



Australian Government

NAIF

Northern Australia Infrastructure Facility

Northern Australia Infrastructure Facility

Annual Report

2023 – 2024

naif.gov.au

Investing for Impact

The Northern Australia Infrastructure Facility (NAIF) is a Commonwealth Government financier, providing concessional loans for the development of infrastructure projects in northern Australia and the Australian Indian Ocean Territories.

Our region spans across 50 per cent of Australia's landmass. We support projects that deliver public benefit to the north, through new jobs, regional income, business for local suppliers and Indigenous employment opportunities.

We help grow economies and populations and encourage private sector investment in all industries including agriculture and water, energy, financing partnerships, social infrastructure, resources and transport and logistics.

\$7B

Allocated financing available for infrastructure projects

2016

NAIF was established



We're focused on growth, jobs and Indigenous Outcomes



NAIF is a key part of the Federal Government's 20-year plan for northern Australia

2023-2024 Results:

\$580M

Loans approved to four projects

\$3.4B

Forecast public benefit over the life of the four projects

\$556M

Loans contractually closed

\$617M

Capital deployed to projects

Overall Performance:

33

Projects

\$4.4B

Committed Loans

\$3.6B

Contractual Close

\$2.0B

Capital Deployment

Acknowledgment of Country

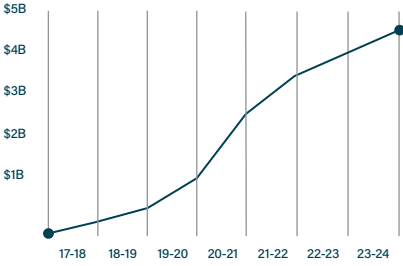
The Northern Australia Infrastructure Facility acknowledges the Traditional Owners of Country throughout Australia and their continuing connection to land, sea and community. We pay our respect to Elders past and present.

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Performance Summary

NAIF Investment Decisions (by value) * as at 30 June 2024



\$4.4B
Committed Loans

\$1.6B
Committed Loans Queensland

\$947M
Committed Loans Northern Territory

\$1.8B
Committed Loans Western Australia

Economic Impact

18,300+
Forecast Jobs

Queensland: 7,960 jobs
Northern Territory: 3,946 jobs
Western Australia: 6,806 jobs



Public benefit forecast from NAIF supported projects

≈ **7.65**

Forecast public benefit for every \$1.00 of finance by NAIF

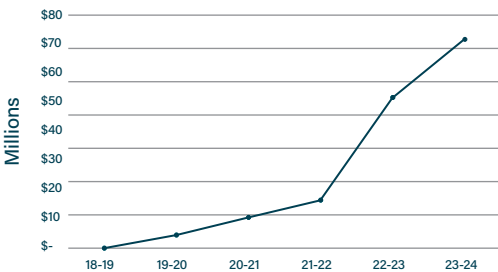
Public benefit by jurisdiction



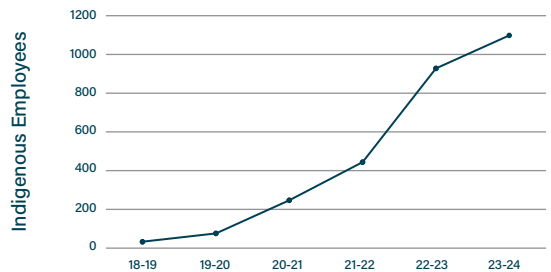
Indigenous Outcomes

NAIF acknowledges the significance of Indigenous engagement, mandating all project proponents to submit an Indigenous Engagement Strategy for eligibility. This strategy should outline objectives for Indigenous participation, procurement, and employment aligned with the local Indigenous population in the project's region.

Indigenous Procurement



Indigenous Employment

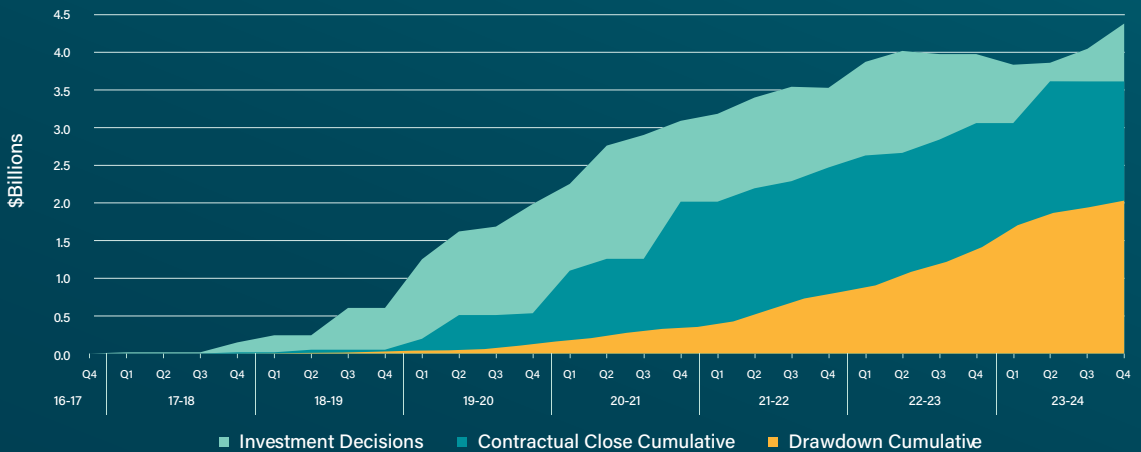


Support by Sector

■ Agriculture & Water	\$89M
■ Energy (Renewables Generation)	\$737M
■ Financing Partnerships	\$50M
■ Resources	\$2.4B
■ Critical Minerals / Rare Earths	\$11B
■ Fertilisers	\$559M
■ Other	\$771M
■ Social Infrastructure	\$462M
■ Transport & Logistics	\$693M



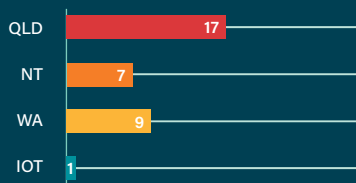
Investment v Contractual Close v Drawdowns



Our Pipeline

NAIF’s Pipeline guides infrastructure projects through essential stages. It starts with active enquiry, followed by strategic assessment, due diligence, and execution. The process culminates in contractual and financial close, ensuring a methodical path from initial inquiry to project completion.

Pre-ID Pipeline by State



Pipeline by Stage



Investment Decisions

* as at 30 June 2024

Indian Ocean Territories*
*not to scale



UP TO **\$220m**
Perdaman Urea Plant
Pilbara region

UP TO **\$160m**
**Pilbara Ports Authority
Expansion of Port of Dampier**
Pilbara region

UP TO **\$95m**
**Water Corporation
Seawater Supply
Scheme Upgrade**
Pilbara region

UP TO **\$490m**
BCI Minerals Project
Pilbara region

UP TO **\$16.8m**
Onslow Marine Support Base
Onslow

UP TO **\$220m**
**Hastings Technology Metals
Yangibana Rare Earths Project**
Gascoyne region

UP TO **\$150m**
**Strandline Resources
Heavy Mineral Sands Project**
Coburn

UP TO **\$300m**
Darwin Shiplift
Darwin

UP TO **\$151.5m**
**Charles Darwin University
Education and Community
Precinct and Casuarina
Campus Project**
Darwin region

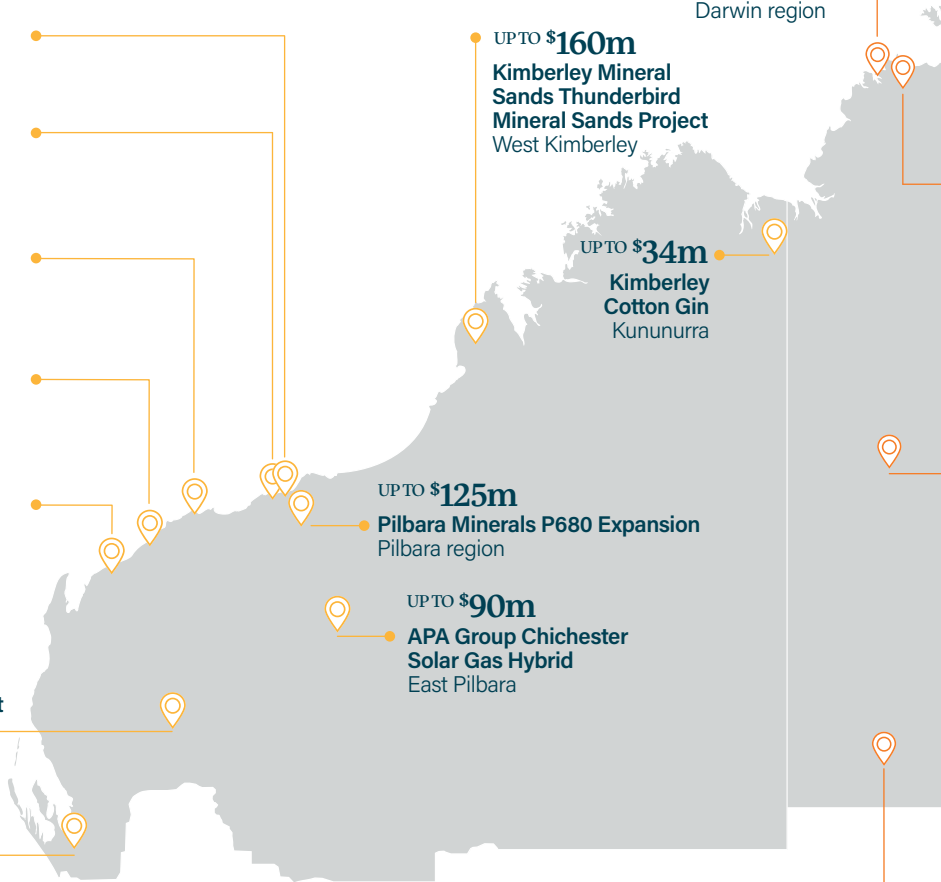
UP TO **\$160m**
**Kimberley Mineral
Sands Thunderbird
Mineral Sands Project**
West Kimberley

