



Australian Government

export
finance
australia

2019-2020 Annual Report

Export Finance Australia



No one takes on the world alone

Requests for more information and enquiries should be addressed to:

Export Finance Australia
Head of Corporate Affairs
Level 10, 22 Pitt Street
Sydney NSW 2000 Australia

Telephone: +61 2 8273 5333
Email: **info@exportfinance.gov.au**

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About Export Finance Australia





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Managing Director
& CEO report

Export Finance Australia provides 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 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 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 (SMEs), assist other government entities and finance overseas infrastructure development, especially in the Indo-Pacific region.

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

We are part of the DFAT portfolio of agencies. Our responsible Minister is the Minister for Trade, Tourism and Investment, Senator the Hon. Simon Birmingham (Minister).

What is an ECA?

Most advanced countries worldwide have government-owned ECAs, with a role to support and enable export trade 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, insurance, guarantees and bonds.

How we provide finance

We help customers with financing solutions, which may involve loans, bonds and guarantees. We deliver our support through our Commercial Account (CA) and/or the Government's 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. As a result of COVID-19, the NIA may be used as appropriate for specific transactions, where CA funding is not available.

Commercial Account

Under the CA, we act as a for-profit corporation. We retain all margins and fees and bear all risks and losses.

Decisions under the CA are the responsibility of the Export Finance Australia Board.

National Interest Account

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

We can also refer transactions to the Minister for consideration. This might be due to the transaction's 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. Decisions under the NIA are the responsibility of the Government. The Defence Export Facility, the Australian Infrastructure Financing Facility for the Pacific (AIFFP) and the COVID-19 Export Capital Facility (COVID-19 Facility) are examples of how innovative financing solutions are delivered through the NIA.

Supporting exporters in an extraordinary year

Our focus on helping businesses and our partners take on the world remains at the core of what we do – and this year was no exception.

Despite the impact of devastating bushfires and the COVID-19 pandemic which followed, the Export Finance Australia team was here to provide financial assistance and support when and where it was most needed.

Helping bushfire-affected communities

- › In January 2020, we focused our attention on how we could support Australian exporters impacted by the bushfires.
- › We identified customers who had been directly affected by the bushfires and worked with them to meet their needs.
- › We worked closely with DFAT, Austrade and Tourism Australia to monitor the impacts on exporters, including international tourism operators.
- › We conducted a targeted outreach campaign in affected communities in New South Wales, Victoria and South Australia to raise awareness about our financial solutions for exporters and international tourism businesses operating in these regions.
- › Our experience during the bushfire crisis highlighted the role that Export Finance Australia can play in supporting business-led recovery efforts through the provision of commercial financial products and services to exporters.

Here to support Australian businesses impacted by the COVID-19 crisis

- › In January 2020, we contacted customers with manufacturing and supply chains to China to understand the impact of disruptions caused by COVID-19.
- › In February 2020, we shared information with our portfolio agencies and developed innovative ways to provide finance.
- › In March 2020, we offered financial relief to all of our existing customers and small business building tenants through payment extensions, repayment holidays and rent relief. We also reached out to our Asian Exim Bank Forum colleagues to share details of our financing programs.
- › In April 2020, the Government established the \$500 million COVID-19 Facility, which we administer. We also executed a high-impact national and regional marketing campaign to promote our products and services, reaching out to more Australian businesses than ever before.
- › In May 2020, we hosted a meeting of the Asian Exim Bank Forum to share our COVID-19 response and discuss opportunities to collaborate.
- › By the end of June 2020, we had provided finance to 22 new and existing customers impacted by COVID-19 and provided payment relief to one-third of our existing customers. We had also provided more than \$500,000 in rent relief to our small business tenants.

2019 - 20 highlights

Export Finance Australia's extraordinary year at a glance. Our metrics highlight outreach activities, government mandates, and our people and customers.



\$1.27b

contributed to
Australia's GDP



9,669

Australian
jobs supported



\$2.45b

in contracts
supported



\$1.1b

in support
provided



\$16m

in pre-tax profit
(\$11.2m post-tax profit)



2,450

engagements
with potential
SME customers



136

customers supported
with **185** transactions
completed



Establishment of the
\$500m
COVID-19 Export
Capital Facility



Implementation of
our **infrastructure
mandate** to support
projects in the Indo-
Pacific region



420
outreach activities
with our banking partners



39%
women in senior
leadership



>80%
of all transactions
referred to banks



46%
employees from a
non-English speaking
background or with
parents from a non-English
speaking background

Chairman and Managing Director & CEO report:

An extraordinary year

By any account, it has been an extraordinary year and it is in this context that we present the Export Finance Australia 2019-20 Annual Report.

When we reflect on the multiple challenges the Australian community has faced over the past 12 months, it is a sober reminder of what our nation and the world has been through. It is also a reminder of the tenacity, fortitude and determination of the Australian people to manage through difficult times with the aim of delivering a better future.

In early January 2020, the widespread devastation caused by intense bushfires brought Australia into the spotlight, and the plight of affected communities into sharp relief. In the immediate aftermath of the bushfires, we were pleased to see a role for Export Finance Australia, in assisting our impacted customers and also offering up financial support to other affected businesses.

In February 2020, the rapid spread of COVID-19 and the subsequent global shutdown hit Australian exporters particularly hard as markets worldwide were disrupted. The shocking loss of life which continues to unfold around the world and the expected economic decline for over 95 per cent of global economies in 2020 has had an immediate and devastating impact.

For Australian exporters, disruptions to supply chains and loss of markets created a very difficult operating environment. The second half of the year was particularly challenging, as the world came to grips with the economic and social costs of living through a global pandemic. Export Finance Australia acted quickly and decisively to lead with purpose and in alignment with our mandate.

In March 2020, we offered financial relief to all our existing customers through payment extensions and repayment holidays.

In April 2020, we redoubled our efforts, working alongside the Government to establish a new \$500 million COVID-19 Export Capital Facility on the Government's NIA.

The facility specially caters for COVID-19 impacted exporters who were previously profitable but require finance to keep operating, maintain jobs and prepare for economic rebound. The facility has enabled us to support our customers' liquidity needs as they respond to the impact of the pandemic and changing financial market conditions.

Importantly, Export Finance Australia continued to provide finance to COVID-19 impacted businesses on our CA. During 2019-20, we helped 22 exporters specifically impacted by COVID-19 with finance across both the CA and the NIA. As a result of our earlier offer of financial relief, we were able to provide 63 payment extensions to existing customers, allowing them to maintain operations, support jobs and, more broadly, continue to contribute to Australian economic prosperity.

Accelerating our strategy

COVID-19 also saw the necessary acceleration of many initiatives we had been developing to reach more exporters. In April 2020, we executed a high-impact national marketing campaign to promote our products and services, reaching more Australian businesses than ever before.

In May 2020, we brought our Asian Exim Bank counterparts together to discuss our COVID-19 responses and seek opportunities to collaborate. Our Asian counterparts are experiencing similar social and economic challenges and there is a lot we can learn and share with each other.

We re-engaged with Australian commercial finance providers on innovative solutions to reach more SME exporters. We consulted closely with our British, American and Canadian counterparts to understand how we could adapt their successful programs to build a suitable financial offering for the Australian market.

In June 2020, the Board approved our new Export Guarantee Scheme (EGS). This will help us reach more SME exporters through commercial banks and other non-bank lenders.

A record year

Despite the volatility of the last quarter, we are pleased with our achievements against the goals we set ourselves in the 2019-20 Corporate Plan. In 2019-20 we supported 136 customers with total financing of \$1.1 billion, exceeding our previous record high of \$1.0 billion in 2011-12.

This includes \$411.5 million in financing to 120 customers on our CA, up from \$377.6 million provided to 107 customers in 2018-19.

In addition, we have financed 16 customers with a combined value of \$675.1 million on the NIA. This includes the US\$300 million (A\$441 million) sovereign loan to Papua New Guinea.

In the current operating environment, we have been able to use both our CA and the NIA to help exporters and support broader government objectives.

Our contribution

Notwithstanding additional credit provisions of \$28.3 million, mainly related to COVID-19, we have achieved a post-tax profit of \$11.2 million.

Our financing continues to play an important role in supporting Australian jobs and growth. In 2019-20, our financing supported 9,669 jobs and contributed \$1.27 billion to GDP. We will continue to refine how we measure our contribution to the economy as the type of financing we provide shifts away from traditional export contracts.

Delivering on our mandate

Export Finance Australia remains very focused on delivering on our diverse mandate, achieving a number of highlights during the year, including:

SME exporters

- › Conducting 2,450 SME customer engagements throughout the year, up 24 per cent on 2018-19.
- › Executing our largest ever national marketing campaign in response to COVID-19, resulting in more than 950 enquiries from businesses seeking help with finance.

Indo-Pacific infrastructure

- › Implementing country strategies for our five key Indo-Pacific markets of Papua New Guinea, Indonesia, the Philippines, Sri Lanka and Vietnam.
- › Conducting briefings with 22 diplomatic officials throughout the Indo-Pacific region and maintaining active engagement and membership with the region's business councils.
- › Identifying 23 opportunities for 17 exporters in the broader Pacific and Indo-Pacific region and progressing them through our transaction pipeline.

Critical minerals

- › Conducting 137 engagements on critical minerals to understand the industry's financing requirements, as well as meeting 26 critical minerals proponents throughout Australia.

Defence exports

- › Adding 17 defence opportunities across SME and larger corporates to our transaction pipeline.
- › Sharing our defence offering with 60 key diplomatic posts.

During May 2020, the Minister issued a new Statement of Expectations which determines there to be a market gap for SMEs and removes limits on the number of facilities we can provide to any one customer. Consistent with the Government's strong desire to support SME businesses, these changes cut red tape, enabling us to reach more SMEs and deliver a better customer experience.

Partnering with Government

Our collaboration with portfolio and central agencies has enabled us to strengthen our reputation as a flexible, responsive partner.

Throughout the bushfire and COVID-19 crises, we worked in close partnership with DFAT and portfolio agencies to contribute to the Government's recovery strategies. We have also shared our financing expertise with key Federal and State Treasury and Finance departments, to help solve pressing needs among key export sectors.

Our deepening collaboration with Austrade on trade and investment priorities means we are working together across a range of areas to provide a cohesive journey for exporters. Our partnership agreement with Austrade continues to drive multiple cross-referrals between our two agencies. Through our participation in Minister Birmingham's delegation to Austrade's Australia-India Business Exchange in February 2020, we were able to engage with a range of Australian and Indian businesses, including a number of infrastructure stakeholders. In the past five years, we have supported SMEs with financing in India. These engagements will help us support more exporters focused on opportunities in the Indian market.

Export Finance Australia continues to enable a range of government policy objectives and provide support to Commonwealth entities, including the AIFFP. We also continue to provide credit, finance and human resources expertise to the Northern Australia Infrastructure Facility (NAIF) and the National Housing Finance and Investment Corporation (NHFC).

We appeared before the Joint Committee of Public Accounts and Audit and participated in its consideration of the Australian National Audit Office's 2019 review of Export Finance Australia. We were pleased to receive positive feedback on our governance, operations and systems.

Building strong international partnerships

Export Finance Australia continues to cooperate closely with the US and Japan on the Trilateral Partnership for Infrastructure Investment in the Indo-Pacific, which seeks to invest in infrastructure projects to drive sustainable economic growth in the Indo-Pacific. During the year, we remained active in a range of international forums, including the Berne Union, Asian Exim Banks Forum and the Organisation for Economic and Co-operation and Development (OECD).

Progressing our commitment to reconciliation

This year, we progressed from a 'Reflect' to an 'Innovate' Reconciliation Action Plan (RAP). Under our 'Innovate' RAP, we will strengthen our relationships with Aboriginal and Torres Strait Islander peoples, engage employees and stakeholders in reconciliation, and pilot new programs to empower Aboriginal and Torres Strait Islander communities. We were honoured to be able to continue our relationship with the Career Trackers internship program to create more opportunities for Aboriginal and Torres Strait Islander graduates.

Supporting our people

Our people met the challenges of 2019-20 with dedication and hard work. Our focus on investment in cloud technology, systems and ongoing training has enabled our people to rapidly switch to remote working. While our traditional methods of working have changed, we have been able to perform our role efficiently.

We have adapted the ways we support exporters in a digital environment where meetings, exchanges of documents and signing practices are not currently feasible. We would not have been able to achieve so much without our employees' passion for the work they do.

In May 2020, Export Finance Australia participated in the Great Place to Work survey. Our results show that our collective efforts over the last few years to focus on culture and engagement have made a positive difference. We are delighted that our strong Trust Index and Cultural Audit results certify us as a Great Place to Work.

We continue to embrace diversity and inclusion, with 39 per cent of our senior leadership positions held by women. This is also reflected in our people leaders, with women comprising 45 per cent of our Senior Leadership Team. We are focused on building an inclusive workplace for our LGBTQI employees, allies and customers. During the year, we were delighted to become a member of Pride in Diversity.

As a team, we celebrate our rich cultural diversity, with 38 different ancestries represented among us. More than 40 per cent of our team are either bilingual or multilingual. Our cultural diversity enables us to bring different perspectives and experiences to our work.

The year ahead

We are facing an uncertain future. We have not seen an economic shock of this speed and magnitude in our lifetimes. The global economy will almost certainly face the worst recession since the Great Depression, with global GDP forecast to contract by 4.9 per cent in 2020.

The impact of COVID-19 on international trade and on exporters in particular reaffirms the important role export credit agencies like Export Finance Australia play in providing financing support during periods of economic disruption and uncertainty. We will continue to work with the Australian Government and our partners to provide exporters with the commercial financing they require during this challenging period.



James M Millar AM
Chairman

25 September 2020



Swati Dave
Managing Director & CEO

25 September 2020

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



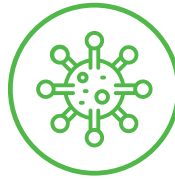
The background of the page is a photograph of a construction site at sunset. The sky is a gradient of orange and blue. In the foreground, the silhouettes of several construction workers are visible. One worker is standing on a horizontal beam, while others are positioned further back. To the right, a cluster of vertical rebar rods rises into the air. The overall scene is one of active construction during the 'golden hour' of the day.

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

We achieve our purpose by fulfilling our mandated functions (available on our **website**) 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; and
- › administer payments in relation to overseas aid projects financed by the Commonwealth.

How we do this



Providing finance to COVID-19-impacted exporters

The COVID-19 Facility assists previously profitable Australian exporters whose businesses have been impacted by COVID-19. Exporters are able to access finance from \$250,000 to \$50 million under the facility.

The facility complements other measures announced by the Government to enable banks to better support new and existing customers impacted by COVID-19.

These measures fall under three categories and include support for:

- › individuals and households – through JobKeeper and JobSeeker payments, income support and temporary early release of superannuation;
- › businesses and employment – cashflow support to SMEs and not-for-profit organisations and temporary relief for financially distressed businesses; and
- › the financial system and flow of credit – supporting immediate cashflow needs for SMEs and reducing the cost of credit.



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.

Through our online digital platform, *exportonline*, we provide SMEs with access to fast loan options.

Our specialist expertise allows us to help with financing solutions for larger corporate and sovereign projects.

This enables us to ‘crowd in’ Australian SMEs into a project’s supply chain.



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.

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 operational and technical support to the AIFFP, a \$2 billion development-focused infrastructure financing facility for the Indo-Pacific; and
- › 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; it is not a separate pool of funding that has been provided to Export Finance Australia. As directed by the Minister, this facility provides a way for us to finance defence exports where we may not be able to help under our CA.



Providing finance in support of the critical minerals sector

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

We are able to 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.

Our eligibility criteria as outlined in our Ministerial Statement of Expectations include that:

- › the mineral is identified in Australia's Critical Minerals Strategy;
- › the extraction or processing of the minerals in Australia are for export;
- › a comprehensive feasibility study has been completed;
- › buyers are committed to purchase the project's production;
- › the project proponents have the necessary financial, technical and commercial capacity; and
- › for access to financing under the Defence Export Facility, that the project supported must be important to a defence end-use.



Enabling broader government objectives by supporting other Commonwealth entities

We provide expertise and support to the following Commonwealth entities as directed by the Minister:



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



Australian Government

National Indigenous Australians Agency

Indigenous Entrepreneurs Capital Scheme (IECS), which is designed to provide access to private sector capital for Indigenous businesses.



Australian Government



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



Australian Government



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.

Annual Performance Statement





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

Annual Performance Statement

for the year ended 30 June 2020

Introductory statement

I, James M Millar, Chairman of the accountable authority, the Board of Export Finance Australia, present the 2019–2020 Annual Performance Statement of Export Finance Australia, as required under Section 39 of the PGPA Act.

In my opinion, this Annual Performance Statement is based on properly maintained records, accurately reflects the performance of the entity, and complies with relevant sections of the PGPA Act.

James M Millar AM
Chairman, Export Finance Australia

Approach

The criteria we report against are the performance targets for the CA, set out on page 21 and for the NIA, set out on page 22 of our 2019–20 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. This year we spent significant time and resources on NIA transactions (refer to table on page 97). We provided a loan facility of USD\$300 million (A\$441 million) to the Independent State of Papua New Guinea and a loan of USD\$80 million (A\$128.3 million) to Trinidad and Tobago (Austal Ships).

Our experience this year has shown that previously profitable customers that were impacted by COVID-19 were no longer eligible for support on the CA but instead needed to seek short-term support via the NIA.

Therefore, this year, when measuring our performance for transactions completed and customers supported, we have aggregated the CA and NIA targets.

Commercial Account and National Interest Account targets

Account	Ref	Transactions completed	Ref	Customers supported
National Interest Account	1a	• \$200m total transactions	1c	• 2 customers supported
	1b	• \$200m in contracts supported		
Commercial Account	2	• \$500–\$700m total transactions	4	• 125–150 customers supported
	3	• \$2.0–\$3.0b in contracts supported	5	• 40–50% new to Export Finance Australia
Commercial and National Interest Accounts	8	• \$700–\$900m total transactions	10	• 127–152 customers supported
	9	• \$2.2–\$3.2b in contracts supported		
Account	Ref	Referrals	Ref	Financials
Commercial Account	6	• >80% of transactions referred to banks	7	• \$26m–\$30m

References

- 1 a b c Source: 2019-20 Corporate Plan, page 22, last sentence
- 2 Source: 2019-20 Corporate Plan, page 21, Column 4, Line 2
- 3 Source: 2019-20 Corporate Plan, page 21, Column 4, Line 3
- 4 Source: 2019-20 Corporate Plan, page 21, Column 4, Line 4
- 5 Source: 2019-20 Corporate Plan, page 21, Column 4, Line 5
- 6 Source: 2019-20 Corporate Plan, page 21, Column 4, Line 6
- 7 Source: 2019-20 Corporate Plan, page 21, Column 4, Line 7
- 8 Source: Ref 1a added to Ref 2
- 9 Source: Ref 1b added to Ref 3
- 10 Source: Ref 1c added to Ref 4

Our performance – quantitative analysis

It has been a strong year for Export Finance Australia, with our support creating a positive impact for Australia's export trade landscape. We continue to work collaboratively to support government initiatives to help Australian exporters survive the various crises of drought, bushfires and the COVID-19 pandemic.

Due to COVID-19, we pivoted and supported our customers in their response to the impact of the pandemic and changing financial market conditions. Disruptions to supply chains and loss of markets created a very difficult operating environment for Australian exporters.

We increased support for our customers by meeting their liquidity needs and providing more flexible repayment options.

In 2019-20, we supported 136 customers for 185 transactions valued at \$1.1 billion. Our financing supported contracts worth \$2.5 billion.

The following analysis of our overall performance should be read with the rest of the Annual Report and the Chairman and Managing Director & CEO report.

Results on the combined Commercial Account and National Interest Account

Table 1: Transactions completed

We exceeded our targets on facilities signed during the 2019-20 financial year.

Performance criteria	2018-19	2019-20 targets	Ref	Result against performance criteria
Transactions completed				
Dollar value of facilities signed	\$387.6m	\$700-\$900m	8	\$1.1b
Dollar value of contracts supported	\$2.5b	\$2.2-\$3.2b	9	\$2.5b

References

8 Source: 2019-20 Corporate Plan, page 22, last sentence added to 2019-20 Corporate Plan, page 21, Column 4, Line 2

9 Source: 2019-20 Corporate Plan, page 22, last sentence added to 2019-20 Corporate Plan, page 21, Column 4, Line 3

Explanation

Commercial Account and National Interest Account

The overall value of signings for the CA and NIA was \$1.1 billion, which exceeded our target range by \$0.4 billion.

On our CA, we financed 167 transactions (147 in 2018-19) during the year, valued at \$411.5 million (\$377.6 million in 2018-19), supporting nearly \$1.8 billion in contracts and overseas investments (\$2.3 billion in 2018-19).

We also signed seven transactions under our alliance agreement with the Asian Development Bank (ADB), supporting Australian SMEs exporting to Bangladesh and Vietnam.

Given the various crises, we saw a marked increase in NIA transactions this year.

On the NIA, we financed 18 transactions (1 in 2018-19) during the year, valued at \$675 million (\$10 million in 2018-19), supporting nearly \$0.7 billion in contracts and overseas investments (\$0.3 billion in 2018-19).

Importantly, we worked alongside the Government to establish the \$500m COVID-19 Facility, which resulted in financing support for 14 customers and 15 transactions, valued at \$15.3 million.

Table 2: Customers supported

We exceeded performance targets for number of customers supported and percentage of new Export Finance Australia customers.

Performance criteria	2018-19	2019-20 targets	Ref	Result against performance criteria
Customers supported				
Number of customers supported	108	127-152	10	136 customers supported with 185 transactions
Percentage of new customers supported	44%	40-50%	5	51%
Referrals				
Percentage of transactions referred to banks	>80%	>80%	6	>80%

References

5 Source: 2019-20 Corporate Plan, page 21, Column 4, Line 5

6 Source: 2019-20 Corporate Plan, page 21, Column 4, Line 6

10 Source: 2019-20 Corporate Plan, page 22, last sentence added to 2019-20 Corporate Plan, page 21, Column 4, Line 4

Explanation

Commercial Account and National Interest Account

This year we supported 136 customers with 185 transactions, 51% of which were new to Export Finance Australia. Over 80% of all transactions were referred to banks consistent with our market gap mandate to encourage participation by the private sector. 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.

This year we saw an increase in the number of customers requiring support largely due to COVID-19. This support included assistance with repayment terms and the provision of finance.

Our operations are subject to legislative and mandate requirements that may impact our performance, particularly when compared to peer or other financial organisations that do not operate under similar arrangements. As a countercyclical business, and one that operates in the 'market gap', when credit availability is strong, the need for our support may decrease.

Table 3: Financial performance

From a financial perspective, pre-COVID-19 we were on track for another solid year. Our pre-tax profit of \$32.3 million at the end of April 2020 was well ahead of the year-to-date budget.

We were also well above the full-year profit range of between \$26 million and \$30 million, as set out in the 2019-20 Corporate Plan.

However, in May and June 2020, we took \$28.3 million of credit provisions related to COVID-19, which significantly reduced our pre-tax profit to \$16 million and post-tax profit to \$11.2 million.

Our experience from previous crises is that while the credit provisioning in the SME book is likely to result in some cash losses, the provisions in the corporate book are unlikely to generate significant cash losses and, more likely, will be written back over the term to maturity.

Performance criteria	2018-19	2019-20 targets	Ref	Result against performance criteria
Financial Performance				
Commercial Account profit (pre-tax)	\$21.8m	\$26-\$30m	7	\$16m

References

7 Source: 2019-20 Corporate Plan, page 21, Column 4, Line 7

Explanation

Commercial Account

The 2019–20 CA operating income of \$45.5 million was impacted by \$28.3 million of credit provisions taken against the portfolio in response to the COVID-19 pandemic. The additional credit provisions arose from rating downgrades based on our assessment of the impact of COVID-19 on individual counterparties.

