buildings is based on an independent assessment by a registered valuer every three (3) years. The valuation is based on an income approach and discounted cash flow analysis with reference to its highest and best use.

The valuation of plant and equipment is based on an internal assessment by management to ensure that the carrying amounts do not differ materially from their fair value.

The depreciation rate on the building has been evaluated and adjusted from being over 25 years (4.0%) to 33 years (3.0%) on 1 July 2020.

Fair value of financial instruments

Where financial instruments have a price quoted in an active market, this is its fair value.

Where the fair value of financial instruments cannot be determined from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. The valuation of financial instruments is described in more detail in Note 19.

Notes to and forming part of the financial statements

for the year ended 30 June 2021

Note 2: Significant accounting judgements, estimates and assumptions (cont.)

Fair value of credit risk

The financial impact of COVID-19 on the global economy and how our customers will be impacted continue to be uncertain. This uncertainty is reflected in management's assessment to maintain additional credit provisions. The calculation of credit provisions was based on management's judgement of the estimated impact of COVID-19 on our business, customers and the global economy. All assumptions made were in context of the current environment including the duration of pandemic, economic outlook and the impact on commodity prices and other factors management deemed relevant.

Expected Credit Loss (ECL)

Collective provisions are recognised following the introduction of the COVID-19 Facility in the NIA, which changed the risk profile incorporating more non-sovereign exposures.

Under AASB 9, if there is no significant change in credit risk since the inception of the transaction then a one year ECL is calculated. If there has been a significant credit change then an ECL over the life of the transaction is calculated.

The ECL has been calculated on all NIA transactions based on a one year probability of default and a loss given default of 55% for corporates, 0% for sovereigns and 85% for the small business export loans. Based on exposures at 30 June 2021, the ECL was calculated at $12.0 million. This has been taken up in the NIA as an expense.

Significant accounting events on judgements, estimates and assumptions during the year

There have been no significant accounting events in the current financial year.

Note 3: Revenue and expenses

	Commercial Account		National Interest Account	
	30 June 2021 $ m	30 June 2020 $ m	**30 June 2021 $ m**	30 June 2020 $ m
(i) Interest income				
Loans and receivables designated at fair value through profit or loss	**11.5**	32.8	**-**	-
Loans to National Interest Account designated at fair value through profit or loss	**4.5**	14.6	**-**	-
Derivative financial instruments receivable	**38.4**	84.1	**-**	-
Total interest income	**54.4**	131.5	**-**	-
(ii) Other interest income				
Receivables from other financial institutions	**0.7**	5.3	**-**	-
Investment securities at amortised cost	**8.7**	15.2	**-**	-
Loans at amortised cost	**-**	-	**5.6**	15.8
Total other interest income	**9.4**	20.5	**5.6**	15.8
(iii) Interest expense				
Payables to other financial institutions	**(0.2)**	(0.8)	**-**	-
Borrowings from Commercial Account at amortised cost	**-**	-	**(5.7)**	(15.5)
Borrowings designated at fair value through profit or loss	**(34.9)**	(76.1)	**-**	-
Derivative financial instruments payable	**(10.8)**	(54.7)	**-**	-
Debt neutrality charge	**(1.5)**	(1.0)	**-**	-
Total interest expense	**(47.4)**	(132.6)	**(5.7)**	(15.5)
(iv) Fair value movement of third-party loans and guarantees				
Net premium and fees	**39.6**	42.7	**-**	-
Reinsurance	**-**	3.9	**-**	-
Interest	**(0.6)**	0.3	**-**	-
Credit risk	**(12.2)**	(17.8)	**-**	-
Claims paid	**(3.4)**	(0.4)	**-**	-
Specific events	**(0.1)**	(7.9)	**-**	-
Total fair value movement of third-party loans and guarantees	**23.3**	20.8	**-**	-
(v) Fair value movement of other financial instruments				
Loans to National Interest Account designated at fair value through profit or loss	**(2.6)**	(2.5)	**-**	-
Borrowings designated at fair value through profit or loss	**40.9**	9.7	**-**	-
Derivative financial instruments	**(40.2)**	(4.1)	**-**	-
Total fair value movement of other financial instruments	**(1.9)**	3.1	**-**	-

Notes to and forming part of the financial statements

for the year ended 30 June 2021

Note 3: Revenue and expenses (cont.)

		Commercial Account		National Interest Account	
	Note	**30 June 2021 $ m**	30 June 2020 $ m	**30 June 2021 $ m**	30 June 2020 $ m
(vi) Other revenue					
Premium and fees		**-**	-	**14.7**	13.3
Rental income		**2.8**	3.5	**-**	-
Sundry income		**0.2**	0.2	**-**	-
Recoveries from credit insurance		**0.1**	0.1	**17.5**	21.9
Total other revenue		**3.1**	3.8	**32.2**	35.2
(vii) Operating expenses					
Employee costs		**(19.9)**	(18.1)	**-**	-
Depreciation and amortisation		**(3.7)**	(4.3)	**-**	-
Professional fees		**(2.6)**	(1.8)	**-**	-
Superannuation costs		**(1.9)**	(1.8)	**-**	-
Computer and communication costs		**(1.7)**	(1.9)	**-**	-
Property costs		**(1.2)**	(1.4)	**-**	-
Advertising and promotional costs		**(0.8)**	(0.9)	**-**	-
Provision for employee entitlements		**(0.7)**	(0.6)	**-**	-
Credit information		**(0.5)**	(0.7)	**-**	-
Travel costs		**(0.1)**	(0.3)	**-**	-
Other expenses		**(1.3)**	(1.5)	**-**	-
National Interest Account recovery/(expense)		**4.5**	3.7	**(4.5)**	(3.7)
Recovery from other Commonwealth entities		**2.3**	1.5	**-**	-
Total operating expenses		**(27.6)**	(28.1)	**(4.5)**	(3.7)
(viii) Expected credit loss					
Expected credit loss		**-**	0.6	**(12.0)**	-
Total expeted credit loss		**-**	0.6	**(12.0)**	-
(ix) State tax-equivalent charges					
Payroll tax-equivalent charge		**(1.0)**	(1.0)	**-**	-
Land tax-equivalent charge		**(0.5)**	(0.4)	**-**	-
Total state tax-equivalent charges		**(1.5)**	(1.4)	**-**	-

	Note	Commercial Account		National Interest Account	
		30 June 2021 $ m	30 June 2020 $ m	**30 June 2021 $ m**	30 June 2020 $ m
(x) Specific provision					
Specific provision		**-**	-	**16.4**	-
Write offs		**-**	-	**(1.7)**	-
Total specific provision		**-**	-	**14.7**	-
(xi) Net rescheduled loans					
Recoveries of loans		**-**	-	**-**	0.3
Total rescheduled loans		**-**	-	**-**	0.3

Note 4: Receivables from other financial institutions

	Note	Commercial Account		National Interest Account	
		30 June 2021 $ m	30 June 2020 $ m	**30 June 2021 $ m**	30 June 2020 $ m
	1(j)				
Overnight deposits		**106.4**	290.1	**-**	-
Short-term cash deposits		**31.1**	34.5	**-**	-
Total receivables from other financial institutions		**137.5**	324.6	**-**	-
Maturity analysis of receivables from other financial institutions					
At call		**106.4**	290.1	**-**	-
Due in less than 3 months		**8.7**	5.7	**-**	-
Due after 3 months to 1 year		**22.4**	28.8	**-**	-
Total receivables from other financial institutions		**137.5**	324.6	**-**	-

These receivables are from various banking institutions all rated AA- or above.

Note 5: Amounts payable to the Commonwealth

	Note	Commercial Account		National Interest Account	
		30 June 2021 $ m	30 June 2020 $ m	**30 June 2021 $ m**	30 June 2020 $ m
Commonwealth opening balance payable		**-**	-	**13.1**	15.1
Net payments to the Commonwealth		**-**	-	**(28.1)**	(34.5)
Profit for the year on National Interest Account		**-**	-	**30.5**	32.5
Total amounts payable to the Commonwealth		**-**	-	**15.5**	13.1

Notes to and forming part of the financial statements

for the year ended 30 June 2021

Note 6: Investment securities

	Note	Commercial Account		National Interest Account	
		30 June 2021 $ m	30 June 2020 $ m	**30 June 2021 $ m**	30 June 2020 $ m
Investment securities at amortised cost	1(k)				
Discount securities		**207.8**	163.5	**-**	-
Floating rate notes		**231.0**	218.0	**-**	-
Fixed rate bonds		**417.2**	356.6	**-**	-
Total investment securities at amortised cost		**856.0**	738.1	**-**	-
Maturity analysis of investment securities at amortised cost					
Due in 3 months or less		**102.5**	15.0	**-**	-
Due after 3 months to 1 year		**420.8**	277.0	**-**	-
Due after 1 year to 5 years		**332.7**	446.1	**-**	-
Total investment securities at amortised cost		**856.0**	738.1	**-**	-

Refer to Note 18 for further information regarding credit risk and market risk.

Note 7: Loans and receivables at amortised cost

	Note	Commercial Account		National Interest Account	
		30 June 2021 $ m	30 June 2020 $ m	**30 June 2021 $ m**	30 June 2020 $ m
	1(l)				
Gross export finance loans		**-**	-	**398.1**	842.0
Gross rescheduled credit insurance debts		**0.4**	0.5	**116.1**	145.2
Loans and receivables gross		**0.4**	0.5	**514.2**	987.2
Unearned premiums		**-**	-	**(3.3)**	(3.6)
Expected credit loss		**-**	-	**(12.0)**	-
Specific provision for impairment		**(0.4)**	(0.5)	**(100.1)**	(144.9)
Unamortised grants	1(e)	**-**	-	**(0.2)**	(0.9)
Total loans and receivables at amortised cost		**-**	-	**398.6**	837.8

	Note	Commercial Account 30 June 2021 $ m	Commercial Account 30 June 2020 $ m	National Interest Account 30 June 2021 $ m	National Interest Account 30 June 2020 $ m
Maturity analysis loans and receivables gross					
Due in 3 months or less		**-**	-	**11.4**	12.6
Due after 3 months to 1 year		**-**	-	**77.9**	505.0
Due after 1 year to 5 years		**0.3**	0.3	**311.3**	276.9
Due after 5 years		**0.1**	0.2	**113.6**	192.7
Total loans and receivables gross		**0.4**	0.5	**514.2**	987.2
Restructured exposures included above		**0.4**	0.5	**130.4**	181.8

Loans and receivables are considered restructured when the original contractual terms are modified. Restructured loans and receivables continue to accrue interest.

A loan or receivable is recognised as impaired when it is likely that the debt will not be recovered in full. In this instance a specific provision will be created for the impairment. There are no overdue amounts for non-impaired loans.

Expected credit loss				
Expected credit loss opening balance	**-**	0.6	**-**	-
Expected credit loss created	**-**	-	**12.0**	-
Expected credit loss written back	**-**	(0.6)	**-**	-
Expected credit loss closing balance	**-**	-	**12.0**	-
Specific provision for impairment				
Specific provision for impairment opening balance	**0.5**	0.6	**144.9**	160.0
Specific impairment created	**-**	-	**5.9**	-
Foreign exchange movement	**-**	-	**(11.9)**	7.8
Loans written off	**-**	-	**(1.6)**	-
Specific impairment written back	**(0.1)**	(0.1)	**(37.2)**	(22.9)
Specific provision closing balance	**0.4**	0.5	**100.1**	144.9
Impaired loans				
Impaired loans	**0.4**	0.5	**129.1**	154.0
Specific provision for impairment	**(0.4)**	(0.5)	**(100.1)**	(144.9)
Carrying value of impaired loans	**-**	-	**29.0**	9.1
Interest foregone on impaired loans	**-**	-	**-**	-

The carrying value of impaired loans represent amounts expected to be recovered.

Amounts shown under the NIA represent loans made by Export Finance Australia under Part 5 of the EFIC Act.