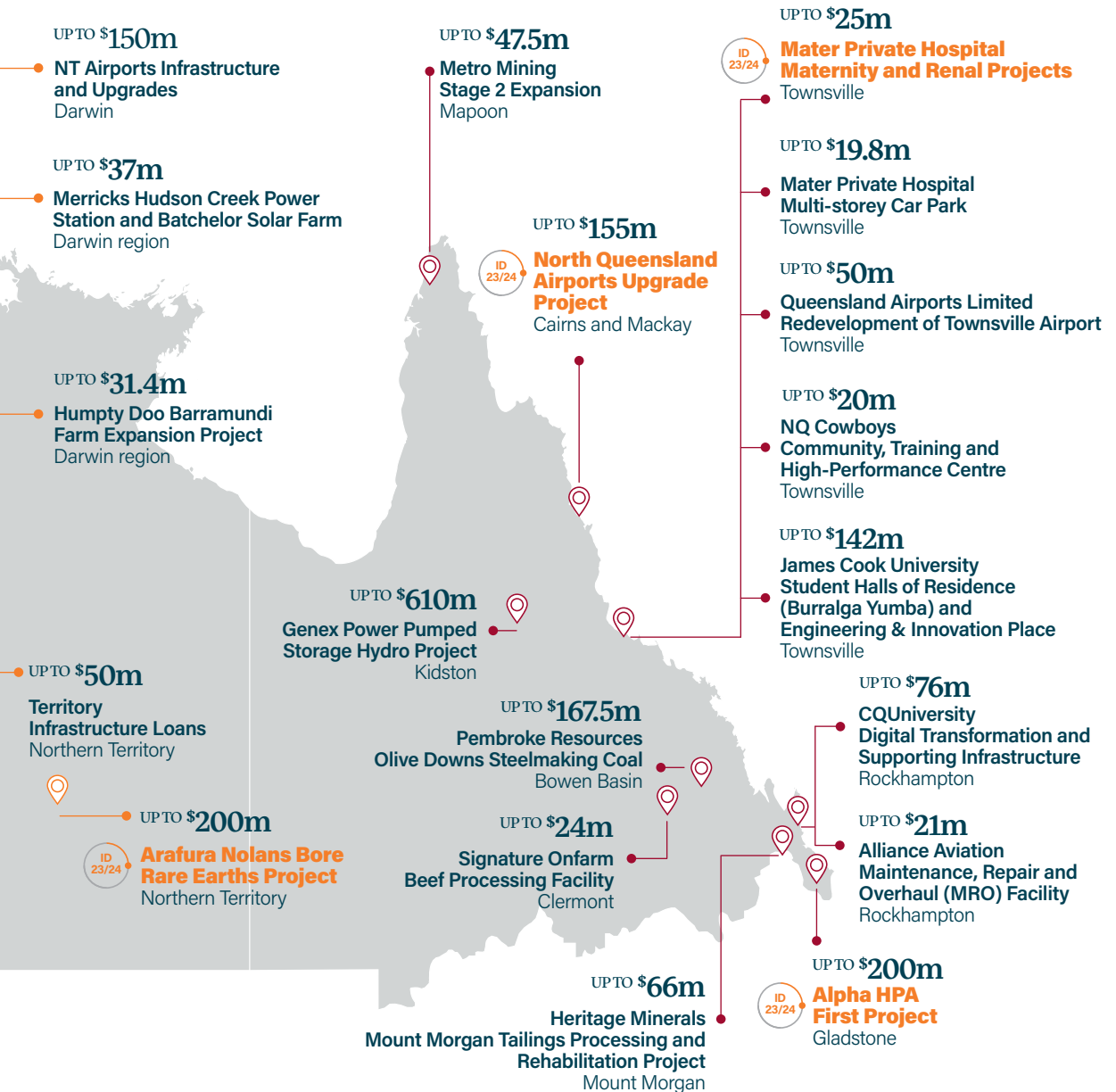
UP TO **\$34m**
**Kimberley
Cotton Gin**
Kununurra

UP TO **\$125m**
Pilbara Minerals P680 Expansion
Pilbara region

UP TO **\$90m**
**APA Group Chichester
Solar Gas Hybrid**
East Pilbara

UP TO **\$27.5m**
**Voyages Indigenous Tourism
Connellan Airport Upgrades and
Accommodation**
Yulara





TRACEY HAYES

From the Chair

As the Chair of the Northern Australia Infrastructure Facility (NAIF), I am pleased to present the Northern Australia Infrastructure Facility Annual Report 2023-24, on behalf of the Accountable Authority, the NAIF Board.



The northern Australia region, which spans half of Australia's landmass, is a vast and diverse area. Across this region, NAIF plays an important role in supporting and investing in projects that deliver public benefit to the north through the creation of new jobs, increased regional income, business opportunities for local suppliers and employment for Indigenous communities.

Since our operations began in 2016, NAIF has supported a portfolio of ambitious and transformational projects designed to grow the economy of northern Australia for decades to come. Our projects range from large-scale resource and energy developments to social infrastructure such as universities, as well as airport upgrades, and agriculture and aquaculture initiatives.

With a substantial number of our supported projects now fully operational, I am privileged to report that this year, NAIF has made significant progress in proudly investing in the growth of northern Australia—a region filled with potential and opportunity.

As outlined in this report, with \$4.4 billion in investment decisions to-date, which are projected to generate \$33.8 billion in economic impact over the life of the projects and support over 18,300 jobs, NAIF's finance continues to support the economic and social development of the region. This creates long-term productivity benefits for producers, businesses and communities in the north.

Every project partnered with NAIF is required to have a sustainable and achievable Indigenous Engagement Strategy and we remain committed to furthering the expansion and promotion of Indigenous opportunities and outcomes.

On behalf of the Board, I would like express our gratitude to NAIF's responsible Ministers, the Hon Madeleine King, MP, Minister for Resources and Northern Australia, and Senator the Hon Katy Gallagher, Minister for Finance, for their ongoing support and for positioning the organisation at the heart of the Australian Government's Northern Australia agenda.

Australian Government direction

At a policy level, during the reportable year the Board welcomed NAIF being named as a key agency to support the delivery of the Future Made in Australia initiative and the Critical Minerals Strategy. Our investment decisions during the year, to support the Arafura Rare Earths Nolans Project and Alpha HPA First Project, reflect our commitment to this strategy.

NAIF is collaborating with the Critical Minerals Office (CMO) and other relevant Commonwealth entities, including specialist investment vehicles, to ensure that the earmarked funds are allocated in alignment with the Strategy and maximise the impact of the Government's investments in the sector. This support will be directed to de-risk strategically important projects and to encourage private sector investment.

During the reporting year, the Board recognised the Australian Government's commitment to NAIF, including to support the independent statutory review of NAIF which will take place in the second half of 2024.

Looking ahead, we recognise the Governments strong expectations for NAIF's future role in the economic development of the north. This includes alleviating social

NAIF understands the importance of northern Australia's contribution to the national economy and the unique challenges the region faces, including its relatively small population, thin markets, climatic challenges, underdeveloped infrastructure, and areas of disadvantage.

and economic disadvantages in northern Australian communities, developing social infrastructure, achieving Australia's net zero and energy transition goals, supporting the Australian Government's Critical Minerals Strategy and materially improving the lives of Indigenous people and communities.

Prudent investment approach

NAIF understands the importance of northern Australia's contribution to the national economy and the unique challenges the region faces, including its relatively small population, thin markets, climatic challenges, underdeveloped infrastructure, and areas of disadvantage.