The credit provisioning on the SME portfolio is likely to crystallise into actual losses, but the timing is uncertain. In contrast, the credit provisioning on the Corporate portfolio is unlikely to crystallise into actual losses, but for accounting purposes, our exposures are fair valued based on current market data.

In March 2020, we provided financial relief to many of our existing customers through payment extensions and repayment holidays.

Since March 2020, we have extended the credit terms for three larger customers valued at \$94.7 million and 58 SMEs valued at \$52.1 million.

While COVID-19 credit provisions adversely impacted our profitability, we benefited from lower operating costs over this period. Our operating expenses of \$29.5 million were \$5.2 million lower than expected, due to delayed hiring of employees, rescheduled projects and travel restrictions.

Our efforts supporting the Government's response to COVID-19 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 also impacted by movements in both USD interest rates and exchange rates. Given over 85% of our portfolio is denominated in USD, movements in such 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 booked \$3.1 million in income (on a fair value basis) from movements in long-term USD interest rates. Offsetting this, we also booked a net loss (realised and unrealised) of \$0.5 million from a decline in the AUD/USD exchange rate. The result of these market movements was additional net income of \$2.6 million.

When we prepare our 2019-20 Corporate Plan, we assume the USD interest rate and exchange rate have no material impact on our underlying profitability. Therefore, when assessing CA profit for future years, we regularise profitability back to eliminate these market movements. We continued to make allowance for payments to the Commonwealth covering a debt neutrality charge of \$1 million, state equivalent taxes of \$1.4 million and income tax equivalent payments of \$4.8 million.

Our performance – qualitative measures

In addition to the quantitative metrics outlined on pages 25-28, our Annual Performance Statement also includes qualitative metrics. These qualitative metrics were included for the first time in the 2019-20 Corporate Plan, consistent with a recommendation from the Australian National Audit Office (ANAO) Performance Audit completed in June 2019, and also consistent with PGPA Rules.

Delivering on our purpose

Supporting government initiatives to help Australian exporters impacted by bushfires and the COVID-19 pandemic.

This year especially has seen an increased need for our financial support as a result of the devastating impacts on business from bushfires and the COVID-19 pandemic. Our response to these crises was coordinated and disciplined. We had a strong emphasis on meeting the needs of our customers, consistent with our purpose and mandate.

Through proactive communication and outreach, we worked with our customers to offer solutions to help them through the various crises. This included the provision of payment deferrals and fee waivers.

We also engaged across a range of government forums. We used our capabilities and experience to help solve problems, including assisting the Government with the establishment and administration of the COVID-19 Facility. The COVID-19 Facility provides COVID-19 impacted Australian exporting businesses with a financial lifeline until their revenues return.

COVID-19 disruptions








In 2019-20 a number of transactions were delayed as a result of COVID-19. Some of the more significantly affected sectors include those within our mandate, such as oil and gas, shipbuilding and mining and resources.

For example, our financing for a major shipbuilding export contract was delayed due to COVID-19 disruptions. A sharp decline in the oil price also delayed financing for two significant overseas mining projects and a number of proposed oil and gas project developments.

Similarly, we provided financing for a number of customers this year that experienced temporary disruptions to their supply chains but may not need support in future years.

Delivering on our functions

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

Function	Objective
Facilitate and encourage Australian export trade and overseas infrastructure development.	<p>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.</p> <p>NIA facilities include the AIFFP, Defence Export Facility and the COVID-19 Facility.</p>
 <p>Contributed \$1.27b to Australia's GDP.</p>	 <p>Logged 2,450 engagements with 1,071 SMEs</p> <p>– for 40% of these SMEs, it was their first engagement with Export Finance Australia.</p>
 <p>Helped support 9,669 jobs.</p>	 <p>Supported 26 market segments</p> <p>– providing financing support to small, medium and large businesses with annual turnovers between \$250,000 and \$270 million.</p>
 <p>Assisted 50% more new customers – up 44% on 2018–19.</p>	
 <p>Changed our operating name from Efic to Export Finance Australia.</p>	 <p>Streamlined our processes on our online loan platform, <u>expertonline</u></p> <p>– allowing applications from small businesses impacted by COVID-19 for funding under the COVID-19 Facility.</p>

Case study

“

Export Finance Australia made it easy for us to borrow money, so I could give my client good trading terms that helped manage their COVID-19 risks – as well as ours. ”

David Wilson

CEO and Founder,
Green Frog Systems



Green Frog Systems

Our loan helped Green Frog Systems manage business disruption risks during COVID-19.



Small Business Export Loan

Green Frog Systems researches, designs and develops innovative solar lighting products from Adelaide. Leveraging international engineers and a global manufacturing supply chain, the business exports to the US, New Zealand, Hong Kong, the Middle East and the UK.

During the COVID-19 outbreak, one of their large international customers wanted to place a significant order of solar lights but couldn't pay upfront. "The customer needed trading terms," explained Green Frog System's CEO and Founder, David Wilson.

So, David turned to us for support. Our Small Business Export Loan enabled them to buy bulk material upfront and secure their customer's large forward order.

Reduced costs and satisfied customers

David worked with our South Australia Business Development Director, Andrew Perkins, to understand how Export Finance Australia could best support their business.

"Andrew is fantastic because he has an incredible understanding of the challenges businesses have," David said.

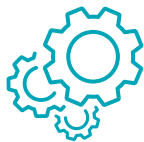
As a result, they were able to boost their margins and reduce the cost of the product – ultimately benefiting their customers too.

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 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.



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.**



Progressed a pilot of the Export Guarantee Scheme.



Received 70 referrals from banks with an aggregate value of \$688 million, which led to **24 signings** worth **\$53 million.**



Completed **19% of our transactions** with banks, with an aggregate value of \$66 million.



Referred **>80%** of our transactions to banks.

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.



Launched a
national COVID-19 response campaign
– our largest ever marketing campaign.



Published our monthly
**World Risk
Developments**
newsletter for businesses.

Continued to offer:

- > **economic** commentary,
- > **country** profiles,
- > **risk** assessments; and
- > **tips** for new exporters.



Partnered with Austrade to continue supporting our customers. We created a **referral pathway** for Australian businesses to connect with the right government agency, resulting in:

- 2,500 new businesses in our database
- over 100 cross-referrals.

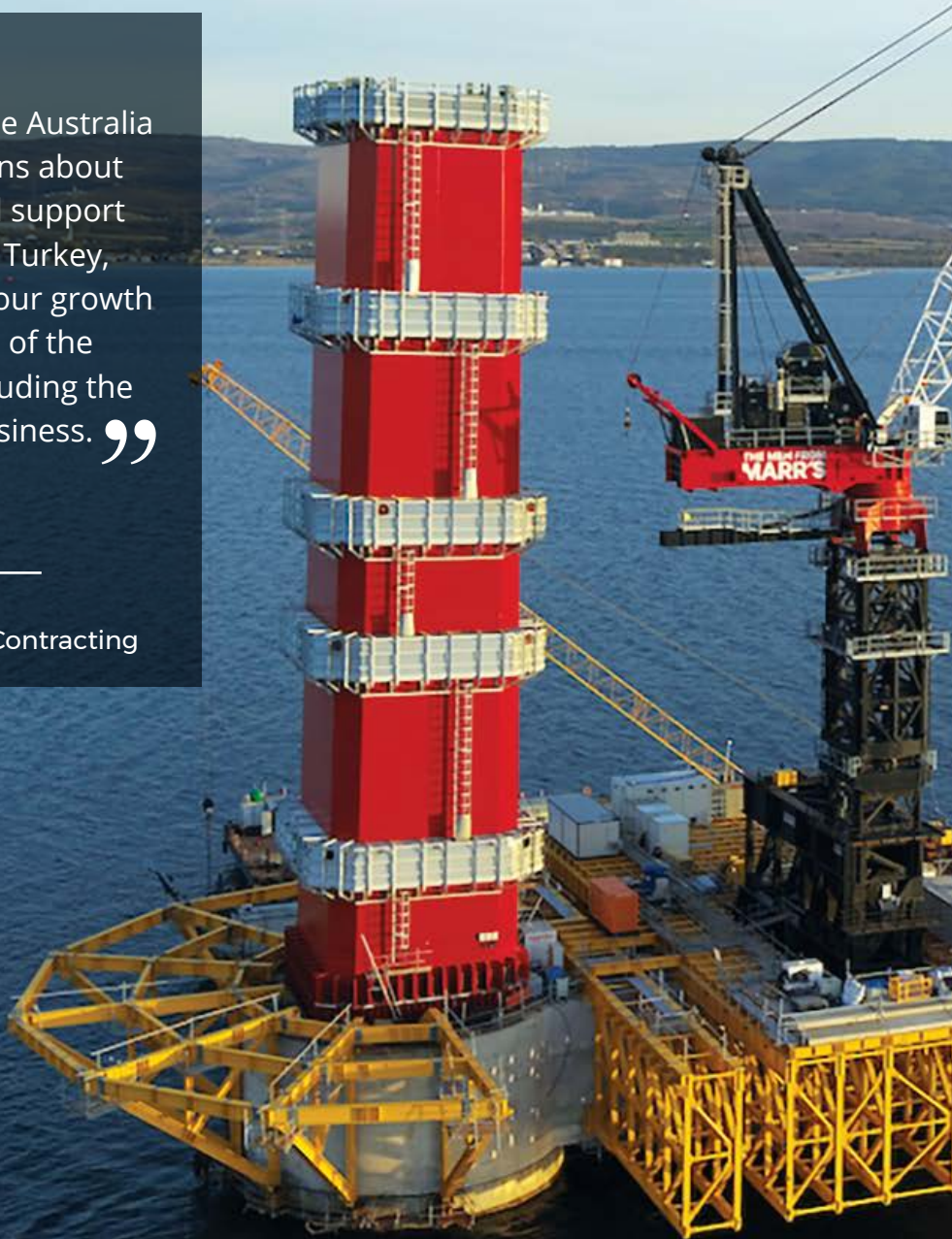
Case study

“

Export Finance Australia gave us options about how we could support the project in Turkey, yet maintain our growth in other parts of the business, including the Australian business.”

Simon Marr

Director, Marr Contracting



Marr Contracting

Export Finance Australia and Austrade work together to help Australian businesses succeed internationally – and grow Australia’s export economy.



Export Contract Loan

Specialists in the design and delivery of heavy-lift luffing crane solutions, Marr Contracting (trading as The Men from Marr’s) worked on some of Australia’s most iconic projects. These include the Sydney Opera House, Crown Casino and the Snowy Mountains Hydro Scheme.

When they were awarded a project to help build the world’s largest suspension bridge, their lender saw an opportunity to partner with us to provide finance.

Our New South Wales Business Development team worked closely with the team to provide a tailored finance solution, enabling Marr Contracting to purchase equipment to deliver their services. Simon said that our support was vital for the success of the project and the solution aligned with their long-term growth plans.

Scaling horizons here and overseas

Marr Contracting also received assistance from our partner, Austrade. Through our collaborative and outcome-focused relationship, we are providing additional value in helping Australian businesses succeed internationally.

“Austrade were fantastic promoting our business and offering us support in different regions,” said Simon. “Export Finance Australia and Austrade work hand in hand.”

Marr Contracting plans to expand their business in Australia and the US, as well as in their strongest overseas markets – the Middle East and the UK.

Working with other organisations to support Australian businesses



Australian Government
Austrade



Building our partnership with Austrade

This year, we developed and implemented programs that build our inter-agency partnership and drive benefits for Australian export businesses looking for support. We held briefings for over 500 Austrade employees across Australia and internationally on our expertise, solutions and mandate. We also collaborated in several forums and events, participating in:

- › the Minister's delegation to Austrade's Australia-India Business Exchange in February 2020;
- › the Indo-Pacific 2019 Australia and Europe Industry Forum targeting the marine, maritime and defence industry; and
- › the Australian Tourism Export Council (ATEC) Meeting Place 2019, increasing awareness of tourism businesses.

Celebrating export success

We want to see Australian businesses grow their presence in international markets. So, as longstanding sponsors of the Export Awards, we celebrate and recognise success in the export industry.

We participated in the state-based and national awards, and proudly stood by two of our customers who were recognised. Marand Precision Engineering was winner of the Manufacturing and Advanced Materials Award, while Seeing Machines was winner of the Technology and Innovation Award.

Through the Export Awards, we recognise the achievements of businesses we have supported. We also use the opportunity to engage and network with new businesses to share how we can help them.

Supporting international tourism

Our mandate was expanded to support Australian tourism businesses that want to grow their international visitor numbers.

To engage with this business sector, we worked together with Tourism Australia and ATEC to build awareness of Export Finance Australia. Through our strategy of direct marketing and events, we have connected with more Australian tourism businesses than ever before.

Function

Assist other Commonwealth entities.

Objective

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



AIFFP

- › Helped the Government establish and set up the AIFFP for operation from 1 July 2019.
- › Provided operational and technical support to the \$2 billion development-focused infrastructure financing facility for the Indo-Pacific.



Australian Government
National Indigenous Australians Agency

IECS

- › Continued to be a trusted adviser to the IECS.
- › Worked closely with Indigenous Business Australia and other financial institutions.



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.



National Housing Finance
and Investment Corporation



Australian Government



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 seven loans valued at \$18.2 million at 30 June 2020; the latest of which matures in April 2024.

Case study

“

The funding helped us get up and running very quickly. Export Finance Australia has been a big help to our business.”

Trent Brown

Director, GSL Aviation

GSL Aviation

Our finance enabled tourism business GSL Aviation to get back on their feet.



COVID-19 Export Capital Facility

With the impact of COVID-19, Airlie Beach-based scenic flight operator Aus Air Charter (trading as GSL Aviation) lost their customer base of international tourists, who provided 80 per cent of their revenue.

The downturn in the number of customers, and the fact that many travel agents were unable to pay for tours already completed, put pressure on their cashflow.

GSL Aviation previously received finance from us for a marine vessel's construction. Director, Trent Brown, asked us for support to get operations running again – with a focus on the domestic market.

Enabling tourism businesses to keep operating

Our Queensland Business Development team worked with Trent to assess their working capital requirements. They helped him apply for finance through our COVID-19 Facility, which enables us to help previously profitable businesses in sectors like tourism to keep operating.

“Everyone at Export Finance Australia wanted us to succeed and gave us clear guidance on the information to provide,” said Trent.

Our \$1 million loan to GSL Aviation has helped the business pay their creditors and retain employees. Our finance has allowed the business to tailor their offering to attract domestic customers, pending the opening of borders and the return of international tourists.

Case study

“

The loan from Export Finance enabled us to continue to maintain our production capacity. It's good to know it's there; it's peace of mind.”

James Cody
CFO, Atomos

Atomos

Australia's reputation for product innovation is growing with businesses like Atomos.



Export
Line of Credit

Atomos creates video production equipment for content creators. With headquarters in Melbourne and offices in the US, Europe and Asia, the business is renowned for providing innovative solutions in the video and film industry.

Recognising they could benefit from a cashflow boost to accelerate their business, Atomos applied for an Export Line of Credit with us.

Our facility allowed them to keep up with their products' supply and demand. With our support, they could speed up the manufacturing process and grow their business even further.

The value of partnerships

After becoming a public entity trading on the ASX, Atomos Chief Financial Officer James Cody says the business' innovative success is due to the product itself as well as the relationships they have nurtured.

“We wouldn't be able to make our products without the likes of Sony, Panasonic, Canon, Adobe, Apple and Avid sharing their software processing and video capabilities with us,” he said.

James is grateful for not only the support of technology partners, but also for the Export Finance Australia team and the support we provided.

Case study

“We're getting exposure to more tenders and work. Our future's looking very positive in terms of growth.”

Christoff van der Schyff
General Manager, ADENCO

ADENCO

Our support helped ADENCO establish themselves as a niche player in the mining sector.



Export Finance Guarantee

ADENCO is a water management and civil engineering business supporting construction and resource projects across Australia.

After winning a contract to be part of the supply chain for a major water infrastructure project involving Rio Tinto and Worley Parsons, they turned to us for support.

ADENCO's General Manager, Christoff van der Schyff, said the business needed a bank guarantee to access the finance they needed from their bank to deliver the contract.

Our support for previous contracts gave ADENCO the confidence to work with us again.

Overcoming roadblocks

Our Western Australia Business Development team helped ADENCO through the application process. Christoff said that the team's deep knowledge of the mining and construction industry meant he understood the potential challenges their business could face.

“Export Finance Australia understands it's normal for construction contracts to experience roadblocks and delays,” Christoff explained. “They ensure that if this happens, they'll keep credit facilities in place for us – enabling us to do our part.”

With our ongoing financial support, ADENCO has been able to continue executing multiple, large-scale projects.

Case study

“

Export Finance Australia enabled us to put our product in the market much faster than we could have alone. ”

Brigid Woolnough

Founder, KOKOPOD ENTERPRISES

KOKOPOD ENTERPRISES

Our support helped
KOKOPOD ENTERPRISES
fast-track their growing
international presence.



Small Business Export Loan

In 2015, Brigid Woolnough commercialised her chocolate-making hobby and formed KOKOPOD ENTERPRISES. The business produces two brands: NOMU NOMS and the award-winning KOKOPOD gourmet chocolate range.

After success in the Singapore and Dubai markets, Brigid wanted to continue growing the business overseas. So, she contacted our Business Development Associate Director, Adam Pearce, to discuss financing.

Much more than finance

Brigid met Adam through the Sunshine Coast export program and they kept in contact. She reached out to him when the business was ready to extend their export growth strategy. Brigid already knew what Export Finance Australia could offer, and together they quickly identified the right finance solution for KOKOPOD ENTERPRISES.

Brigid applied for a Small Business Export Loan to help develop their brand and website so they could expand their market to customers overseas. She found the loan application process simple and straightforward, and it helped her determine how much finance she needed and how best to use it.

With our support, KOKOPOD ENTERPRISES has built new ecommerce platforms, added international shipping logistics and mapped out new stockists, further supporting their international success.

Case study

“

To have a government agency in partnership with us provides an enormous amount of credibility in our customers' eyes.”

Ben Marland

Vice President

Sales and Marketing, Austal



Trinidad & Tobago

Our support enabled two Australian shipbuilders to take their business to the Caribbean.

The sea bridge between Trinidad & Tobago is the main route for transport, tourism and supply delivery across the island nation.

When it was time to update the ageing inter-island ferry fleet, Export Finance Australia was able to help. Our longstanding relationship with the Government of the Republic of Trinidad & Tobago enabled us to be well-positioned to provide ship financing.

One major need, two Australian providers

We supported two businesses for the opportunity: Austal – a global shipbuilder based in Western Australia, and Incat – a specialised shipbuilder based in Tasmania.

Both are long-term and valued customers of our Project & Structured Finance (PSF) team, with each business relationship spanning over decades.

We provided a Buyer Credit Facility to enable Trinidad & Tobago's National Infrastructure Development Company to purchase ferries from both shipbuilders. Our PSF team, aligning to the OECD Arrangement on Officially Supported Export Credits, helped to ensure the transaction was a success.

Supporting local businesses

Our PSF team saw that the ferries were a vital lifeline for the people of Trinidad & Tobago. But they also recognised the project's potential to support Australian businesses and jobs.

Incat's Managing Director, Craig Clifford, said the finance was crucial in enabling the Trinidad & Tobago government to enter a contract with them.

"They had access to the finance to pay the deposits and progress payments we required, so we could construct the vessel and keep over 600 of our people gainfully employed."

Austal's Vice President, Sales and Marketing, Ben Marland, adds that we provided legitimacy to the complex, multi-stakeholder transaction.

"They were instrumental in facilitating a government-to-government transaction – as well as the loan agreement and the legal and financial aspects of the deal," Ben said. "To have a government agency in partnership with us provides an enormous amount of credibility in our customers' eyes."

Craig agrees that Export Finance Australia provides a valuable service to the Australian economy.

"They facilitate Australian exports, making sure skills remain here," he said. "By working closely with Export Finance, together great things can be achieved."

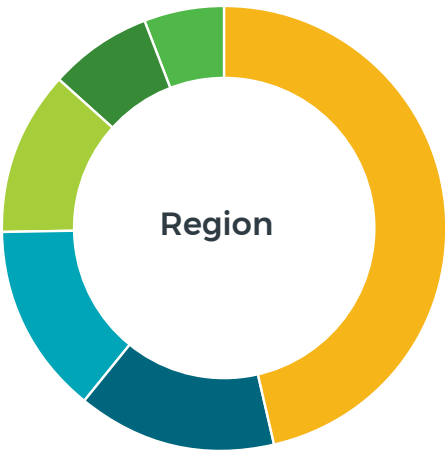
Exposure breakdown

Commercial Account

Our total exposure under the CA at 30 June 2020 was \$1.8 billion. This included loans, export finance guarantees, medium-term insurances, bonds and rescheduled credit insurance.

At 30 June 2020, the weighted average maturity of facilities outstanding was 5.9 years (1.7 years unweighted). This includes an average maturity of 2.5 years (1 year unweighted) for SME exposures and 6.4 years (5 years unweighted) for larger corporate exposures.

Figure 1: Commercial Account at 30 June 2020 – exposure by region



Region	Value (\$m)	Value (%)
Australia	827.3	46.4
Asia	261.8	14.7
South America	245.1	13.8
North America	214.7	12.0
Europe	131.6	7.4
Pacific	101.1	5.7
Middle East	0.5	0.0

Figure 2: Commercial Account at 30 June 2020 – exposure by industry sector



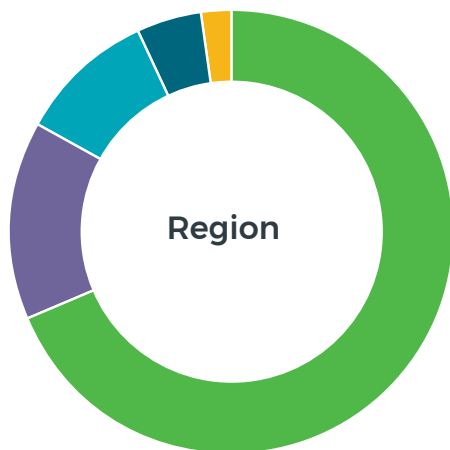
Region	Value (\$m)	Value (%)
Mining – LNG	453.6	25.5
Reinsurance	355.1	19.9
Sovereign	229.0	12.9
Mining – Other Commodities	195.6	11.0
Transport, Postal and Warehousing	182.8	10.3
Manufacturing	124.8	7.0
Financial and Insurance Services	99.7	5.6
Construction	41.8	2.3
Agriculture, Forestry and Fishing	25.1	1.4

National Interest Account

Our total exposure under the NIA at 30 June 2020 was \$992.2 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\$300 million (A\$437.3 million) at 30 June 2020.

