

Export Finance and Insurance Corporation (Efic)

Answers to Questions on Notice

QUESTION NO.1

Topic: Export Development Canada

Hansard page: 3

Committee member: Senator Gallacher

Question: *We had this discussion at estimates that really you have no money compared to Canada or anybody else. You have \$1,700 million and you have 34,000 people with less than \$5 million turnover trying to get into export. How much money does Canada put on the table in this area?*

Answer:

According to the Export Development Canada's latest figures (year end 31 December 2014), its capital base is around \$10 billion Canadian dollars and its total exposure (comprising its financing and insurance portfolios, marketable securities and derivative instruments) is \$95 billion Canadian dollars.

QUESTION NO.2

Topic: Social media

Hansard page: 5

Committee member: Senator O'Neill

Question: *How many followers do you have?*

Answer:

As at 17 December 2015, Efic had 2034 LinkedIn followers and 653 Twitter followers.

QUESTION NO.3

Topic: Capital works projects in the Middle East

Hansard page: 6

Committee member: Ms Gambaro

Question: *What have been the difficulties or the impediments for Australian companies that have, for example, engaged in capital works projects to build roads—say, in the Middle East—when they have come to you for financing?*

Inquiry into Australia's trade and investment relations with countries in the Middle East

Trade Sub-Committee of the Joint Standing Committee on Foreign Affairs, Defence and Trade

If it is a joint-venture with, say, a Middle East government, does that complicate the financing arrangements? What does that do to the risk factors that we spoke about earlier?

So that is a service industry, and you talked about SMEs. It does get raised around the peripherals that it is difficult—and it is not a criticism of ethic or anything; it is more about all of the interactions. If you have financed construction companies that have built roads, that would be very useful—

Answer:

In the last 5 years, Efic has not been involved in any capital works projects to build roads in the Middle East. However, Efic has assisted companies involved in other types of construction in the region, including:

- *Bothar Boring and Tunnelling Pty Ltd*: Specialist SME in underground trenchless pipeline construction and tunnelling and has offices in Brisbane, Sydney, Abu Dhabi and Kuwait.
- *JML Engineering Facades Pty Ltd*: Specialist SME in building façade design, engineering and construction.

In general, the selection of the right domestic joint-venture partner can be a significant factor in the success of any overseas venture. A good local partner can substantially improve market access and understanding, particularly important in markets not similar to Australia. However, joint ventures can also carry additional risks. For example, around governance, decision making and control. If not effectively managed, such risks can reduce the probability of success and the ability of the exporter to raise financing.

QUESTION NO.4

Topic: Exports to Israel

Hansard page: 7

Committee member: Ms Vamvakinou

Question: *Are there many exporters to Israel seeking Efic's services?*

Answer:

No. Efic has not supported any exporters to Israel in the last 3 years.