As we continue to collaborate with project proponents, NAIF will maintain a higher risk tolerance compared to commercial banks for projects that deliver significant public benefits. This is done without providing funding for projects with a high risk of not being able to meet repayment obligations.

NAIF will continue to act in accordance with its Investment Mandate and Risk Appetite Statement, maintaining a higher risk tolerance for factors unique to investing in northern Australia. We are also committed to operational efficiency and ensuring compliance with relevant legislative and Government requirements.

I would like to thank NAIF CEO Craig Doyle and his team for their dedication and hard work this year. I also extend our gratitude to officials at the Department of Infrastructure, Transport, Regional Development, Communications and the Arts.

NAIF is fortunate to be supported by experienced and hardworking Board members, and I thank them for

their ongoing commitment and support. On behalf of the Board, I look forward to collaborating with members of our community and partners across Government and industry, as we work towards our shared goal of supporting the regions, cities and territories of northern Australia.



Tracey Hayes

CHAIR | NORTHERN AUSTRALIA INFRASTRUCTURE FACILITY

25 September 2024

CRAIG DOYLE

From the CEO

NAIF's commitment to fostering sustainable projects remains unwavering, and our four investment decisions in the year underscored our dedication to driving positive change.



NAIF is playing a crucial role in boosting infrastructure development in northern Australia. In the year to 30 June 2024, NAIF approved \$580 million of investment decisions to four projects in northern Australia. The total value of the organisation's committed investment stood at year end at \$4.4 billion. These projects are forecast to generate \$33.8 billion in economic impact over the life of the projects and support more than 18,300 jobs.

With a total of \$7 billion to proudly invest and grow northern Australia, NAIF's commitment to fostering sustainable projects remains unwavering, and our four investment decisions in the year underscored our dedication to driving positive change.

NAIF's investment decisions this year included transformational projects in the Northern Territory and Queensland. Arafura Nolan's Bore Rare Earths Project - supported by a \$200 million loan from NAIF as part of the Australian Government's overall funding package - is the first major project constructed in the Northern Territory since 2018 and represents a strategic step forward in harnessing the abundant natural resources of northern Australia, generating employment, and fostering long-term prosperity.

On the heels of the Arafura deal, we were delighted to provide a further \$200 million of NAIF investment to Alpha's HPA First Project in Gladstone, Queensland. This project will bring to life Australia's first high-purity alumina processing facility and is also being supported by our Australian Government partners at Export Finance Australia.

Other investment decisions this year, which will also prove transformational in differing ways, included a loan of up to \$155 million to North Queensland Airports for refurbishment and upgrade works at Cairns and Mackay airports, and \$25 million to the Mater Private Hospital Maternity and Renal Project in Townsville.

Alongside these new investments, the number of completed projects and those which have reached contractual and financial close continues to grow. More than \$2 billion [as at 30 June 2024] in NAIF funds have now been drawn down by proponents to deliver on key infrastructure projects. This represents a significant increase from the \$818 million in drawdowns two years ago.

Almost all drawdowns to date have been in increments across a reasonable time frame linked to project construction schedules. Eight projects have commenced repayment of their loan principal with around \$20.7 million repaid as at 30 June 2024. With a strong pipeline of prospective investments, we expect the drawdown rate to continue accelerating as NAIF's existing commitments progress toward construction completion over the next few years.

NAIF's pipeline remains robust and diversified, representing a wide array of sectors, including critical minerals, agriculture, transport, and housing. Across all jurisdictions there were seven projects in due diligence at 30 June 2024, with a potential loan value of around \$593 million. Earlier pipeline phases included another 27 projects.

Growing partnerships

To enhance our support for proponents, both current and future, this year we enhanced how we engage with key stakeholders through new digital tools and guides including an improved Indigenous Engagement Strategy (IES) Toolkit and a new Public Benefit Guideline to streamline the process and ensure clarity for all those seeking a loan from NAIF.

Indigenous Outcomes

One of NAIF's distinguishing features as a government financier is that as a condition of NAIF funding, proponents work with our dedicated team to devise a tailored Indigenous Engagement Strategy that is sustainable and

“We are committed to continuing our role in the economic development of northern Australia that extends beyond the projects we support.”

achievable. There is no one-size-fits-all approach. Every project is unique, and every community is unique.

As part of our efforts to maximise Indigenous participation, procurement, and employment opportunities across the north, NAIF proponents have spent over \$72 million on Indigenous procurement in support of projects up to 30 June 2024. Over 1,000 Indigenous jobs have been supported by projects facilitated by NAIF. As more NAIF projects are approved, Indigenous procurement and employment is expected to increase.

People and Culture

To drive transformational growth in northern Australia, it is crucial we have staff based in the region. Our team has the perspectives and insights needed to help drive sustainable change and know first-hand the unique challenges faced by residents and businesses in the north. Everything we do aligns with our purpose of investing in the growth of northern Australia. Staff based across our offices in Cairns, Townsville, Darwin and Perth was 69 per cent at 30 June, up from 43 per cent two years ago.

Policy and Future Priorities

This year NAIF welcomed being acknowledged by the Australian Government as a key agency to support the delivery of the Future Made in Australia initiative and Critical Minerals Strategy. We note that NAIF’s investment decisions this year to the Arafura Rare Earths Nolans Project and Alpha HPA First Project illustrate that support.

Priorities for the remainder of 2024 include having a more diverse pipeline of projects, including key areas such as critical minerals and a stronger focus on building proactive strategic partnerships to align and advocate for Indigenous economic development in northern Australia.

Noting our important role as a steward of public funds, NAIF will continue to act consistent with its Investment Mandate and Risk Appetite Statement and to have a higher-risk tolerance to factors that are unique to investing in northern Australia. We will also continue to focus on the efficiency of our operations and ensure we operate in accordance with relevant legislative and Government requirements.

I look forward to continuing to work closely with the Minister for Resources and Northern Australia, the Department of Infrastructure, Transport, Regional Development, Communications and the Arts, the Ministerial Forum for Northern Australia, the NAIF Board and management, jurisdictional Ministers and government colleagues and broader stakeholders to further help develop the north. I also wish to place on record my gratitude to our dedicated team, whose passion and deep understanding of the region drive our success.

We are committed to continuing our role in the economic development of northern Australia that extends beyond the projects we support.



Craig Doyle

CEO | NORTHERN AUSTRALIA INFRASTRUCTURE FACILITY

25 September 2024

Policy Update

NAIF plays an important role in advancing the Commonwealth's overarching policy objectives across northern Australia. In order to deliver on our purpose of contributing to the Nation by proudly investing in the growth of northern Australia, we recognise that government support and collaboration at all levels is required to achieve the best possible outcomes for the region.

Our work is guided by a national partnership approach with engagement with Commonwealth Government departments and agencies (including other Specialist Investment Vehicles), state jurisdiction partners in the Northern Territory, Queensland, and Western Australia and local government.

Illustrating NAIF's role in delivering on policy, this year NAIF was acknowledged as a key agency to support the Government's Future Made in Australia initiative and Critical Minerals Strategy. The investment decisions made to the Arafura Nolan's Bore Rare Earths Project and Alpha HPA First Project illustrated the support for this important sector.

Our investment activities continue to be directed by the NAIF Investment Mandate. The support of Government priorities is a stated high-level activity for the organisation, along with contributing to Net Zero and the building of sustainable practices and the provision of tailored Indigenous Engagement Strategies.

Working closely with the Minister for Resources and for Northern Australia and the Minister for Finance, NAIF will continue to deliver on the Statement of Expectations and place priority on supporting, wherever possible, key areas of policy including the development of a sustainable and resilient economy, fostering local employment opportunities, improving the lives of Indigenous people and communities, advancing climate change and circular economy principles, investing in renewables, and, as outlined above, realising the Critical Minerals Strategy.

Post-end of financial year, the Minister for Northern Australia, through the Department of Infrastructure, Transport, Regional Development, Communications and the Arts, commenced a statutory review of the NAIF Act.

As such, NAIF has developed two years of performance targets for FY24-26 in alignment with section 8 of the NAIF Act, which allows Investment Decisions to be made to 30 June 2026. Further detail on these key performance measures and targets can be found in NAIF's Corporate Plan 2024-2026 alongside the intended outcomes for northern Australia from our financing activities.

NAIF looks forward to the conclusion of the statutory review of the NAIF Act and subsequent recommendations, which we hope will allow NAIF to facilitate greater positive impact for northern Australia.

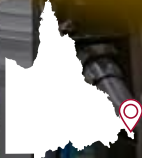


Image: Alpha HPA First Project

Strategic Framework

Investment Environment

Our investment focus is solely on northern Australia, which includes the Northern Territory, and those parts of Queensland and Western Australia above, and directly below or intersecting, the Tropic of Capricorn. The territories of Christmas Island and the Cocos (Keeling) Islands, collectively known as the Indian Ocean Territories are also included.