Notes to and forming part of the financial statements

for the year ended 30 June 2021

Note 8: Loans and receivables designated at fair value through profit or loss

		Commercial Account		National Interest Account	
	Note	**30 June 2021 $ m**	30 June 2020 $ m	**30 June 2021 $ m**	30 June 2020 $ m
Gross export finance loans		**1,253.0**	1,222.8	**-**	-
Gross funded export finance guarantees		**56.6**	96.7	**-**	-
Loans and receivables gross	1(m)	**1,309.6**	1,319.5	**-**	-
Fair value net premium and fees		**42.5**	49.6	**-**	-
Fair value interest income		**0.9**	2.4	**-**	-
Fair value of credit risk		**(111.0)**	(108.2)	**-**	-
Fair value of specific events		**(15.1)**	(14.9)	**-**	-
Total loans and receivables at fair value		**1,226.9**	1,248.4	**-**	-
Maturity analysis loans and receivables gross					
Overdue		**1.7**	8.5	**-**	-
Due in 3 months or less		**63.9**	39.0	**-**	-
Due after 3 months to 1 year		**129.7**	101.4	**-**	-
Due after 1 year to 5 years		**632.9**	650.5	**-**	-
Due after 5 years		**481.4**	520.1	**-**	-
Total loans and receivables gross		**1,309.6**	1,319.5	**-**	-
Restructured exposures included above		**6.5**	8.6	**-**	-
Maturity analysis of overdue loans and receivables gross					
Less than 30 days		**0.6**	-	**-**	-
30 to 60 days		**-**	0.1	**-**	-
61 to 90 days		**-**	-	**-**	-
Over 90 days		**1.1**	8.4	**-**	-
Total overdue loans and receivables gross		**1.7**	8.5	**-**	-

Loans and receivables are considered restructured when the original contractual terms are modified. Restructured loans and receivables continue to accrue interest.

A loan or receivable is recognised as impaired when it is likely that the debt will not be recovered in full. In this instance, a specific event will be created for the impairment.

The overdue amount of $1.7 million relates to 12 SME export finance loans where payment was not received on time. For these overdue loans, Export Finance Australia has either received the payments in July 2021 or is working with the customer to receive payment in full or the amount has been fully provided for a specific provision.

Refer to Note 18 for further information regarding credit risk including maximum exposures and market risk.

Note 9: Derivative financial instruments

		Commercial Account		National Interest Account	
	Note	**30 June 2021 $ m**	30 June 2020 $ m	**30 June 2021 $ m**	30 June 2020 $ m
	1(o)				
Derivative financial assets					
Interest rate swaps		**0.1**	15.2	**-**	-
Cross-currency swaps		**51.3**	33.2	**-**	-
Forward foreign exchange contracts		**15.1**	0.1	**-**	-
Total derivative financial assets	24	**66.5**	48.5	**-**	-
Maturity analysis of derivative financial assets					
Due in 3 months or less		**6.3**	1.1	**-**	-
Due after 3 months to 1 year		**16.0**	36.8	**-**	-
Due after 1 year to 5 years		**46.5**	19.8	**-**	-
Due after 5 years		**(2.3)**	(9.2)	**-**	-
Total derivative financial assets		**66.5**	48.5	**-**	-
Derivative financial liabilities					
Interest rate swaps		**2.4**	3.0	**-**	-
Cross-currency swaps		**94.2**	343.1	**-**	-
Forward foreign exchange contracts		**-**	4.8	**-**	-
Total derivative financial liabilities	25	**96.6**	350.9	**-**	-
Maturity analysis of derivative financial liabilities					
Due in 3 months or less		**(8.0)**	(3.2)	**-**	-
Due after 3 months to 1 year		**(1.7)**	229.9	**-**	-
Due after 1 year to 5 years		**104.9**	10.7	**-**	-
Due after 5 years		**1.4**	113.5	**-**	-
Total derivative financial liabilities		**96.6**	350.9	**-**	-

A derivative financial asset arises when the underlying value of the contract results in a overall receipt of funds by Export Finance Australia, and a derivative liability arises when the underlying value of the contract results in a overall payment of funds by Export Finance Australia. Derivatives are undertaken to hedge borrowings, loans or investments. Derivatives may create anomalies when looking at maturities in certain periods. While a contract may be an asset or a liability, cash received in certain periods may change the nature of the underlying asset or liability in that period.

Refer to Note 18 for further information regarding credit risk, liquidity risk and market risk.

Notes to and forming part of the financial statements

for the year ended 30 June 2021

Note 10: Property, plant and equipment

	Note	Commercial Account		National Interest Account	
		30 June 2021 $ m	30 June 2020 $ m	**30 June 2021 $ m**	30 June 2020 $ m
	1(p)				
Freehold land and building, at valuation		**110.0**	110.0	**-**	-
Accumulated depreciation		**(4.9)**	(2.8)	**-**	-
Net book value - land and building		**105.1**	107.2	**-**	-
Plant and equipment, at valuation		**18.1**	17.5	**-**	-
Accumulated depreciation		**(14.4)**	(12.8)	**-**	-
Net book value - plant and equipment		**3.7**	4.7	**-**	-
Total property, plant and equipment		**108.8**	111.9	**-**	-

	Land and buildings $ m	Plant and equipment $ m	Total $ m
Gross value			
Balance as at 30 June 2020	110.0	17.5	127.5
Additions	-	0.6	0.6
Disposals	-	-	-
Gross value as at 30 June 2021	**110.0**	**18.1**	**128.1**
Accumulated depreciation			
Balance as at 30 June 2020	(2.8)	(12.8)	(15.6)
Depreciation charged for assets held at 1 July 2020	(2.1)	(1.5)	(3.6)
Depreciation charged for additions	-	-	-
Depreciation charged for additions	-	(0.1)	(0.1)
Depreciation recovered on disposals	-	-	-
Depreciation as at 30 June 2021	**(4.9)**	**(14.4)**	**(19.3)**
Net book value as at 1 July 2020	107.2	4.7	111.9
Net book value as at 30 June 2021	**105.1**	**3.7**	**108.8**

An independent valuation of land and buildings was carried out in June 2019 by Mr Benjamin Masters AAPI, Registered Valuer No. 16930. On an income approach and discounted cash flow analysis with reference to its highest and best use, the land and buildings were valued at $110,000,000.

Leased accommodation

Freehold land and buildings includes accommodation, which has been leased to third parties. The valuation, accumulated depreciation and depreciation charge attributed to the leased space has been derived based on the floor area of the leased space.

The allocated valuation, accumulated depreciation, written-down value and depreciation expense of the leased space is based on a pro rata of floor space:

	30 June 2021 $ m	30 June 2020 $ m
Leased accommodation		
Freehold land and building, at valuation	**65.2**	65.2
Accumulated depreciation	**(2.9)**	(1.7)
Written-down value	**62.3**	63.5
Depreciation expense	**1.2**	1.7

Note 11: Other assets

		Commercial Account		National Interest Account	
	Note	**30 June 2021 $ m**	30 June 2020 $ m	**30 June 2021 $ m**	30 June 2020 $ m
Accrued interest receivable		**15.7**	13.1	**0.8**	7.4
Loan fees receivable		**-**	-	**0.7**	1.4
Sundry debtors and prepayments		**2.6**	4.9	**4.8**	4.4
Total other assets		**18.3**	18.0	**6.3**	13.2

Note 12: payable to other financial institutions

		Commercial Account		National Interest Account	
	Note	**30 June 2021 $ m**	30 June 2020 $ m	**30 June 2021 $ m**	30 June 2020 $ m
	1(q)				
Short-term borrowings		**-**	5.3	**-**	-
Total payables to other financial institutions	24	**-**	5.3	**-**	-
Maturity analysis of payables to other financial institutions					
At call		**-**	2.8	**-**	-
Due in 3 months or less		**-**	2.5	**-**	-
Total payables to other financial institutions		**-**	5.3	**-**	-

Note 13: Borrowings designated at fair value through profit or loss

		Commercial Account		National Interest Account	
	Note	**30 June 2021 $ m**	30 June 2020 $ m	**30 June 2021 $ m**	30 June 2020 $ m
Borrowings	1(s)	**2,105.7**	2,386.9	**-**	-
Total borrowings at fair value	24	**2,105.7**	2,386.9	**-**	-
Borrowings designated at fair value through profit or loss					
Structured borrowings					
Japanese yen		**-**	27.1	**-**	-
Total structured borrowings		**-**	27.1	**-**	-
Non-structured borrowings					
Australian dollar		**1,325.1**	1,069.0	**-**	-
Total non-structured borrowings		**1,325.1**	1,069.0	**-**	-
Euro commercial paper					
US dollar		**645.7**	1,208.8	**-**	-
Euro		**134.9**	82.0	**-**	-
Total euro commercial paper		**780.6**	1,290.8	**-**	-
Total borrowings at fair value		**2,105.7**	2,386.9	**-**	-
Maturity analysis of borrowings					
Due in 3 months or less		**514.3**	568.0	**-**	-
Due after 3 months to 1 year		**289.0**	1,282.7	**-**	-
Due after 1 year to 5 years		**1,038.2**	161.2	**-**	-
Due after 5 years		**264.2**	375.0	**-**	-
Total borrowings at fair value		**2,105.7**	2,386.9	**-**	-

Where borrowings are in a different currency from the assets being financed, cross-currency swaps or foreign exchange contracts are entered into for economic hedging purposes.

A debt neutrality charge of 10 basis points on new borrowings and on existing debt that is rolled over or refinanced is payable to the Commonwealth. This neutrality charge is not charged if the borrowing is for a National Interest Loan.

Refer to Note 18 for further information regarding credit risk, liquidity risk, market risk and contractual amounts.

Note 14: Guarantees designated at fair value through profit and loss

	Note	Commercial Account		National Interest Account	
		30 June 2021 $ m	30 June 2020 $ m	**30 June 2021 $ m**	30 June 2020 $ m
	1(t)				
Fair value of credit risk		**11.0**	9.7	**-**	-
Fair value of specific events		**1.2**	1.3	**-**	-
Fair value of net premium receivable		**(7.4)**	(5.4)	**-**	-
Total guarantees designated at fair value through profit or loss		**4.8**	5.6	**-**	-

When it is likely that a guarantee will be called or a claim has been submitted but not yet paid, then a specific event will be recognised for the exposure that may be called or the claim that may be paid.

Refer to Note 18 for further information regarding credit risk, market risk and maximum exposures.

Note 15: Sundry provisions and allowances

	Note	Commercial Account		National Interest Account	
		30 June 2021 $ m	30 June 2020 $ m	**30 June 2021 $ m**	30 June 2020 $ m
Employee entitlements	1(u)	**7.3**	6.2	**-**	-
Provision for tax equivalent charges		**7.9**	7.2	**-**	-
Total sundry provisions and allowances		**15.2**	13.4	**-**	-

Note 16: Other liabilities

	Note	Commercial Account		National Interest Account	
		30 June 2021 $ m	30 June 2020 $ m	**30 June 2021 $ m**	30 June 2020 $ m
Sundry creditors	1(v)	**18.1**	20.6	**-**	-
Security bond deposits		**33.6**	20.6	**-**	-
Interest payable		**-**	-	**0.2**	5.6
Total other liabilities		**51.7**	41.2	**0.2**	5.6

Notes to and forming part of the financial statements

for the year ended 30 June 2021

Note 17: Contingencies and commitments

		Commercial Account		National Interest Account	
	Note	**30 June 2021 $ m**	30 June 2020 $ m	**30 June 2021 $ m**	30 June 2020 $ m
Contingent liabilities					
Guarantees*		**124.0**	139.3	**-**	5.0
Bonds		**112.5**	76.1	**-**	-
Medium-term insurance		**121.0**	246.7	**-**	-
Total contingent liabilities		**357.5**	462.1	**-**	5.0

* Guarantees include facilities signed under risk participation agreements.

These contingent liabilities commit Export Finance Australia to make payments should a default occur by a customer.

Commitments to provide financial facilities					
Loans		**254.7**	197.3	**125.0**	124.8
Bonds		**8.6**	-	**-**	-
Guarantees*		**69.9**	6.7	**62.0**	0.2
Total commitments to provide financial facilities		**333.2**	204.0	**187.0**	125.0

* Guarantees include facilities signed under risk participation agreements.

Commitments to provide financial facilities are contractually based.

