



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

Via email fadt.sen@aph.gov.au

9 May 2013

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

Dear Senators,

About Oxfam Australia

Oxfam Australia is an independent, not-for-profit international development agency. We are a member of Oxfam International, a global confederation of 15 Oxfams that work with others to overcome poverty and injustice in almost 100 countries around the world. Oxfam Australia's vision is of a fair world in which people control their own lives, their basic rights are achieved, and the environment is sustained.

We have worked with local communities around the world to combat poverty and injustice for over 50 years. We support more than 400 long-term development projects in 30 countries across Africa, Asia, the Pacific and Indigenous Australia. Oxfam Australia undertakes long-term development projects, provides emergency response during disaster and conflict, and undertakes research, advocacy and campaigning for policy and practice changes which promote human rights and justice.

Oxfam Australia has previously contributed to the Productivity Commission's Inquiry into Australia's Export Credit Arrangements.¹ Oxfam Australia also participates in the Export Finance and Insurance Corporation's (EFIC) multi-stakeholder forum. This forum is a formal process that facilitates regular dialogue between EFIC and civil society organisations on issues related to EFIC's environmental and social standards and performance.

Private sector investment in economic growth and poverty reduction

Oxfam Australia believes that private sector investment can be a driver of economic growth and poverty reduction, provided appropriate regulations and controls exist. Our work in the mining sector clearly demonstrates the need for greater transparency and accountability by Australian mining companies operating overseas, particularly when doing business in weak governance and conflict zones. Oxfam Australia recognises the key role and responsibility of the Australian Government to foster sustainable development and business integrity among both Australian companies and those parts of government that support and strengthen trade and investment such as EFIC.

Potential challenges and risks for EFIC

EFIC has a history of providing significant support for Australian extractive industry projects overseas – directly through support for mining, oil and gas projects and indirectly through support for extractive industry related services such as construction. Some of the projects that EFIC has supported have poor social and environmental records – the Ok Tedi and Porgera mines in Papua New Guinea being two high profile examples. The PNG LNG project (for which EFIC made a USD\$350 million loan in 2009) is another project that poses considerable risk. Research conducted by Oxfam² concludes that a majority of people feel that

¹ Our submission can be found here: <http://resources.oxfam.org.au/pages/view.php?ref=659&k=>

² See <http://resources.oxfam.org.au/pages/view.php?ref=696&k=> and <http://resources.oxfam.org.au/pages/view.php?ref=655&k=>

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the benefits of the PNG LNG project are not fairly shared and that if this is not addressed, human development is likely to stagnate for many people while the risk of instability and violence is likely to increase.

EFIC is currently considering provision of support for the Oyu Tolgoi Copper-Gold mine in Mongolia. Oyu Tolgoi's majority owner is Turquoise Hills Resources, a Canadian company listed on the Toronto Stock Exchange, whose majority shareholder is Rio Tinto. The scale of Oyu Tolgoi means that its many impacts – both positive and negative – will be acutely felt by local communities. The project has received support from the International Finance Corporation (IFC) and is currently the subject of two complaints that have been filed with the Compliance Advisor Ombudsman, the independent recourse mechanism for the IFC. These complaints relate to concerns that the Oyu Tolgoi mine will have negative impacts on land and water, and indigenous culture and livelihoods.

Conclusions and recommendations

These examples illustrate the need for EFIC to have a robust due diligence framework in place that adequately considers the human rights implications of projects it supports. EFIC must also be subject to adequate transparency and accountability requirements. This will allow Australian tax payers and people affected by the projects that EFIC supports to better understand the nature of EFIC's involvement, and ensure that EFIC's environmental and social standards are met and align with international best practice.

There is a need for reform that goes beyond those captured in the Export Finance and Insurance Corporation Amendment (New Mandate and Other Measures) Bill 2013.

Oxfam Australia endorses the recommendations made by Jubilee Australia in its submission to this Inquiry that the Bill should be amended to:

- make EFIC subject to freedom of information legislation;
- require that the Government release a National Interest Statement for National Interest Account transactions;
- ensure adequate assessment and disclosure of human rights impacts and environmental damage;
- remove its exemption from the operation of environmental legislation; and
- disclose its intentions to finance Australian based projects.

Yours sincerely,

Dr Helen Szoke
Chief Executive