Our investing activities support projects that generate real and sustained population growth across northern Australia which in turn contributes to the creation of strong, vibrant, and sustainable local communities that provide a lifestyle that makes the north an attractive place to live, work, play and raise a family.

Figure 3: Our environment¹



Investment Mandate

To be considered for financing by NAIF, projects are required to meet the mandatory criteria outlined in our Investment Mandate. These criteria require that the project:

				
Involves the development or enhancement of infrastructure	Is of public benefit	Is located in, or provides significant benefit to northern Australia	Has an Indigenous Engagement Strategy <i>(with the exception of the Indian Ocean Territories)</i>	Can repay or refinance NAIF's debt <i>(for debt finance)</i>

Investment Process

NAIF's investment journey follows an infrastructure project lifecycle as illustrated below.



¹ Statistics provided by the Office of Northern Australia



















Image: James Cook University Engineering and Innovation Place
Photo Credit: Andrew Rankin

Investment Report 2023–2024*

LOANS APPROVED	FORECAST PUBLIC BENEFIT	PROCUREMENT	LOANS	CAPITAL
\$580M	\$3.4B	\$34M	\$556M	\$617M
TO FOUR PROJECTS ACROSS NORTHERN AUSTRALIA	SUPPORTING 3,210 NEW JOBS IN OPERATIONS	SPEND TOWARDS INDIGENOUS SUPPLY CHAINS	CONTRACTUALLY CLOSED	DEPLOYED TO PROJECTS

* as at 30 June 2024

Summary of Investment Decisions made in FY23-24

<p>PIMLICO, TOWNSVILLE, QLD </p> <p>Mater Misericordiae Ltd Maternity and Renal Dialysis Unit Project</p> <p>New maternity hospital and renal unit at Pimlico</p> <table border="0"> <tr> <td>Investment Decision</td> <td>Total Project Size</td> <td>Social Infrastructure</td> </tr> <tr> <td>\$25M</td> <td>\$34M</td> <td></td> </tr> </table>	Investment Decision	Total Project Size	Social Infrastructure	\$25M	\$34M		<p>ALICE SPRINGS, NT </p> <p>Arafura Rare Earths Ltd Nolans Bore Rare Earths Project</p> <p>Mining of critical minerals and rare earths</p> <table border="0"> <tr> <td>Investment Decision</td> <td>Total Project Size</td> <td>Resources</td> </tr> <tr> <td>\$200M</td> <td>\$2.58B</td> <td></td> </tr> </table>	Investment Decision	Total Project Size	Resources	\$200M	\$2.58B	
Investment Decision	Total Project Size	Social Infrastructure											
\$25M	\$34M												
Investment Decision	Total Project Size	Resources											
\$200M	\$2.58B												
<p>GLADSTONE, QLD </p> <p>Alpha HPA Ltd HPA First Project</p> <p>Chemical processing facility for High Purity Alumina</p> <table border="0"> <tr> <td>Investment Decision</td> <td>Total Project Size</td> <td>Resources</td> </tr> <tr> <td>\$200M</td> <td>\$657M</td> <td></td> </tr> </table>	Investment Decision	Total Project Size	Resources	\$200M	\$657M		<p>CAIRNS & MACKAY, QLD </p> <p>North Queensland Airports Airports Upgrade Project</p> <p>Refurbishment and upgrade works at Cairns and Mackay airports</p> <table border="0"> <tr> <td>Investment Decision</td> <td>Total Project Size</td> <td>Transport and Logistics</td> </tr> <tr> <td>\$155M</td> <td>\$155M</td> <td></td> </tr> </table>	Investment Decision	Total Project Size	Transport and Logistics	\$155M	\$155M	
Investment Decision	Total Project Size	Resources											
\$200M	\$657M												
Investment Decision	Total Project Size	Transport and Logistics											
\$155M	\$155M												



CAIRNS AND MACKAY, QUEENSLAND



North Queensland Airports Airports Upgrade Project

NAIF LOAN	SECTOR	FORECAST PUBLIC BENEFIT	FORECAST JOBS	FORECAST JOBS
\$155M		\$1.4B	505	1,497
UP TO	TRANSPORT AND LOGISTICS	ECONOMIC IMPACT	DIRECT AND INDIRECT DURING CONSTRUCTION	ONGOING OPERATIONAL JOBS

NAIF’s loan will be used to upgrade key infrastructure at Cairns and Mackay airports. The funding includes support for the refurbishment of Cairns Airport’s international terminal and is the first major upgrade of the building since it opened more than 30 years ago. There will also be enabling infrastructure for new aviation, retail and commercial precincts.

The improvements to Cairns and Mackay airports are

expected to drive tourism growth in northern Australia and help support crucial travel links to service the regional workforce in the resources and agricultural sectors.

NAIF is providing this support because efficient and modern airport facilities are vital for promoting tourism, facilitating business travel, and enhancing the movement of goods, all of which contribute to regional economic growth and public benefit.

INDIGENOUS ENGAGEMENT STRATEGY COMMITMENTS

North Queensland Airport’s (NQA) Indigenous Engagement Strategy (IES) focuses on achieving outcomes at both Cairns and Mackay airports. The IES for NQA includes a staged Indigenous employment target which starts at 3% in the 2024/25 financial year, increasing to 6% by the 2026/27 financial year. The project also includes a staged construction-based target of 3% Indigenous participation, with that participation target increasing to 4.5% by the 2026/27 financial year.



Image: North Queensland Airports Upgrade Project



GLADSTONE, QUEENSLAND



Alpha HPA Ltd HPA First Project

NAIF LOAN	SECTOR	FORECAST PUBLIC BENEFIT	FORECAST JOBS	FORECAST JOBS
\$200M	RESOURCES - CRITICAL MINERALS	\$437M	489	204
UP TO		OVER 20 YEARS	DURING CONSTRUCTION	DURING OPERATIONS

As part of the Australian Government’s Critical Minerals Strategy, NAIF is providing a \$200 million loan to support Alpha HPA create a new industry in Australia, supporting local jobs and economic development.

Alpha HPA plans for a high-purity alumina processing facility will lead to the production of over 10,000 tonnes of high purity alumina, and related high purity aluminium products, for use in high technology manufacturing including LED lighting, lithium-ion batteries and semiconductors. These

sectors are of increasing importance due to their role in the clean energy transition and decarbonisation of the global economy. The project is forecast \$437 million to the regional economy of the Gladstone area over 20 years.

The project contributes to Australia’s clean energy transition and creating opportunities and economic growth in Australia’s regional communities. There is also strong alignment with the Queensland Government’s policy to support regional economic development.

INDIGENOUS ENGAGEMENT STRATEGY COMMITMENTS


- Partnering with Gidarjil Development Corporation through various initiatives including to support a local Indigenous leadership program, as well as sponsorship of key community-run events and festivals.
- Focusing on Indigenous employment pathways through STEM, training, and scholarships into technical and non-technical roles through the project.
- Indigenous employment target of 3% in their first year of operations and increasing to 6% by their third year of operations.



Image: NAIF’s Board and Executive team toured the proposed site for Alpha HPA’s High-purity Alumina Project in June 2024



Mater Misericordiae Ltd Maternity and Renal Dialysis Unit Project

NAIF LOAN	SECTOR	FORECAST PUBLIC BENEFIT	FORECAST JOBS	FORECAST JOBS
\$25M		\$46.5M	168	13
UP TO	SOCIAL INFRASTRUCTURE	OVER 20 YEARS	DIRECT AND INDIRECT DURING CONSTRUCTION	DURING OPERATIONS

Improving healthcare facilities in the Townsville region, NAIF's \$25 million loan to Mater Private Hospital Townsville will be used to construct a new single level purpose-built maternity suite and refurbish an existing building to house renal services. The modern facilities will ensure a growing renal capacity to meet community demand and local population growth.

Access to adequate healthcare facilities often attracts

families to the region, leading to a more economically active population. By reducing the demand on public health services, the project is set to deliver a range of socio-economic benefits to the community. The project also supports the goal of building Indigenous career pathways for aspiring students or adults interested in a career at Mater Private Hospital Townsville or healthcare through Mater Education and Mater Health.

INDIGENOUS ENGAGEMENT STRATEGY COMMITMENTS

- Focus on building Indigenous career pathways in healthcare at Mater Private Hospital Townsville.
- Addressing the high rates of diabetes among Indigenous populations by providing renal dialysis facilities in Townsville.
- The role of the Indigenous Liaison Officer is to be expanded and provided with increased resources.
- The Maternity Unit offers increased access to neo-natal treatment in the North Queensland region, which is currently not available in neighbouring Indigenous communities such as Palm Island.