Commitments payable					
Capital commitments					
Due in 1 year or less		**0.1**	0.4	**-**	-
Operating lease payable					
Due in 1 year or less		**0.3**	0.3	**-**	-
Due after 1 year to 2 years		**0.1**	-	**-**	-
Total commitments payable		**0.5**	0.7	**-**	-
Commitments receivable					
Operating lease receivable					
Due in 1 year or less		**3.8**	2.4	**-**	-
Due after 1 year to 2 years		**3.8**	3.0	**-**	-
Due after 2 years to 5 years		**4.9**	3.0	**-**	-
Due after 5 years		**1.0**	5.1	**-**	-
Total commitments receivable		**13.5**	13.5	**-**	-

Operating lease receivable represents rental income to be received in respect of the property owned and partially occupied by Export Finance Australia.

Small business building tenants have again this year been provided rent relief due to the COVID-19 crisis.

Note 18: Financial risk management

(i) General

As part of its normal operations, Export Finance Australia enters into a variety of transactions, including loans, guarantees, insurance and bonds, which can be denominated in various currencies.

Export Finance Australia enters into a number of financial derivative transactions on the CA to protect against interest rate, foreign exchange and funding risks associated with normal operations, including funding the NIA. The derivative instruments are not entered into for speculative or trading purposes. Derivative transactions include:

- interest rate swaps and forward rate agreements, which protect against interest rate movements where the interest rate basis of the borrowing is different from that of the required liability to fund assets
- cross-currency swaps, which protect against interest rate and foreign exchange movements where the currency and interest rate of the borrowing is different from that of the required liability to fund assets. These contracts are used primarily to convert the borrowing and interest payment into the same currency and type as the loan or investment
- forward foreign exchange contracts which are used to protect against foreign exchange movements in investments, loans and borrowings.

Export Finance Australia also conducts detailed stress testing, including examining the impact on the credit portfolio of slower economic growth in emerging markets and adverse movements in foreign exchange rates and commodity prices.

(ii) Credit risk

(a) Commercial Account exposures

Credit risk arises from the possibility of defaults by counterparties on contractual obligations, resulting in financial loss.

Exposures to credit risk for the CA are as follows:

	Note	**30 June 2021 $ m**	30 June 2020 $ m
Credit risk exposures			
Receivables from other financial institutions	4, 1(j)	**137.5**	324.6
Investment securities at amortised cost	6, 1(k)	**856.0**	738.1
Loans and receivables at amortised cost	7, 1(l)	**-**	-
Loans and receivables designated at fair value through profit or loss	8, 1(m)	**1,226.9**	1,248.4
Derivative financial assets	9, 1(o)	**66.5**	48.5
Total*		**2,286.9**	2,359.6
Contingent liabilities	17	**357.5**	462.1
Commitments	17	**333.2**	204.0
Total		**690.7**	666.1
Total credit risk exposure		**2,977.6**	3,025.7

* Cash and liquid assets, loans to NIA designated at fair value through profit or loss, other assets, and property, plant and equipment have not been included in the above table as there is no significant associated credit risk.

Note 18: Financial risk management (cont.)

> Exposures to treasury counterparties

Credit risk arising from Export Finance Australia through its investment portfolios and from interest rate and foreign exchange management is limited to Commonwealth and state or territory governments, ADIs rated BBB- or above and other entities with credit ratings the equivalent of AA- or above. However, if after purchase or a contracting counterparty subsequently falls below the minimum credit rating, management evaluates the risk and will decide on the applicable action, which may include selling the asset, novating the contract, holding the asset to maturity, or obtaining security through CSAs.

The PGPA Act limits investment by Export Finance Australia of surplus monies to:

(i) money with ADIs in Australia rated BBB- or above

(ii) securities issued by or guaranteed by the Commonwealth, a state or territory

(iii) money with other entities with credit ratings the equivalent of AA- or better

(iv) deposits with, or securities issued by, the above ADIs

(v) deposits with, or securities issued or guaranteed by, the above entities

subject to:

(a) investments in ADIs with a rating lower than A- must not exceed 25% of total investments

(b) investments in ADIs with a term longer than six months and a rating lower than A- must be able to be traded in the secondary market and must not exceed a term of three years

(c) investments in an individual ADI with a rating lower than A- must not exceed 10% of total investments.

In addition to the PGPA Act requirements, the Board does not permit proprietary trading and has set further controls for Export Finance Australia treasury operations which consist of:

(i) a cap on foreign exchange open positions

(ii) a cap on interest rate exposure to asset maturity

(iii) minimum levels for committed funding over the life of assets

(iv) a cap on the structured borrowing component of funding

(v) limits relating to individual counterparty exposures and terms

(vi) limits relating to portfolio exposures and terms

(vii) limits on investments in structured, multi-credit entities

(viii) performance benchmarks relating to specific portfolios

(ix) derivative limits and a CSA collateral policy.

All individual counterparty limits and sub-limits required by treasury are approved by the Treasurer, Chief Credit Officer and Chief Financial Officer and the usage against limits is monitored independently of treasury.

All limits set by the Board are monitored by management. The Board also sets triggers that require information to be notified to the Board. A treasury report, addressing prudential controls, risk, limits and triggers is submitted to the Board Audit and Risk Committee meeting quarterly, which then reports to the Board. A treasury update is provided at each Board meeting.

Credit risk on treasury derivative transactions is mitigated by the fact that most of the contracts have a mutual five-year right to break clause. In addition, some contracts include a clause that allows the contract to be terminated if the counterparty rating falls below an agreed credit rating. Some contracts also have CSAs in operation where Export Finance Australia receives collateral to offset the exposure.

The tables below show treasury credit risk exposures by the current counterparty rating:

	Note	**30 June 2021 $ m**	30 June 2020 $ m
Investment securities			
Australian authorised deposit-taking institutions			
AA-		**655.0**	515.1
A+		**13.0**	13.0
A-		**-**	15.0
BBB+		**70.0**	105.0
Other financial institutions or foreign entities			
AA-		**118.0**	90.0
Exposure to credit risk of investment securities	1(l), 6	**856.0**	738.1

	Note	**30 June 2021 $ m**	30 June 2020 $ m
Derivative financial assets			
Australian authorised deposit-taking institutions			
AA-		**56.4**	25.9
Other financial institutions or foreign entities			
AA-		**10.1**	19.9
A*		**-**	2.7
Exposure to credit risk for derivative financial assets	1(o), 9	**66.5**	48.5

* At time of purchase, all derivatives with other financial institutions or foreign entities were rated at AA- or above.

For treasury exposures there are no overdue or restructured amounts.

> Exposures to customers

Export Finance Australia's principal exposure to credit risk arises from the financing and credit facilities extended to customers. On the CA, loans written off during the year or called credit facilities that were not subsequently recovered within the year were $3.4 million (2020: $0.5 million).

Notes to and forming part of the financial statements

for the year ended 30 June 2021

Note 18: Financial risk management (cont.)

Gross exposures (before fair value adjustments) on each of the products on the CA are as follows:

	Note	**30 June 2021 $ m**	30 June 2020 $ m
Gross exposures			
Export finance loans	8, 1(m)	**1,253.0**	1,222.8
Funded export finance guarantees	8, 1(m)	**56.6**	96.7
Export finance loans at amortised cost	7	**-**	-
Rescheduled credit insurance debts at amortised cost	7	**0.4**	0.5
Guarantees	17	**124.0**	139.3
Medium-term insurance	17	**121.0**	246.7
Bonds	17	**112.5**	76.1
Total gross exposures		**1,667.5**	1,782.1
Reinsured exposures included above		**202.7**	355.1

Gross exposures are also monitored by country of risk (not country of export). On the CA the country exposures are as follows:

	30 June 2021 $ m	**30 June 2021 % of total**	30 June 2020 $ m	30 June 2020 % of total
Country exposures*				
Australia**	**894.3**	**53.7**	827.2	46.4
Trinidad & Tobago	**157.8**	**9.5**	154.7	8.7
Mongolia	**131.8**	**7.9**	145.8	8.2
Norway	**89.0**	**5.3**	77.8	4.4
Canada	**80.7**	**4.8**	164.4	9.2
Papua New Guinea	**79.3**	**4.8**	97.7	5.4
Chile	**43.3**	**2.6**	58.0	3.3
Bermuda	**41.4**	**2.5**	50.3	2.8
China	**40.4**	**2.4**	83.0	4.7
Peru	**40.0**	**2.4**	32.4	1.8
United Kingdom	**28.7**	**1.7**	43.9	2.5
Sri Lanka	**19.0**	**1.1**	26.4	1.5
Saudi Arabia	**10.9**	**0.7**	-	-
Serbia	**3.2**	**0.2**	-	-

	30 June 2021 $ m	30 June 2021 % of total	30 June 2020 $ m	30 June 2020 % of total
Russia	**3.0**	**0.2**	9.9	0.5
Bangladesh	**2.2**	**0.1**	2.4	0.1
New Zealand	**2.1**	**0.1**	3.4	0.2
Vietnam	**-**	**-**	2.7	0.1
Indonesia	**-**	**-**	1.1	0.1
Other	**0.4**	**-**	1.0	0.1
Total country exposures	**1667.5**	**100.0**	1,782.1	100.0
Reinsured exposures included above	**202.7**		355.1	

* Underlying country exposures are shown after applying reinsurance, which does not change gross exposures but reallocates risk to the reinsurers' country of risk.

** Includes performance bonds and guarantees issued on behalf of Australian companies.

Allowance for credit risk on the above gross exposures on the CA is as follows:

	30 June 2021 $ m	30 June 2020 $ m
Allowance for credit risk by product		
Export finance loans	**(108.6)**	(105.9)
Funded export finance guarantees	**(2.4)**	(2.3)
Guarantees	**(5.0)**	(5.7)
Medium-term insurances	**-**	(0.1)
Bonds	**(6.0)**	(3.9)
Allowance for credit risk closing balance	**(122.0)**	(117.9)

The movement in the allowance for credit risk on the CA is comprised of:

	30 June 2021 $ m	30 June 2020 $ m
Allowance for credit risk for gross exposures		
Allowance for credit risk opening balance	**(117.9)**	(98.1)
New exposures	**(39.7)**	(21.3)
Repayments	**18.0**	12.1
Change in risk grade	**(1.6)**	(25.0)
Change in term to maturity	**13.7**	9.5
Change in probability of default rates	**(4.1)**	6.8
Change in loss given default rates	**1.6**	-
Exchange rate movements	**8.0**	(1.9)
Allowance for credit risk closing balance	**(122.0)**	(117.9)

Export Finance Australia employs a risk grading system to rank risks according to both the counterparty risk and the level of country risk inherent in the exposure. Export Finance Australia also measures and monitors country, industry and counterparty concentration risk on the CA. Any significant concentration risk on the CA is taken into account in assessing the amount of capital, which is required to conduct the CA activities.

Notes to and forming part of the financial statements

for the year ended 30 June 2021

Note 18: Financial risk management (cont.)

Export Finance Australia uses nine broad categories of risk grade, with category 1 representing the lowest risk. Within categories 1 to 6, an outlook modifier of plus or minus is used if the counterparty is particularly strong or weak for that risk grade. The equivalent risk, based on Standard and Poor's risk rating, is stated in brackets. The gross exposures (before fair value adjustments) for the CA after reinsurance under each category are as follows:

	Note	**30 June 2021 $ m**	30 June 2020 $ m
Gross exposures loans and receivables			
Risk category 1 (AA- to AAA)		**31.2**	34.4
Risk category 2 (A- to A+)		**88.2**	141.9
Risk category 3 (BBB- to BBB+)		**135.1**	165.1
Risk category 4 (BB- to BB+)		**363.2**	218.7
Risk category 5 (B- to B+)		**206.8**	322.2
Risk category 6 (CCC+)		**372.4**	353.5
Risk category 7 (C to CCC)		**111.6**	79.4
Risk category 8 doubtful		**1.1**	4.3
Risk category 9 impaired		**0.4**	0.5
Gross exposures loans and receivables	1(n), 7, 8	**1,310.0**	1,320.0

As part of its normal operations, Export Finance Australia enters into a variety of transactions that give rise to contingent liabilities, including guarantees, insurance and bonds. The maximum exposure to credit risk for these types of transactions is the maximum amount that Export Finance Australia would pay if called upon to do so. The exposures for the CA after reinsurance under each risk category are as follows:

	Note	**30 June 2021 $ m**	30 June 2020 $ m
Contingent liabilities*			
Risk category 1 (AA- to AAA)		**117.7**	189.5
Risk category 2 (A- to A+)		**40.4**	93.6
Risk category 3 (BBB- to BBB+)		**61.2**	60.5
Risk category 4 (BB- to BB+)		**30.8**	0.4
Risk category 5 (B- to B+)		**24.0**	44.9
Risk category 6 (CCC+)		**73.1**	73.2
Risk category 7 (C to CCC)		**10.3**	-
Total contingent liabilities	17	**357.5**	462.1

* There are no exposures in categories 8 and 9.