Figure 3: National Interest Account at 30 June 2020 – exposure by region



Region	Value (\$m)	Value (%)
Pacific	681.7	68.7
Middle East	145.2	14.6
South America	99.4	10.0
Asia	46.1	4.6
Australia	19.8	2.1

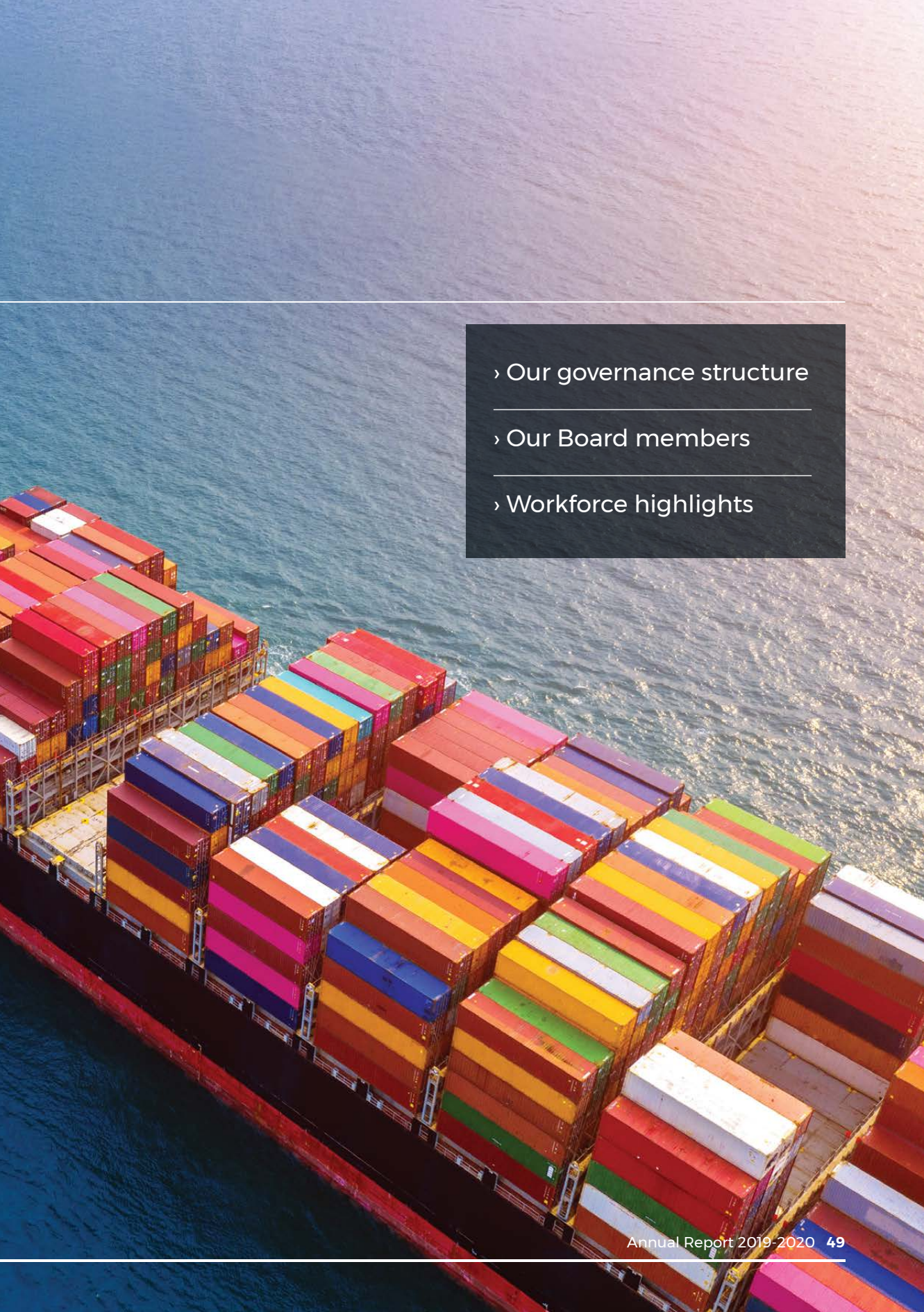
Figure 4: National Interest Account at 30 June 2020 – exposure by industry sector



Region	Value (\$m)	Value (%)
Sovereign	719.2	72.5
Mining – LNG	244.3	24.6
Manufacturing	17.6	1.8
Financial and Insurance Services	8.8	0.9
Wholesale Trade	1.5	0.1
Other	1.1	0.1

Our governing principles





› Our governance structure

› Our Board members

› Workforce highlights

Our legislative authority

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

Our financial operations

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

- › fees and risk premiums that we receive from customers; and
- › 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 \$629 million and paid normal dividends in excess of \$320 million. At the date of publication, the dividend for the year ended 30 June 2020 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

\$11.2 million post-tax profit in 2019-20, contributing to over \$629 million accumulated profits before dividend payments since 1991.

Dividends

\$13.4 million dividends paid in 2019, contributing to over \$320 million of normal dividends paid since 1991.

Debt neutrality

\$1 million debt neutrality charge, payable in 2020, contributing to \$5.1 million paid under competitive neutrality arrangements since 1 July 2015.

State taxes

\$1.4 million State equivalent taxes, payable in 2020, contributing to \$6.4 million paid under competitive neutrality arrangements since 1 July 2015.

Income tax

\$4.8 million income tax equivalent charge of 30%, payable in 2020, contributing to \$32.2 million paid under competitive neutrality arrangements since 1 July 2015.

Our Board

Our Board is responsible for managing the affairs of Export Finance Australia.

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](#).

The Board met six times in 2019-20.

The Board consists of the Managing Director, seven Non-Executive Directors and a Government member. The Non-Executive Directors and Government member are appointed by the Minister.

The Government member is the Secretary of DFAT (or their alternate).

For more information on our Board members, see page 52.

Minister

The Minister provides guidance to the Board through a Statement of Expectations.

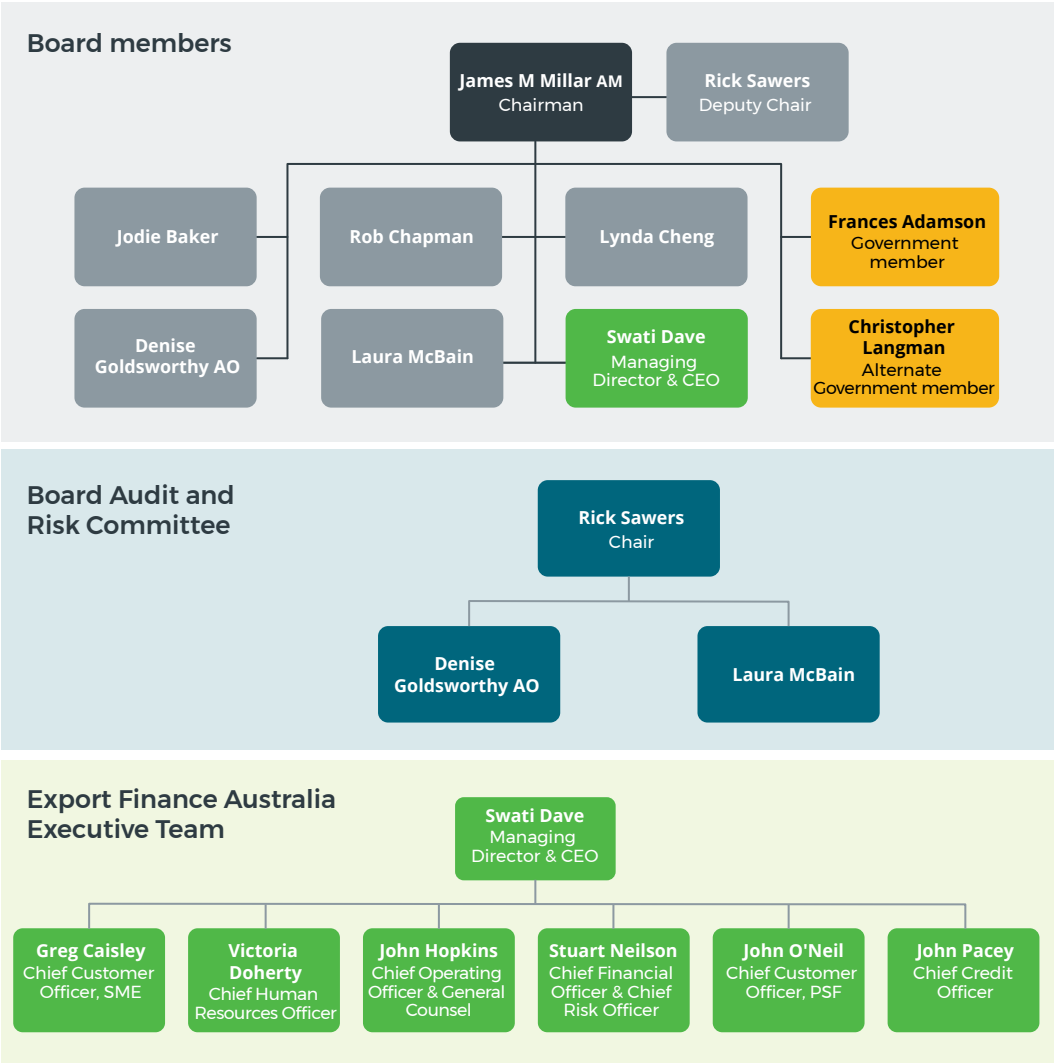
Our Board responds with a Statement of Intent confirming how we will operate to meet those expectations.

The 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 2020 are set out on pages 75-78.

The Board must keep the Minister informed about our operations and any other information the Minister or the Minister for Finance needs. The 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 the Minister on Export Finance Australia's operations.

Our governance structure



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.

As part of the Information Publication Scheme, we are required to make certain information public. For more details, visit our **website**.

Our Board members



James M Millar AM BCom, FCA, FAICD

Chairman

Term of appointment

09/12/2014 to 08/12/2017 and
09/12/2017 to 08/12/2020

Independent, Non-executive member

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

James is currently Chairman of the Forestry Corporation of NSW.

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



Swati Dave BCom, GAICD, GAIST

Managing Director and Chief Executive Officer

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. She previously served as a Director of Australian Hearing, Great Western Bancorp, Inc. (USA) 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

Board member

Term of appointment

01/07/2018 to 30/06/2021

Independent, Non-executive member

Jodie is a Non-executive Director with 30+ years experience in investment banking and funds management. She is also on the boards of Beyond Bank, where she chairs the Risk Committee, Spaceship Superannuation, a superannuation fund for millennials, 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.



Rob Chapman SFFin, FAICD

Board 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, Adelaide Football Club, T-Ports and Barossa Infrastructure Ltd. He is also a Director on the Board of Coopers Brewery Limited and ICAM, a South Australian Institutional Funds Manager. He is the immediate past Chairman of 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

Term of appointment

13/05/2016 to 12/05/2019 and
13/05/2019 to 12/05/2022

**Independent,
Non-executive member**

Lynda is currently a Director of Corporate Development and Mergers and 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 was Deputy Chair of South East Water and Chair of its Finance Audit and Risk Management Committee, and is a current member of the Wesley College Council. She also served as a member of the Australian Government's International Development Policy Expert Panel in 2020.

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



Denise Goldsworthy AO BMet
(Hons + University Medal), FTSE, FAIM, GAICD

**Board member, Audit and Risk
Committee member**

Term of appointment

05/11/2014 to 08/12/2017 and
09/12/2017 to 08/12/2020

Independent, Non-executive member

Denise is the Founder of Alternate Futures Pty Ltd, a company that connects solutions to problems by addressing knowledge, cultural and system barriers. In practice, this means connecting Australia's research organisations, tech start-ups and industry.

Before this, Denise worked as an executive for Rio Tinto, with roles including CCO of Autonomous Haul Trucks, Managing Director of Dampier Salt and Managing Director of Hismelt. Denise started her career at BHP Steel Newcastle.

Denise is also Chair of ChemCentre WA, Gascoyne Gateway Limited and the Navy Clearance Diver Trust. She is a Non-executive Director at Western Power and Leichhardt Industrials, a member of Council and Chair of the Quality, Audit and Risk Committee of Edith Cowan University, a member of the Commercialisation Advisory Board for Curtin University and a member of the Cooperative Research Centre Advisory Committee (CRCAC).

Among Denise's honours is being named the 2010 Telstra Australian Business Woman of the Year. Denise was made an Officer of the Order of Australia (AO) in 2020.



Laura McBain BCom

Board member, Audit and Risk Committee member

Term of appointment

09/12/2014 to 08/12/2017 and
09/12/2017 to 08/12/2020

Independent, Non-executive member

Laura is a Non-executive Director of the Lark Distilling Co. She was the Managing Director of Longtable Group Ltd, a listed food and beverage company offering a range of premium foods and brands for Australia and export from August 2017 until October 2019.

Laura was formerly the CEO and Managing Director of Bellamy's Australia Ltd from 2014 to 2017, prior to which she was CEO/General Manager since 2007. During these years, Laura oversaw significant change, innovation and business growth, including expansion into South-East Asia and China.

Prior to joining Bellamy's, Laura practised as an accountant and specialised in the areas of providing business advisory and taxation services to SMEs in both Sydney and Tasmania.

Laura holds a Bachelor of Commerce, completed the IMD Leadership Challenge in 2013 and completed the IESE, Wharton and CEIBS Global Executive program in 2017.

In 2013, Laura was named as the Telstra Tasmanian Business Woman of the Year and she went on to be named the Telstra Australian Business Woman of the Year (Private and Corporate).



Rick Sawers

Deputy Chair, Board member, Audit and Risk Committee Chair

Term of appointment

09/12/2014 to 08/12/2017 and
09/12/2017 to 08/12/2020

Independent, Non-executive member

Rick has over 44 years of commercial and international banking experience leading large frontline businesses in Australia, Japan, United Kingdom, Hong Kong and the US, and served on NAB's Group Executive Committee (2009–2015) and Group Risk Committee (2005–2015).

Rick has deep experience in treasury and balance sheet management, credit, market and operational risk, business administration and governance, financial markets (including capital markets, funding, liquidity, fixed income, money markets, FX and interest rate risk management), infrastructure and project finance, and human resources.

Rick is a Director of The Australian Rural Leadership Foundation and previous board positions include Chairman and board member of the Australian Financial Markets Association, Chairman and Director of Great Western Bancorp Inc, and Director of Clydesdale Bank PLC.

He is a Fellow of the Financial Services Institute of Australia, a Graduate member of the Australian Institute of Company Directors and a life member of the Financial Markets Foundation for Children.



Frances Adamson BEc

Government member

Appointed
13/09/2016

Ms Adamson has led DFAT as Secretary since August 2016.

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.

Ms Adamson is a member of the Export Finance Australia Board, 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.



Christopher Langman BA

Alternate Government member

Appointed
04/04/2018

Mr Langman is responsible for the Trade, Investment and Business Engagement Group at the Department of Foreign Affairs and Trade, 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 2019-20

No Board member's term ended during 2019-20.

Board and Board Audit and Risk Committee appointments

No Board or Board Audit and Risk Committee appointments were made during 2019-20.

Transactions with Board members and related entities of Board members

Directors have made appropriate disclosures in respect of transactions that Export Finance Australia 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 Export Finance Australia 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 (Chairman)	6	6
Rick Sawers	6	6
Jodie Baker	6	6
Rob Chapman	6	6
Lynda Cheng	6	6
Denise Goldsworthy	6	6
Laura McBain	6	6
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)	4	4
Denise Goldsworthy	4	4
Laura McBain	4	4

Our people and culture



We rely on our people to deliver the highest level of service to our customers.

We encourage our people to think differently, collaborate effectively and actively challenge the status quo. We are creating a culture that:

- › fosters leadership empowerment;
- › enhances accountability;
- › promotes inclusivity; and
- › values diversity.

Our culture is built on these four pillars

WE EXCEL	WE LISTEN	WE COLLABORATE	WE GROW
<p>We value high performance and are proud of achievements that are aligned with our purpose</p> <p>↓</p> <p>We embed our purpose, cultural aspirations and performance expectations into our key performance indicators, roles and responsibilities.</p>	<p>We adapt to changing customer and market needs, and continuously improve the customer experience</p> <p>↓</p> <p>We design our systems and processes to meet the needs of our customers.</p>	<p>We keep each other well informed and seek contributions from others to remain relevant</p> <p>↓</p> <p>We provide consistent, transparent and timely communication (up, down and sideways).</p>	<p>We grow our organisation and ourselves</p> <p>↓</p> <p>We promote and reward different ways of working across all roles to improve outcomes. We provide leadership support and mentoring to help people grow.</p>

Workforce profile

Table 6: Number of full-time equivalent employees

	30 June 2020	30 June 2019	30 June 2018
Permanent employees	99.5	89.7	87.2
Short-term employees <12 months	8.0	8.0	6.6

Employee location breakdown by state



Table 7: Workforce diversity

Classification	Female	Male	Total	NESB ¹	ATSI ²	PWD ³
Support	12	5	17	8	1	0
Technical	20	19	39	26	0	0
Middle management	11	25	36	14	0	0
Leadership	7	11	18	3	0	1
Total	50	60	110	51	1	1

¹ NESB: Non-English speaking background (or with parents from a non-English speaking background)

² ATSI: Aboriginal or Torres Strait Islander background

³ PWD: People with disability

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 the Board. This information is outlined in Table 8 below for the year ended 30 June 2020.

Table 8: Key management personnel

Name	Title	FY19 Status	KMP Status
Executive team			
Swati Dave	Managing Director & CEO	Full year	Current
Greg Caisley	Chief Customer Officer, SME	Part year	Current
Victoria Doherty	Chief Human Resources Officer	Full year	Current
Peter Field	Chief Customer Officer	Part year	Former
John Hopkins	Chief Operating Officer & General Counsel	Full year	Current
Stuart Neilson	Chief Financial Officer & Chief Risk Officer	Full year	Current
John O'Neil	Chief Customer Officer, PSF	Part year	Current
John Pacey	Chief Credit Officer	Full year	Current
Board members			
James M Millar	Chairman	Full year	Current
Rick Sawers	Deputy Chair	Full year	Current
Jodie Baker	Director	Full year	Current
Lynda Cheng	Director	Full year	Current
Rob Chapman	Director	Full year	Current
Denise Goldsworthy	Director	Full year	Current
Laura McBain	Director	Full 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:

- ▶ Greg Caisley was appointed as a KMP on 14 October 2019.
- ▶ John O'Neil was appointed as a KMP on 14 October 2019.
- ▶ Peter Field ceased to be a KMP on 18 October 2019.

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 \$225,000 threshold for this reporting period. Export Finance Australia had no employees classified as senior executives, as the Executive team who report directly to the 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; and
- › balancing Executive remuneration against corporate and individual performance outcomes.

2019–20 remuneration structure

Board Directors' remuneration

All Board Directors of Export Finance Australia are appointed by the Commonwealth Government through our Minister. The 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 key performance indicators (KPIs).

The FAR for Export Finance Australia's Managing Director & CEO is determined by the Tribunal and the role is currently classified as a Principal Executive Officer (PEO) Band D. The Board has discretion to determine total remuneration within the range from 10% below to 5% above the Total Remuneration Reference Rate (TRRR). The Tribunal has also consented to an 'at risk' performance pay of up to 35% of total remuneration for the Managing Director & CEO, including a deferred option. The Board determines the variable remuneration of the 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%, averaged over three years for the September 2017 to August 2020 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.

Our governing principles

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; and
- › 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 the Board.

A portion of Executive remuneration is 'at risk' to ensure alignment with our strategic objectives. In August each year, the Managing Director & CEO will recommend to the Board an aggregate STI variable remuneration pool. The size of the variable remuneration pool will range from zero to a maximum currently of 12% of total annual salaries plus superannuation based on achievement of corporate KPIs, as set out in our annual Corporate Plan and as agreed with the Board in August the previous year.

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

In 2019–20, 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; and
- › consistent demonstration of our desired cultural behaviours.

For 2019–20, the Executive remuneration framework consisted of fixed remuneration and STI.

Impact of COVID-19 on remuneration

On 9 April 2020, the Australian Public Service Commission (APSC) issued guidance to non-APS agencies in relation to the Government's expected remuneration outcomes for non-APS non-SES and SES equivalent employees as a result of the challenges arising out of the COVID-19 pandemic.

The Board, in consultation with the Executive team, determined to give effect to the policy intention of the Government set out in the APSC guidance. As a result, it made the following remuneration determinations:

Fixed remuneration

- › a twelve-month "freeze" on fixed remuneration for the Executive team; and
- › a six-month deferral of fixed remuneration increases for all other employees.

Variable remuneration

- › non-payment of 2019-20 Executive team variable remuneration entitlements; and
- › approval of a reduced variable remuneration pool for all other employees, allocated in accordance with our performance and remuneration policies.

Table 9: 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 the performance of Export Finance Australia, individual performance, statutory and regulatory requirements and current business norms. In reference to Executive remuneration decisions, management achieve this by:

- › the Managing Director & CEO making recommendations to the Board for individual Executive remuneration arrangements, target setting and performance assessment of incentive plans for Executives;
- › 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 the Managing Director & CEO; and
- › implementing performance management and remuneration policies and practices, as agreed.

Board

The Board is responsible for ensuring that we have coherent policies and practices that fairly and responsibly manage the performance and remuneration arrangements for the 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 the Managing Director & CEO consistent with the Government's remuneration policy framework;
- › reviewing and approving the Executive remuneration policy framework and outcomes; and
- › providing guidance to the Managing Director & CEO on matters concerning the appointment and evaluation of Executives.

To inform decision making in 2019–20, the Board sought advice on performance and remuneration-related matters from the 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 2019–20.

Table 10: Key management personnel remuneration for the reporting period 2019–20

Short-term employee benefits:	
Salary	\$3,046,367
Variable remuneration	\$0
Other benefits and allowances	\$0
Total short-term employee benefits	\$3,046,367
Superannuation	\$218,704
Total post-employment employee benefits	\$218,704
Other long-term benefits	\$0
Long service leave	\$41,969
Total other longer term benefits	\$41,969
Termination benefits	\$0
Total key management personnel remuneration	\$3,307,040

Table 10: Key management personnel remuneration for the reporting period 2019–20 (cont.)

To be read in conjunction with Table 8.

Name	Position title	Salary	Annual leave adjustment	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
				Base salary	Variable remuneration	Other benefits and allowances	Superannuation contributions	Long service leave	Other long-term benefits		
Executive team											
Swati Dave	MD & CEO	\$507,596	\$22,701	\$530,297	-	-	\$21,367	\$12,100	-	-	\$563,764
Greg Caisley	Executive	\$212,416	(\$1,277)	\$211,139	-	-	\$18,135	\$4,642	-	-	\$233,916
Victoria Doherty	Executive	\$256,966	\$18,764	\$275,730	-	-	\$24,412	\$6,849	-	-	\$306,991
Peter Field	Executive	\$122,704	(\$17,857)	\$104,847	-	-	\$6,717	-	-	-	\$111,564
John Hopkins	Executive	\$336,068	\$15,784	\$351,852	-	-	\$21,245	\$8,150	-	-	\$381,247
Stuart Neilson	Executive	\$386,075	(\$567)	\$385,508	-	-	\$25,185	(\$5,008)	-	-	\$405,685
John O'Neill	Executive	\$264,873	\$16,368	\$281,241	-	-	\$25,163	\$6,469	-	-	\$312,873
John Pacey	Executive	\$359,060	\$7,533	\$366,593	-	-	\$25,261	\$8,767	-	-	\$400,621
Total				\$2,507,207	-	-	\$167,485	\$41,969	-	-	\$2,716,661

Name	Position title	Board Fee	Board Audit & Risk Committee Fee	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
				Base salary	Variable remuneration	Other benefits and allowances	Superannuation contributions	Long service leave	Other long-term benefits		
Board members											
James M Millar	Board Chairman	\$119,180	-	\$119,180	-	-	\$11,322	-	-	-	\$130,502
Rick Sawers	Board Deputy Chair & Board Audit Chair	\$89,390	\$16,320	\$105,710	-	-	\$10,042	-	-	-	\$115,752
Jodie Baker	Board	\$59,590	-	\$59,590	-	-	\$5,661	-	-	-	\$65,251
Rob Chapman	Board	\$59,590	-	\$59,590	-	-	\$5,661	-	-	-	\$65,251
Lynda Cheng	Board	\$59,590	-	\$59,590	-	-	\$5,661	-	-	-	\$65,251
Denise Goldsworthy	Board & Board Audit	\$59,590	\$8,160	\$67,750	-	-	\$6,436	-	-	-	\$74,186
Laura McBain	Board & Board Audit	\$59,590	\$8,160	\$67,750	-	-	\$6,436	-	-	-	\$74,186
Subtotal				\$539,160	-	-	\$51,219	-	-	-	\$590,379
Total				\$3,046,367	-	-	\$218,704	\$41,969	-	-	\$3,307,040

Table 11: Other highly paid employees' remuneration for the reporting period 2019–20

Remuneration band	Number of other highly paid employees	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		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
\$225,000–\$250,000	7	\$190,265	\$16,787	\$1,036	\$25,799	\$4,720	-	-	\$238,607
\$250,001–\$275,000	2	\$209,973	\$17,662	-	\$20,509	\$5,198	-	-	\$253,341
\$275,001–\$300,000	2	\$219,787	\$23,500	-	\$31,140	\$5,045	-	-	\$279,472
\$300,001–\$325,000	4	\$250,089	\$20,850	-	\$29,512	\$6,034	-	-	\$306,485
\$325,001–\$350,000	1	\$268,128	\$25,000	-	\$39,629	\$6,412	-	-	\$339,170
\$350,001–\$375,000	1	\$311,050	\$19,251	-	\$25,216	\$7,325	-	-	\$362,841

As the economic landscape continues to change, our drive and call to action remains at the forefront of what we do.