Image: Mater Misericordiae Ltd Maternity and Renal Dialysis Unit Project



NORTHERN TERRITORY



Arafura Rare Earths Ltd Nolans Bore Rare Earths Project

NAIF LOAN	SECTOR	FORECAST PUBLIC BENEFIT	FORECAST JOBS	FORECAST JOBS
\$200M		\$1.4B	209	125
UP TO	RESOURCES - CRITICAL MINERALS	OVER 20 YEARS	DIRECT AND INDIRECT DURING CONSTRUCTION	DURING OPERATIONS

NAIF’s investment in Arafura’s Nolans Bore Rare Earths project marks a significant step in critical mineral investment within northern Australia. The project comprises the development of a rare earths mine and processing facilities (including beneficiation, extraction, and separation plants) 135km north of Alice Springs in the Northern Territory.

The project - which will be first major project constructed in the Northern Territory since 2018 - will mine and process one of the world's largest deposits of Neodymium (Nd) and Praseodymium (Pr) over a mine life of at least

23 years. NdPr are essential raw materials for ultra-strong permanent magnets used in the motors of electric vehicles, wind-turbine generators, smart phones and robotics.

NAIF’s Investment Decision, in the form of a \$200 million loan, will not only create employment opportunities but also contribute to the long-term prosperity of the region. The project will create more than 300 new jobs across the Northern Territory and also diversify Australia’s critical minerals supply chain.

INDIGENOUS ENGAGEMENT STRATEGY COMMITMENTS

- Arafura has created an Indigenous Engagement Strategy (IES) focusing on local Indigenous participation, procurement, training and employment. The strategy includes an ambitious Indigenous employment target of 20% over the life of the project.
- To reach this goal, Arafura plans to implement a regional workforce strategy, a Graduate Development Program, and a Vocational Education and Training in Schools program. The education program aims to provide work experience in mining-related fields for Indigenous students in central Australia.
- Arafura will require all tenderers to submit a plan for their utilisation of Indigenous businesses and set a target for Indigenous Participation.



Image: Arafura Nolans Bore Rare Earths Project



QUEENSLAND

Queensland Project Progress

NAIF helps bring highly skilled aviation jobs back to Central Queensland

Alliance Airlines' new \$55 million Aviation Maintenance, Repair and Overhaul (MRO) Facility, at Rockhampton Airport was officially opened in November 2023, allowing about 100 highly skilled aviation jobs to come back home to Australia - as well as supporting new traineeships and apprenticeships.

The new precinct means Alliance can service their fleet of 70 aircraft in Rockhampton, instead of their current maintenance contracts in Slovakia and the United Kingdom. The MRO site was made possible through a \$21 million Northern Australia Infrastructure Facility loan, made in 2021.

Pictured at the official opening are Rockhampton Regional Council Mayor Tony Williams, NAIF Board Director Grant Cassidy OAM FAICD, Assistant Minister for Regional Development Senator Anthony Chisholm, Alliance Airlines Managing Director Scott McMillan and NAIF CEO Craig Doyle.



Mount Morgan mine reaches contractual close

NAIF's \$66 million loan to Heritage Minerals to reinvigorate the historical central Queensland gold mine at Mount Morgan was contractually closed this year.

The Mount Morgan Tailings Processing and Rehabilitation Project will support approximately 250 new direct construction jobs and up to 150 operational jobs, along with economic and social benefits for the wider Rockhampton region, totalling an estimated \$849 million.

Pembroke's Olive Downs complex officially opens

Pembroke Resources officially opened the Olive Downs complex in Moranbah, Queensland in early 2024.

NAIF's \$167.5 million loan towards the construction and development of the Olive Downs Steelmaking Coal Project helped create more than 1,200 jobs and will boost the delivery of high-quality coking coal to key markets including Japan, South Korea and India.





WESTERN AUSTRALIA

Project Milestones

Thunderbird is go

In March 2022 NAIF made an Investment Decision to offer financial assistance of up to \$160 million to Kimberley Mineral Sands (KMS) to support the development of the Thunderbird Mineral Sands Project in the Kimberley region of Western Australia. This year the project achieved operational status.

Moving into the operational phase, the project is forecast to maintain 345 operational positions throughout the mine's lifespan. This significant employment boost will invigorate the local economy and provide enduring job security for local families.

Over the course of its construction and the initial two decades of operations, the project is anticipated to contribute an impressive \$1.85 billion (in present value terms) to northern Australia.



Kimberley Cotton and Burrup Scheme Upgrade reach Financial Close

Construction continues at the Kimberley Cotton Gin project, with financial close of NAIF's loan.

The Kimberley Cotton Co Gin project is a crucial step in expanding the Ord cotton industry. Not only will it create jobs directly at the gin, but it will also open opportunities across the supply chain. The project is expected to generate approximately 61 jobs and is forecast to deliver substantial public benefits, estimated at \$248 million over 20 years. Practical completion of the project is expected in time for the 2025 ginning season.

Also reaching financial close in Western Australia during the year was NAIF's support for the Burrup Scheme Upgrade Project through a \$95m loan to Water Corporation to expand the seawater supply and brine disposal scheme connected to the Perdaman Urea Plant and the \$160m loan to Pilbara Ports Authority for the Dampier Cargo Wharf Project.



Investing for Impact

22 PROJECTS THAT HAVE COMMENCED DRAWING FUNDS HAVE REPORTED THE FOLLOWING IMPACT IN NORTHERN AUSTRALIA DURING FY23-24:

5,540

JOBS CREATED

1,561

NORTHERN AUSTRALIAN SUPPLIERS USED

>\$470M

SPENT WITH NORTHERN AUSTRALIAN SUPPLIERS

Under its partnership approach, NAIF showcases its value and commitment by working with proponents to identify and manage risks throughout each stage of the project cycle. Our team works closely with project proponents throughout the entire project cycle, from assessment to decision-making, delivery, and operations. This collaborative approach allows for effective communication, alignment of goals, measurement of outcomes and addressing any challenges that may arise.

Delivering on the partnership approach, NAIF's team this year visited projects in the Pilbara and Kimberley regions that are playing a key role in shaping the regional economy.

CEO Craig Doyle, Director of Portfolio Management Pat Welch, and Director of Indigenous Outcomes Darren

Chong visited several NAIF projects including the Onslow Marine Support Base, which was the first project to receive NAIF funding. They also made stops at the BCI Minerals project near Karratha, the mineral resource operations at Kimberley Minerals Sands' Thunderbird mine, and Strandline's Coburn Mineral Sands project.

Portfolio spotlight: project evaluations

NAIF's work over the past seven years has helped set up northern Australia to diversify its economy, attract investment and establish itself as a leader across a range of sectors, including renewables and the energy transition. The region is now starting to reap the rewards. Pages 24 and 25 feature two impactful stories behind two of NAIF's supported projects and the positive outcomes delivered for the region.



Image: CEO Craig Doyle, Director of Portfolio Management, Pat Welch, and Director of Indigenous Outcomes Darren Chong at Kimberley Mineral Sands Thunderbird Mineral Sands Project

Investing for Impact - Project Outcomes



NQ Cowboys Community, Training and High-Performance Centre, known as The Hutchinson Builders Centre

NAIF's loan, approved in 2019, supported the building of the Cowboys Community, Training and High-Performance Centre, known as The Hutchinson Builders Centre.

The Centre is instrumental in retaining and attracting sporting talent while also stimulating increased business and social activity within the region.

Project outcomes

- Construction activity is estimated to have contributed \$34 million to Gross Regional Product, slightly higher than forecast.
- Construction activity is estimated to have supported 232 direct and indirect jobs, and ongoing employment generated by operations of the Centre reached 27 direct and indirect jobs by June 2023.
- The project committed to achieve an Indigenous participation target of 6.6 per cent during the construction phase and achieved 13 per cent Indigenous participation, nearly double the target.
- The quantified public benefit derived from operations of the Centre is \$2.2 million per annum, which is forecast to increase as tenants become more established and there is a higher demand for the training facilities by visiting sports teams.
- The Centre has welcomed 507 visiting players and support staff since operations began in March 2021. Collectively these visitors have accounted for an estimated 2,600 visitor nights in north Queensland.
- Overall, an independent economist forecasts the long-term impact of the Centre is expected to be greater than initially forecast, particularly given the 2027 Rugby World Cup and the 2032 Brisbane Olympics.
- The Centre has also generated new business for local northern Australian suppliers. In FY23-24 the project has procured \$170,000 from northern Australian suppliers and \$30,000 from Indigenous suppliers.
- In addition to the economic activity generated through construction and operation of the Centre, there have been numerous other ongoing benefits to the north Queensland community, including enhanced social connection and community pride, increased knowledge of sport science, career benefits for athletes and increased visitation to north Queensland.