As part of its normal operations, Export Finance Australia enters into a variety of transactions that give rise to commitments, including loans, guarantees, insurance and bonds. The maximum exposure to credit risk is the full amount of the commitment.

	Note	**30 June 2021 $ m**	30 June 2020 $ m
Commitments*			
Risk category 1 (AA- to AAA)		**7.3**	-
Risk category 3 (BBB- to BBB+)		**40.0**	51.3
Risk category 4 (BB- to BB+)		**63.3**	44.2
Risk category 5 (B- to B+)		**149.9**	8.2
Risk category 6 (CCC+)		**72.0**	88.4
Risk category 7 (C to CCC)		**0.7**	11.9
Total commitments	17	**333.2**	204.0

* There are no exposures in categories 8 and 9.

> Retained sector exposure

The sectors that represents more than 15% of Export Finance Australia's CA retained exposure are the Mining - LNG and the Transport, Postal and Warehousing sectors. At 30 June 2021, the exposure to the Mining - LNG sector was $400.8 million, representing 27.4% of total retained exposure (2020: $453.6 million, representing 31.8%) and the exposure to the Transport, Postal and Warehousing sector was $269.5 million, representing 18.4% of total retained exposure (2020: $195.6 million, representing 13.7%).

> Reinsured exposure

To reduce Export Finance Australia's exposure to counterparties in the higher risk categories or to reduce concentration risk, contracts are entered into with reinsurers, including other ECAs. This will change the exposure from the counterparty in the higher risk categories to an exposure to the reinsurers that will be in lower risk categories, or reduce concentration risk to a counterparty with the same or lower risk. As can be seen from the table below, Export Finance Australia has reinsured exposures with counterparties in risk categories 2, 4, 6, and 7 to reinsurers in risk categories 1 or 2.

	30 June 2021 $ m	30 June 2020 $ m
Reinsurance		
Reinsured to		
Risk category 1 (AA- to AAA)	**114.5**	202.6
Risk category 2 (A- to A+)	**88.2**	152.5
Reinsured from		
Risk category 2 (A- to A+)	**(80.7)**	(164.4)
Risk category 3 (BBB- to BBB+)	**-**	(29.2)
Risk category 4 (BB- to BB+)	**(2.0)**	(6.6)
Risk category 6 (CCC+)	**(65.9)**	(154.9)
Risk category 7 (C to CCC)	**(54.1)**	-
Total reinsurance	**-**	-

The above tables do not take into account the value of any collateral or security held, which may include first-ranking mortgage over assets financed by Export Finance Australia, standby documentary credits, third-party guarantees and recourse to companies and company directors. No collateral has been called and held at year end. For the bond product in the normal course of business, we do hold cash security deposits which at 30 June 2021 were $33.6 million (2020: $20.6 million).

Notes to and forming part of the financial statements

for the year ended 30 June 2021

Note 18: Financial risk management (cont.)

(b) National Interest Account exposures

Under the NIA, the Minister can direct Export Finance Australia to support transactions that are in the national interest. The Commonwealth receives all income on NIA transactions and bears all risks and losses.

Section 66 of the EFIC Act details loans made in the national interest and 66(6)(b) provides that the Commonwealth is liable to pay Export Finance Australia an amount equal to any defaulted amount under an NIA loan. Section 66(7) & 66(8) empowers the Minister to direct Export Finance Australia to access the market to borrow an amount equal to that due by the Commonwealth. Any such borrowings would then be supported by the Commonwealth Guarantee at Section 62.

Decisions under the NIA are the responsibility of the Government. The Defence Export Facility, the AIFFP and our new COVID-19 Facility are examples of financing delivered through the NIA.

Under the NIA, the exposures for non-project finance loans and rescheduled credit insurance debts are all to overseas governments, or entities owned or guaranteed by overseas governments.

Project finance loans are project specific where the loan repayments are solely reliant on income from the project.

Exposures under the Export Capital Facility are loans to assist previously profitable businesses impacted by COVID-19.

The NIA principal exposure to credit risk arises from the financing and credit facilities extended to customers. Loans written off during the year were $1.7 million (2020: nil).

Gross exposures (before unearned premiums, expected credit loss, specific provision for impairment and unamortised grants) on each of the products offered on the NIA are as follows:

	Note	**30 June 2021 $ m**	30 June 2020 $ m
Gross exposures			
Export finance loans	1(l), 7	**398.1**	842.0
Rescheduled credit insurance debts	1(l), 7	**116.1**	145.2
Guarantees	17	**-**	5.0
Total gross exposures		**514.2**	992.2

Gross exposures are also monitored by country of risk (not country of export) and on the NIA the country exposures are as follows:

	30 June 2021 $ m	**30 June 2021 % of total**	30 June 2020 $ m	30 June 2020 % of total
Country exposures				
Papua New Guinea	**198.3**	**38.6**	681.7	68.7
Iraq	**116.1**	**22.6**	145.2	14.6
Trinidad & Tobago	**104.2**	**20.2**	90.6	9.1
Australia*	**80.1**	**15.6**	19.8	2.0
Indonesia	**6.7**	**1.3**	46.1	4.7
Cuba	**8.8**	**1.7**	8.8	0.9
Total country exposures	**514.2**	**100.0**	992.2	100.0

* Includes performance bonds and guarantees issued on behalf of Australian companies.

Expected credit loss on the above gross exposures on the NIA is as follows:

	30 June 2021 $ m	30 June 2020 $ m
Expected credit loss by product		
Export finance loans	**(12.0)**	-
Expected credit loss closing balance	**(12.0)**	-

(c) Rescheduled debt exposures

Indonesia: At 30 June 2021, our rescheduled loans to the Indonesian Government were $nil (2020: $27.9 million) on the NIA and $nil (2020: $1.1 million) on the CA. Scheduled payments from Indonesia due from December 1998 to December 2003 have been rescheduled on three occasions in the Paris Club, which have been fully repaid as at 30 June 2021.

Iraq: The rescheduled debt balance at 30 June 2021 is US$87.2 million (2020: US$99.6 million) on the NIA and US$0.3 million (2020: US$0.4 million) on the CA. The situation was assessed as significantly impacting the likelihood of future payments from Iraq. After consultation with DFAT during 2020–21, it was deemed appropriate to hold a 75% impairment provision against the rescheduled debt and this treatment will be reviewed on an annual basis. Future payments from Iraq will therefore be recognised as income on receipt and booked as a recovery, consistent with current practice. Recoveries made during the year under this agreement were taken to income, resulting in $17.5 million taken up as income during 2020–21 on the NIA. These debts arose from credit insurance claims between 1987 and 1992 in respect of non-payment by the Iraqi Government on wheat exports from Australia. These debts were subject to rescheduling, with 80% debt forgiveness in three stages at the Paris Club. The repayment schedule for the remaining rescheduled amounts call for six-monthly payments until January 2028. At 30 June 2021, all rescheduled amounts have been paid on time as per the rescheduling agreements.

Cuba: At 30 June 2021, the rescheduled debt balance on the NIA was $8.8 million (2020: $8.8 million). A bilateral agreement with Cuba was executed in late May 2016 on terms consistent with those established by the Paris Club creditors. The debt is to be repaid over 18 years. The debt was resceduled again during the year. The loans have had a 100% provision in place and this is maintained at 30 June 2021.

Notes to and forming part of the financial statements

for the year ended 30 June 2021

Note 18: Financial risk management (cont.)

(iii) Liquidity risk

Prudent liquidity risk management on the CA is achieved by maintaining sufficient cash and marketable securities to meet any sudden shortfalls in the ability to fund Export Finance Australia. Export Finance Australia also has the explicit guarantee of the Commonwealth of Australia, which is rated AAA, and therefore in normal markets there is no significant liquidity risk. Section 61 of the EFIC Act states that 'Efic must not borrow or raise money except under section 58 or 59'. Section 58 allows the Finance Minister, on behalf of the Commonwealth, to lend money to Efic and section 59 allows Efic to borrow or raise money, subject to written approval of the Finance Minister. To date, Export Finance Australia has funded its activities under section 59 and does not borrow directly from the Commonwealth of Australia. Notwithstanding the above, a liquid investment portfolio is maintained.

On the NIA, all the cash flows on loans are matched with funding from the CA, and accordingly there is no liquidity risk on the NIA.

The liquidity table below is based on estimated future cash flows for principal and interest and is not their fair value as is shown on the statement of financial position. For the CA, the contractual undiscounted amounts comprise principal and interest repayment obligations and are as follows:

	Contractual undiscounted principal and interest			
30 June 2021	**3 months or less $ m**	**3 months to 1 year $ m**	**1 year to 5 years $ m**	**Greater than 5 years $ m**
Undiscounted financial assets				
Cash and liquid assets	**12.6**	**-**	**-**	**-**
Receivables from other financial institutions	**115.0**	**22.4**	**-**	**-**
Investment securities at amortised cost	**107.1**	**428.4**	**346.4**	**-**
Loans and receivables at amortised cost	**-**	**-**	**0.3**	**0.1**
Loans and receivables designated at fair value through profit or loss	**68.9**	**162.2**	**753.9**	**536.6**
Loans to National Interest Account designated at fair value through profit or loss	**7.3**	**71.2**	**241.9**	**105.2**
Derivative financial instruments receivable				
- Contractual amounts receivable	**220.1**	**400.3**	**1,156.6**	**301.6**
Total undiscounted financial assets	**531.0**	**1,084.5**	**2,499.1**	**943.5**
Undiscounted financial liabilities				
Borrowings designated at fair value through profit or loss				
- Euro commercial paper	**505.7**	**274.8**	**-**	**-**
- Non-structured borrowings	**8.7**	**14.2**	**1,055.9**	**296.9**
Derivative financial instruments payable				
- Contractual amounts payable	**205.7**	**382.1**	**1,215.0**	**301.3**
Total undiscounted financial liabilities	**720.1**	**671.1**	**2,270.9**	**598.2**
Net undiscounted financial assets/(liabilities)	**(189.1)**	**413.4**	**228.2**	**345.3**

Export Finance Australia has legally enforceable master netting arrangements which apply on default and as such have not been taken into account. If these master netting arrangements were considered then the derivative assets would be $53.0 million and the derivative liabilities would be $73.7 million.

As at 30 June 2021, Export Finance Australia does not hold any collateral (2020: $2.7 million) and has not posted collateral (2020: $81.7 million) on derivative transactions.

	Contractual undiscounted principal and interest			
30 June 2020	3 months or less $ m	3 months to 1 year $ m	1 year to 5 years $ m	Greater than 5 years $ m
Undiscounted financial assets				
Cash and liquid assets	9.5	-	-	-
Receivables from other financial institutions	295.8	28.8	-	-
Investment securities at amorised cost	19.4	284.8	460.8	-
Loans and receivables at amortised cost	-	0.1	0.3	0.2
Loans and receivables designated at fair value through profit or loss	44.7	135.5	748.5	562.8
Loans to National Interest Account designated at fair value through profit or loss	8.5	506.9	225.2	115.4
Derivative financial instruments receivable				
- Contractual amounts receivable	255.4	1,515.1	725.4	388.7
Total undiscounted financial assets	633.3	2,471.2	2,160.2	1,067.1
Undiscounted financial liabilities				
Payables to other financial institutions	5.3	-	-	-
Borrowings designated at fair value through profit or loss				
- Euro commercial paper	561.2	730.6	-	-
- Non-structured borrowings	7.0	525.9	161.8	388.7
- Structured borrowings	-	27.1	-	-
Derivative financial instruments payable				
- Contractual amounts payable	99.2	1,861.0	715.1	507.5
Total undiscounted financial liabilities	672.7	3,144.6	876.9	896.2
Net undiscounted financial assets/(liabilities)	(39.4)	(673.4)	1,283.3	170.9

(iv) Market risk

(a) Interest rate risk

As Export Finance Australia is involved in lending and borrowing activities, interest rate risks arise. Interest rate swaps, forward rate agreements and cross-currency swaps are used on the CA as the primary methods of reducing exposure to interest rate movements.