In striving 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 began to accelerate in Australia, our people immediately transitioned to remote working while supporting our customers' escalating needs. We focused on initiatives to support the effectiveness and wellbeing of our people in this challenging time.

This includes increased communications and new ways to connect virtually. The wellbeing of our people has been paramount in our response. Our leaders championed the continued health, safety and resilience of our teams.

We recognised increased capacity demands and supplemented teams with high-calibre resources. We partnered with our people to provide individual flexible working arrangements to accommodate their personal circumstances.

We pivoted our programs to take place online and have used technology to meet the ongoing needs of our business and keep our people connected.



Deepening our culture

As our mandate grows, our workforce continues to evolve.

We know that attracting and retaining the best people is critical to our ongoing success. We focus on creating an inclusive culture that promotes growth, fosters belonging and encourages all teams and individuals to actively contribute to our broader purpose.

In the past year, our employee Culture Champions introduced a range of initiatives to enhance our culture and improve the experience of our customers, partners and employees. With Export Finance Australia's cultural pillars as our foundation, we encouraged our people to think differently, collaborate effectively and actively challenge the status quo. Our new leadership program, Team Edge, helped us instil new practices and cadences to be more effective and even more engaged.

Our governing principles

Through our various employee network groups, we worked together to embrace our collective strength and introduce employee offerings of value. We are also introducing a new performance framework with an emphasis on future-oriented and strengths-based conversations.

At Export Finance Australia, we value creating an environment of trust and support, where we regularly seek the insights of our people through ongoing feedback mechanisms. We take the time to not only collect information but also listen with intent and ensure that our practices enable our people to do their best work every day.

We are **certified as a Great Place to Work** after taking part in the 2020 Best Place to Work Study administered by Great Place to Work Australia.



The study involved organisations completing two components:

- › a Trust Index survey which is completed by all employees on their engagement and experience in the organisation; and
- › an extensive Culture 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 insights into our strengths in culture and areas we may need to sharpen.

Pleasingly, we achieved an overall Engagement score of 81% and a Great Place to Work measure of 85%.

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 were awarded a Great Place to Work certification by Great Place to Work Australia. We are delighted to see that our engagement and our cultural practices are of a high standard and meet independent global benchmarks.

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



Promoting diversity and inclusion

Export Finance Australia continues to build an inclusive workplace by fostering a culture that respects and embraces differences and diversity of thought.

As a result of our commitment to diversity and inclusion, 39% of our people leadership positions are held by women. Pleasingly, women comprise 45% of our Senior Leadership Team. We continue to align people processes to ensure gender parity and work to remove any inherent gender biases that may exist.

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.

We are proud of our cultural diversity, with 43% of our employees being bilingual or multilingual. As a collective, 38 different ancestries are represented among us, and 58% of our employees have lived and worked in countries other than Australia.

Our organisation is committed to advancing reconciliation in the communities we operate in. In May 2020, we launched our new 'Innovate RAP', which has been 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.

In 2019-20 we 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.



Capability

Our people bring a wealth of expertise to the table. We seek a blend of complementary skills and draw upon the collective expertise of our people who have a background in both the private and public sectors. Our Executive and senior management teams bring substantial global and local financing experience.

We have continued to lift the capability of teams and to support them in the key work they do. We have invested in building the technical capability of our customer-facing team and provided development experiences for all employees identified in their career and development discussions.

We have strengthened our succession planning and talent management practices by actively managing pipelines and business-critical roles. Through critical experience placements, we support our talented people with career pathways and building blocks to enable them to step into key roles.

The continued success of our Coaching program, partnered with our Team Edge leadership development series, has enhanced our management practices and sharpened our ways of working.

Our focus on teams has heightened with the adoption of a team performance feedback tool, providing insights and a mechanism to improve team effectiveness and collaboration.

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* (WHS Act).

Work Health and Safety Committee

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

The 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 the Board.

A key focus of the Committee's work this year has been 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 work, health and safety needs of employees as they have moved to remote working and in preparation for their return to an office working environment.

The Committee also reviews our compliance requirements annually and completes an annual audit of Committee 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 work health and safety 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:

- › include a work health and safety overview with our Health and Safety Representative for all new employees;
- › provide ongoing training on safe workplace behaviour, as part of our compliance program;
- › provide regular training for first aid officers; and
- › ensure officers and key employees undertake additional training to increase awareness of legislative requirements and best practice.

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 offshore 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 with confidential counselling services;
- › executive health checks for senior employees and frequent overseas travellers; and
- › annual health and wellbeing program offerings, including workshops, activities and presentations by specialist health professionals.

Health and safety initiatives and outcomes

Export Finance Australia is committed to ensuring the health and safety of its employees and any other person in the workplace.

In 2019–20, we implemented a number of measures to ensure health and safety in the workplace:

- › employees completed training modules on work health and safety and travelling safely;
- › updated our work health and safety information, forms, workflows and reporting processes on our employee intranet; and
- › 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 and a limited return to work action plan; and
- › increased digital employee engagement, including workshops centred 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 2019-20, we were not, in relation to work health and safety matters, investigated or received any notices. There were no 'notifiable incidents' under the WHS Act.

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 13 on page 74).

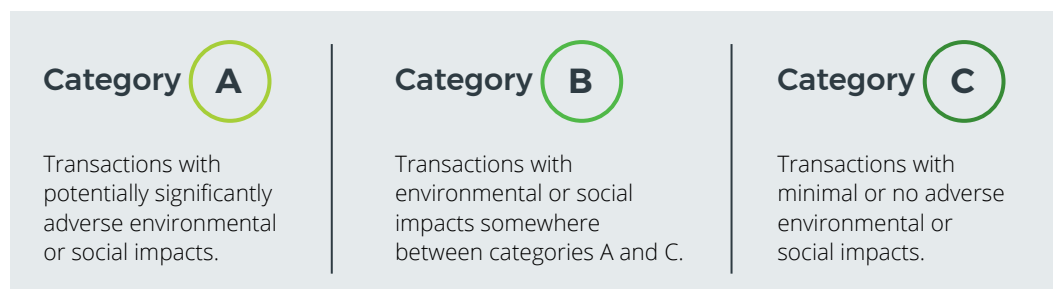
Equator Principles

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. It 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.

Our transaction process

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



You can find out more about our transaction policies and procedures on our [website](#).

Table 12: Environmental and social review summary

	Environmental and social impact category			Existing project and non-project potential impact	
	Category A	Category B	Category C		
					Yes
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
2018–19					
All transactions	1	1	3	0	143
Project finance	1	0	0	Not applicable	Not applicable
Project-related corporate loans	0	0	0	Not applicable	Not applicable

* Excludes military equipment transactions.

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 House, 22 Pitt Street, Sydney, and lease the remaining floors to tenants on standard commercial terms, including government agencies AIFFP, NHFIC and NAIF.

Table 13: Our environmental footprint

Parameter	2019-20	2018-19	2017-18
Energy use (megajoules/m²)			
Export Finance Australia occupancy ^a , electricity	369	392	377
Building services ^b , electricity	371	413	376
Building services ^b , gas	61	85	96
Water (sewage data not available)			
Water (kilolitres ^c)	5,998	5,403	5,382
Solid waste (tonnes)			
Comingle (recycled)	0.3	0.7	1.0
Cardboard (recycled)	7.1	13.1	10.0
Waste to landfill	18.3	86.8	78.0
Business travel by our employees			
Total domestic (million km)	0.30	0.39	1.55
Total international (million km)	0.38	0.88	0.82

^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 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 House. It is not possible to separately identify water use by floor or tenancy.

Reducing energy usage

As at 30 June 2020, green energy sources accounted for 30% of Export Finance Australia's electricity supply, and our building had a 4 star energy rating and a 3-star water rating under the National Australian Built Environment Rating System.

Energy use declined in Export House in 2019-20 primarily due to employees working from home during the COVID-19 pandemic.

We will continue to identify any 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 0.68 million kilometres during 2019-20. The majority of this travel was associated with due diligence and risk assessment of new transactions, or the management of existing transactions. The figure was 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 \$179,135 in premiums during 2019–20.

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 104-105 (auditor's report).

Directions from the 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 the 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 2019–20.

Date	Matter	Directing Export Finance Australia to:
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: <ul style="list-style-type: none"> › 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, IECS and NHFIC) are detailed on page 39.

The specific costs of compliance with the 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 the Minister to issue directions with respect to circumstances in which applications are, or are not, to be referred to the Minister. We complied with each of the Section 26 directions referred to below during 2019–20.

Date	Matter	Directing Export Finance Australia to:
14 May 2020	Defence Export Facility	Refer applications to the 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: <ul style="list-style-type: none"> › 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 the 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 the Minister – up to a maximum amount of \$1.5 billion in total – that relate to the provision of financial support: <ul style="list-style-type: none"> › 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 the Minister to approve in writing loans made under Section 23 of the EFIC Act if the 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 2019–20.

Date	Matter	Directing Export Finance Australia to:
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 the Minister to issue directions with specified transactions on the NIA. We complied with each of the Section 29 directions referred to below during 2019–20.

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 the 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 86.

Section 55 of the EFIC Act

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

A dividend of \$13.4 million of the 2018–19 CA profit was paid based on a direction from the Minister.

At the date of publication, the dividend for the year ended 30 June 2020 had not been determined.

Section 61A of the EFIC Act

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

During the year ended 30 June 2020, 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, the 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 million.

Section 63A of the EFIC Act

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

During the year ended 30 June 2020, 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% 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 \$4.8 million, the amount payable in lieu of NSW payroll tax is \$1 million and the amount payable in lieu of NSW land tax is \$0.4 million.

Our Risk Management Framework

Risk management is a vital part of our business. Our approach to risk management involves ensuring that the level and quality of capital is appropriate for our overall risk profile. You can read more about our Risk Management Framework on our [website](#).

Our Risk Appetite Statement* details our risk tolerance and sets appropriate limits on the risks we are willing to take. We also operate based on a Risk Control Matrix* which sets out each of the inherent risks we face, as well as mitigation measures to arrive at a residual risk rating. We also assign the people responsible for managing certain risks who rate the likelihood and consequences of each risk event.

We review the Risk Control Matrix regularly to add new risks or identify changes to existing risks. This approach engenders a culture of risk awareness across our organisation.

Types of risks

- › reputational risk
- › strategic risk
- › credit risk
- › country risk
- › market risk
- › operational and financial 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 the Board. Country-related economic and political risks are assessed by a team of experts.

We have developed an enterprise-wide Risk Management Framework that defines our core principles and the types of risks we face. The framework forms the basis of our Risk Appetite Statement and our Risk Control Matrix.

Risk Appetite Statement*

Details our risk tolerance and sets appropriate limits on the risks we are willing to take.

Our risk appetite incorporates quantitative and qualitative measures to ensure effective monitoring and governance.

Risk Control Matrix*

Sets out:

- › individual risks
- › mitigation measures
- › likelihood
- › consequences.

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

Core principles

Our risk management is built on a strong foundation that includes:



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



strong policies and procedures supported by robust systems and processes



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



clear lines of responsibility and accountability for achieving set outcomes



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



a culture that seeks to anticipate and mitigate risks before they occur, and always seeks to learn and improve.

Roles and responsibilities

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

The 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 the Board's risk strategy. This involves developing policies, processes, procedures and controls to identify and manage risks across all our areas of activity, every day.

The Board also engages an independent auditor to review our risk management and internal controls. This service provider, currently Deloitte, reports to our Board via the 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.

Executive Committee <ul style="list-style-type: none"> › Examines all aspects of the business › Chaired by the Managing Director & CEO 	Credit Committee <ul style="list-style-type: none"> › Examines large potential transactions › Chaired by the Chief Credit Officer
Risk and Compliance Committee <ul style="list-style-type: none"> › Examines, monitors and regulates compliance risks › Chaired by the Chief Risk Officer 	Treasury Risk Review Committee <ul style="list-style-type: none"> › Examines Treasury activities, limits, noteworthy transactions and current issues › Chaired by the Treasurer
Work Health and Safety Committee <ul style="list-style-type: none"> › 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 Operating Officer 	Business Continuity Planning Steering Committee <ul style="list-style-type: none"> › Coordinates annual Crisis Management and Business Continuity Planning › Chaired by the Chief Operating 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 (including COVID-19) 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 we cannot meet our obligations. This guarantee has never been called.

Our Board is required to ensure that Export Finance Australia's 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).

The 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, 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.

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 1991.

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 21 of the 'Financial statements' section on page 159.

Large exposures

We model our large exposure policy on APRA guidelines. Australian banks are required to consult with APRA before committing to any aggregate exposures to non-government, non-bank counterparties exceeding 10% of their capital base.

APRA has also indicated a maximum exposure per non-bank counterparty (or related group of counterparties) of 25% of capital, but has emphasised that this is an upper limit. Only better rated risks would be contemplated for these levels of exposures.

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. The 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

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.

We do not make any collective provision for losses on NIA facilities, as the Commonwealth reimburses us for such losses.

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 cashflow methodology to calculate a valuation on day one for that particular transaction. The difference between the cashflow 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

Most of our loans and guarantees are measured at fair value, although we have some loans that are measured at amortised cost. Previous changes to the accounting standards (AASB 9) now require loans at amortised cost to be evaluated for impairment using an expected credit loss model; previously an incurred loss model was used.

The expected loss model for amortised cost is similar to the expected loss model we use when assessing loans at fair value.

Handling currency exposure


Our loans and rescheduled debts are mostly denominated in foreign currencies. As at 30 June 2020, 90.5% of our loans were denominated in US dollars and 4.2% 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





› Table of facilities

› Ten-year summary

Activities

The core function of our Treasury unit 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 unit 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 19 of the 'Financial statements' section on pages 134 -153 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 2019-20 comprised of issuing short-term direct loans from banks.

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 authorised deposit-taking institutions rated BBB- or better.

As at 30 June 2020, the face value of our investment and liquidity holdings on the CA was \$1.1 billion, comprising cash, bank deposits and investment securities. Of this amount:

- › \$497 million represented cash capital and reserves; and
- › the remaining \$565 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.

As at 30 June 2020, all previously rescheduled amounts had been paid on time, in line with various rescheduling agreements.

Indonesia

As at 30 June 2020, our rescheduled loans to the Indonesian Government were valued at \$27.9 million on the NIA and \$1.1 million on the CA. The NIA loans were predominantly loans supported by aid grants and approved under the now-discontinued Development Import Finance Facility.

These loans have various maturities; the longest requires a final repayment in June 2021.

As at 30 June 2020, all rescheduled amounts had been paid on time, as set out in the rescheduling agreements.

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% debt forgiveness in three stages. In May 2006, we signed a bilateral agreement with Iraq, which triggered 60% forgiveness under stages one and two of the debt relief package. The third and final 20% 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 2020 is US\$99.6 million on the NIA and US\$0.4 million on the CA. As at 30 June 2020, 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, in consultation with DFAT, we retain a 100% 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 \$21.9 million taken up as income during 2019–20, on the NIA.

Cuba

As at 30 June 2020, 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.

We executed a bilateral agreement with Cuba in late May 2016 on terms consistent with those established by the Paris Club creditors. The debt is to be repaid over 18 years.

We received \$0.3 million during 2019–20. The loans have had a 100% provision in place since the payments ceased, and this is maintained at 30 June 2020.

Dividends

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

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

We paid a dividend of \$13.4 million in December 2019, based on a recommendation from the Board.

At the date of publication, the dividend for the year ended 30 June 2020 had not been determined.

Table of facilities

Table 14: Table of facilities

Commercial 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	Number of facilities	Amount (A\$ million equivalent)	Environmental/ social impact category (a)
Active Apparel Group Pty Ltd	Manufacturing	Synthetic Textile Manufacturing	Various		ELOC	1	3.72	Low Potential - note 1
Active Apparel Group Pty Ltd	Manufacturing	Synthetic Textile Manufacturing	Various		ELOC-R	Existing	3.72	Low Potential - note 1
Active Apparel Group Pty Ltd	Manufacturing	Synthetic Textile Manufacturing	United States of America		ELOC	1	6.46	Low Potential - note 1
ADB - Dhaka Bank Limited	Wholesale Trade	Banking	Bangladesh		RPA	1	0.42	Low Potential - note 2
ADB - Southeast Bank Ltd	Wholesale Trade	Banking	Bangladesh		RPA	1	1.05	Low Potential - note 2
ADB - Southeast Bank Ltd	Wholesale Trade	Banking	Bangladesh		RPA	Existing	0.87	Low Potential - note 2
ADB - Vietnam Technological and Commercial Joint Stock Bank (Techcombank)	Wholesale Trade	Banking	Vietnam		RPA	1	0.20	Low Potential - note 2
ADB - Vietnam Technological and Commercial Joint Stock Bank (Techcombank)	Wholesale Trade	Banking	Vietnam		RPA	Existing	0.40	Low Potential - note 2
ADB - Vietnam Technological and Commercial Joint Stock Bank (Techcombank)	Wholesale Trade	Banking	Vietnam		RPA	Existing	0.20	Low Potential - note 2
ADB - Vietnam Technological and Commercial Joint Stock Bank (Techcombank)	Wholesale Trade	Banking	Vietnam		RPA	Existing	2.72	Low Potential - note 2
Aeolius Wind Systems Pty Ltd	Professional, Scientific and Technical Services	Other Professional, Scientific and Technical Services n.e.c.	Oman		ECL	1	0.54	Low Potential - note 1
Aerison Pty Ltd	Mining	Other Heavy and Civil Engineering Construction	Australia	Y	Bond	1	0.38	Low Potential - note 1
Aerison Pty Ltd	Mining	Other Heavy and Civil Engineering Construction	Australia	Y	Bond	Existing	0.38	Low Potential - note 1
Agri Om Australia Pty Ltd	Wholesale Trade	Other Agricultural Product Wholesaling	Various		ELOC	1	0.30	Low Potential - note 1
Air Affairs (Australia) Pty Ltd	Manufacturing	Other Machinery and Equipment Manufacturing n.e.c.	Korea (Republic of)		Bond	1	0.12	ME
AJE Wholesaling Pty Ltd	Retail Trade	Clothing Retailing	Various		SBEL	1	0.35	Low Potential - note 1
Allied Metal Recyclers Pty Ltd	Wholesale Trade	Metal and Mineral Wholesaling	Australia	Y	EWCG-R	Existing	0.50	Low Potential - note 1
Altus Renewables Limited	Manufacturing	Other Wood Product Manufacturing n.e.c.	Japan		ELOC	1	5.00	Low Potential - note 1

Commercial 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	Number of facilities	Amount (A\$ million equivalent)	Environmental/ social impact category (a)
Atlantic (Aust) Pty Ltd	Mining	Other Heavy and Civil Engineering Construction	Australia	Y	Bond	1	0.43	Low Potential - note 1
Atlantic (Aust) Pty Ltd	Mining	Other Heavy and Civil Engineering Construction	Australia	Y	Bond	Existing	0.43	Low Potential - note 1
Atomos AU Pty Ltd	Manufacturing	Other Electronic Equipment Manufacturing	Various		ELOC	1	3.50	Low Potential - note 1
Atomos AU Pty Ltd	Manufacturing	Other Electronic Equipment Manufacturing	Various		ELOC-R	Existing	1.50	Low Potential - note 1
Austral Ships Pty Limited	Manufacturing	Shipbuilding and Repair Services	Trinidad and Tobago		Loan	1	83.68	Low Potential - note 1
Austral Ships Pty Limited	Manufacturing	Shipbuilding and Repair Services	Trinidad and Tobago		Loan	Existing	2.94	ME
Austral Ships Pty Limited	Manufacturing	Shipbuilding and Repair Services	Trinidad and Tobago		Loan	Existing	14.44	ME
Austin Wright Global Food Service Consultants Pty Ltd trading as Global Hospitality Group	Accommodation and Food Services	Catering Services	Japan		ECL	1	1.50	Low Potential - note 1
Australian Beef Group Pty Ltd	Wholesale Trade	Meat, Poultry and Smallgoods Wholesaling	Various		ELOC	1	0.35	Low Potential - note 1
Australian Mining Equipment Pty Ltd	Manufacturing	Mining and Construction Machinery Manufacturing	United States of America		ECL	1	0.80	Low Potential - note 1
Australian Plant Proteins Pty Ltd	Manufacturing	Other Food Product Manufacturing n.e.c.	Various		Loan	1	10.60	Category C
Australian Plant Proteins Pty Ltd	Manufacturing	Other Food Product Manufacturing n.e.c.	Various		Loan	Existing	1.00	Category C
BioGass Renewables Pty Ltd	Manufacturing	Other Electricity Generation	Australia	Y	Bond	1	0.39	Low Potential - note 1
BioGass Renewables Pty Ltd	Manufacturing	Other Electricity Generation	Australia	Y	Bond	Existing	0.39	Low Potential - note 1
Birdog Australia Pty Ltd	Manufacturing	Other Electronic Equipment Manufacturing	Various		ELOC	1	1.24	Low Potential - note 1
BMD Wines Pty Ltd	Manufacturing	Wine and Other Alcoholic Beverage Manufacturing	Various	Y	ECL	1	2.65	Low Potential - note 1
Boost Media Holdings Pty Ltd	Information Media and Telecommunications	Other Information Services	Various		EWCG-R	1	1.00	Low Potential - note 1
Brand Trade Services Pty Ltd	Manufacturing	Other Manufacturing n.e.c.	United States of America		SBEL	1	0.25	Low Potential - note 3
Brand Trade Services Pty Ltd	Manufacturing	Other Manufacturing n.e.c.	United States of America		SBEL	1	0.35	Low Potential - note 1
Brand Trade Services Pty Ltd	Manufacturing	Other Manufacturing n.e.c.	United States of America		SBEL	1	0.10	Low Potential - note 3
Bycroft Consulting Pty Ltd	Administrative and Support Services	Office Administrative Services	China		SBEL	1	0.13	Low Potential - note 3