APA Group Chichester Solar Gas Hybrid Project

Part of NAIIF's investment mandate is to actively support projects that help deliver Australia's clean energy transformation and net zero targets and Australia's ambition to be a renewable energy superpower.

In the Pilbara, NAIIF's \$90 million loan – approved in 2019 – to support the 60MW Chichester solar farm projects has helped transition two large mine sites away from using 100 million litres of diesel a year.

With the mine now regularly operating on 100 per cent solar since the project opened in 2021, NAIIF's support made the project competitive.

Chichester 160,000 panels make it one of Australia's biggest remote grid solar farms.

Project outcomes

- Construction activity is estimated to have contributed \$60 million to Gross Regional Product.
- Construction activity is estimated to have supported 303 direct jobs versus a forecast of 200.
- During construction the project established the Indigenous engagement and Nyiyaparli Relationship Committees. These committees facilitate ongoing communication with the Karlka Nyiyaparli Aboriginal Corporation, leading to project-specific Indigenous engagement outcomes.
- The project achieved Indigenous employment during construction of 8 FTE, higher than the target of 7 FTE. Indigenous procurement spend during construction fostered economic growth and collaboration.
- The quantified public benefit derived from operating the project is \$1.1 million per annum with 4 ongoing FTE jobs generated.
- Further material ongoing public benefit is generated in the form of reduced greenhouse gas emissions. Since the start of operations, there has been ~3,690,000 GJ of avoided natural gas consumption and ~162,200 tonnes reduced CO₂-e greenhouse gas emissions. The social cost avoided from reduced emissions is estimated at ~\$30 million over the first two and half years of operations.
- The project has succeeded in providing a low emission renewable energy solution to a large, isolated network in the remote Pilbara. Diesel fuel consumption has been significantly reduced and this serves as a model for future large-scale renewable energy projects in the mining industry.
- The project has increased security of supply of energy, benefiting both FMG and existing Newman network customers. In the future, new network customers have the potential to benefit from an established, cheap and reliable energy source.

Indigenous Outcomes



As a condition of providing a loan, all projects backed by NAIF need to create and implement an Indigenous Engagement Strategy (IES). Each IES is bespoke and tailored to the aspirations of the local community with a focus on Indigenous participation, procurement, and employment.

Critically, the plans are a partnership between project proponents and the local Indigenous community including Traditional Owner groups. NAIF facilitates collaboration between stakeholders and requires proponents to commit to delivering and reporting on progress with their IES.

As NAIF approves more funding, additional strategies will be developed by proponents and further opportunities will emerge for Government, business and local communities to collaborate on tackling economic and social issues. Areas of focus under the IES will include regional employment, procurement, health and wellbeing, and maximising opportunities in social investment, community and culture.

The National Agreement on Closing the Gap is centred around four Priority Reforms to transform the way governments work with Aboriginal and Torres Strait Islander peoples, and includes 17 socio-economic outcomes.

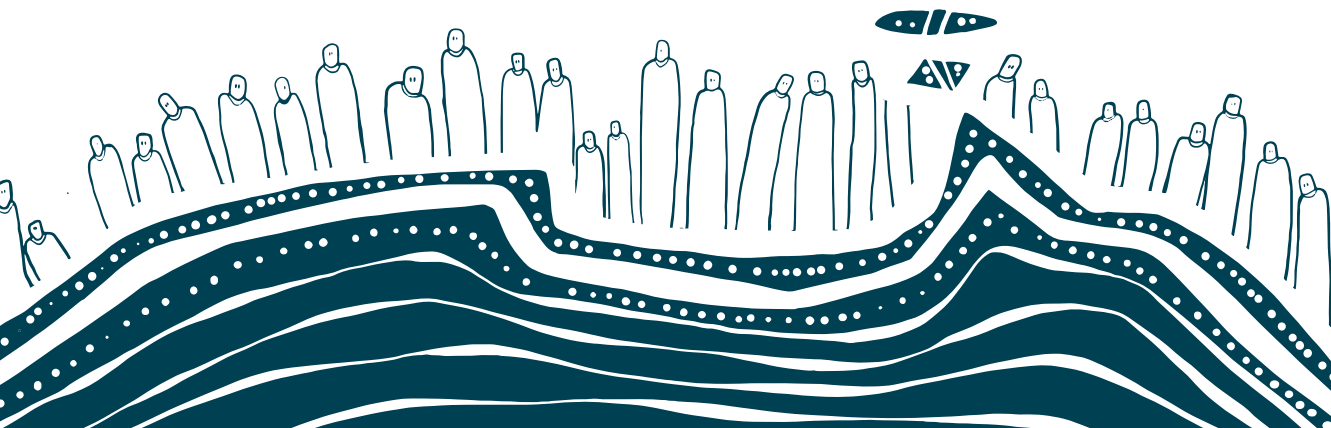
While NAIF is not required to report directly against Closing the Gap, we believe our alignment to IES outcomes, specifically procurement, employment and community development outcomes, is consistent with the intent of the Closing the Gap initiative.

Enabling Indigenous jobs and businesses across the North

During the 2023/2024 financial year NAIF proponents report spending nearly \$34 million towards Indigenous supply chains in support of their projects and enabling over 150 new jobs for First Nations people. This takes the total amount to \$72.8 million toward Indigenous procurement and supporting over 1,000 Indigenous jobs. NAIF projects further support skills development, vocational training, and job creation, contributing to increased Indigenous workforce participation and economic empowerment across the north.

Launch of revised IES Guideline and new toolkit

As part of the NAIF mandate, any proponent applying for funding must have an IES. To help companies create a strategy, NAIF has launched a number of web-based resources including a revised guideline, a new toolkit, and a video to help proponents deliver the most effective and sustainable Indigenous participation, procurement, and employment programs. This new toolkit and guideline will ultimately help companies design more effective and sustainable strategies. Once a loan is approved, NAIF will work with the proponents over the course of the loan term to deliver initiatives outlined in the IES.





CASE STUDY – Charles Darwin University

As part of its IES with NAIF, Charles Darwin University (CDU) this year completed construction of the new Education and Community Precinct which prominently incorporates Larrakia language and cultural knowledge throughout. Through the project construction to date, Indigenous employment has totalled about 13% (49,770 hours) across 121 Indigenous employees. This surpasses the 8.8% employment target. The project has procured around \$700,000 of goods and services from Northern Territory Indigenous suppliers.

Special Investment Vehicle

The IES is a flagship initiative that sets NAIF apart as the sole Special Investment Vehicle (SIV) dedicated to implementing a holistic strategy aimed at achieving Indigenous participation, procurement, and employment through infrastructure projects across northern Australia. Reflecting the IES within NAIF's mandate, NAIF dedicated much time with other SIVs including the Clean Energy Finance Corporation, Export Finance Australia, Housing Australia as well as commercial lenders sharing insights into how an IES requirement can be a mandatory criterion under their Investment Mandate.



Image: Charles Darwin University Education and Community Precinct

Annual Performance Statement

Introductory Statement

I, on behalf of the accountable authority, the Board of the Northern Australia Infrastructure Facility (NAIF), present the FY23-24 Annual Performance Statement of NAIF, as required under paragraph 30(1)(a) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act).

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



Tracey Hayes
CHAIR OF THE NAIF BOARD

Purpose

NAIF contributes to the Nation by proudly investing in the growth of northern Australia.

NAIF achieves this purpose by fulfilling its legislative functions which are:

- to provide financial assistance predominantly through the States and Territories, to other entities for the development of northern Australia economic infrastructure; and
- to determine terms and conditions for financial assistance; and
- to provide incidental assistance to the States and Territories in relation to financial arrangements and agreements related to the terms and conditions of financial assistance.

NAIF finances (or facilitates the development of) infrastructure projects including assets that enable the establishment or enhancement of business activity or increase economic activity in a region. We finance projects such as physical structures, assets (including

moveable assets) or facilities which underpin, facilitate or are associated with:

- Investing
- Growing northern Australia
- Delivering Indigenous Outcomes
- Contributing to the Nation

NAIF's contribution to the Nation is reflected in the public benefit value generated by NAIF funded projects. This includes an analysis of the economic impact, employment opportunities, regional income and business for local suppliers.

The purpose facilitates the achievement of outcomes as outlined in the FY23-24 Department of Infrastructure, Transport, Regional Development, Communications and the Arts Portfolio Budget Statement (page 485) to 'enable economic growth in northern Australia, by facilitating private sector investment in economic infrastructure, primarily through the provision of concessional financing delivered through the State and Territory Governments'

Results

A summary of results is included in figure 1.

NAIF outperformed in meeting Indigenous Employment Outcomes and Regional Job Creation during the period, while partially meeting the Public Benefit and Investment Decision targets.