Export Finance Australia's policy is to minimise interest rate risk. If loans are not at floating rates, a fixed to floating rate swap is generally entered into from the time terms and conditions are agreed.

In certain circumstances, cash flow hedges may be entered into to hedge the exposure to variability in interest rate movements that are attributable to future interest cash flows. At year end, there are no outstanding cash flow hedges.

Fair value hedges are intended to hedge the exposure to variability in fair value movements that are attributable to future interest cash flows only. No fair value hedges are currently held.

NIA loans are funded from the CA at a matched rate and therefore they are not exposed to interest rate risk.

Notes to and forming part of the financial statements

for the year ended 30 June 2021

Note 18: Financial risk management (cont.)

Fixed interest loans and borrowing portfolios have an opportunity cost exposure to changes in market value. The change in market value can be caused by either a general shift in the level of interest rates or by a change in the credit margin of individual assets. Exposure to the general level of interest rates is a function of 'duration', whereas exposure to credit margin is a function of 'term to maturity'. Management sets a benchmark for the 'duration' of the capital and reserves portfolio. Other fixed interest portfolios, loan and investments and borrowing portfolios are not impacted by changes in the general level of interest rates due to duration hedging.

The table below is based on actual or notional principal balances and is not their fair value as shown on the statement of financial position. The amounts shown are the undiscounted principal exposure and notional principal amounts outstanding.

	Contractual undiscounted principal exposure				
30 June 2021	**Floating interest rate $ m**	**Fixed Less than 1 year $ m**	**Fixed 1 to 5 years $ m**	**Fixed More than 5 years $ m**	**Fixed Total $ m**
Undiscounted principal exposures					
Financial assets					
Cash and liquid assets	**12.6**	**-**	**-**	**-**	**-**
Receivables from other financial institutions	**137.5**	**-**	**-**	**-**	**-**
Investment securities at amortised cost	**438.9**	**169.4**	**247.7**	**-**	**417.1**
Loans and receivables designated at amortised cost	**0.4**	**-**	**-**	**-**	**-**
Loans and receivables designated at fair value through profit or loss	**1,309.6**	**-**	**-**	**-**	**-**
Loans to National Interest Account designated at fair value through profit or loss	**382.6**	**5.8**	**0.7**	**-**	**6.5**
Total financial assets	**2,281.6**	**175.2**	**248.4**	**-**	**423.6**
Financial liabilities					
Derivative financial instruments					
- Cross-currency swaps	**714.5**	**-**	**(335.0)**	**(280.0)**	**(615.0)**
- Foreign exchange swaps	**(15.3)**	**-**	**-**	**-**	
- Interest rate swaps*	**643.1**	**6.2**	**(649.3)**	**-**	**(643.1)**
Borrowings designated at fair value through profit or loss	**780.5**	**-**	**985.0**	**280.0**	**1,265.0**
Other monetary liabilities	**44.6**	**-**	**-**	**-**	**-**
Total financial liabilities	**2,167.4**	**6.2**	**0.7**	**-**	**6.9**
Net interest exposures	**114.2**	**169.0**	**247.7**	**-**	**416.7**
Capital and reserves portfolio	**113.3**	**169.4**	**247.7**	**-**	**417.1**
Net interest exposures	**0.9**	**(0.4)**	**-**	**-**	**(0.4)**

* Notional principal amounts.

The capital and reserves portfolio is the investment of the cash equity. The investment of these funds is exposed to interest rate movements and the tables below in the interest margin (duration) section show the analysis of the sensitivity of these investments to interest rate movements. The net interest exposure after these investments show that there is insignificant interest rate exposure in the rest of the assets and liabilities. Other areas are indirectly affected by the change in future anticipated interest rates due to the discounting factor when calculating the net present value of future cash flows.

	Contractual undiscounted principal exposure				
30 June 2020	Floating interest rate $ m	Fixed Less than 1 year $ m	Fixed 1 to 5 years $ m	Fixed More than 5 years $ m	Fixed Total $ m
Undiscounted principal exposures					
Financial assets					
Cash and liquid assets	9.5	-	-	-	-
Receivables from other financial institutions	324.6	-	-	-	-
Investment securities at amortised cost	381.5	56.5	300.1	-	356.6
Loans and receivables designated at amortised cost	0.5	-	-	-	-
Loans and receivables designated at fair value through profit or loss	1,319.5	-	-	-	-
Loans to National Interest Account designated at fair value through profit or loss	814.4	10.4	7.5	-	17.9
Total financial assets	2,850.0	66.9	307.6	-	374.5
Financial liabilities					
Payables to other financial institutions	5.3	-	-	-	-
Derivative financial instruments					
- Cross-currency swaps	858.1	-	(100.0)	(365.0)	(465.0)
- Foreign exchange swaps	4.6	-	-	-	
- Interest rate swaps*	481.9	(489.5)	7.6	-	(481.9)
Borrowings designated at fair value through profit or loss	1,318.9	500.0	100.0	365.0	965.0
Other monetary liabilities	34.3	-	-	-	-
Total financial liabilities	2,703.1	10.5	7.6	-	18.1
Interest exposures	146.9	56.4	300.0	-	356.4
Capital and reserves portfolio	140.9	56.5	300.1	-	356.6
Net interest exposures	6.0	(0.1)	(0.1)	-	(0.2)

* Notional principal amounts.

Notes to and forming part of the financial statements

for the year ended 30 June 2021

Note 18: Financial risk management (cont.)

> Interest margin (duration)

To ensure consistency and a common approach to interest rate sensitivity analysis, the recommendations provided by the Commonwealth as to the sensitivity rates to use in the analysis have been adopted. The sensitivity analysis movement percentages are based on both statistical and non-statistical analysis. The statistical analysis is based on the cash rate for the past five years issued by the Reserve Bank of Australia (RBA) as the underlying data set. This information is then revised and adjusted for reasonableness under the current economic circumstances. The below percentage changes are the recommendations for interest rate sensitivity provided by the Commonwealth.

Sensitivity analysis of interest rate risk (which is the risk that the fair value will fluctuate because of changes in market interest rates and not credit factors) for the CA is only performed for capital and reserve investments. The net interest exposure after these investments show that there is insignificant interest rate exposure in the rest of the assets and liabilities. Other areas are indirectly affected by the change in future anticipated interest rates due to the discounting factor when calculating the net present value of future cash flows.

30 June 2021	**Exposure at risk $ m**	**Increase in basis points Change in market value $ m**	**Decrease in basis points Change in market value $ m**	**Increase in basis points Effect on equity $ m**	**Decrease in basis points Effect on equity $ m**
Capital and reserve portfolio					
Fixed rate investments	**417.1**				
Change of 74 basis points interest margin		**5.3**	**(5.3)**	**-**	**-**
Floating rate investments	**113.3**				
Change of 74 basis points interest margin		**0.8**	**(0.8)**	**-**	**-**

30 June 2020	Exposure at risk $ m	Increase in basis points Change in market value $ m	Decrease in basis points Change in market value $ m	Increase in basis points Effect on equity $ m	Decrease in basis points Effect on equity $ m
Capital and reserve portfolio					
Fixed rate investments	356.6				
Change of 9 basis points interest margin		0.6	(0.6)	-	-
Floating rate investments	140.9				
Change of 9 basis points interest margin		0.1	(0.1)	-	-

> Credit margin (term to maturity)

For Export Finance Australia's investment portfolio, there is a credit revaluation risk as the fair value of the investments will fluctuate because of changes in the credit quality of the investment counterparty.

As at 30 June 2021, Export Finance Australia's investment approval is derived from the PGPA Act. This authority requires Export Finance Australia to invest its surplus money in only Australian Commonwealth and state or territory government securities, on deposit with or in securities issued by ADIs rated at least BBB- or above, and on deposit with or in securities of other entities with credit ratings the equivalent of AA- or above. However, if after purchase a counterparty subsequently falls below the minimum credit rating, management evaluates the risk and will decide on the applicable action, which may include selling the asset, holding the asset to maturity, or obtaining security through CSA's.

Notwithstanding such a high level of credit quality in investments, the portfolio is exposed to movements in credit spreads.

Unrealised marked to market movements are minimised by having an average life to maturity of approximately two years. As investments are classified at amortised cost, mark to market movements are not reflected in the financial statements, and assuming no credit defaults, losses or gains would not be realised in the profit or loss.

Sensitivity analysis of credit risk for the CA is as follows:

	Exposure at risk 2021 $ m	Exposure at risk 2020 $ m	**Increase in basis points change in market value 2021 $ m**	**Decrease in basis points change in market value 2021 $ m**	Increase in basis points Effect on equity 2020 $ m	Decrease in basis points Effect on equity 2020 $ m
Investment portfolio						
Fixed rate investments	**417.1**	356.6				
Change of 50 basis points credit margin			**(3.4)**	**3.4**	(3.3)	3.3
Change of 120 basis points credit margin			**(8.3)**	**8.3**	(7.9)	7.9
Change of 200 basis points credit margin			**(13.7)**	**13.8**	(13.2)	13.1
Floating rate investments	**576.4**	706.1				
Change of 50 basis points credit margin			**(1.8)**	**1.8**	(1.6)	1.6
Change of 120 basis points credit margin			**(4.3)**	**4.3**	(3.7)	3.7
Change of 200 basis points credit margin			**(7.2)**	**7.2**	(6.2)	6.2

Notes to and forming part of the financial statements

for the year ended 30 June 2021

Note 18: Financial risk management (cont.)

(b) Foreign exchange risk

Export Finance Australia extends facilities in various currencies, principally in US dollars and euros. Where the borrowing currency is different from the currency of the assets being funded, cross-currency swaps or foreign exchange contracts are used to offset the exposure (before allowances and provisions).

The table below does not include any balances that are in AUD as they are not exposed to foreign currency movements. Foreign currency exposures for the CA in Australian dollar equivalents are:

	Foreign currency fair value exposures		
30 June 2021	**USD A$ m**	**EUR A$ m**	**Other A$ m**
Financial assets exposure in foreign currencies			
Cash and liquid assets	**4.1**	**5.4**	**0.9**
Receivables from other financial institutions	**60.3**	**12.7**	**-**
Loans and receivables designated at fair value through profit or loss	**917.4**	**118.1**	**-**
Loans to National Interest Account designated at fair value through profit or loss	**314.0**	**-**	**-**
Derivative financial instruments receivable	**684.2**	**-**	**-**
Other assets	**0.1**	**-**	**-**
Total financial assets exposure in foreign currencies	**1,980.1**	**136.2**	**0.9**
Financial liabilities exposure in foreign currencies			
Borrowings designated at fair value through profit or loss	**645.7**	**134.9**	**-**
Guarantees designated at fair value through profit or loss	**2.7**	**1.6**	**(0.1)**
Derivative financial instruments payable	**1,365.5**	**12.6**	**-**
Other liabilities	**35.3**	**1.3**	**-**
Total financial liabilities exposure in foreign currencies	**2,049.2**	**150.4**	**(0.1)**
Net foreign exchange exposures in foreign currencies	**(69.1)**	**(14.2)**	**1.0**

As shown in the above table, the net foreign exchange exposure as at 30 June 2021 is minimal in value for all currencies other than USD with an exposure of $69.1 million and EUR with an exposure of $14.2 million. The exposure in this currency is largely due to movements in credit risk provisioning.

