

Barton Deakin Brief: Government Support for Exporters

15 April 2020

Overview

The Government has today announced a \$500 million Export Capital Facility that will offer loans between \$250,000 and \$50 million to businesses that are unable to secure finance from commercial sources. Export Finance Australia is responsible for administering this package. Exporters should apply for assistance through the Export Finance Australia [website](#). The Government has requested that businesses consult their banks in the first instance to determine what assistance may be available to them there.

Eligibility and Uses

To be eligible, the business must be an exporter or a business operating in an export supply chain that:

- has been trading for at least two years;
- has had profitable operations in either of the two financial years prior to markets being impacted by COVID-19;
- is unable to secure finance from the private market because of COVID-19; and
- has an annual turnover of at least \$250,000.

The Facility may be used for:

- Working capital support – to finance against supplier invoices or international purchase orders
- Capital investment – to purchase new equipment and expand export operations
- International expansion – to establish or grow business operations overseas
- Online growth – to invest in eCommerce and grow sales to international customers

Conditions

Entities have up to two years to repay loans and three years to repay guarantees and bonds. Interest will be charged at a competitive, commercial rate depending on the risk profile of the business and debt servicing capacity.

Loans and guarantees under \$5 million are expected to be paid within ten business days and loans and guarantees over \$5 million are expected to be paid within 15 business days.

Other Government Schemes

The announcement works alongside other initiatives like the \$40 billion Small and Medium Enterprises (SME) Guarantee Scheme which sees the Government guaranteeing 50 per cent of new



loans issued by eligible lenders to SMEs up to \$250,000 and the Export Market Development Grants (see [Barton Deakin's brief](#) for more information).

Businesses that do not require more than the minimum \$250,000 can apply for the Small Business Export Loan which has a minimum of \$20,000 ([see here](#)).

Export Finance Australia

Export Finance Australia is the Government's export credit agency. In addition to loans, they offer guarantees to banks when additional security is required and bonds to help fulfil the terms of export contracts.

Export Finance Australia has already moved to assist its customers by:

- increasing facilities for customers needing working capital;
- deferring loan repayments for three months;
- extending loan terms and working with customers on longer-term restructurings;
- waiving all fees associated with extensions, including legal and documentation fees;
- waiving late interest and late fees;
- varying and amending existing facility terms;
- helping exporters to diversify by allowing new buyers, suppliers and contracts to be added to existing loan facilities; and
- extending bond expiry dates for delayed projects.

Links to the Government announcement and fact sheet

[Trade Minister Simon Birmingham's Press Release](#)

[Export Finance Facility Fact Sheet](#)

Additional information on other Government Coronavirus announcements

[A Business Guide to Who's Who in Government Response](#)

[First Federal Economic Stimulus Package](#)

[Second Federal Economic Stimulus Package](#)

[Third Federal Economic Stimulus Hibernation Package](#)

[Export and Tourism Rescue Package](#)

[NSW Stage One Stimulus Package](#)

[NSW Stage Two Stimulus Package](#)



[NSW COVID-19 Further Emergency Measures](#)

[NSW Pandemic Planning](#)

[SA COVID-19 Stimulus Package](#) and [Further Stimulus Measures](#)

[SA Emergency Grants for Small Business](#)

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