NAIF has made favourable progress over FY23-24 with the Board making four Investment Decisions to offer loans totalling \$580 million, to support projects with a total capital value of \$3.4 billion.

The analysis of NAIF's overall performance should be read in conjunction with the remainder of the Annual Report including the Chair and CEO Report.

Figure 1: NAIF Performance Summary for FY23-24

Source of Performance Criterion: NAIF Corporate Plan FY23-24 page 8-11

Performance criteria	Measure /Target	Outcome
Contributing to the Nation		
1. PUBLIC BENEFIT RATIO (PUBLIC BENEFIT / NAIF LOAN)	<i>Annual cumulative calculation for new Investment Decisions (ID's): quantified public benefit >10 times NAIF loan value</i>	<p>Partially achieved</p> <p>Each project has been forecast to generate public benefit. The total public benefit forecast on the four approved projects totals \$3.4 billion.</p> <p>The forecast quantifiable public benefit is 6 times the NAIF loan value versus a target of 10 times. The public benefit materially exceeds the cost of concessions.</p> <p>In addition, most of NAIF's projects have other benefits that cannot be reliably quantified and are assessed qualitatively instead.</p> <p>Case studies have been published on NAIF's website outlining examples of forecast public benefit and forecast jobs created. They can be viewed here https://www.naif.gov.au/our-projects/.</p>
2. JOB CREATION	<i>Total forecast jobs / total NAIF loan value (\$m) for new ID's > 5</i>	<p>Achieved</p> <p>The Investment Decisions are forecast to support 3,210 new jobs in either the construction or operational phase. This is a ratio of 6, meeting the target against the \$580 million in committed new ID's.</p>
Proudly Investing and Growing Northern Australia		
3. DOLLAR VALUE OF INVESTMENT DECISIONS (ID'S)	<i>Annual ID's approved of between \$1bn - \$1.25bn</i>	<p>Partially achieved</p> <p>\$580 million of Investment Decisions in FY23-24 against a target of between \$1 billion to \$1.25 billion. NAIF is a proponent led model that assesses each proposal independently of this target.</p>
Delivering Indigenous Outcomes		
4. INDIGENOUS ENGAGEMENT STRATEGIES	<i>>2 new ID's supporting a project with significant Indigenous ownership</i>	<p>Not achieved</p> <p>The four Investment Decisions in FY23-24 did not have significant Indigenous ownership.</p>
5. INDIGENOUS EMPLOYMENT OPPORTUNITIES	<i>>3 % of annual average percentage of Indigenous specific jobs for new ID's</i>	<p>Achieved</p> <p>The four Investment Decisions in FY23-24 committed to an average percentage of >6% of new jobs being Indigenous specific jobs, outperforming against the target of >3%.</p>

Annual Performance Statement (Continued)

Analysis of Performance Criteria

1. Public Benefit Ratio

To be eligible for NAIF financial assistance under the Investment Mandate, mandatory criteria 2, requires that the Board must be satisfied that the proposed project:

- Will produce benefits to the broader economy and community beyond an economic return to the Project Proponent.

Public benefit on each project was independently assessed in line with NAIF's Public Benefit Guideline which outlines the requirements of the NAIF Board. The potential benefits vary for each project and have been assessed spanning different periods depending on the life of the asset. Public benefits are assessed quantitatively, where possible, to determine a net public benefit number. Where it is not possible to value costs and benefits in monetary terms, they are considered qualitatively. Construction jobs and operational jobs are also forecast (see further information in 2. Jobs Creation).

The FY23-24 Investment Decisions are forecast to generate \$3.4 billion of public benefit to the northern Australia economy being a multiplier of 6 times for every NAIF loan dollar committed and a multiplier of 85 when comparing to the cost of concessions on the NAIF loans.

The following public benefit has been recognised in this financial year:

- Mater Hospital Maternity and Renal Dialysis unit – the project will improve healthcare facilities in the Townsville region and reduce the demand on public health services. It is also expected to drive a range of unquantified socio-economic benefits to the community including an increased standard of care for maternity services and increased access to renal services. The forecast quantified benefit to the Townsville economy is \$47 million over the life of the project.
- Arafura Nolans Bore Rare Earths – the project, which is forecast to have a mine life of at least 28 years, will produce Neodymium and Praseodymium which are essential components for permanent magnets. The project is expected to become a major supplier to the high-performance magnet market which is a key component for wind turbines and electric vehicles which are important contributors to the energy

transition. The project is forecast to realise public benefits of \$1,433 million to the Northern Territory economy.

- HPA First Project – the project will lead the production of over 10,000 tons of high purity alumina, and a range of related high purity aluminium products. This product is rapidly growing in demand prompted by use in high technology manufacturing including LED lighting, lithium-ion batteries and semiconductors. These sectors are of increasing importance due to their role in the clean energy transition and decarbonisation of the global economy. The project is forecast to deliver \$437 million to the regional economy of the Gladstone area over 20 years.
- North Queensland Airports Upgrade Project – this project will support upgrades of key infrastructure at Cairns and Mackay airport. The project is expected to support an increase in international tourists through Cairns airport via an upgrade of the international terminal, as well as develop operational resilience in Cairns and Mackay, there will also be enabling infrastructure for new aviation, retail and commercial precincts. The project is forecast to deliver a benefit of \$1,439 million to the north Queensland region during construction and across its 20-year operational life.

A key factor in NAIF not meeting the public benefit ratio target this financial year, is that one of the projects is supporting social infrastructure (Mater Hospital Maternity & Renal Dialysis Unit). This project will deliver significant socio-economic benefits which are notoriously difficult to quantify for the purpose of this ratio, and have been captured qualitatively instead.

Two other projects also have material benefits that cannot be reliably quantified, being the Nolans Bore Rare Earths and HPA First Projects, both of which align to the Australian Government agenda to support the critical minerals industry, helping to meet the increasing demand for resources required for clean energy transition.

In addition to the public benefit forecast on the FY23-24 Investment Decisions, the proponents on projects that have commenced drawdown have reported that approximately \$470 million of goods and services have been procured from over 1,500 northern Australian

suppliers during FY23-24, stimulating further economic growth in the region.

2. Job Creation

The Investment Decisions by the NAIF Board in FY23-24 are forecast to support 3,210 jobs in either the construction or operational phase which will directly contribute to economic and population growth in the regions of those projects.

The forecast jobs stemming from the four investment decisions are as follows:

- Mater Hospital Maternity and Renal Dialysis Unit – has been forecast to generate 168 new jobs during construction and 13 new ongoing jobs during the operational life.
- Arafura Nolans Bore Rare Earths – has been

forecast to support approximately 209 new jobs during construction and 125 ongoing jobs during the operational life of the mine.

- HPA First Project – has been forecast to generate 489 new jobs during construction and 204 new ongoing jobs during the operational life.
- North Queensland Airports Upgrade Project – has been forecast to generate 505 new jobs during construction and 1,497 new ongoing jobs during the operational life.

In addition, existing proponents that have commenced drawdown, have reported that approximately 5,540 jobs¹ have been supported in FY23-24 stimulating economic activity and population growth in the region.



Image: Kimberley Mineral Sands Thunderbird Mineral Sands Project

¹ Actual annual job numbers are provided by Proponents based on a requirement to report actual jobs related to NAIF funded projects. They are not comparable to job forecasts at the time of Investment Decision, as the forecast modelling includes both direct and indirect jobs stimulated by a project.

Annual Performance Statement (Continued)

Contribution to the Nation additional reporting:

Reporting criteria	Progress
Comparison of actual project data and outcomes against forecast	Project Evaluations have been carried out on two projects during the year using an economic consultant. The projects are NQ Cowboys Community, Training and High-Performance Centre and the Chichester Solar Gas Hybrid project.
Annual publication / reporting of project outcomes (staged approach)	NAIF has reported outcomes of the two project evaluations on page 24-25 of this report. NAIF aims to report a further four projects next financial year.
Supporting job creating projects that will secure working opportunities in northern Australia (forecast construction jobs)	The four Investment Decisions supported during the financial year are forecast to support 1,371 construction jobs in northern Australia.
Supporting jobs creating opportunities that will secure working opportunities in northern Australia (forecast operational jobs)	The four Investment Decisions supported during the financial year are forecast to support 1,839 ongoing operational jobs in northern Australia.
Environmental, Social and Governance (ESG) Reporting	During FY23-24, 56% of NAIF's projects provided ESG reporting.
Energy Efficiency Financed	Since inception, NAIF has made Investment Decisions totalling \$286 million to support energy efficient projects.
Clean Energy Capacity Financed (\$ value and #MW/ GW of installed capacity)	Since inception, NAIF has made Investment Decisions totalling \$717 million to renewable investment across industries, supporting 370MW of installed capacity.
Support for net zero targets linked to projects in the critical mineral sector	Since inception, NAIF has made Investment Decisions totalling more than \$1 billion to the critical minerals sector, \$400 million of this was during FY23-24.