	Foreign currency fair value exposures				
30 June 2020	USD A$ m	EUR A$ m	NZD A$ m	JPY A$ m	Other A$ m
Financial assets exposure in foreign currencies					
Cash and liquid assets	-	0.4	0.3	0.5	0.3
Receivables from other financial institutions	258.0	19.7	-	-	-
Loans and receivables designated at fair value through profit or loss	1,089.0	75.4	-	2.4	-
Loans to National Interest Account designated at fair value through profit or loss	812.3	14.5	-	-	-
Derivative financial instruments receivable	435.2	-	-	27.1	-
Other assets	0.1	-	-	-	-
Total financial assets exposure in foreign currencies	2,594.6	110.0	0.3	30.0	0.3
Financial liabilities exposure in foreign currencies					
Payables to other financial institutions	2.8	-	-	2.5	-
Borrowings designated at fair value through profit or loss	1,208.8	82.0	-	27.1	-
Guarantees designated at fair value through profit or loss	2.6	0.9	-	-	-
Derivative financial instruments payable	1,416.0	34.4	-	-	-
Other liabilities	29.3	0.1	0.2	-	-
Total financial liabilities exposure in foreign currencies	2,659.5	117.4	0.2	29.6	-
Net foreign exchange exposures in foreign currencies	(64.9)	(7.4)	0.1	0.4	0.3

Export Finance Australia's business creates foreign exchange exposures in relation to future income and expense. The current policy is only to hedge 'realised' income and expense, not to hedge 'unrealised' or future foreign currency income and expense. There is also unrealised exposure to the discounting factor applied to the future cash flows. The discount factor can be affected by the anticipated future interest rates, which then can give rise to a profit or loss movement based on the discounted rate used to net present value the future anticipated cash flows.

The exposure to foreign exchange rate movement is kept to a minimum as borrowings are converted via cross-currency swaps into the currency that is needed to lend to customers. The three main components that are exposed to foreign exchange movements relate to:

(i) future fixed interest profit that has been taken to income in foreign currency

(ii) future risk premiums and other residual components taken to income in foreign currency

(iii) the allowance for credit risk which is held in Australian-dollar equivalents against loans predominantly in foreign currency.

To ensure consistency and a common approach to foreign exchange sensitivity, the recommendations provided by the Commonwealth have been adopted. The sensitivity analysis movement percentages are based on both statistical and non-statistical analysis. The statistical analysis is based on main currency movements for the last five years. This information is then revised and adjusted for reasonableness under the current economic circumstances. Sensitivity has only been performed on the currencies that are material to financial statements.

Notes to and forming part of the financial statements

for the year ended 30 June 2021

Note 18: Financial risk management (cont.)

Sensitivity analysis for foreign exchange on the CA:

30 June 2021	**Change in foreign exchange (FX) rate %**	**Exposure at risk A$ m**	**Increase in FX rate Effect on profit A$ m**	**Decrease in FX rate Effect on profit A$ m**
Exposure to USD	**7.9**	**(69.1)**	**5.0**	**(5.9)**
Exposure to EUR	**7.9**	**(14.2)**	**1.1**	**(1.2)**

30 June 2020	Change in FX rate %	Exposure at risk A$ m	Increase in FX rate Effect on profit A$ m	Decrease in FX rate Effect on profit A$ m
Exposure to USD	8.4	(64.9)	5.0	(5.9)
Exposure to EUR	8.4	(7.4)	0.6	(0.7)
Exposure to NZD	8.4	0.1	-	-
Exposure to JPY	8.4	0.4	-	-

Foreign currency exposures for the NIA in Australian dollar equivalents are:

	USD 30 June 2021 A$ m	**EUR 30 June 2021 A$ m**	USD 30 June 2020 A$ m	EUR 30 June 2020 A$ m
Financial assets exposure				
Loans and receivables	**334.0**	**-**	803.3	13.1
Other assets	**1.1**	**-**	6.8	0.1
Total financial assets exposure	**335.1**	**-**	810.1	13.2
Financial liabilities exposure				
Borrowings from Commercial Account	**313.0**	**-**	804.6	13.1
Other liabilities	**0.2**	**-**	5.5	0.1
Total financial liabilities exposure	**313.2**	**-**	810.1	13.2
Net foreign exchange exposures	**21.9**	**-**	-	-

The policy of the Commonwealth is not to hedge these exposures.

Sensitivity analysis for foreign exchange on the NIA:

30 June 2021	**Change in FX rate %**	**Exposure at risk A$ m**	**Increase in FX rate Effect on profit A$ m**	**Decrease in FX rate Effect on profit A$ m**
Exposure to USD	**7.9**	**21.9**	**1.6**	**(1.9)**

30 June 2020	Change in FX rate %	Exposure at risk A$ m	Increase in FX rate Effect on profit A$ m	Decrease in FX rate Effect on profit A$ m
Exposure to USD	8.4	-	-	-

Note 19: Fair value of financial instruments

(i) Determination of fair value hierarchy

Export Finance Australia uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: techniques for which all inputs significantly affecting the recorded fair value are observable, either directly or indirectly
- Level 3: other techniques for which inputs significantly affecting the recorded fair value are not based on observable market data.

For assets and liabilities that are recognised in the financial statements on a recurring basis, it is determined whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to and forming part of the financial statements

for the year ended 30 June 2021

Note 19: Fair value of financial instruments (cont.)

The following table shows an analysis of financial instruments in the CA recorded at fair value by level of the fair value hierarchy:

	Carrying amount	Fair value exposures by hierarchy			
30 June 2021	**Total $ m**	**Level 1 $ m**	**Level 2 $ m**	**Level 3 $ m**	**Total $ m**
Financial assets measured at fair value					
Loans and receivables designated at fair value through profit or loss	**1,226.9**	**-**	**-**	**1,226.9**	**1,226.9**
Loans to National Interest Account designated at fair value through profit or loss	**390.2**	**-**	**390.2**	**-**	**390.2**
Interest rate swaps	**0.1**	**-**	**0.1**	**-**	**0.1**
Cross-currency swaps	**51.3**	**-**	**51.3**	**-**	**51.3**
Forward foreign exchange contracts	**15.1**	**-**	**15.1**	**-**	**15.1**
Investment securities measured at amortised cost					
Discount securities	**207.8**	**-**	**207.9**	**-**	**207.9**
Floating rate notes	**231.0**	**-**	**232.9**	**-**	**232.9**
Fixed rate bonds	**417.2**	**-**	**437.6**	**-**	**437.6**
Total	**2,539.6**	**-**	**1,335.1**	**1,226.9**	**2,562.0**
Financial liabilities					
Borrowings designated at fair value through profit or loss	**(2,105.7)**	**-**	**(2,105.7)**	**-**	**(2,105.7)**
Guarantees designated at fair value through profit or loss	**(4.8)**	**-**	**-**	**(4.8)**	**(4.8)**
Interest rate swaps	**(2.4)**	**-**	**(2.4)**	**-**	**(2.4)**
Cross-currency swaps	**(94.2)**	**-**	**(94.2)**	**-**	**(94.2)**
Forward foreign exchange contracts	**(5.0)**	**-**	**-**	**-**	**-**
Total	**(2,212.1)**	**-**	**(2,202.3)**	**(4.8)**	**(2,207.1)**

	Carrying amount	Fair value exposures by hierarchy			
30 June 2020	Total $ m	Level 1 $ m	Level 2 $ m	Level 3 $ m	Total $ m
Financial assets					
Loans and receivables designated at fair value through profit or loss	1,248.4	-	-	1,248.4	1,248.4
Loans to National Interest Account designated at fair value through profit or loss	841.4	-	841.4	-	841.4
Interest rate swaps	15.2	-	15.2	-	15.2
Cross-currency swaps	33.2	-	30.3	2.9	33.2
Forward foreign exchange contracts	0.1	-	0.1	-	0.1
Investment securities measured at amortised cost					
Discount securities	163.5	-	163.5	-	163.5
Floating rate notes	218.0	-	220.3	-	220.3
Fixed rate bonds	356.6	-	379.3	-	379.3
Total	2,876.4	-	1,650.1	1,251.3	2,901.4
Financial liabilities					
Borrowings designated at fair value through profit or loss	(2,386.9)	-	(2,359.8)	(27.1)	(2,386.9)
Guarantees designated at fair value through profit or loss	(5.6)	-	-	(5.6)	(5.6)
Interest rate swaps	(3.0)	-	(3.0)	-	(3.0)
Cross-currency swaps	(343.1)	-	(343.1)	-	(343.1)
Forward foreign exchange contracts	(5.0)	-	(4.8)	-	(4.8)
Total	(2,743.6)	-	(2,710.7)	(32.7)	(2,743.4)

Notes to and forming part of the financial statements

for the year ended 30 June 2021

Note 19: Fair value of financial instruments (cont.)

The following table shows an analysis of movement in level 3 fair value hierarchy on the CA:

	Movement in level 3 fair value exposures						
	At 1 July 2020 $ m	**New Deals $ m**	**Repayments $ m**	**Foreign exchange $ m**	**Profit/(loss) deals matured $ m**	**Profit/ (loss) deals existing $ m**	**At 30 June 2021 $ m**
Level 3 financial assets							
Loans and receivables designated at fair value through profit or loss	**1,248.4**	**409.1**	**(318.6)**	**(100.3)**	**-**	**(11.7)**	**1,226.9**
Cross-currency swaps	**2.9**	**-**	**(3.6)**	**-**	**0.7**	**-**	**-**
	1,251.3	**409.1**	**(322.2)**	**(100.3)**	**0.7**	**(11.7)**	**1,226.9**
Level 3 financial liabilities							
Borrowings designated at fair value through profit or loss	**(27.1)**	**-**	**25.4**	**1.7**	**-**	**-**	**-**
Guarantees designated at fair value through profit or loss*	**(5.6)**	**-**	**-**	**0.2**	**-**	**0.6**	**(4.8)**
	(32.7)	**-**	**25.4**	**1.9**	**-**	**0.6**	**(4.8)**
Total net level 3	**1,218.6**	**409.1**	**(296.8)**	**(98.4)**	**0.7**	**(11.1)**	**1,222.1**

	Movement in level 3 fair value exposures						
	At 1 July 2019 $ m	New Deals $ m	Repayments $ m	Foreign exchange $ m	Profit/(loss) deals matured $ m	Profit/ (loss) deals existing $ m	At 30 June 2021 $ m
Level 3 financial assets							
Loans and receivables designated at fair value through profit or loss	1,299.4	362.5	(414.6)	21.5	-	(20.4)	1,248.4
Cross-currency swaps	3.7	-	-	-	(0.8)	-	2.9
	1,303.1	362.5	(414.6)	21.5	(0.8)	(20.4)	1,251.3
Level 3 financial liabilities							
Borrowings designated at fair value through profit or loss	(47.3)	-	20.4	(1.1)	0.8	0.1	(27.1)
Guarantees designated at fair value through profit or loss*	(5.9)	-	-	(0.1)	-	0.4	(5.6)
	(53.2)	-	20.4	(1.2)	0.8	0.5	(32.7)
Total net level 3	1,249.9	362.5	(394.2)	20.3	-	(19.9)	1,218.6

* Guarantees are contingent liabilities and so the face value is not held in the statement of financial position.

The profit or loss on the above level 3 financial assets and liabilities is recorded in the statement of profit or loss or other comprehensive income in either the category fair value of third party loans and guarantees or the category fair value of other financial instruments.

The following table shows the quantitative information of significant unobservable inputs for level 3 fair value exposures on the CA:

	Sensitivity of level 3 fair value exposures			
	At 30 June 2021 $ m	**Effect of reasonable alternative assumptions $ m**	At 30 June 2020 $ m	Effect of reasonable alternative assumptions $ m
Level 3 financial assets				
Loans and receivables designated at fair value through profit or loss	**1,226.9**	**(33.9)**	1,248.4	(29.5)
Cross-currency swaps	**-**	**-**	2.9	-
Level 3 financial liabilities				
Borrowings designated at fair value through profit or loss	**-**	**-**	(27.1)	-
Guarantees designated at fair value through profit or loss	**(4.8)**	**(3.2)**	(5.6)	(3.5)

In order to determine reasonable alternative assumptions, the following model inputs were adjusted:

For both loans and receivables designated at fair value through profit or loss, and guarantees designated at fair value through profit or loss, the credit risk assumptions were adjusted. This involved adjusting the ratings modifier down by one notch (e.g. risk category 5 flat to 5 negative) across the entire portfolio, which is considered a reasonable alternative assumption.