Commercial 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	Number of facilities	Amount (A\$ million equivalent)	Environmental/ social impact category (a)
Byrnecut Offshore Pty Ltd	Mining	Copper Ore Mining	Saudi Arabia		Loan	1	14.65	Potential Impacts - note 1
CCB Envico Pty Ltd	Electricity, Gas, Water and Waste Services	Waste Treatment and Disposal Services	Various		ELOC	1	5.00	Low Potential - note 1
CCB Envico Pty Ltd	Construction	Non-Residential Building Construction	Kiribati		Bond	1	0.09	Low Potential - note 1
CCB Envico Pty Ltd	Construction	Non-Residential Building Construction	Kiribati		Bond	Existing	0.08	Low Potential - note 1
CCB Envico Pty Ltd	Electricity, Gas, Water and Waste Services	Waste Treatment and Disposal Services	Various		Bond	Existing	6.00	Low Potential - note 1
CCB Envico Pty Ltd	Construction	Non-Residential Building Construction	Marshall Islands		Bond	1	0.30	Low Potential - note 1
CCB Envico Pty Ltd	Construction	Non-Residential Building Construction	Marshall Islands		Bond	Existing	0.30	Low Potential - note 1
Citygreen Systems Pty Ltd	Construction	Non-Residential Building Construction	United States of America		SBEL	1	0.18	Low Potential - note 3
Codan Limited	Manufacturing	Communication Equipment Manufacturing	Kenya		DCG	1	11.70	Low Potential - note 1
Codan Limited	Manufacturing	Communication Equipment Manufacturing	Bangladesh		DCG	1	0.35	ME
Community Housing Limited	Construction	Other Residential Building Construction	Peru		ECL	1	0.46	Category C
Components Only Pty Ltd	Mining	Other Mining Support Services	Australia	Y	ELOC	1	0.60	Low Potential - note 1
Contract Electrical (Qld) Pty Ltd	Construction	Electrical Services	Papua New Guinea		SBEL	1	0.35	Low Potential - note 3
Corescan Pty Ltd	Mining	Mineral Exploration	Ghana		ECL	1	0.90	Low Potential - note 1
Creswick Woollen Mills Pty Ltd	Retail Trade	Tourism	Australia		SBEL	1	0.08	Low Potential - note 3
DBW&CO PTY LTD	Manufacturing	Confectionery Manufacturing	Various		SBEL	1	0.03	Low Potential - note 3
DJ&A Pty Limited	Manufacturing	Other Food Product Manufacturing n.e.c.	Various		ELOC-R	1	1.20	Low Potential - note 1
Doen Pacific Pty Ltd	Manufacturing	Boatbuilding and Repair Services	India		DCG	1	0.42	Low Potential - note 1
Doncaster Australia Pty Ltd	Wholesale Trade	Dairy Produce Wholesaling	China		ELOC	1	0.12	Low Potential - note 3
Down Under Enterprises International Pty Ltd ATF The Little Blue Cottage Trust	Wholesale Trade	Pharmaceutical and Toiletry Goods Wholesaling	United States of America		SBEL	1	0.21	Low Potential - note 3
DrillCube Pty Ltd	Manufacturing	Other Specialised Machinery and Equipment Manufacturing	Papua New Guinea		ELOC	1	0.50	Category C
Ducere Group Pty Ltd	Education and Training	Higher Education	Various		SBEL	1	0.17	Low Potential - note 3

Commercial 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	Number of facilities	Amount (A\$ million equivalent)	Environmental/ social impact category (a)
Eco Structures Australia Pty Ltd	Manufacturing	Prefabricated Metal Building Manufacturing	Virgin Islands (U.S.)		SBEL	1	0.26	Low Potential - note 1
Eco Structures Australia Pty Ltd	Manufacturing	Prefabricated Metal Building Manufacturing	Various		SBEL	1	0.21	Low Potential - note 1
Eco Structures Australia Pty Ltd	Manufacturing	Prefabricated Metal Building Manufacturing	Thailand		SBEL	1	0.14	Low Potential - note 1
ESS Weathertech Pty Ltd	Manufacturing	Other Specialised Machinery and Equipment Manufacturing	Nepal		Bond	1	1.82	Low Potential - note 1
ESS Weathertech Pty Ltd	Manufacturing	Other Specialised Machinery and Equipment Manufacturing	Various		ELOC-R	1	13.88	Low Potential - note 1
FCT Holdings Pty Ltd	Professional, Scientific and Technical Services	Engineering Design and Engineering Consulting Services	China		Bond	Existing	0.08	Low Potential - note 1
FFF Australia Pty Ltd	Manufacturing	Other Machinery and Equipment Wholesaling n.e.c.	Australia	Y	ELOC	1	1.00	Low Potential - note 1
Fin Design and Effects Pty Ltd	Information Media and Telecommunications	Post-production Services and Other Motion Picture and Video Activities	China		ECL	1	0.25	Low Potential - note 1
Finnigan Investments (Aust) Pty Limited	Information Media and Telecommunications	Internet Publishing and Broadcasting	United States of America		ELOC-R	1	0.50	Low Potential - note 1
Finnigan Investments (Aust) Pty Limited	Information Media and Telecommunications	Internet Publishing and Broadcasting	Various		ELOC	1	0.50	Low Potential - note 1
Fruity Sacks Pty Ltd	Wholesale Trade	Other Grocery Wholesaling	New Zealand		SBEL	1	0.06	Low Potential - note 1
Geovert Ground Engineering Pty Ltd	Construction	Other Heavy and Civil Engineering Construction	United States of America		Bond	1	0.32	Low Potential - note 1
Geovert Ground Engineering Pty Ltd	Construction	Other Heavy and Civil Engineering Construction	United States of America		Bond	Existing	0.32	Low Potential - note 1
Gold Star International Pty Ltd	Wholesale Trade	Cereal Grain Wholesaling	Various		ELOC	1	0.35	Low Potential - note 3
Grape Expectations Vintners Pty Ltd	Manufacturing	Wine and Other Alcoholic Beverage Manufacturing	United States of America		ECL	1	2.50	Low Potential - note 1
Green Frog Systems Pty Ltd	Manufacturing	Other Fabricated Metal Product Manufacturing n.e.c.	United Kingdom of Great Britain and Northern Ireland		SBEL	1	0.35	Low Potential - note 1
Hubbed Pty Limited	Transport, Postal and Warehousing	Courier Pick-up and Delivery Services	New Zealand		SBEL	1	0.35	Low Potential - note 3
Incat Australia Pty Limited	Manufacturing	Shipbuilding and Repair Services	Trinidad and Tobago		Loan	1	85.43	Low Potential - note 1
Inflatable Packers International Pty Ltd	Manufacturing	Other Professional and Scientific Equipment Manufacturing	Various		ECL	1	1.20	Low Potential - note 1

Commercial 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	Number of facilities	Amount (A\$ million equivalent)	Environmental/ social impact category (a)
Ingeneus Pty Ltd	Manufacturing	Medical and Surgical Equipment Manufacturing	Germany		SBEL	1	0.05	Low Potential - note 3
Involve Audio Pty Ltd	Manufacturing	Other Electrical Equipment Manufacturing	United States of America		SBEL	1	0.05	Low Potential - note 3
Israp Exports Pty Ltd	Wholesale Trade	Metal and Mineral Wholesaling	India		SBEL	1	0.08	Low Potential - note 3
Isochem Australia Pty Ltd	Manufacturing	Other Polymer Product Manufacturing	Various		EWCG-R	1	2.87	Low Potential - note 1
Jaytona Pty Ltd T/A Multiplant Holdings	Mining	Road and Bridge Construction	Australia	Y	Bond	1	1.09	Low Potential - note 1
Jaytona Pty Ltd T/A Multiplant Holdings	Mining	Road and Bridge Construction	Australia	Y	Bond	Existing	1.09	Low Potential - note 1
Jumping Juice Wine Company Pty Ltd	Manufacturing	Wine and Other Alcoholic Beverage Manufacturing	Various		SBEL	1	0.07	Low Potential - note 3
Knog Pty. Ltd.	Wholesale Trade	Toy and Sporting Goods Wholesaling	United States of America		ELOC	1	0.78	Low Potential - note 1
Koala Eco Company Pty Ltd	Wholesale Trade	Other Grocery Wholesaling	Korea (Republic of)		SBEL	1	0.07	Low Potential - note 3
Lanotec Australia Pty Ltd	Manufacturing	Basic Organic Chemical Manufacturing	Ireland		SBEL	1	0.06	Low Potential - note 3
Latorre & Dutch Coffee Traders Pty Ltd	Wholesale Trade	Other Agricultural Product Wholesaling	China		ELOC	1	0.50	Low Potential - note 1
Mandala Trading Pty Ltd	Wholesale Trade	Other Agricultural Product Wholesaling	Various		ELOC	1	0.75	Low Potential - note 1
Marque of Brands Pty Ltd	Manufacturing	Cosmetic and Toiletry Preparation Manufacturing	Various		ELOC	1	2.88	Low Potential - note 1
Marr Contracting Pty Ltd	Construction	Hire of Construction Machinery with Operator	Turkey		ECL	1	10.35	Low Potential - note 1
Marr Contracting Pty Ltd	Construction	Hire of Construction Machinery with Operator	Turkey		Bond	Existing	1.17	Low Potential - note 1
Marr Contracting Pty Ltd	Construction	Hire of Construction Machinery with Operator	Turkey		Bond	Existing	1.17	Low Potential - note 1
Marr Contracting Pty Ltd	Construction	Hire of Construction Machinery with Operator	Turkey		Bond	Existing	0.32	Low Potential - note 1
Marr Contracting Pty Ltd	Construction	Hire of Construction Machinery with Operator	Turkey		Bond	Existing	0.32	Low Potential - note 1
McNally Group Contracting Pty Ltd	Mining	Non-Residential Building Construction	Australia	Y	Bond	1	1.55	Low Potential - note 1
Microtec Engineering Group Pty Limited	Manufacturing	Other Machinery and Equipment Manufacturing n.e.c.	Romania		ECL	1	0.21	Low Potential - note 1

Commercial 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	Number of facilities	Amount (A\$ million equivalent)	Environmental/ social impact category (a)
Minemet Australasia Pty Ltd	Wholesale Trade	Metal and Mineral Wholesaling	Various		EWCG-R	1	2.50	Low Potential - note 1
Mipac Pty Ltd	Professional, Scientific and Technical Services	Engineering Design and Engineering Consulting Services	Russia		Bond	1	0.82	Low Potential - note 1
More Green Energy	Manufacturing	Other Electrical Equipment Manufacturing	India		SBEL	1	0.13	Low Potential - note 3
Muir Engineering Group Pty. Ltd.	Manufacturing	Boatbuilding and Repair Services	Various		ELOC	1	0.50	Low Potential - note 1
Native Signal Pty Ltd	Information Media and Telecommunications	Tourism	Australia		SBEL	1	0.10	Low Potential - note 3
Nicholas The Label Pty Ltd	Manufacturing	Clothing Manufacturing	Various		ELOC-R	1	1.00	Low Potential - note 1
Nomad Tackle Pty Ltd	Manufacturing	Other Polymer Product Manufacturing	Various		ELOC-R	1	0.35	Low Potential - note 3
Norseman Machinery Imports Pty Ltd	Manufacturing	Other Machinery and Equipment Manufacturing n.e.c.	United States of America		ECL	1	0.27	Low Potential - note 3
Ocean & Earth Australia Pty Ltd	Wholesale Trade	Toy and Sporting Goods Wholesaling	Various		EWCG-R	1	0.73	Low Potential - note 1
Olli Ella Global Pty Ltd	Wholesale Trade	Other Goods Wholesaling n.e.c.	Various		EWCG	1	0.50	Low Potential - note 1
OneWorld Collection Pty Ltd	Other Services	Undifferentiated Goods-Producing Activities of Private Household	United States of America		SBEL	1	0.09	Low Potential - note 1
Pacific Welding Installations Pty Ltd	Construction	Other Heavy and Civil Engineering Construction	Solomon Islands		SBEL	1	0.08	Low Potential - note 3
Palla Pharma Limited	Manufacturing	Human Pharmaceutical and Medicinal Product Manufacturing	Norway		ELOC	1	6.00	Low Potential - note 1
Pipe Craft Pty Ltd	Mining	Other Construction Services n.e.c.	Australia	Y	Bond	1	0.83	Low Potential - note 1
Platinum Blasting Services Pty Ltd	Mining	Other Mining Support Services	Australia	Y	ELOC	Existing	2.00	Low Potential - note 1
Platinum Blasting Services Pty Ltd	Mining	Other Mining Support Services	Australia	Y	Bond	1	0.50	Low Potential - note 1
Praesidium Global Pty Ltd	Manufacturing	Other Specialised Machinery and Equipment Manufacturing	United Kingdom		ECL	1	0.72	ME
Quickstep Holdings Ltd	Manufacturing	Other Machinery and Equipment Manufacturing n.e.c.	United States of America		ELOC	1	2.00	ME
Quickstep Holdings Ltd	Manufacturing	Other Machinery and Equipment Manufacturing n.e.c.	United States of America		ELOC-R	Existing	4.00	ME
Rathbone Wine Group Pty Ltd	Manufacturing	Wine and Other Alcoholic Beverage Manufacturing	Various	Y	ELOC	1	1.75	Low Potential - note 1
Rathbone Wine Group Pty Ltd	Manufacturing	Wine and Other Alcoholic Beverage Manufacturing	Various	Y	ECL	1	1.75	Low Potential - note 1

Commercial 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	Number of facilities	Amount (A\$ million equivalent)	Environmental/ social impact category (a)
Real Serious Games Pty Ltd	Mining	Software Publishing	Australia	Y	ELOC	1	0.30	Low Potential - note 3
Reeves International Pty Ltd	Construction	Non-Residential Building Construction	Tonga		Bond	Existing	0.17	Low Potential - note 1
Reeves International Pty Ltd	Construction	Non-Residential Building Construction	Tonga		Bond	Existing	0.34	Low Potential - note 1
Reeves International Pty Ltd	Construction	Non-Residential Building Construction	Tonga		Bond	1	0.17	Low Potential - note 1
Resolution Systems Pty Ltd	Mining	Mining and Construction Machinery Manufacturing	Australia	Y	ECL	1	0.30	Low Potential - note 1
Rhodes Project Services Pty Ltd	Construction	Non-Residential Building Construction	Papua New Guinea		ECL	1	2.50	Category C
Rhodes Project Services Pty Ltd	Construction	Non-Residential Building Construction	Papua New Guinea		ELOC	1	0.77	Low Potential - note 1
Rhodes Project Services Pty Ltd	Construction	Non-Residential Building Construction	Papua New Guinea		ELOC	Existing	1.70	Low Potential - note 1
RJE Global Pty Ltd	Manufacturing	Other Specialised Machinery and Equipment Manufacturing	Mongolia		Bond	Existing	0.14	Low Potential - note 1
RJE Global Pty Ltd	Manufacturing	Other Specialised Machinery and Equipment Manufacturing	Mongolia		Bond	Existing	0.01	Low Potential - note 1
S & E Engineering Pty Ltd	Manufacturing	Machine Tool and Parts Manufacturing	Various		SBEL	1	0.35	Low Potential - note 3
S & E Engineering Pty Ltd	Manufacturing	Machine Tool and Parts Manufacturing	Sweden		SBEL	1	0.35	Low Potential - note 3
Security Infrastructure Solutions Pty Ltd	Professional, Scientific and Technical Services	Computer System Design and Related Services	United Arab Emirates		SBEL	1	0.20	Low Potential - note 3
Seed Terminator Pty Ltd	Manufacturing	Agricultural Machinery and Equipment Manufacturing	Germany		SBEL	1	0.20	Low Potential - note 3
Senex Energy Limited	Mining	Oil and Gas Extraction	Australia	Y	EFG	1	10.00	Category B
Senex Energy Limited	Mining	Oil and Gas Extraction	Australia	Y	Loan	Existing	15.00	Category B
Seppeltsfield Road Distillers Pty Ltd	Manufacturing	Spirit Manufacturing	United Kingdom of Great Britain and Northern Ireland		SBEL	1	0.07	Low Potential - note 3
Shapeshift Design Technologies Pty Ltd	Manufacturing	Other Polymer Product Manufacturing	United States of America		SBEL	1	0.35	Low Potential - note 1
Shield Resources Pty Ltd	Wholesale Trade	Timber Wholesaling	China		ELOC	1	0.40	Low Potential - note 1
Shield Resources Pty Ltd	Wholesale Trade	Timber Wholesaling	China		ELOC	1	0.40	Low Potential - note 1

Commercial 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	Number of facilities	Amount (A\$ million equivalent)	Environmental/ social impact category (a)
Sir The Label Pty Limited	Wholesale Trade	Clothing and Footwear Wholesaling	Various		ELOC	1	0.50	Low Potential - note 1
Sir The Label Pty Limited	Wholesale Trade	Clothing and Footwear Wholesaling	Various		SBEL	1	0.35	Low Potential - note 3
Skyfii Limited	Information Media and Telecommunications	Data Processing and Web Hosting Services	Various		ELOC	1	0.80	Low Potential - note 1
SmartCap Technologies Pty Ltd	Manufacturing	Other Electrical Equipment Manufacturing	Chile		ECL	1	0.80	Low Potential - note 1
Sonic Essentials Pty Ltd	Manufacturing	Fertiliser Manufacturing	Brazil		ECL	1	0.45	Low Potential - note 1
TelSoft Pty Ltd	Information Media and Telecommunications	Other Telecommunications Services	Various		SBEL	1	0.09	Low Potential - note 3
Thompson Meat Machinery Pty Limited	Manufacturing	Machine Tool and Parts Manufacturing	Various		ELOC	1	1.00	Low Potential - note 1
Threebyone Pty Ltd	Manufacturing	Clothing Manufacturing	Various		ELOC	1	2.50	Low Potential - note 1
Turbid & Bretty Pty Ltd	Manufacturing	Liquor and Tobacco Product Wholesaling	Australia	Y	SBEL	1	0.06	Low Potential - note 3
Tyler James Pty Ltd	Retail Trade	Supermarket and Grocery Stores	China		SBEL	1	0.15	Low Potential - note 3
UAP Australia Pty Ltd	Professional, Scientific and Technical Services	Other Specialised Design Services	United States of America		Bond	Existing	1.46	Low Potential - note 1
UAP Australia Pty Ltd	Professional, Scientific and Technical Services	Other Specialised Design Services	United States of America		Bond	Existing	1.48	Low Potential - note 1
United Wool Company Pty Ltd	Wholesale Trade	Wool Wholesaling	Various		EWCG	1	1.00	Low Potential - note 1
United Wool Company Pty Ltd	Wholesale Trade	Wool Wholesaling	Various		EWCG-R	Existing	1.50	Low Potential - note 1
Upstream Flow Solutions Pty Ltd	Manufacturing	Other Machinery and Equipment Manufacturing n.e.c.	Various		SBEL	1	0.15	Low Potential - note 3
Venlo Investments Pty Ltd	Manufacturing	Other Polymer Product Manufacturing	Various		ELOC	1	0.40	Low Potential - note 1
Vertiscope by Inverleigh Pty Ltd	Information Media and Telecommunications	Motion Picture and Video Distribution	United States of America		ECL	1	0.85	Low Potential - note 1
Viottolo Pty Ltd	Manufacturing	Wine and Other Alcoholic Beverage Manufacturing	United Kingdom of Great Britain and Northern Ireland		SBEL	1	0.07	Low Potential - note 3
Waterengineers developments Australia Pty Ltd	Manufacturing	Other Machinery and Equipment Manufacturing n.e.c.	United Arab Emirates		Bond	1	0.28	Low Potential - note 1
Waterengineers developments Australia Pty Ltd	Manufacturing	Other Machinery and Equipment Manufacturing n.e.c.	United Arab Emirates		Bond	Existing	0.43	Low Potential - note 1

Commercial 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	Number of facilities	Amount (A\$ million equivalent)	Environmental/ social impact category (a)
Wildbear Entertainment Pty Limited	Information Media and Telecommunications	Motion Picture and Video Production	Germany		Bond	1	0.26	Low Potential - note 3
Wildbear Entertainment Pty Limited	Information Media and Telecommunications	Motion Picture and Video Production	Various		Bond	Existing	0.08	Low Potential - note 3
Winplus Australasia Pty Ltd	Wholesale Trade	Other Goods Wholesaling n.e.c.	Various		EWCG	1	2.06	Low Potential - note 1
Worldpoly Pty Ltd	Manufacturing	Other Machinery and Equipment Manufacturing n.e.c.	Various		ELOC-R	1	0.38	Low Potential - note 1
Y Bell Group Pty Limited	Manufacturing	Toy, Sporting and Recreational Product Manufacturing	Various		SBEL	1	0.23	Low Potential - note 1
Zonte's Footstep Pty Ltd	Manufacturing	Wine and Other Alcoholic Beverage Manufacturing	Various		SBEL	1	0.16	Low Potential - note 3
Total Commercial Account (to 30/06/2020)					167	131	411.46	

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	Number of facilities	Amount (A\$ million equivalent)	Environmental/ social impact category (a)
AAA Metal Recycling Australia Pty Ltd	Wholesale Trade	Metal and Mineral Wholesaling	Various		ECL	1	2.70	Low Potential - note 1
AQS Tannery Group Pty Ltd	Manufacturing	Leather Tanning, Fur Dressing and Leather Product Manufacturing	Various		ECL	1	0.83	Low Potential - note 1
Aus Air Charter Pty Ltd	Arts and Recreation Services	Tourism	Australia		ECL	1	1.00	Low Potential - note 1
Austal Ships Pty Limited	Manufacturing	Shipbuilding and Repair Services	Trinidad and Tobago		Loan	Existing	128.29	ME
Australian Fashion Labels Pty Ltd	Wholesale Trade	Clothing and Footwear Wholesaling	Various		ECL	1	1.00	Low Potential - note 1
Australian Fashion Labels Pty Ltd	Wholesale Trade	Clothing and Footwear Wholesaling	Various		ELOC	Existing	0.77	Low Potential - note 1
Australian Organic Honey Company Pty Ltd	Agriculture, Forestry and Fishing	Other Agriculture and Fishing Support Services	Various		SBEL	1	0.35	Low Potential - note 3
CEA Technologies Pty Ltd	Manufacturing	Other Professional and Scientific Equipment Manufacturing	United States of America		Loan	1	90.00	Category C
Ensign Pty Ltd	Electricity, Gas, Water and Waste Services	Other Electricity Generation	United States of America		ECL	1	0.50	Low Potential - note 1
IH Sydney Training Services Pty Ltd	Education and Training	Adult, Community and Other Education n.e.c.	Various		ECL	1	0.50	Low Potential - note 1
Independent State of Papua New Guinea	Public Administration and Safety	Central Government Administration	Papua New Guinea		Loan	1	441.44	Low Potential - note 1

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	Number of facilities	Amount (A\$ million equivalent)	Environmental/ social impact category (a)
Oleapak Pty Ltd	Manufacturing	Oil and Fat Manufacturing	Japan		ECL	1	0.40	Low Potential - note 1
Polysoft Pty Ltd	Construction	Non-Residential Building Construction	Various		ECL	1	0.35	Low Potential - note 1
Riverside Vintners Pty Ltd	Manufacturing	Wine and Other Alcoholic Beverage Manufacturing	Various		ECL	1	0.45	Low Potential - note 1
The Gabriel Method Pty Ltd	Other Services	Diet and Weight Reduction Centre Operation	Various		SBEL	1	0.25	Low Potential - note 3
Tweed Byron Transit Pty Ltd	Transport, Postal and Warehousing	Tourism	Australia		ECL	1	0.30	Low Potential - note 3
Wagstaff Cranbourne Pty Ltd	Manufacturing	Meat Processing	United States of America		ECL	1	4.95	Low Potential - note 1
Wayoutback Australian Safaris Pty Ltd	Administrative and Support Services	Tourism	Australia		ECL	1	1.00	Low Potential - note 1
Total National Interest Account (to 30/06/2020)					18	16	675.08	
Total Commercial and National Interest Accounts (to 30/06/2020)					185	147	1,086.54	

As at 30 June 2020, on the CA the weighted average margin on all facilities signed during the year was around 4.36%, with a weighted average tenor of 7.23 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):

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Signings	411	378	194	396	390	179	577	514	990	593
Export contracts and overseas investments supported	1,780	2,289	1,394	996	1,475	823	2,138	2,075	4,278	3,473
Net interest income	20.4	24.7	22.0	22.5	24.6	26.5	22.6	32.8	38.1	39.6
Net premiums and fees	20.8	42.8	29.6	24.1	26.7	26.4	27.2	14.4	16.5	14.5
Fair value other financial instruments	3.1	0.7	(0.9)	0.0	0.1	(0.2)	(2.0)	(3.0)	(4.1)	(6.1)
Foreign exchange profit/(loss)	(2.2)	(2.9)	(1.4)	1.9	(1.6)	(5.4)	0.2	0.6	0.0	0.0
Debt Neutrality Charge	(1.0)	(1.1)	(1.0)	(1.1)	(0.9)	0.0	0.0	0.0	0.0	0.0
Other income	3.8	3.8	3.2	2.9	2.6	2.5	4.1	4.7	3.1	3.0
Operating income	44.9	68.0	51.5	50.3	51.5	49.8	52.1	49.5	53.6	51.0
Operating expenses	(28.1)	(29.3)	(29.0)	(32.4)	(34.0)	(31.5)	(27.9)	(26.9)	(26.7)	(24.5)
State-tax equivalent charges	(1.4)	(1.3)	(1.2)	(1.3)	(1.2)	0.0	0.0	0.0	0.0	0.0
(Charge) / credit for sundry allowances	0.6	(0.6)	0.0	0.0	0.1	(0.1)	0.0	0.0	0.1	3.6
Profit/(loss) from the discontinued credit insurance business	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	(0.2)	0.1
Profit before tax equivalent	16.0	36.8	21.3	16.6	16.5	18.2	24.2	22.6	26.8	30.2
Income tax-equivalent charge	(4.8)	(11.0)	(6.4)	(5.0)	(5.0)	0.0	0.0	0.0	0.0	0.0
Operating profit for Export Finance Australia	11.2	25.8	14.9 ¹	11.6	11.5	18.2	24.2	22.6	26.8	30.2
Dividend (paid in subsequent years)	Not Decided	(12.9)	(7.4) ¹	(5.8)	(5.8)	(13.6)	(18.2)	(11.3)	(26.8)	(30.2)
Dividend payout ratio	Not Decided	50%	50%	50%	50%	75%	75%	50%	100%	100%
Special dividend / Capital injection	0.0	0.0	0.0	0.0	0.0	200.0	0	(200.0)	0	0
Equity	537.1	539.3	459.3	451.3	444.8	436.8	225.9	216.3	418.1	408.1
Return on average equity (% pa) before tax equivalent	3%	7%	5%	4%	4%	5%	11%	7%	6%	7%
Capital adequacy ratio including callable capital	61.6%	60.2%	25.0%	25.2%	26.1%	30.5%	22.5%	21.2%	31.0%	34.6%
Face value of Commercial Account client facilities outstanding (before provisions)										
Loans	1,119	1,069	910	813	868	878	594	535	458	361
Funded EFGs	24	34	51	72	99	117	123	149	101	102
Guarantees and other off-balance-sheet exposures	283	413	431	420	436	438	663	654	513	362
Exposures reinsured	355	562	640	634	673	601	478	362	327	112
Rescheduled debts	1	1	1	1	3	8	13	16	20	24
Total Commercial Account facilities	1,782	2,079	2,033	1,940	2,079	2,042	1,871	1,716	1,419	961

¹ The 2017–18 post-tax profit was restated from \$13.9 million to \$14.9 million. The dividend paid in 2018 was \$6.9 million but should have been \$7.4 million (50% of \$14.9m). The additional \$0.5 million was paid in 2019. The dividends for 2018 and 2019 have been restated to reflect what should have been paid.

National Interest Account

Years ended 30 June (\$m):

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Signings	675	10	0	49	0	0	0	0	13	0
Export contracts and overseas investments supported	670	261	0	2,667	0	0	0	0	240	0
Net interest income (including grant amortised)	0.3	0.5	0.7	0.9	1.4	1.8	2.1	2.1	1.2	1.0
Net premiums and fees	13.3	11.8	12.7	13.9	14.4	12.2	9.8	7.7	5.3	5.0
Total revenue	13.6	12.3	13.4	14.8	15.8	14.0	11.9	9.8	6.5	6.0
Operating expenses	(3.7)	(1.4)	(1.4)	(1.4)	(1.2)	(1.0)	(1.6)	(2.2)	(1.4)	(1.5)
Foreign exchange profit/(loss)	0.4	(0.1)	0.0	(0.1)	(0.1)	(0.3)	(0.2)	(0.1)	(0.2)	2.5
(Charge) / credit for specific provisions	0.3	0.2	0.2	(7.5)	(19.7)	(14.3)	(9.6)	(8.3)	(8.1)	(7.5)
Profit/ (loss) from the discontinued credit insurance business	21.9	23.1	20.1	19.9	19.4	17.6	15.5	14.8	19.8	8.2
Operating profit attributable to the Commonwealth	32.5	34.1	32.3	25.7	14.2	16.0	16.0	14.0	16.6	7.7

Face value of National Interest Account client facilities outstanding (before provisions)

Loans	842	366	431	527	596	665	624	670	590	567
Guarantees and other off-balance-sheet exposures	5	8	10	10	11	12	11	11	6	0
Exposures reinsured	0	0	0	0	0	0	0	5	10	18
Rescheduled debts	145	160	169	179	215	238	232	72	87	101
Total National Interest facilities	992	534	610	716	822	915	867	758	693	686

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 2020 and the financial position of Export Finance Australia at 30 June 2020;
- (b) the financial statements for the year ended 30 June 2020 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013 (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; and
- (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 *Export Finance and Insurance Corporation Act 1991 (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
Chairman
20 August 2020



Swati Dave
Managing Director & Chief Executive Officer
20 August 2020



Stuart Neilson
Chief Financial Officer
20 August 2020

Independent auditor's report



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INDEPENDENT AUDITOR'S REPORT

To Minister for Trade, Tourism and Investment

Opinion

In my opinion, the financial statements of the Export Finance Australia (the Entity) for the year ended 30 June 2020:

- (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 2020 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 2020 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.

Other information

The Accountable Authority is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020 but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

GPO Box 707 CANBERRA ACT 2601
38 Sydney Avenue FORREST ACT 2603
Phone (02) 6203 7300 Fax (02) 6203 7777

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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 the Board determines is necessary to enable the preparation of financial statements 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, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Board is also responsible for 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.

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 the Accountable Authority 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
21 August 2020

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Statement of profit or loss and other comprehensive income

for the year ended 30 June 2020

	Note	Commercial Account		National Interest Account	
		30 June 2020 \$ m	30 June 2019 \$ m	30 June 2020 \$ m	30 June 2019 \$ m
Interest income	3(i)	131.5	158.0	-	-
Other interest income	3(ii)	20.5	31.7	15.8	15.8
Interest expense	3(iii)	(132.6)	(166.1)	(15.5)	(15.3)
Net interest income		19.4	23.6	0.3	0.5
Fair value movement of third-party loans and guarantees	3(iv)	20.8	42.8	-	-
Fair value movement of other financial instruments	3(v)	3.1	0.7	-	-
Unrealised foreign exchange loss		(2.2)	(2.9)	0.4	(0.1)
Other revenue	3(vi)	3.8	3.8	35.2	34.9
Operating income		44.9	68.0	35.9	35.3
Operating expenses	3(vii)	(28.1)	(29.3)	(3.7)	(1.4)
Impairment expenses	3(viii)	0.6	(0.6)	-	-
State tax equivalent charges	3(ix)	(1.4)	(1.3)	-	-
Net operating income		16.0	36.8	32.2	33.9
Net rescheduled loans and debt forgiveness	3(x)	-	-	0.3	0.2
Profit before tax equivalent		16.0	36.8	32.5	34.1
Income tax equivalent charge		(4.8)	(11.0)	-	-
Profit from ordinary activities		11.2	25.8	32.5	34.1
National Interest Account attributable directly to the Commonwealth		-	-	(32.5)	(34.1)
Net profit available to the Commonwealth		11.2	25.8	-	-
Other comprehensive income					
<i>Items not subject to subsequent reclassification to profit or loss:</i>					
Gain on revaluation of land and buildings	10	-	61.7	-	-
Total other comprehensive (loss)/income for the period		-	61.7	-	-
Total comprehensive income for the period available to the Commonwealth		11.2	87.5	-	-

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

Statement of financial position

as at 30 June 2020

		Commercial Account		National Interest Account	
	Note	30 June 2020 \$ m	30 June 2019 \$ m	30 June 2020 \$ m	30 June 2019 \$ m
Assets					
Cash and liquid assets	1(i)	9.5	10.3	-	-
Receivables from other financial institutions	4, 1(j)	324.6	456.9	-	-
Investment securities at amortised cost	6, 1(k)	738.1	963.6	-	-
Loans and receivables at amortised cost	7, 1(l)	-	54.5	837.8	361.1
Loans and receivables designated at fair value through profit or loss	8, 1(m)	1,248.4	1,299.4	-	-
Loans to National Interest Account designated at fair value through profit or loss	1(n)	841.4	361.7	-	-
Derivative financial assets	9, 1(o)	48.5	87.4	-	-
Property, plant and equipment	10, 1(p)	111.9	115.1	-	-
Intangible assets	11, 1(q)	-	-	-	-
Other assets	12	18.0	10.3	13.2	9.8
Total assets		3,340.4	3,359.2	851.0	370.9
Liabilities					
Payables to other financial institutions	13, 1(r)	5.3	9.2	-	-
Amounts payable to the Commonwealth	5	-	-	13.1	15.1
Borrowings from Commercial Account at amortised cost	25, 1(s)	-	-	832.3	354.6
Borrowings designated at fair value through profit or loss	14, 1(t)	2,386.9	2,408.1	-	-
Guarantees designated at fair value through profit or loss	15, 1(u)	5.6	5.9	-	-
Derivative financial liabilities	9, 1(o)	350.9	348.6	-	-
Sundry provisions and allowances	16	13.4	19.5	-	-
Other liabilities	17	41.2	28.6	5.6	1.2
Total liabilities		2,803.3	2,819.9	851.0	370.9
Net assets		537.1	539.3	-	-
Equity					
Contributed equity		206.0	206.0	-	-
Reserves		190.5	190.5	-	-
Retained profits		140.6	142.8	-	-
Total equity		537.1	539.3	-	-

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

Statement of changes in equity

for the year ended 30 June 2020

	Retained Profits	Asset Revaluation Reserves	Available- for-sale Investment Reserve	Cash Flow Hedge Reserve (Note 19)	Other Reserves	Contributed Equity	Total Equity
Commercial Account	\$ m	\$ m	\$ m	\$ m	\$ m	\$ m	\$ m
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
Opening balance as at 30 June 2018	123.9	62.6	0.6	-	66.2	206.0	459.3
Adjustment on initial application of AASB 9	-	-	(0.6)	-	-	-	(0.6)
Adjusted balance as at 1 July 2018	123.9	62.6	-	-	66.2	206.0	458.7
Comprehensive income							
Other comprehensive income	-	61.7	-	-	-	-	61.7
Profit for the period	25.8	-	-	-	-	-	25.8
Total comprehensive income	25.8	61.7	-	-	-	-	87.5
Transactions with the Commonwealth							
Dividends paid	(6.9)	-	-	-	-	-	(6.9)
Closing balance available to the Commonwealth 30 June 2019	142.8	124.3	-	-	66.2	206.0	539.3

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

Changes in equity and dividends paid

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 2019 based on the recommendation from the Board that 50% of the 2018–19 profit be paid as a dividend, and accordingly a dividend of \$12.9 million was paid in December 2019. In addition a dividend of \$0.5 million was paid in December 2019 as a result of the 2017–18 profit being restated from \$13.9 million to \$14.9 million.

Cash flow statement

for the year ended 30 June 2020

		Commercial Account		National Interest Account	
		30 June 2020 \$ m	30 June 2019 \$ m	30 June 2020 \$ m	30 June 2019 \$ m
	Note				
Cash flows from operating activities					
Inflows:					
Premium and fees received*		48.3	48.4	13.8	11.1
Interest received		139.4	179.5	9.9	13.6
Insurance claim recoveries		0.1	0.1	22.6	21.9
Sundry income*		4.0	3.4	-	-
Net decrease/(increase) in other debtors and prepayments		14.4	(16.4)	-	-
Rescheduled debt repayments		-	-	0.3	0.2
Net increase in payables to the Commonwealth		-	-	0.1	0.2
Outflows:					
Premiums paid to reinsurers (net of commissions)		(5.1)	(6.3)	-	-
Interest and other costs of finance paid		(129.6)	(155.0)	(11.2)	(16.0)
Guarantees called/ loans written off and associated costs		-	(0.7)	-	-
Net repayments/(disbursements) of loans		(373.3)	59.3	(475.4)	85.7
Payments to creditors and employees*		(28.9)	(25.7)	-	-
Net cash from/(used by) operating activities	24	(330.7)	86.6	(439.9)	116.7
Cash flows from investing activities					
Inflows:					
Proceeds from available-for-sale investments		993.3	1,275.1	-	-
Proceeds from property, plant and equipment		0.1	-	-	-
Outflows:					
Payments for available-for-sale investments		(767.8)	(1,290.8)	-	-
Payments for property, plant and equipment		(1.1)	(0.2)	-	-
Net cash from/(used by) investing activities		224.5	(15.9)	-	-

* Grossed up for Goods and Services Tax.

		Commercial Account		National Interest Account	
	Note	30 June 2020 \$ m	30 June 2019 \$ m	30 June 2020 \$ m	30 June 2019 \$ m
Cash flows from financing activities					
Inflows:					
Net proceeds from derivatives	25	50.5	75.1	-	-
Receipts from the Commonwealth		-	-	2.5	1.3
Receipts from National Interest Account		2.5	1.3	-	-
Receipts from other Commonwealth entities		1.5	1.7	-	-
Outflows:					
Net proceeds/(repayments) of payables to other financial institutions	25	(4.6)	(20.9)	-	-
Net proceeds/(repayments) of other borrowings	25	(26.6)	34.3	476.9	(82.9)
Dividend payments to the Commonwealth		(13.4)	(6.9)	-	-
Other payments to the Commonwealth		(13.9)	(8.1)	(37.0)	(33.8)
Payments to Commercial Account		-	-	(2.5)	(1.3)
Net cash from/(used by) financing activities		(4.0)	76.5	439.9	(116.7)
Net increase/(decrease) in cash equivalents held					
Cash equivalents at beginning of financial year		467.2	309.9	-	-
Net effects of exchange rate changes on cash equivalent balances held in foreign currencies		(22.9)	10.1	-	-
Cash equivalents at end of financial year	24	334.1	467.2	-	-

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 2020

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 export credit agency. We were established under the *Export Finance and Insurance Corporation Act 1991 (EFIC Act)* and are defined as a corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*. Export Finance Australia is part of the Department of Foreign Affairs and Trade portfolio of agencies, and reports to 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 who are 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 transactions 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.

There is also a provision in the EFIC Act which 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.

The adoption of new standards and amendments that came into effect for this financial year did not have a significant financial impact on the financial statements.

AASB 16 - Leases

AASB 16: Leases requires a lessee to report a lease with a duration of longer than 12 months and not considered as low value, on the balance sheet as a right-of-use (ROU) asset and lease liability. There is no substantial changes for lessors and the distinction between financial and operating leases remain.

Export Finance Australia leases out office space to tenants. These leases are classified as an operating lease as the agreements do not substantially transfer all the risks and rewards incidental to ownership of the office space within the building owned by Export Finance Australia. As the lessor Export Finance Australia is not impacted by the new standard.

Export Finance Australia maintains office space for business originators based in other States through a service level agreement (SLA) with Austrade. The right to direct the use of the office space remains with Austrade and the consideration paid for office sharing are considered low value, hence no ROU and lease liability is recognised on the balance sheet.

Notes to and forming part of the financial statements

for the year ended 30 June 2020

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

(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.

(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, euro, New Zealand dollar and Japanese yen. The relevant exchange rates used are:

	2020	2019
Average rates during year		
US\$ / A\$	0.6716	0.7156
Euro / A\$	0.6072	0.6271
NZD / A\$	1.0545	1.0670
JPY / A\$	72.6247	79.532
Rates at 30 June		
US\$ / A\$	0.6860	0.7013
Euro / A\$	0.6105	0.6171
NZD / A\$	1.0691	1.0462
JPY / A\$	73.851	75.540

(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; and
- › 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 NSW payroll tax calculated at 5.45% above the relevant threshold; and
- › a payment in lieu of NSW land tax calculated at 2% above the relevant threshold.

Notes to and forming part of the financial statements

for the year ended 30 June 2020

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

(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 which 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.

(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 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.

We do not make any general provision for impairment for exposures on the NIA as the Commonwealth fully reimburses Export Finance Australia for any losses.

(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 20.

(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 20.

(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 20.

(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 4.0% 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.

Notes to and forming part of the financial statements

for the year ended 30 June 2020

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

(q) Intangible assets (software costs)

The identifiable and directly associated external and internal costs of acquiring and developing software are capitalised and recognised as an intangible asset where the software is controlled by the entity, and where it is probable that the future economic benefits will flow from its use over more than one year. Costs associated with maintaining the software are recognised as an expense as incurred.

Computer software and other intangible assets are stated at cost less amortisation and impairment losses, if any.

Capitalised software costs are amortised on a systematic basis, using the straight-line method over its useful life.

(r) 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.

(s) 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.

(t) 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 20.

(u) 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 20.

(v) 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.

(w) 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.

(x) 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.

(y) 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.

(z) 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 2020.

Notes to and forming part of the financial statements

for the year ended 30 June 2020

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 2020 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 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 15 years (6.66%) to 25 years (4%).

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 20.

Fair value of credit risk

The financial impact of COVID-19 on the global economy and how our customers will be impacted is uncertain. This uncertainty is reflected in management's assessment of additional credit provisions of \$28.3m.

The calculation of credit provisions is based on management's judgement of the estimated impact of COVID-19 on our business, customers, and the global economy. All assumptions made are 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.

Given the on-going uncertainty with COVID-19 the estimates provided are inherently uncertain and as a result may differ from our estimates.

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	
Note	30 June 2020 \$ m	30 June 2019 \$ m	30 June 2020 \$ m	30 June 2019 \$ m
(i) Interest income				
Loans and receivables designated at fair value through profit or loss	32.8	41.7	-	-
Loans to National Interest Account designated at fair value through profit or loss	14.6	14.6	-	-
Derivative financial instruments receivable	84.1	101.7	-	-
Total interest income	131.5	158.0	-	-
(ii) Other interest income				
Receivables from other financial institutions	5.3	6.5	-	-
Investment securities at amortised cost	15.2	25.0	-	-
Loans at amortised cost	-	0.2	15.8	15.8
Total other interest income	20.5	31.7	15.8	15.8
(iii) Interest expense				
Payables to other financial institutions	(0.8)	(0.9)	-	-
Borrowings from Commercial Account at amortised cost	-	-	(15.5)	(15.3)
Borrowings designated at fair value through profit or loss	(76.1)	(82.4)	-	-
Derivative financial instruments payable	(54.7)	(81.7)	-	-
Debt neutrality charge	(1.0)	(1.1)	-	-
Total interest expense	(132.6)	(166.1)	(15.5)	(15.3)
(iv) Fair value movement of third-party loans and guarantees				
Net premium and fees	42.7	61.2	-	-
Reinsurance	3.9	(2.3)	-	-
Interest	0.3	0.2	-	-
Credit risk	(17.8)	(15.2)	-	-
Claims paid	(0.4)	(0.7)	-	-
Specific events	(7.9)	(0.4)	-	-
Total fair value movement of third-party loans and guarantees	20.8	42.8	-	-

Notes to and forming part of the financial statements

for the year ended 30 June 2020

Note 3: Revenue and expenses (cont.)

	Commercial Account		National Interest Account	
Note	30 June 2020 \$ m	30 June 2019 \$ m	30 June 2020 \$ m	30 June 2019 \$ m
(v) Fair value movement of other financial instruments				
Loans to National Interest Account designated at fair value through profit or loss	(2.5)	(3.9)	-	-
Borrowings designated at fair value through profit or loss	9.7	(26.4)	-	-
Derivative financial instruments	(4.1)	31.0	-	-
Total fair value movement of other financial instruments	3.1	0.7	-	-
(vi) Other revenue				
Premium and fees	-	-	13.3	11.8
Rental income	3.5	3.6	-	-
Sundry income	0.2	0.1	-	-
Recoveries from credit insurance	0.1	0.1	21.9	23.1
Total other revenue	3.8	3.8	35.2	34.9
(vii) Operating expenses				
Employee costs	(18.1)	(17.4)	-	-
Depreciation and amortisation	(4.3)	(5.4)	-	-
Computer and communication costs	(1.9)	(1.6)	-	-
Superannuation costs	(1.8)	(1.7)	-	-
Professional fees	(1.8)	(1.5)	-	-
Property costs	(1.4)	(1.3)	-	-
Advertising and promotional costs	(0.9)	(0.7)	-	-
Credit information	(0.7)	(0.5)	-	-
Provision for employee entitlements	(0.6)	(0.4)	-	-
Travel costs	(0.3)	(0.4)	-	-
Other expenses	(1.5)	(1.4)	-	-
National Interest Account recovery/(expense)	3.7	1.4	(3.7)	(1.4)
Recovery from other Commonwealth entities	1.5	1.6	-	-
Total operating expenses	(28.1)	(29.3)	(3.7)	(1.4)

	Commercial Account		National Interest Account		
	Note	30 June 2020 \$ m	30 June 2019 \$ m	30 June 2020 \$ m	30 June 2019 \$ m
(viii) Impairment expenses					
Impairment expenses		0.6	(0.6)	-	-
Total net impairment expenses		0.6	(0.6)	-	-
(ix) State tax-equivalent charges					
Payroll tax-equivalent charge		(1.0)	(0.9)	-	-
Land tax-equivalent charge		(0.4)	(0.4)	-	-
Total state tax-equivalent charges		(1.4)	(1.3)	-	-
(x) Net rescheduled loans					
Recoveries of loans		-	-	0.3	0.2
Total rescheduled loans		-	-	0.3	0.2

Note 4: Receivables from other financial institutions

	Commercial Account		National Interest Account		
	Note	30 June 2020 \$ m	30 June 2019 \$ m	30 June 2020 \$ m	30 June 2019 \$ m
	1(j)				
Overnight deposits		290.1	179.9	-	-
Short-term cash deposits		34.5	277.0	-	-
Total receivables from other financial institutions		324.6	456.9	-	-
Maturity analysis of receivables from other financial institutions					
At call		290.1	179.9	-	-
Due in less than 3 months		5.7	36.8	-	-
Due after 3 months to 1 year		28.8	240.2	-	-
Total receivables from other financial institutions		324.6	456.9	-	-

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

Notes to and forming part of the financial statements

for the year ended 30 June 2020

Note 5: Amounts payable to the Commonwealth

	Note	Commercial Account		National Interest Account	
		30 June 2020 \$ m	30 June 2019 \$ m	30 June 2020 \$ m	30 June 2019 \$ m
Commonwealth opening balance payable		-	-	15.1	13.4
Net payments to the Commonwealth		-	-	(34.5)	(32.4)
Profit for the year on National Interest Account		-	-	32.5	34.1
Total amounts payable to the Commonwealth		-	-	13.1	15.1

Note 6: Investment securities

	Note	Commercial Account		National Interest Account	
		30 June 2020 \$ m	30 June 2019 \$ m	30 June 2020 \$ m	30 June 2019 \$ m
Investment securities at amortised cost	1(k)				
Discount securities		163.5	406.9	-	-
Floating rate notes		218.0	394.8	-	-
Fixed rate bonds		356.6	161.9	-	-
Total investment securities at amortised cost		738.1	963.6	-	-
Maturity analysis of investment securities at amortised cost					
Due in 3 months or less		15.0	216.8	-	-
Due after 3 months to 1 year		277.0	420.7	-	-
Due after 1 year to 5 years		446.1	326.1	-	-
Total investment securities at amortised cost		738.1	963.6	-	-

Refer to Note 19 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 2020 \$ m	30 June 2019 \$ m	30 June 2020 \$ m	30 June 2019 \$ m
	1(l)				
Gross export finance loans		-	55.1	842.0	366.0
Gross rescheduled credit insurance debts		0.5	0.6	145.2	159.8
Loans and receivables gross		0.5	55.7	987.2	525.8
Unearned premiums		-	-	(3.6)	(2.4)
General provision for impairment		-	(0.6)	-	-
Specific provision for impairment		(0.5)	(0.6)	(144.9)	(160.0)
Unamortised grants	1(e)	-	-	(0.9)	(2.3)
Total loans and receivables at amortised cost		-	54.5	837.8	361.1
Maturity analysis loans and receivables gross					
Due in 3 months or less		-	55.1	12.6	10.0
Due after 3 months to 1 year		-	0.1	505.0	73.4
Due after 1 year to 5 years		0.3	0.2	276.9	255.7
Due after 5 years		0.2	0.3	192.7	186.7
Total loans and receivables gross		0.5	55.7	987.2	525.8
Restructured exposures included above		0.5	0.6	181.8	221.8

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

All payments due in the year in respect of restructured exposures have been paid on time in accordance with the restructured terms.