For borrowings designated at fair value through profit or loss and cross-currency swaps, the discount rate assumption was adjusted by 10 basis points, which is considered a reasonable alternative assumption.

(ii) Determination of fair value

The process for determination of fair value is regularly reviewed, and any changes recommended to the inputs used in the valuations are documented and submitted to the Board Audit and Risk Committee and then to the Board for approval if necessary. A summary paper is submitted to the Board Audit and Risk Committee and Board every year prior to the approval of the financial statements, which documents the accounting estimates used in fair value calculations including level 3 unobservable inputs.

Export Finance Australia is closely monitoring technical and regulatory developments offshore affecting the replacement of LIBOR and expects to adopt the market consensus as it emerges

The following is a description of the determination of fair value for financial instruments that are recorded at fair value using valuation techniques.

Commercial Account loans and receivables designated at fair value through profit or loss

The fair value on day one is the transaction price, and subsequent fair value is determined by applying market interest rates and using a discounted cash flow valuation through an external valuation system. These are classified as level 3 as the credit risk component is included in the valuation through an internal model to reflect the impact of expected loss on the fair value of each loan or receivable. A residual margin covering prepayment risks, other risks and servicing costs is also included in the fair value of each loan or receivable. When it is likely that a loan or debt will not be recovered in full, a specific event is recognised and recorded using the discounted cash flow method. All individual facilities are reviewed regularly.

Loans to NIA designated at fair value through profit or loss

Fair value is determined by applying market rates and using a discounted cash flow valuation through an external valuation system. These loans are classified as level 2.

Note 19: Fair value of financial instruments (cont.)

Derivative financial instruments

The fair value of derivative financial instruments is determined by applying market rates and using a discounted cash flow valuation. For derivatives that are associated with borrowings, an adjusted curve is derived from the LIBOR or risk-free curve and then adjusted to calculate a margin based on Export Finance Australia's current ability to issue debt at a margin to LIBOR. These valuations before the allowance for derivative risk are being obtained from an external valuation system. In the calculation of the allowance for derivative risk, a credit risk component is included through the use of published credit default spreads and a valuation risk component is included through an internal model. Vanilla derivatives are classified as level 2, whereas non-vanilla structured derivatives are classified as level 3. The structured derivatives are classified as level 3 as they have a complex interest rate formula that includes foreign exchange rates.

Commercial Account borrowings designated at fair value through profit or loss

The fair value of borrowings is determined by applying market interest rates and using a discounted cash flow valuation. An adjusted curve is derived from the LIBOR or risk-free curve and then adjusted to calculate a margin based on Export Finance Australia's current ability to issue debt at a margin to LIBOR. These valuations are being obtained from an external valuation system. Non-structured borrowings are classified as level 2, whereas structured borrowings are classified as level 3. The structured borrowings are classified as level 3 as they have a complex interest rate formula that includes foreign exchange rates.

Guarantees designated at fair value through profit or loss

The fair value on day one is the transaction price, and subsequent fair value is determined by applying market rates and using a discounted cash flow valuation through an external valuation system. These are classified as level 3 as the credit risk component is included in the valuation through an internal model to reflect the impact of expected loss on the fair value of each guarantee. A residual margin covering prepayment risks, other risks and servicing costs is also included in the fair value of the guarantee. When it is likely that a guarantee will be called, a specific event is recognised and recorded using the discounted cash flow method. All individual facilities are reviewed regularly.

Investment securities measured at amortised cost

The indicative fair value quoted in the above table are for information purposes only and are determined by applying market interest rates and using a discounted cash flow valuation. These valuations are being obtained from an external valuation system and are classified as level 2. The assets are held at amortised costs in the financial statements.

Note 20: Capital equivalent

	Commercial Account		National Interest Account	
	30 June 2021 $ m	30 June 2020 $ m	**30 June 2021 $ m**	30 June 2020 $ m
Capital available				
Equity at start of period	**537.1**	539.3	**-**	-
Profit	**11.3**	11.2	**-**	-
Asset revaluation reserve	**-**	-	**-**	-
Dividend payable/paid	**(5.6)**	(13.4)	**-**	-
Equity at end of period	**542.8**	537.1	**-**	-
Eligible allowance for credit risk in capital	**18.4**	17.1	**-**	-
Export Finance Australia capital	**561.2**	554.2	**-**	-
Callable capital	**1,200.0**	1,200.0	**-**	-
Capital available (including callable capital)	**1,761.2**	1,754.2	**-**	-

Commercial Account

Capital management

Under section 56 of the EFIC Act, the Board is required to 'ensure, according to sound commercial principles, that the capital and reserves of Export Finance Australia at any time are sufficient'. This requirement relates only to our CA activities, and this provides guidance in fulfilling the obligation by setting regulatory standards drawing upon both the standards of APRA and those set by the Bank for International Settlements through the Basel Committee on Banking Supervision.

Actual capital available (cash and callable) is used by the Board as the base for setting risk tolerances for counterparty and country exposure limits.

Export Finance Australia has modelled its large exposure policy on Basel and APRA guidelines. Our large exposures limits are 25% of eligible capital for internal risk grades 1 and 2 (A- and above), and 15% for internal risk grades 3 and worse (below A-). Any exceptions above these limits are subject to Board approval. In addition, the Board allows a small tolerance above these limits for foreign exchange movements given the majority of the large exposures are in foreign currency against an AUD capital base.

Export Finance Australia's approach to capital management is based around assessing the level of, and appetite for risk, and ensuring that the level and quality of capital is appropriate to that risk profile. Prudent practice also requires that capital management be forward-looking, having regard to changes in strategy, business plans and the operating environment as well as changes in the type, amount and concentration of risk that might impact on the capital resources available.

Capital also supports the operations by providing a buffer to absorb unanticipated losses from its normal business activities. In the event cash capital is insufficient, the Board, in consultation with the Government, may call additional cash capital up to a prescribed amount. Export Finance Australia is also supported by a Commonwealth guarantee that protects third parties from any financial loss in the event Export Finance Australia cannot meet its obligations. This guarantee has never been called.

The Board treats the capital as equivalent to the regulatory capital under Basel and APRA guidelines and uses this as the basis for setting risk tolerances with regard to large exposures. Changes to the EFIC Act in 2013, which gave the Minister power under section 55A(2) to 'direct Efic to pay specified dividends within a specific period', means the capital base may not meet the regulatory definition of 'capital'.

When making this assessment, the Board is required to include as equity the $1.2 billion of callable capital that is available from the Commonwealth in accordance with the provisions of section 54(8)(a) of the EFIC Act.

Notes to and forming part of the financial statements

for the year ended 30 June 2021

Note 20: Capital equivalent (cont.)

National Interest Account

Export Finance Australia holds no capital against the NIA business on the basis that the risks are borne by the Commonwealth.

Note 21: Remuneration of external auditors

	Commercial Account		National Interest Account	
	30 June 2021 $ m	30 June 2020 $ m	**30 June 2021 $ m**	30 June 2020 $ m
Auditor's remuneration				
Amounts received or due and receivable by Export Finance Australia's auditors for:				
Other services	**-**	-	**-**	-
An audit or review of the annual report	**252,000**	240,000	**-**	-
Total audit remuneration	**252,000**	240,000	**-**	-

Export Finance Australia's auditor is the ANAO.

Note 22: Related party disclosures

	Commercial Account		National Interest Account	
	30 June 2021 $ m	30 June 2020 $ m	**30 June 2021 $ m**	30 June 2020 $ m
Key management remuneration expenses for the reporting period				
Total remuneration received and receivable by key management personnel for the year (includes Directors). Remuneration includes all cash remuneration, superannuation and any non-cash benefits (including applicable fringe benefits tax).				
Short-term employee benefits	**3,925,253**	3,046,367	**-**	-
Post-employment benefits	**261,013**	218,704	**-**	-
Long-term employee benefits	**68,719**	41,969		
Termination benefits	**-**	-	**-**	-
Total remuneration	**4,254,984**	3,307,040	**-**	-
Total number of senior management personnel	**17**	15	**-**	-

The table has been based on the requirements stipulated in the Resource Management Guide No. 138 *Commonwealth Entities Executive Remuneration Reporting Guide for Annual Reports.*

Transactions with key management personnel

Export Finance Australia has not entered into any direct transactions with key management personnel.

Under the EFIC Act, Export Finance Australia has a number of transactions with the Commonwealth. The principal transactions are those related to the NIA activities.

The Commonwealth guarantees the due payment by Export Finance Australia of any money that becomes payable to a third party.

Note 23: Reconciliation of operating profit to net cash flows from operating activities

		Commercial Account		National Interest Account	
	Note	**30 June 2021 $ m**	30 June 2020 $ m	**30 June 2021 $ m**	30 June 2020 $ m
Operating profit from ordinary activities		**11.3**	11.2	**30.5**	32.5
Reclassification on non-cash items					
Depreciation	3(vii)	**3.7**	4.3	**-**	-
Employee entitlements	3(vii)	**0.7**	0.6	**-**	-
Amortisation of deferred income		**(2.1)**	(15.9)	**0.4**	1.1
Movement in accruals		**-**	-	**(0.6)**	0.9
Credit risk movement	3(iv),(viii)	**12.2**	17.2	**12.0**	-
Unrealised foreign exchange losses		**(4.4)**	2.2	**(0.2)**	(0.4)
Unearned premium		**-**	-	**0.1**	1.3
Operating expenses		**-**	-	**4.6**	2.5
Fair value movement of third-party loans and guarantees		**2.5**	(4.0)	**-**	-
Fair value movement of other financial instruments	3(v)	**1.9**	(3.1)	**-**	-
Specific provision for credit risk	3(iv)	**0.1**	7.9	**(14.7)**	-
Provision for competitive neutrality charges	15	**7.9**	7.2	**-**	-
Other		**-**	0.6	**2.0**	(2.7)
Reclassification on cash items					
Net movement in receivables/payables		13.9	14.4	**-**	-
Net repayments of loan balances		289.7	(373.3)	**383.0**	(475.4)
Rescheduled debt repayments		-	-	**-**	0.3
Net cash inflows/(outflows) from operating activities		337.4	(330.7)	**417.1**	(439.9)
Reconciliation of cash Cash at end of financial year is reconciled to the related items in the statement of financial position as follows:					
Cash		**12.6**	9.5	**-**	-
Receivables from other financial institutions	4	**137.5**	324.6	**-**	-
Cash (including liquid funds) at end of financial year		**150.1**	334.1	**-**	-
Financing facilities					
Borrowing facilities available at end of financial year					
Overdraft facilities		**0.3**	0.3	**-**	-
Amount of facilities used		**-**	-	**-**	-
Amount of facilities unused		**0.3**	0.3	**-**	-

Notes to and forming part of the financial statements

for the year ended 30 June 2021

Note 24: Reconciliation of liabilities arising from financing activities

Commercial Account	Note	At 1 July 2020 $ m	Cash Proceeds $ m	Cash Repayments $ m	Net Proceeds/ (Repayments) $ m	Fair Value/ Foreign Exchange $ m	At 30 June 2021 $ m
Derivative assets and liabilities							
Derivative financial assets	9	48.5	**1,456.0**	**(1,448.7)**	**7.3**	**10.7**	**66.5**
Derivative financial liabilities	9	(350.9)	**2,920.3**	**(3,145.9)**	**(225.6)**	**479.9**	**(96.6)**
		(302.4)	**4,376.3**	**(4,594.6)**	**(218.3)**	**490.6**	**(30.1)**
Payables to other financial institutions							
Payables to other financial institutions	12	5.3	**124.7**	**(129.5)**	**(4.8)**	**(0.5)**	**-**
Borrowings designated at fair value through profit and loss							
Structured borrowings		27.1	**-**	**(25.4)**	**(25.4)**	**(1.7)**	**-**
Non-structured borrowings		1,069.0	**800.0**	**(500.0)**	**300.0**	**(43.9)**	**1,325.1**
Euro commercial paper		1,290.8	**3,525.3**	**(3,941.4)**	**(416.1)**	**(94.1)**	**780.6**
	13	2,386.9	**4,325.3**	**(4,466.8)**	**(141.5)**	**(139.7)**	**2,105.7**
National Interest Account							
Borrowings from Commercial Account							
Borrowings from Commercial Account		832.3	**101.7**	**(489.4)**	**(387.7)**	**(55.4)**	**389.2**

Commercial Account	Note	At 1 July 2019 $ m	Cash Proceeds $ m	Cash Repayments $ m	Net Proceeds/ (Repayments) $ m	Fair Value/ Foreign Exchange $ m	At 30 June 2020 $ m
Derivative assets and liabilities							
Derivative financial assets	9	87.4	1,210.4	(1,171.4)	39.0	(77.9)	48.5
Derivative financial liabilities	9	(348.6)	1,696.6	(1,685.1)	11.5	(13.8)	(350.9)
		(261.2)	2,907.0	(2,856.5)	50.5	(91.7)	(302.4)
Payables to other financial institutions							
Payables to other financial institutions	12	9.2	70.3	(74.9)	(4.6)	0.7	5.3
Borrowings designated at fair value through profit and loss							
Structured borrowings		47.3	-	(20.4)	(20.4)	0.2	27.1
Non-structured borrowings		1,316.1	-	(237.0)	(237.0)	(10.1)	1,069.0
Euro commercial paper		1,044.7	5,137.3	(4,906.5)	230.8	15.3	1,290.8
	13	2,408.1	5,137.3	(5,163.9)	(26.6)	5.4	2,386.9
National Interest Account							
Borrowings from Commercial Account							
Borrowings from Commercial Account		354.6	546.2	(69.3)	476.9	0.8	832.3

Note 25: Aggregate assets and liabilities

	Commercial Account		National Interest Account	
	30 June 2021 $ m	30 June 2020 $ m	**30 June 2021 $ m**	30 June 2020 $ m
Assets expected to be recovered in:				
No more than 12 months	**983.8**	1,343.7	**77.5**	520.0
More than 12 months	**1,833.0**	1,996.7	**327.4**	331.0
Total assets	**2,816.8**	3,340.4	**404.9**	851.0
Liabilities expected to be settled in:				
No more than 12 months	**857.2**	2,134.4	**77.5**	520.0
More than 12 months	**1,416.8**	668.9	**327.4**	331.0
Total liabilities	**2,274.0**	2,803.3	**404.9**	851.0
Net assets and liabilities	**542.8**	537.1	**-**	-

Index of statutory reporting requirements

We report in accordance with the requirements of the various acts and statutory instruments as set out in Table 16.

Table 16 Index of statutory reporting requirements

Part A: PGPA Act, PGPA Rule 2014 List of Requirements

Section	Subject	Location	Page
Public Governance, Performance and Accountability Act 2013			
Section 39	The Board must prepare Annual Performance Statements and include a copy in the Annual Report.	Annual performance statement	30-55
Section 42	The Board must state in the annual financial statements whether, in the Board's opinion they comply with: (a) accounting standards and any other requirements prescribed by the rules	Financial statements	112-117
	(b) present fairly the entity's financial position, financial performance and cash flows.	Financial statements	
Section 43	A copy of the annual financial statements and the independent auditor's report must be included in an Annual Report.	Financial statements	112-173
Section 46	The Board must prepare an Annual Report.	Report of operations Financial statements	1-182

PGPA Rule Reference	Description	Location	Page
17BE	Contents of annual report.	2020–21 Annual Report	1-182
17BE(a)	Details of the legislation establishing the body.	Our governing principles	58
17BE(b)(i)	A summary of the objects and functions of the entity as set out in legislation.	Our purpose	24-29
17BE(b)(ii)	The purposes of the entity as included in the entity's corporate plan for the reporting period.	Our purpose	24-29
17BE(c)	The names of the persons holding the position of responsible Minister or responsible Ministers during the reporting period, and the titles of those responsible Ministers.	About Export Finance Australia	8
17BE(d)	Directions given to the entity by the Minister under an Act or instrument during the reporting period.	Our governing principles	58 85-89

PGPA Rule Reference	Description	Location	Page
17BE(e)	Any government policy order that applied in relation to the entity during the reporting period under section 22 of the Act.	Not applicable	-
17BE(f)	Particulars of non-compliance with: (a) a direction given to the entity by the Minister under an Act or instrument during the reporting period (b) a government policy order that applied in relation to the entity during the reporting period under section 22 of the Act.	Our governing principles	85-89
17BE(g)	Annual performance statements in accordance with paragraph 39(1)(b) of the Act and section 16F of the rule.	Annual performance statement	30-55
17BE(h), 17BE(i)	A statement of significant issues reported to the Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with finance law and action taken to remedy non-compliance.	There were no significant issues to report in the current reporting period.	-
17BE(j)	Information on the accountable authority, or each member of the accountable authority, of the entity during the reporting period.	Our governing principles	60-64
17BE(k)	Outline of the organisational structure of the entity (including any subsidiaries of the entity).	Our governing principles	59
17BE(ka)	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) statistics on full-time employees (b) statistics on part-time employees (c) statistics on gender (d) statistics on staff location.	Our governing principles	67 79
17BE(l)	Outline of the location (whether or not in Australia) of major activities or facilities of the entity.	Our purpose Our governing principles	29 67
17BE(m)	Information relating to the main corporate governance practices used by the entity during the reporting period.	Our governing principles	56-95
17BE(n), 17BE(o)	For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions, is more than $10,000 (inclusive of GST): (a) the decision-making process undertaken by the accountable authority to approve the entity paying for a good or service from, or providing a grant to, the related Commonwealth entity or related company (b) the value of the transaction, or if there is more than one transaction, the number of transactions and the aggregate of value of the transactions.	Not applicable	-

PGPA Rule Reference	Description	Location	Page
17BE(p)	Any significant activities and changes that affected the operation or structure of the entity during the reporting period.	About Export Finance Australia Our purpose Annual perfsormance statement Our governing principles	13 33 37-38 70
17BE(q)	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the entity.	Not applicable	-
17BE(r)	Particulars of any reports on the entity given by: (a) the Auditor-General (other than a report under section 43 of the Act) (b) a Parliamentary Committee (c) the Commonwealth Ombudsman (d) the Office of the Australian Information Commissioner.	Not applicable	-
17BE(s)	An explanation of information not obtained from a subsidiary of the entity and the effect of not having the information on the annual report.	Not applicable	-
17BE(t)	Details of any indemnity that applied during the reporting period to the accountable authority, any member of the accountable authority or officer of the entity against a liability (including premiums paid, or agreed to be paid, for insurance against the authority, member or officer's liability for legal costs).	Our governing principles	85
17BE(taa)	The following information about the audit committee for the entity: (a) a direct electronic address of the charter determining the functions of the audit committee (b) the name of each member of the audit committee (c) the qualifications, knowledge, skills or experience of each member of the audit committee (d) information about each member's attendance at meetings of the audit committee (e) the remuneration of each member of the Board Audit and Risk Committee.	Our governing principles	 58 59 61-62 65 73
17BE(ta)	Information about executive remuneration.	Our governing principles	72
17BF	Disclosure requirements for government business enterprises.	Not applicable	-
17BF(1)(a)(i)	An assessment of significant changes in the entity's overall financial structure and financial conditions.	Not applicable	-
17BF(1)(a)(ii)	An assessment of any events or risks that could cause financial information that is reported not to be indicative of future operations or financial conditions.	Not applicable	-

PGPA Rule Reference	Description	Location	Page
17BF(1)(b)	Information on dividends paid or recommended.	Not applicable	-
17BF(1)(c)	Details of any community service obligations the government business enterprise has including: (a) an outline of actions taken to fulfil those obligations (b) an assessment of the cost of fulfilling those obligations.	Not applicable	-
17BF(2)	A statement regarding the exclusion of information on the grounds that the information is commercially sensitive and would be likely to result in unreasonable commercial prejudice to the government business enterprise.	Not applicable	-

Part B: Other legislation

Section	Subject	Location	Page
Environment Protection and Biodiversity Conservation Act 1999			
Section 516A(6)	Ecologically sustainable development and environmental performance.	Our governing principles	82-84
Export Finance and Insurance Corporation Act 1991			
Section 9(4), Section 85(2)(a)	Particulars of Ministerial directions issued under Section 9(4).	Our governing principles	85-86
Section 70	Financial effect on the operations of Export Finance Australia of each Ministerial direction issued under Section 9(2).	Our governing principles	86
Section 85(2)(b)	Statement of principal objectives.	About Export Finance Australia Our purpose Annual Performance Statement	6-9 25-29 30-55
Section 85(2)(c)	Assessment of principal objectives achieved.	Annual Performance Statement	30-55
Work Health and Safety Act 2011			
Schedule 2, Part 4, Clause 4(2)	Work health and safety initiatives, outcomes, statistics of any notifiable incidents and investigations or notices.	Our governing principles	80-81

Abbreviations and acronyms

Table 17: Abbreviations and acronyms

Abbreviation / acronym	Description
ADB	Asian Development Bank
AAS	Australian Accounting Standards
ADI	Authorised deposit-taking institution
AFL	Airports Fiji PTE Limited
AIFFP	Australian Infrastructure Financing Facility for the Pacific
ANAO	Australian National Audit Office
ANZSIC	Australia and New Zealand Standard Industrial Classification system
APRA	Australian Prudential Regulation Authority
APSC	Australian Public Service Commission
ATSI	Aboriginal or Torres Strait Islander background
AUD / A$ / $	Australian dollar
Austrade	Australian Trade and Investment Commission
AWEI	Australian Workplace Equality Index
CA	Commercial Account
CEDA	Committee for Economic Development of Australia
CMFO	Critical Minerals Facilitation Office
COVID-19 Facility	COVID-19 Export Capital Facility
CRM	Customer Relationship Management
CSA	Credit support annexure
CSS	Commonwealth Superannuation Scheme
DCG	Documentary Credit Guarantee
DFAT	Department of Foreign Affairs and Trade
DPRK	Democratic People's Republic of Korea
EAP	Employee Assistance Program

Abbreviation / acronym	Description
ECA	Export credit agency
ECL	Export Contract Loan
ECP	Euro Commercial Paper
EEO	Equal Employment Opportunity
EFG	Export Finance Guarantee
EFIC Act	Export Finance and Insurance Corporation Act 1991
EGS	Export Guarantee Scheme
ELOC	Export Line of Credit
ELOC-R	Export Line of Credit Renewal
EPBC Act	Environment Protection and Biodiversity Conservation Act 1999
EWCG	Export Working Capital Guarantee
EWCG-R	Export Working Capital Guarantee Renewal
EY	Ernst & Young
FAR	Fixed Annual Remuneration
FBT	Fringe Benefits Tax
FIRG	Finance Institutions Remuneration Group
FRR	Financial Reporting Rule
FX	Foreign exchange
GDP	Gross domestic product
GEM	Global Engagement Managers
GST	Goods and Services Tax
IECS	Indigenous Entrepreneurs Capital Scheme
IMF	International Monetary Fund
IPAA	Institute of Public Administration Australia
JCPAA	Joint Committee of Public Accounts and Audit
KMP	Key management personnel
KPI	Key performance indicators
LGBTQI	Lesbian, Gay, Bisexual, Transgender, Queer or Questioning and Intersex
LIBOR	London Interbank Offered Rate
LNG	Liquefied natural gas

Abbreviation / acronym	Description
NABERS	National Australian Built Environment Rating System
NAIF	Northern Australia Infrastructure Facility
NESB	Non-English speaking background
NHFIC	National Housing Finance and Investment Corporation
NIA	National Interest Account
NPS	Net Promoter Score
NSW	New South Wales
OECD	Organisation for Economic Co-operation and Development
PCC1	Power Construction Joint Stock Company No.1
PEO	Principal Executive Officer
PGPA Act	Public Governance, Performance and Accountability Act 2013
PSF	Project & Structured Finance
PSS	Public Sector Superannuation Scheme
PWD	People with disability
RAP	Reconciliation Action Plan
RBA	Reserve Bank of Australia
SBEL	Small Business Export Loan
SLP	Strategic Leadership Program
SME	Small and medium-sized enterprise
STI	Short-Term Incentive
TIP	Trilateral Infrastructure Partnership
TRRR	Total Remuneration Reference Rate
USD / US$	United States dollar
WHS	Work Health and Safety
WHS Act	Work Health and Safety Act 2011
WPI	Wage Price Index

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