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.

General provision for impairment					
General provision for impairment opening balance	0.6	-	-	-	-
General provision for impairment created	-	0.6	-	-	-
General impairment written back	(0.6)	-	-	-	-
General provision for impairment closing balance	0.0	0.6	-	-	-
Specific provision for impairment					
Specific provision for impairment opening balance	0.6	0.6	160.0	169.3	
Foreign exchange movement	-	0.1	7.8	8.6	
Specific impairment written back	(0.1)	(0.1)	(22.9)	(17.9)	
Specific provision closing balance	0.5	0.6	144.9	160.0	
Impaired loans					
Impaired loans	0.5	0.6	154.0	168.8	
Specific provision for impairment	(0.5)	(0.6)	(144.9)	(160.0)	
Carrying value of impaired loans	-	-	9.1	8.8	
Interest foregone on impaired loans	-	-	-	0.1	

The carrying value of impaired loans represent amounts due in July 2020 that has been received.

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 2020

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

	Note	Commercial Account		National Interest Account	
		30 June 2020 \$ m	30 June 2019 \$ m	30 June 2020 \$ m	30 June 2019 \$ m
Gross export finance loans		1,222.8	1,209.2	-	-
Gross funded export finance guarantees		96.7	135.6	-	-
Loans and receivables gross	1(m)	1,319.5	1,344.8	-	-
Fair value net premium and fees		49.6	45.1	-	-
Fair value interest income		2.4	4.0	-	-
Fair value of credit risk		(108.2)	(87.7)	-	-
Fair value of specific events		(14.9)	(6.8)	-	-
Total loans and receivables at fair value		1,248.4	1,299.4	-	-
Maturity analysis loans and receivables gross					
Overdue		8.5	2.9	-	-
Due in 3 months or less		39.0	17.2	-	-
Due after 3 months to 1 year		101.4	148.7	-	-
Due after 1 year to 5 years		650.5	700.0	-	-
Due after 5 years		520.1	476.0	-	-
Total loans and receivables gross		1,319.5	1,344.8	-	-
Restructured exposures included above		8.6	5.0	-	-
Maturity analysis of overdue loans and receivables gross					
Less than 30 days		-	0.9	-	-
30 to 60 days		0.1	0.5	-	-
61 to 90 days		-	0.3	-	-
Over 90 days		8.4	1.2	-	-
Total overdue loans and receivables gross		8.5	2.9	-	-

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

All payments due in the year in respect of restructured exposures have been paid on time in accordance with the restructured terms.

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 \$8.5 million relates to 20 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 2020 or is working with the customer to receive payment in full or the amount has been fully provided for as a specific provision.

Refer to Note 19 for further information regarding credit risk including maximum exposures and market risk.

Note 9: Derivative financial instruments

	Note	Commercial Account		National Interest Account	
		30 June 2020 \$ m	30 June 2019 \$ m	30 June 2020 \$ m	30 June 2019 \$ m
	1(o)				
Derivative financial assets					
Interest rate swaps		15.2	35.7	-	-
Cross-currency swaps		33.2	48.9	-	-
Forward foreign exchange contracts		0.1	2.8	-	-
Total derivative financial assets	25	48.5	87.4	-	-
Maturity analysis of derivative financial assets					
Due in 3 months or less		1.1	4.0	-	-
Due after 3 months to 1 year		36.8	47.3	-	-
Due after 1 year to 5 years		19.8	39.4	-	-
Due after 5 years		(9.2)	(3.3)	-	-
Total derivative financial assets		48.5	87.4	-	-
Derivative financial liabilities					
Interest rate swaps		3.0	6.5	-	-
Cross-currency swaps		343.1	337.1	-	-
Forward foreign exchange contracts		4.8	5.0	-	-
Total derivative financial liabilities	25	350.9	348.6	-	-
Maturity analysis of derivative financial liabilities					
Due in 3 months or less		(3.2)	(4.5)	-	-
Due after 3 months to 1 year		229.9	32.9	-	-
Due after 1 year to 5 years		10.7	233.6	-	-
Due after 5 years		113.5	86.6	-	-
Total derivative financial liabilities		350.9	348.6	-	-

A derivative financial asset arises when the underlying value of the contract results in an overall receipt of funds by Export Finance Australia, and a derivative liability arises when the underlying value of the contract results in an 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 19 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 2020

Note 10: Property, plant and equipment

	Commercial Account		National Interest Account		
	Note	30 June 2020 \$ m	30 June 2019 \$ m	30 June 2020 \$ m	30 June 2019 \$ m
	1(p)				
Freehold land and building, at valuation		110.0	110.0	-	-
Accumulated depreciation		(2.8)	-	-	-
Net book value - land and building		107.2	110.0	-	-
Plant and equipment, at valuation		17.5	16.5	-	-
Accumulated depreciation		(12.8)	(11.4)	-	-
Net book value - plant and equipment		4.7	5.1	-	-
Total property, plant and equipment		111.9	115.1	-	-

	Land and buildings \$ m	Plant and equipment \$ m	Total \$ m
Gross value			
Balance as at 30 June 2019	110.0	16.5	126.5
Additions	-	1.1	1.1
Disposals	-	(0.1)	(0.1)
Gross value as at 30 June 2020	110.0	17.5	127.5
Accumulated depreciation			
Balance as at 30 June 2019	-	(11.4)	(11.4)
Depreciation charged for assets held at 1 July 2019	(2.8)	(1.4)	(4.2)
Depreciation charged for additions	-	(0.1)	(0.1)
Depreciation recovered on disposals	-	0.1	0.1
Depreciation as at 30 June 2020	(2.8)	(12.8)	(15.6)
Net book value as at 1 July 2019	110.0	5.1	115.1
Net book value as at 30 June 2020	107.2	4.7	111.9

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 2020 \$ m	30 June 2019 \$ m
Leased accommodation		
Freehold land and building, at valuation	65.2	75.2
Accumulated depreciation	(1.7)	-
Written-down value	63.6	75.2
Depreciation expense	1.7	2.0

Note 11: Intangible assets

	Commercial Account		National Interest Account	
	30 June 2020 \$ m	30 June 2019 \$ m	30 June 2020 \$ m	30 June 2019 \$ m
Note				
1(q)				
Cost	-	1.5	-	-
Accumulated amortisation	-	(1.5)	-	-
Net book value - intangible assets	-	-	-	-

The carrying amount of the internally generated software has been reduced to nil as the asset has been fully depreciated and has no value.

Notes to and forming part of the financial statements

for the year ended 30 June 2020

Note 12: Other assets

	Note	Commercial Account		National Interest Account	
		30 June 2020 \$ m	30 June 2019 \$ m	30 June 2020 \$ m	30 June 2019 \$ m
Accrued interest receivable		13.1	5.5	7.4	3.9
Sundry debtors and prepayments		4.9	4.8	5.8	5.9
Total other assets		18.0	10.3	13.2	9.8

Note 13: Payables to other financial institutions

	Note	Commercial Account		National Interest Account	
		30 June 2020 \$ m	30 June 2019 \$ m	30 June 2020 \$ m	30 June 2019 \$ m
	1(r)				
Short-term borrowings		5.3	9.2	-	-
Total payables to other financial institutions	25	5.3	9.2	-	-
Maturity analysis of payables to other financial institutions					
At call		2.8	5.1	-	-
Due in 3 months or less		2.5	4.1	-	-
Total payables to other financial institutions		5.3	9.2	-	-

Note 14: Borrowings designated at fair value through profit or loss

	Note	Commercial Account		National Interest Account	
		30 June 2020 \$ m	30 June 2019 \$ m	30 June 2020 \$ m	30 June 2019 \$ m
Borrowings	1(t)	2,386.9	2,408.1	-	-
Total borrowings at fair value	25	2,386.9	2,408.1	-	-
Borrowings designated at fair value through profit or loss					
Structured borrowings					
Japanese yen		27.1	47.3	-	-
Total structured borrowings		27.1	47.3	-	-
Non-structured borrowings					
Australian dollar		1,069.0	1,159.3	-	-
New Zealand dollar		-	156.8	-	-
Total non-structured borrowings		1,069.0	1,316.1	-	-
Euro commercial paper					
US dollar		1,208.8	923.1	-	-
Euro		82.0	121.6	-	-
Total euro commercial paper		1,290.8	1,044.7	-	-
Total borrowings at fair value		2,386.9	2,408.1	-	-
Maturity analysis of borrowings					
Due in 3 months or less		568.0	825.2	-	-
Due after 3 months to 1 year		1,282.7	524.1	-	-
Due after 1 year to 5 years		161.2	695.0	-	-
Due after 5 years		375.0	363.8	-	-
Total borrowings at fair value		2,386.9	2,408.1	-	-

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 debt neutrality charge does not apply if the borrowing is for a NIA loan.

Refer to Note 19 for further information regarding credit risk, liquidity risk, market risk and contractual amounts.

Notes to and forming part of the financial statements

for the year ended 30 June 2020

Note 15: Guarantees designated at fair value through profit or loss

	Note	Commercial Account		National Interest Account	
		30 June 2020 \$ m	30 June 2019 \$ m	30 June 2020 \$ m	30 June 2019 \$ m
	1(u)				
Fair value of credit risk		9.7	10.4	-	-
Fair value of specific events		1.3	1.5	-	-
Fair value of net premium receivable		(5.4)	(6.0)	-	-
Total guarantees designated at fair value through profit or loss		5.6	5.9	-	-

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 19 for further information regarding credit risk, market risk and maximum exposures.

Note 16: Sundry provisions and allowances

	Note	Commercial Account		National Interest Account	
		30 June 2020 \$ m	30 June 2019 \$ m	30 June 2020 \$ m	30 June 2019 \$ m
Employee entitlements	1(v)	6.2	5.6	-	-
Provision for tax equivalent charges		7.2	13.9	-	-
Total sundry provisions and allowances		13.4	19.5	-	-

Note 17: Other liabilities

	Note	Commercial Account		National Interest Account	
		30 June 2020 \$ m	30 June 2019 \$ m	30 June 2020 \$ m	30 June 2019 \$ m
Sundry creditors	1(w)	20.6	8.8	-	-
Security bond deposits		20.6	19.8	-	-
Interest payable		-	-	5.6	1.2
Total other liabilities		41.2	28.6	5.6	1.2

Note 18: Contingencies and commitments

	Commercial Account		National Interest Account	
	30 June 2020 \$ m	30 June 2019 \$ m	30 June 2020 \$ m	30 June 2019 \$ m
Note				
Contingent liabilities				
Guarantees*	139.3	243.9	5.0	8.2
Bonds	76.1	85.5	-	-
Medium-term insurance	246.7	349.0	-	-
Total contingent liabilities	462.1	678.4	5.0	8.2

* 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	197.3	220.9	124.8	6.4
Guarantees*	6.7	3.2	0.2	0.3
Total commitments to provide financial facilities	204.0	224.1	125.0	6.7

* 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	0.4	-	-	-
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Operating lease payable

Due in 1 year or less	0.3	0.3	-	-
Due after 1 year to 2 years	-	0.2	-	-
Total commitments payable	0.7	0.5	-	-

Commitments receivable

Operating lease receivable

Due in 1 year or less	2.4	3.2	-	-
Due after 1 year to 2 years	3.0	1.7	-	-
Due after 2 years to 5 years	3.0	1.6	-	-
Due after 5 years	5.1	4.3	-	-
Total commitments receivable	13.5	10.8	-	-

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

Notes to and forming part of the financial statements

for the year ended 30 June 2020

Note 19: 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; and
- 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 2020 \$ m	30 June 2019 \$ m
Credit risk exposures			
Receivables from other financial institutions	4, 1(j)	324.6	456.9
Investment securities at amortised cost	6, 1(k)	738.1	963.6
Loans and receivables at amortised cost	7, 1(l)	-	54.5
Loans and receivables designated at fair value through profit or loss	8, 1(m)	1,248.4	1,299.4
Derivative financial assets	9, 1(o)	48.5	87.4
Total*		2,359.6	2,861.8
Contingent liabilities	18	462.1	678.4
Commitments	18	204.0	224.1
Total		666.1	902.5
Total credit risk exposure		3,025.7	3,764.3

* 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.

> 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 credit support annexures (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; and
 - (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; and
- (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.

Notes to and forming part of the financial statements

for the year ended 30 June 2020

Note 19: Financial risk management (cont.)

The tables below show treasury credit risk exposures by the current counterparty rating:

	Note	30 June 2020 \$ m	30 June 2019 \$ m
Investment securities			
Australian authorised deposit-taking institutions			
AA-		515.1	426.5
A+		13.0	13.0
A		-	99.5
A-		15.0	50.0
BBB+		105.0	199.7
BBB		-	19.9
Other financial institutions or foreign entities			
AA-		90.0	155.0
Exposure to credit risk of investment securities	1(l), 6	738.1	963.6

	Note	30 June 2020 \$m	30 June 2019 \$ m
Derivative financial assets			
Australian authorised deposit-taking institutions			
AA-		25.9	50.5
Other financial institutions or foreign entities			
AA-		19.9	31.0
A+ *		-	0.9
A *		2.7	5.0
Exposure to credit risk for derivative financial assets	1(p), 9	48.5	87.4

* 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 \$0.5 million (2019: \$0.7m).

Gross exposures (before fair value adjustments) on each of the products on the CA are as follows:

	Note	30 June 2020 \$ m	30 June 2019 \$ m
Gross exposures			
Export finance loans	8, 1(m)	1,222.8	1,209.2
Funded export finance guarantees	8, 1(m)	96.7	135.6
Export finance loans at amortised cost	7	-	55.1
Rescheduled credit insurance debts at amortised cost	7	0.5	0.6
Guarantees	18	139.3	243.9
Medium-term insurance	18	246.7	349.0
Bonds	18	76.1	85.5
Total gross exposures		1,782.1	2,078.9
Reinsured exposures included above		355.1	561.6

Gross exposures are also monitored by country of risk (not country of export). On the CA the country exposures are as follows:

	30 June 2020 \$ m	30 June 2020 % of total	30 June 2019 \$ m	30 June 2019 % of total
Country exposures*				
Australia**	827.2	46.4	931.8	44.8
Canada	164.4	9.2	232.7	11.2
Trinidad & Tobago	154.7	8.7	-	-
Mongolia	145.8	8.2	142.6	6.9
Papua New Guinea	97.7	5.4	103.9	5.0
China	83.0	4.7	118.8	5.7
Norway	77.8	4.4	57.7	2.8
Chile	58.0	3.3	63.7	3.1
Bermuda	50.3	2.8	53.6	2.6
United Kingdom	43.9	2.5	61.4	3.0
Peru	32.4	1.8	15.4	0.7
Sri Lanka	26.4	1.5	32.7	1.6
Russia	9.9	0.5	16.9	0.8
New Zealand	3.4	0.2	4.3	0.2
Vietnam	2.7	0.1	2.5	0.1
Bangladesh	2.4	0.1	-	-
Indonesia	1.1	0.1	2.1	0.1
Other	1.0	0.1	0.7	0.0
Japan	-	-	85.7	4.1
Belgium	-	-	54.5	2.6
Malaysia	-	-	53.8	2.6
France	-	-	38.2	1.8
Taiwan	-	-	3.3	0.2
Turkey	-	-	2.6	0.1
Total country exposures	1,782.1	100.0	2,078.9	100.0
Reinsured exposures included above	355.1		561.6	

* 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.

Notes to and forming part of the financial statements

for the year ended 30 June 2020

Note 19: Financial risk management (cont.)

Allowance for credit risk on the above gross exposures on the CA is as follows:

	30 June 2020 \$ m	30 June 2019 \$ m
Allowance for credit risk by product		
Export finance loans	(105.9)	(85.2)
Funded export finance guarantees	(2.3)	(2.5)
Guarantees	(5.7)	(5.0)
Medium-term insurances	(0.1)	(0.2)
Bonds	(3.9)	(5.2)
Allowance for credit risk closing balance	(117.9)	(98.1)

The movement in the allowance for credit risk on the CA is comprised of:

	30 June 2020 \$ m	30 June 2019 \$ m
Allowance for credit risk for gross exposures		
Allowance for credit risk opening balance	(98.1)	(78.6)
New exposures	(21.3)	(25.7)
Repayments	12.1	10.3
Change in risk grade	(25.0)	(7.8)
Change in term to maturity	9.5	6.0
Change in probability of default rates	6.8	2.1
Exchange rate movements	(1.9)	(4.4)
Allowance for credit risk closing balance	(117.9)	(98.1)

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.

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 2020 \$ m	30 June 2019 \$ m
Gross exposures loans and receivables			
Risk category 1 (AA- to AAA)		34.4	216.2
Risk category 2 (A- to A+)		141.9	288.3
Risk category 3 (BBB- to BBB+)		165.1	241.2
Risk category 4 (BB- to BB+)		218.7	49.4
Risk category 5 (B- to B+)		322.2	146.7
Risk category 6 (CCC+)		353.5	450.5
Risk category 7 (C to CCC)		79.4	4.2
Risk category 8 doubtful		4.3	3.4
Risk category 9 impaired		0.5	0.6
Gross exposures loans and receivables	1(n), 7, 8	1,320.0	1,400.5

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 2020 \$ m	30 June 2019 \$ m
Contingent liabilities*			
Risk category 1 (AA- to AAA)		189.5	359.5
Risk category 2 (A- to A+)		93.6	146.5
Risk category 3 (BBB- to BBB+)		60.5	42.8
Risk category 4 (BB- to BB+)		0.4	37.5
Risk category 5 (B- to B+)		44.9	15.1
Risk category 6 (CCC+)		73.2	76.7
Risk category 7 (C to CCC)		-	0.3
Total contingent liabilities	18	462.1	678.4

* There are no exposures in categories 8 and 9.

Notes to and forming part of the financial statements

for the year ended 30 June 2020

Note 19: Financial risk management (cont.)

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 2020 \$ m	30 June 2019 \$ m
Commitments*			
Risk category 3 (BBB- to BBB+)		51.3	61.0
Risk category 4 (BB- to BB+)		44.2	27.4
Risk category 5 (B- to B+)		8.2	5.8
Risk category 6 (CCC+)		88.4	129.8
Risk category 7 (C to CCC)		11.9	0.1
Total commitments	18	204.0	224.1

* There are no exposures in categories 1, 2, 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 Mining - Other Commodities sectors. At 30 June 2020, the exposure to the Mining - LNG sector was \$453.6 million, representing 31.8% of total retained exposure (2019: \$362.6 million, representing 23.9%) and the exposure to the Mining - Other Commodities sector was \$229.0 million, representing 16.0% of total retained exposure (2019: \$211.5 million, representing 13.9%).

> 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 export credit agencies. 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, 3, 4, and 6 to reinsurers in risk categories 1 or 2.

	30 June 2020 \$ m	30 June 2019 \$ m
Reinsurance		
Reinsured to		
Risk category 1 (AA- to AAA)	202.6	286.7
Risk category 2 (A- to A+)	152.5	274.9
Reinsured from		
Risk category 2 (A- to A+)	(164.4)	(232.7)
Risk category 3 (BBB- to BBB+)	(29.2)	(82.3)
Risk category 4 (BB- to BB+)	(6.6)	(71.7)
Risk category 6 (CCC+)	(154.9)	(174.9)
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 2020 were \$20.6 million (2019: \$19.8 million).

(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 COVID-19 Facility are loans to assist previously profitable businesses impacted by COVID-19.

We have assessed the expected credit loss (ECL) calculated on NIA exposures as \$NIL. As noted above, pursuant to section 66(6)(b) of Efic Act, the Commonwealth is liable to pay Export Finance Australia for any defaults under an NIA loan. Hence, ECL will never crystallise into a loss in Export Finance Australia's accounts as the Commonwealth will bear any losses.

There was no debt forgiveness on any NIA facilities during the year.

Notes to and forming part of the financial statements

for the year ended 30 June 2020

Note 19: Financial risk management (cont.)

Gross exposures (before unearned premiums, specific provision for impairment and unamortised grants) on each of the products offered on the NIA are as follows:

	Note	30 June 2020 \$ m	30 June 2019 \$ m
Gross exposures			
Export finance loans	1(l), 7	842.0	366.0
Rescheduled credit insurance debts	1(l), 7	145.2	159.8
Guarantees	18	5.0	8.2
Total gross exposures		992.2	534.0

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 2020 \$ m	30 June 2020 % of total	30 June 2019 \$ m	30 June 2019 % of total
Country exposures				
Papua New Guinea	681.7	68.7	259.6	48.6
Iraq	145.2	14.6	159.8	30.0
Trinidad & Tobago	90.6	9.1	-	-
Indonesia	46.1	4.7	93.7	17.5
Australia*	19.8	2.0	11.8	2.2
Cuba	8.8	0.9	9.1	1.7
Total country exposures	992.2	100.0	534.0	100.0

* Includes performance bonds and guarantees issued on behalf of Australian companies.

(c) Rescheduled debt exposures

Indonesia: At 30 June 2020, our rescheduled loans to the Indonesian Government were \$27.9 million (2019: \$52.9 million) on the NIA and \$1.1 million (2019: \$2.1 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, of which two have been fully repaid. The one remaining rescheduling requires six-monthly payments until June 2021. As at 30 June 2020, all rescheduled amounts have been paid on time as per the rescheduling agreements.

Iraq: The rescheduled debt balance at 30 June 2020 is US\$99.6 million (2019: US\$112.1 million) on the NIA and US\$0.4 million (2019: US\$0.4 million) on the CA. At 30 June 2020, all rescheduled amounts have been paid on time as per the rescheduling agreements. However, the current situation was assessed as significantly impacting the likelihood of future payments from Iraq. Accordingly, in consultation with DFAT, it was deemed appropriate to retain a 100% 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 \$21.9 million taken up as income during 2019–20 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.

Cuba: At 30 June 2020, the rescheduled debt balance on the NIA was \$8.8 million (2019: \$9.1 million). Rescheduled amounts have been paid on time as per the rescheduling agreements. 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 loans have had a 100% provision in place and this is maintained at 30 June 2020.

(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.

Notes to and forming part of the financial statements

for the year ended 30 June 2020

Note 19: Financial risk management (cont.)

The liquidity table below is based on estimated future cash flows for principal and interest and is not their undiscounted amounts comprise principal and interest repayment obligations and are as follows:

30 June 2020	Contractual undiscounted principal and interest			
	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 amortised 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

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 \$28.4 million and the derivative liabilities would be \$242.9 million.

As at 30 June 2020, Export Finance Australia holds collateral of \$2.7 million (2019: \$5.1 million) and has posted collateral of \$81.7 million (2019: \$77.8 million) on derivative transactions.

30 June 2019	Contractual undiscounted principal and interest			
	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	10.3	-	-	-
Receivables from other financial institutions	217.4	242.7	-	-
Available-for-sale investment securities	221.2	429.7	336.1	-
Loans and receivables at amortised cost	55.1	-	0.3	0.3
Loans and receivables designated at fair value through profit or loss	23.4	169.5	749.8	497.2
Loans to National Interest Account designated at fair value through profit or loss	1.4	72.5	198.1	111.5
Derivative financial instruments receivable				
- Contractual amounts receivable	339.1	1,071.9	1,551.8	404.5
Total undiscounted financial assets	867.9	1,986.3	2,836.1	1,013.5
Undiscounted financial liabilities				
Payables to other financial institutions	9.3	-	-	-
Borrowings designated at fair value through profit or loss				
- Euro commercial paper	806.3	242.1	-	-
- Non-structured borrowings	7.0	279.6	680.7	402.7
- Structured borrowings	13.9	6.8	26.5	-
Derivative financial instruments payable				
- Contractual amounts payable	330.4	1,055.8	1,754.6	517.5
Total undiscounted financial liabilities	1,166.9	1,584.3	2,461.8	920.2
Net undiscounted financial assets/(liabilities)	(299.0)	402.0	374.3	93.3

(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 2020

Note 19: 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.

30 June 2020	Contractual undiscounted principal exposure				
	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
Net 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.

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.

30 June 2019	Contractual undiscounted principal exposure				
	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	10.3	-	-	-	-
Receivables from other financial institutions	456.9	-	-	-	-
Available-for-sale investment securities	803.3	18.8	143.2	-	162.0
Loans and receivables designated at amortised cost	55.7	-	-	-	-
Loans and receivables designated at fair value through profit or loss	1,344.8	-	-	-	-
Loans to National Interest Account designated at fair value through profit or loss	316.2	21.4	17.0	-	38.4
Derivative financial instruments					
Total financial assets	2,987.2	40.2	160.2	-	200.4
Financial liabilities					
Payables to other financial institutions	9.2	-	-	-	-
Derivative financial instruments					
- Cross-currency swaps	1,060.1	(237.7)	(100.0)	(365.0)	(702.7)
- Foreign exchange swaps	0.7	-	-	-	-
- Interest rate swaps*	460.7	21.7	(482.4)	-	(460.7)
Borrowings designated at fair value through profit or loss	1,094.7	237.7	600.0	365.0	1,202.7
Other monetary liabilities	20.3	-	-	-	-
Total financial liabilities	2,645.7	21.7	17.6	-	39.3
Interest exposures	341.5	18.5	142.6	-	161.1
Capital and reserves portfolio	334.5	18.8	143.2	-	162.0
Net interest exposures	7.0	(0.3)	(0.6)	-	(0.9)

* Notional principal amounts.

Notes to and forming part of the financial statements

for the year ended 30 June 2020

Note 19: 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 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)	-	-
30 June 2019	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	162.0				
Change of 20 basis points interest margin		0.6	(0.6)	-	-
Floating rate investments	334.5				
Change of 20 basis points interest margin		0.5	(0.5)	-	-

> 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 2020, 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	Exposure at risk	Increase in basis points Change in market value 2020	Decrease in basis points Change in market value 2020	Increase in basis points Effect on equity 2019	Decrease in basis points Effect on equity 2019
	2020 \$ m	2019 \$ m	2020 \$ m	2020 \$ m	2019 \$ m	2019 \$ m
Investment portfolio						
Fixed rate investments	356.6	162.0				
Change of 50 basis points credit margin			(3.3)	3.3	(1.5)	1.5
Change of 120 basis points credit margin			(7.9)	7.9	(3.5)	3.5
Change of 200 basis points credit margin			(13.2)	13.1	(5.9)	5.9
Floating rate investments	706.1	1,260.2				
Change of 50 basis points credit margin			(1.6)	1.6	(3.5)	3.5
Change of 120 basis points credit margin			(3.7)	3.7	(8.4)	8.4
Change of 200 basis points credit margin			(6.2)	6.2	(14.0)	14.0

Notes to and forming part of the financial statements

for the year ended 30 June 2020

Note 19: 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 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

As shown in the above table, the net foreign exchange exposure as at 30 June 2020 is minimal in value for all currencies other than USD with an exposure of \$64.9 million. The exposure in this currency is largely due to movements in credit risk provisioning.

30 June 2019	Foreign currency fair value exposures				
	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	-	7.8	0.3	0.3	0.3
Receivables from other financial institutions	371.0	25.9	-	-	-
Loans at amortised cost	-	54.5	-	-	-
Loans and receivables designated at fair value through profit or loss	1,000.8	60.2	-	2.2	-
Loans to National Interest Account designated at fair value through profit or loss	330.1	27.9	-	-	-
Derivative financial instruments receivable	226.4	(51.5)	23.7	47.3	-
Other assets	0.8	0.1	-	-	-
Total financial assets exposure in foreign currencies	1,929.1	124.9	24.0	49.8	0.3
Financial liabilities exposure in foreign currencies					
Payables to other financial institutions	6.8	-	-	2.4	-
Borrowings designated at fair value through profit or loss	923.1	121.6	156.8	47.3	-
Guarantees designated at fair value through profit or loss	3.6	0.7	-	-	-
Derivative financial instruments payable	1,031.1	2.6	(133.1)	-	-
Other liabilities	10.8	0.4	0.2	-	-
Total financial liabilities exposure in foreign currencies	1,975.4	125.3	23.9	49.7	-
Net foreign exchange exposures in foreign currencies	(46.3)	(0.4)	0.1	0.1	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; and
- (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 2020

Note 19: Financial risk management (cont.)

Sensitivity analysis for foreign exchange on the CA:

30 June 2020	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	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	0.0	0.0
Exposure to JPY	8.4	0.4	0.0	0.0
30 June 2019	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	8.7	(46.3)	3.7	(4.4)
Exposure to EUR	8.7	(0.4)	0.0	0.0
Exposure to NZD	8.7	0.1	0.0	0.0
Exposure to JPY	8.7	0.1	0.0	0.0

Foreign currency exposures for the NIA in Australian dollar equivalents are:

	USD 30 June 2020 A\$ m	EUR 30 June 2020 A\$ m	USD 30 June 2019 A\$ m	EUR 30 June 2019 A\$ m
Financial assets exposure				
Loans and receivables	803.3	13.1	325.7	25.3
Other assets	6.8	0.1	1.5	0.1
Total financial assets exposure	810.1	13.2	327.2	25.4
Financial liabilities exposure				
Borrowings from Commercial Account	804.6	13.1	325.7	25.3
Other liabilities	5.5	0.1	1.1	0.1
Total financial liabilities exposure	810.1	13.2	326.8	25.4
Net foreign exchange exposures	0.0	0.0	0.4	0.0

The policy of the Commonwealth is not to hedge these exposures.

Sensitivity analysis for foreign exchange on the NIA:

30 June 2020	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	8.4	-	-	-

30 June 2019	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	8.7	0.4	-	-

Note 20: 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; and
- › 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 2020

Note 20: 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 2020	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	1,248.4	-	-	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)

	Carrying amount	Fair value exposures by hierarchy			
30 June 2019	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	1,299.4	-	-	1,299.4	1,299.4
Loans to National Interest Account designated at fair value through profit or loss	361.7	-	361.7	-	361.7
Interest rate swaps	35.7	-	35.7	-	35.7
Cross-currency swaps	48.9	-	45.2	3.7	48.9
Forward foreign exchange contracts	2.8	-	2.8	-	2.8
Investment securities measured at amortised cost					
Discount securities	406.9	-	407.3	-	407.3
Floating rate notes	394.8	-	399.8	-	399.8
Fixed rate bonds	161.9	-	169.8	-	169.8
Total	2,712.1	-	1,422.3	1,303.1	2,725.4
Financial liabilities					
Borrowings designated at fair value through profit or loss	(2,408.1)	-	(2,360.8)	(47.3)	(2,408.1)
Guarantees designated at fair value through profit or loss	(5.9)	-	-	(5.9)	(5.9)
Interest rate swaps	(6.5)	-	(6.5)	-	(6.5)
Cross-currency swaps	(337.1)	-	(337.1)	-	(337.1)
Forward foreign exchange contracts	(5.0)	-	(5.0)	-	(5.0)
Total	(2,762.6)	-	(2,709.4)	(53.2)	(2,762.6)

Notes to and forming part of the financial statements

for the year ended 30 June 2020

Note 20: 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 2019	New Deals	Repayments	Foreign exchange	Profit/ (loss) deals matured	Profit/ (loss) deals existing	At 30 June 2020
	\$ m	\$ m	\$ m	\$ m	\$ m	\$ m	\$ 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

Movement in level 3 fair value exposures							
	At 1 July 2018	New Deals	Repayments	Foreign exchange	Profit/ (loss) deals matured	Profit/ (loss) deals existing	At 30 June 2019
	\$ m	\$ m	\$ m	\$ m	\$ m	\$ m	\$ m
Level 3 Financial assets							
Loans and receivables designated at fair value through profit or loss	1,224.3	248.5	(230.6)	57.9	-	(0.7)	1,299.4
Cross-currency swaps	11.0	-	(6.1)	0.3	(0.7)	(0.8)	3.7
	1,235.3	248.5	(236.7)	58.2	(0.7)	(1.5)	1,303.1
Level 3 Financial liabilities							
Borrowings designated at fair value through profit or loss	(109.1)	-	63.7	(4.2)	1.0	1.3	(47.3)
Guarantees designated at fair value through profit or loss*	(6.6)	-	-	(0.2)	-	0.9	(5.9)
	(115.7)	-	63.7	(4.4)	1.0	2.2	(53.2)
Total net level 3	1,119.6	248.5	(173.0)	53.8	0.3	0.7	1,249.9

*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 2020 \$ m	Effect of reasonable alternative assumptions \$ m	At 30 June 2019 \$ m	Effect of reasonable alternative assumptions \$ m
Level 3 financial assets				
Loans and receivables designated at fair value through profit or loss	1,248.4	(29.5)	1,299.4	(21.8)
Cross-currency swaps	2.9	-	3.7	-
Level 3 financial liabilities				
Borrowings designated at fair value through profit or loss	(27.1)	-	(47.3)	(0.1)
Guarantees designated at fair value through profit or loss	(5.6)	(3.5)	(5.9)	(3.1)

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.

Notes to and forming part of the financial statements

for the year ended 30 June 2020

Note 20: Fair value of financial instruments (cont.)

Loans to National Interest Account 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.

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 London Inter-bank Offered Rate (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 21: Capital equivalent

		Commercial Account		National Interest Account	
	Note	30 June 2020 \$ m	30 June 2019 \$ m	30 June 2020 \$ m	30 June 2019 \$ m
Capital available					
Equity at start of period		539.3	459.3	-	-
Adjustment on initial application of AASB 9		-	(0.6)	-	-
Profit		11.2	25.8	-	-
Asset revaluation reserve	10	-	61.7	-	-
Dividend payable/paid		(13.4)	(6.9)	-	-
Equity at end of period		537.1	539.3	-	-
Eligible allowance for credit risk in capital		17.1	17.5	-	-
Export Finance Australia capital		554.2	556.8	-	-
Callable capital		1,200.0	1,200.0	-	-
Capital available (including callable capital)		1,754.2	1,756.8	-	-

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.

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 2020

Note 21: 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 22: Remuneration of external auditors

	Commercial Account		National Interest Account	
	30 June 2020 \$ m	30 June 2019 \$ m	30 June 2020 \$ m	30 June 2019 \$ 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	240,000	240,000	-	-
Total audit remuneration	240,000	240,000	-	-

Export Finance Australia's auditor is the ANAO who has retained KPMG to assist with the assignment.

Note 23: Related party disclosures

	Commercial Account		National Interest Account	
	30 June 2020 \$ m	30 June 2019 \$ m	30 June 2020 \$ m	30 June 2019 \$ 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	3,046,367	3,062,203	-	-
Post-employment benefits	218,704	182,978	-	-
Long-term employee benefits	41,969	48,304	-	-
Termination benefits	-	-	-	-
Total remuneration	3,307,040	3,293,485	-	-
Total number of senior management personnel	15	14	-	-

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 24: Reconciliation of operating profit to net cash flows from operating activities

	Commercial Account		National Interest Account	
	30 June 2020 \$ m	30 June 2019 \$ m	30 June 2020 \$ m	30 June 2019 \$ m
Operating profit from ordinary activities	11.2	25.8	32.5	34.1
Reclassification on non-cash items				
Depreciation	4.3	5.4	-	-
Employee entitlements	0.6	0.4	-	-
Amortisation of deferred income	(15.9)	(0.4)	1.1	(2.5)
Movement in accruals	-	-	0.9	-
Credit risk movement	17.2	15.8	-	-
Unrealised foreign exchange losses	2.2	2.9	(0.4)	0.1
Unearned premium	-	-	1.3	(0.8)
Fair value movement of third-party loans and guarantees	(4.0)	(18.2)	-	-
Fair value movement of other financial instruments	(3.1)	(0.7)	-	-
Specific provision for credit risk	7.9	0.4	-	-
Provision for competitive neutrality charges	7.2	13.9	-	-
Other	0.6	(1.6)	(0.2)	(0.1)
Reclassification on cash items				
Net movement in receivables/payables	14.4	(16.4)	-	-
Net repayments of loan balances	(373.3)	59.3	(475.4)	85.7
Rescheduled debt repayments	-	-	0.3	0.2
Net cash inflows/(outflows) from operating activities	(330.7)	86.6	(439.9)	116.7
Reconciliation of cash				
Cash at end of financial year is reconciled to the related items in the statement of financial position as follows:				
Cash	9.5	10.3	-	-
Receivables from other financial institutions	324.6	456.9	-	-
Cash (including liquid funds) at end of financial year	334.1	467.2	-	-
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 2020

Note 25: Reconciliation of liabilities arising from financing activities

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	13	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
	14	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

Commercial Account		At 1 July 2018 \$ m	Cash Proceeds \$ m	Cash Repayments \$ m	Net Proceeds/ (Repayments) \$ m	Fair Value/ Foreign Exchange \$ m	At 30 June 2019 \$ m
	Note						
Derivative assets and liabilities							
Derivative financial assets	9	108.2	620.4	(599.1)	21.3	(42.1)	87.4
Derivative financial liabilities	9	(295.7)	2,281.4	(2,227.6)	53.8	(106.7)	(348.6)
		(187.5)	2,901.8	(2,826.7)	75.1	(148.8)	(261.2)
Payables to other financial institutions							
Payables to other financial institutions	13	28.9	175.6	(196.5)	(20.9)	1.2	9.2
Borrowings designated at fair value through profit and loss							
Structured borrowings		109.1	-	(63.7)	(63.7)	1.9	47.3
Non-structured borrowings		1,281.9	-	-	-	34.2	1,316.1
Euro commercial paper		897.6	5,120.2	(5,022.2)	98.0	49.1	1,044.7
	14	2,288.6	5,120.2	(5,085.9)	34.3	85.2	2,408.1
National Interest Account							
Borrowings from Commercial Account							
Borrowings from Commercial Account		417.1	3.6	(86.5)	(82.9)	20.4	354.6

Note 26: Aggregate assets and liabilities

	Commercial Account		National Interest Account	
	30 June 2020 \$ m	30 June 2019 \$ m	30 June 2020 \$ m	30 June 2019 \$ m
Assets expected to be recovered in:				
No more than 12 months	1,343.7	1,462.8	520.0	81.9
More than 12 months	1,996.7	1,896.4	331.0	289.0
Total assets	3,340.4	3,359.2	851.0	370.9
Liabilities expected to be settled in:				
No more than 12 months	2,134.4	1,432.2	520.0	81.9
More than 12 months	668.9	1,387.7	331.0	289.0
Total liabilities	2,803.3	2,819.9	851.0	370.9
Total assets and liabilities	537.1	539.3	0.0	0.0

Index of statutory reporting requirements

Index of statutory reporting requirements

We report in accordance with the requirements of the various acts and statutory instruments as set out in Table 15.

Table 15: Index of statutory reporting requirements

Part A: PGPA Act, PGPA Rule 2014 List of Requirements

Section	Subject	Location	Page
<i>Public Governance, Performance and Accountability Act 2013</i>			
Section 39	The Board must prepare Annual Performance Statements and include a copy in the Annual Report.	Annual Performance Statement	22-47
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; and (b) present fairly the entity's financial position, financial performance and cashflows.	Financial statements	100-105
Section 43	A copy of the annual financial statements and the independent auditor's report must be included in an Annual Report.	Financial statements	100-163
Section 46	The Board must prepare an Annual Report.	Report of operations Financial statements	1-171

PGPA Rule Reference	Subject	Location	Page
17BE	Contents of annual report.	2019-20 Annual Report	1-171
17BE(a)	Details of the legislation establishing the body.	Our governing principles	50
17BE(b)(i)	A summary of the objects and functions of the entity as set out in legislation.	Our purpose	16-21
17BE(b)(ii)	The purposes of the entity as included in the entity's corporate plan for the reporting period.	Our purpose	16-21
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	6
17BE(d)	Directions given to the entity by the Minister under an Act or instrument during the reporting period.	Our governing principles	50 75-78
17BE(f)	Particulars of non compliance with a direction given to the entity by the Minister under an Act or instrument during the reporting period.	Our governing principles	75-78
17BE(g)	Annual performance statements in accordance with paragraph 39(1)(b) of the Act and Section 16F of the rule.	Annual Performance Statement	22-47
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	52-57
17BE(k)	Outline of the organisational structure of the entity (including any subsidiaries of the entity).	Our governing principles	51
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; and (d) statistics on employee location.	Our governing principles	59
17BE(l)	Outline of the location (whether or not in Australia) of major activities or facilities of the entity.	Our purpose Our governing principles	21 59

Index of statutory reporting requirements

PGPA Rule Reference	Subject	Location	Page
17BE(m)	Information relating to the main corporate governance practices used by the entity during the reporting period.	Our governing principles	48-83
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 Performance Statement Our governing principles	9 18 25 62
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); or (b) a Parliamentary Committee; or (c) the Commonwealth Ombudsman; or (d) the Office of the Australian Information Commissioner.	There were no reports on the entity in the current reporting period.	-
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	75
17BE(taa)	The following information about the Board Audit and Risk Committee for the entity: (a) a direct electronic address of the charter determining the functions of the Board Audit and Risk Committee; (b) the name of each member of the Board Audit and Risk Committee; (c) the qualifications, knowledge, skills or experience of each member of the Board Audit and Risk Committee; (d) information about each member's attendance at meetings of the Board Audit and Risk Committee; and (e) the remuneration of each member of the Board Audit and Risk Committee.	Our governing principles	a) 51 b) 51 c) 54-55 d) 57 e) 65
17BE(ta)	Information about Executive remuneration.	Our governing principles	65

Part B: Other legislation

Section	Subject	Location	Page
<i>Environment Protection and Biodiversity Conservation Act 1999</i>			
Section 516A(6)	Ecologically sustainable development and environmental performance.	Our governing principles	72-74
<i>Export Finance and Insurance Corporation Act 1991</i>			
Section 9(4), Section 85(2)(a)	Particulars of Ministerial directions issued under Section 9(4).	Our governing principles	75-76
Section 70	Financial effect on the operations of Export Finance Australia of each Ministerial direction issued under Section 9(2).	Our governing principles	76
Section 85(2)(b)	Statement of principal objectives.	About Export Finance Australia	4-7
		Our purpose	16-21
		Annual Performance Statement	22-47
Section 85(2)(c)	Assessment of principal objectives achieved.	Annual Performance Statement	22-47
<i>Work Health and Safety Act 2011</i>			
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	70-71

Abbreviations and acronyms

Table 16: Abbreviations and acronyms

Abbreviation / acronym	Description
ADB	Asian Development Bank
ADI	Authorised deposit-taking institution
AIFFP	Australian Infrastructure Financing Facility for the Pacific
ANAO	Australian National Audit Office
APRA	Australian Prudential Regulation Authority
APSC	Australian Public Service Commission
ATSI	Aboriginal or Torres Strait Islander background
ATEC	Australian Tourism Export Council
AUD / A\$ / \$	Australian dollar
CA	Commercial Account
CEDA	Committee for Economic Development of Australia
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
ECA	Export credit agency
ECL	Export Contract Loan
ECP	Euro commercial paper
EFG	Export Finance Guarantee
EGS	Export Guarantee Scheme
EFIC Act	<i>Export Finance and Insurance Corporation Act 1991</i>

Abbreviation / acronym	Description
EWCG	Export Working Capital Guarantee
ELOC	Export Line of Credit
ELOC-R	Export Line of Credit Renewal
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
EWCG-R	Export Working Capital Guarantee Renewal
FAR	Fixed Annual Remuneration
FBT	Fringe Benefits Tax
FEFG	Funded Export Finance Guarantee
FIRG	Finance Institutions Remuneration Group
GDP	Gross domestic product
GST	Goods and Services Tax
IECS	Indigenous Entrepreneurs Capital Scheme
IMF	International Monetary Fund
IPAA	Institute of Public Administration Australia
KMP	Key management personnel
KPI	Key performance indicators
LIBOR	London Interbank Offered Rate
LNG	Liquefied natural gas
LGBTQI	Lesbian, Gay, Bisexual, Transgender, Queer or Questioning and Intersex
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
NSW	New South Wales
OECD	Organisation for Economic Co-operation and Development
PEO	Principal Executive Officer
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>

Abbreviation / acronym	Description
PSF	Project & Structured Finance
PSS	Public Sector Superannuation Scheme
PWD	People with disability
RAP	Reconciliation Action Plan
RBA	Reserve Bank of Australia
RPA	Risk Participation Agreement
SBEL	Small Business Export Loan
SME	Small and medium-sized enterprise
STI	Short-Term Incentive
TRRR	Total Remuneration Reference Rate
USD / US\$	United States dollar
WHS Act	<i>Work Health and Safety Act 2011</i>

Entity details

Export Finance Australia

Contact officer

Head of Corporate Affairs
Level 10, 22 Pitt Street
Sydney NSW 2000
T: +61 2 8273 5333

Internet access

This document is available online at exportfinance.gov.au/annualreport

Contact

General enquiries: +61 2 8273 5333
Exporter enquiries: 1800 093 724
Email: info@exportfinance.gov.au
Web: exportfinance.gov.au

Offices

Sydney

Level 10
22 Pitt St
Sydney NSW 2000

T: + 61 2 8273 5333

Melbourne

c/- Austrade
Level 3
60 Collins St
Melbourne VIC 3000

T: +61 3 8060 4640

Brisbane

c/- Austrade
Level 16
307 Queen St
Brisbane QLD 4000

T: +61 7 3171 3345

Adelaide

c/- Austrade
Level 5
131-139 Grenfell
Adelaide SA 5000

T: +61 8 7070 6862

Perth

c/- Austrade
Level 5
40 St Georges Tce
Perth WA 6000

T: +61 8 6365 4102

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Australian Government

export
finance
australia

1800 093 724
exportfinance.gov.au