3. Investment Decisions

Figure 2: Summary of Investment Decisions made in FY23-24

Proponent	Jurisdiction	Project	NAIF Loan Investment Decision	Total Project Size
Mater Misericordiae Ltd	Townsville QLD	New maternity hospital and renal unit at Pimlico	\$25m	\$34m
Arafura Rare Earths Ltd	Alice Springs, NT	Mining of critical minerals and rare earths	\$200m	\$2,577m
Alpha HPA Ltd	Gladstone, QLD	Chemical processing facility for High Purity Alumina	\$200m	\$657m
North Queensland Airports	Cairns & Mackay, QLD	Refurbishment and upgrade work at Cairns and Mackay airports	\$155m	\$155m

NAIF has committed new investment finance of \$580 million through FY23-24 Investment Decisions against a target of \$1 billion to \$1.25 billion. NAIF is a proponent led model with demand directly impacted by economic conditions. NAIF has had several projects not progress through the pipeline for a variety of reasons including material increase in construction costs, delays in securing offtake agreements, higher interest rates, as well as ongoing tight labour market conditions. NAIF continues to work with proponents and strives to find appropriate funding structures where possible within the bounds of our legislative instruments.

The total capital value of projects NAIF has supported during the year is \$3.4 billion. The projects reflect NAIF's role in developing northern Australia, including a new maternity hospital and additional dialysis beds (Mater), mining of critical minerals and rare earths (Nolans Bore Rare Earth), chemical processing facility for high purity alumina (HPA First Project), upgrade and enabling infrastructure at Cairns and Mackay Airports (North Queensland Airports).

Pleasingly, this year NAIF has supported two projects directly aligned to the Australian Governments Critical Minerals Strategy encouraging a clean energy transition and decarbonisation.

For the reporting period, contractual close was reached on projects totalling \$556 million. Contractual close is a key point of economic enablement for NAIF's projects, as this is when proponents have the confidence to carry out design and construction, driving the first phase of employment and economic growth. On 30 June 2024 NAIF had reached contractual close on over \$3.6 billion of financings in total, which relates to 28 projects that are now generating economic activity in northern Australia.

Since inception NAIF has financed a diversified spread of projects across both geography and sector, as illustrated on the northern Australia map on pages 6-7 of this report. NAIF is a proponent led model, which can result in sector or location concentration over shorter time periods.

Annual Performance Statement (Continued)

Proudly Investing and Growing Northern Australia additional reporting:

Reporting criteria	Outcome
Support spread across jurisdictions	NAIF Investment Decisions to date of \$4.4 billion are diversified across its jurisdictions are follows: <ul style="list-style-type: none"> • Western Australia - \$1.8 billion or 42%; • Northern Territory - \$947 million or 21%; and • Queensland - \$1.6 billion or 37%.
NAIF Loan Ratio vs Private sector contribution	Over the four Investment Decisions in FY23-24, NAIF loans financed approximately 17% of the projects total capital value, meaning that other financiers have supported 83% of the value of these projects.
Capital Deployment	During FY23-24, NAIF deployed \$617 million to supported projects, total capital deployed since inception is over \$2 billion.

4. Indigenous Engagement Strategies

While each of the four Investment Decisions made in FY23-24 developed and adopted an Indigenous Engagement Strategy (IES) to be implemented over the life of the project, NAIF did not make any Investment Decisions to provide financing to majority Indigenous owned projects.

In the financial year over ten Indigenous led projects approached NAIF regarding financing that varied in sector and locations. Several projects are in very early stages, requiring more development including working through various commercial agreements. Others confront more systematic issues that unfortunately many Traditional Owner groups face in trying to capitalise on native title, including barriers to accessing collateral, access to industry and financial information and issues with land tenure.

NAIF has worked to assist all proponents either directly through the NAIF process, or referring to the appropriate stakeholder who can assist in further developing and progressing their projects. Two projects have advanced with NAIF, including one at the due diligence phase with a view to progressing to Investment Decision.

The Indigenous Outcomes team continued to work closely with our partner organisations, Indigenous Business Australia (IBA), Indigenous Land and Sea Corporation (ILSC), and the National Indigenous Australians Agency (NIAA) under the Memorandum of Understanding (MOU). In addition new relationships have been established with other Commonwealth Special Investment Vehicles (SIVs)

such as Export Finance Australia (EFA), Clean Energy Finance Corporation (CEFC), Housing Australia and the Australian Renewable Energy Agency (ARENA).

Continuing to work with our MOU partners and developing relationships with other Commonwealth SIVs helps to enhance NAIF's capacity in supporting the development of potential Indigenous led projects, whether it be through understanding barriers and opportunities, to identification and cross-referral of potential projects and investment opportunities. Our relationships with MOU partners and Commonwealth SIVs also provide new pathways for future co-investment opportunities with NAIF, on potential projects.

NAIF is committed to encouraging and supporting Indigenous participation in economic development and will continue to focus on supporting Indigenous projects and businesses across the north, either directly through NAIF financing products or indirectly through the IES that each project proponent must have and deliver on when reaching financial close.

Indigenous Employment

NAIF supports Indigenous employment outcomes through the IES criterion, where all NAIF financed projects develop and deliver bespoke strategies focussing on local Indigenous participation, procurement and employment outcomes. Each of the proponents who reached an Investment Decision in FY23-24 adopted an IES to be implemented over the life of the loan. NAIF assesses each IES on a case-by-case basis, noting there are many ways the

proponent can meet the IES criterion. Refer to the Indigenous Engagement Strategy Guideline on NAIF's website.

Across the four Investment Decisions during the financial year, an average percentage of >6% was committed to new Indigenous specific jobs, outperforming against a target of >3%. Employment strategies established under each IES is distinct from each other.

The projects supported this year have committed to the following Indigenous employment obligations:

- Mater Hospital Maternity and Renal Dialysis Unit – Indigenous employment target of 3% during construction.
- Arafura Nolans Bore Rare Earths – the IES includes an Indigenous employment target of 20% over the life of the project.
- HPA First Project – Indigenous employment target of 3% in the first year of operations and increasing to 6% by the third year of operations.
- North Queensland Airports Upgrade Project – the IES for NQA includes a staged Indigenous employment target which starts at 3% in FY24-25, increasing to 6% by FY26-27. The project also includes a staged construction-based target of 3% Indigenous participation, with that participation target increasing to 4.5% by FY26-27.

Some key achievements during the financial year through the IES include:

- Charles Darwin University (CDU) this year completed construction of the new Education and Community Precinct which prominently incorporates Larrakia language and cultural knowledge throughout. Through the project construction to date, Indigenous employment has totalled about 13% across 121 Indigenous employees. This surpasses the 8.8% employment target. The project has procured around \$700,000 of goods and services from Northern Territory Indigenous suppliers.
- Kimberley Mineral Sands (KMS) – Thunderbird Mineral Sands Project: achieved 22% Indigenous employment across a 387 total workforce and a \$34m spend towards Indigenous businesses to date. KMS is focusing on local and West Kimberley Indigenous employment and procurement outcomes.
- Queensland Airports Ltd – Redevelopment of Townsville Airport: 36% Indigenous employment rate achieved on the Departure Lounge redevelopment during Q3-Q4 2023. Launch of the Townsville Airport Indigenous Scholarship with James Cook University (JCU) providing two scholarships to Indigenous students undertaking studies in fields such as Business, Engineering and Environmental Studies - totalling \$64,000.

Proudly Investing and Growing Northern Australia additional reporting:

Reporting criteria	Progress
Demonstrate actual contribution to and positive outcomes for Indigenous Australians through Indigenous Engagement Strategies	During FY23-24 NAIF proponents report spending more than \$40 million towards Indigenous supply chains in support of their projects and enabling over 150 jobs for First Nations people. This takes the total amount to \$73 million toward Indigenous procurement and supporting over 1,000 Indigenous jobs to date. NAIF projects further support skills development, vocational training, and job creation, contributing to increased Indigenous workforce participation and economic empowerment across the north.
Building strategic partnerships to align and advocate for Indigenous economic development in northern Australia	NAIF dedicated much time with other SIV's including CEFC, EFA, Housing Australia, as well as commercial lenders, sharing insights into how an IES requirement can be a mandatory criterion under their Investment Mandate. In the financial year, NAIF continued its relationship under the MOU with IBA, ILSC and NIAA with the purpose of identification and cross-referral of potential projects and investment opportunities.

Corporate Governance

Legislative Framework

NAIF was established on 1 July 2016 as a corporate Commonwealth entity under the Northern Australia Infrastructure Facility Act 2016 (NAIF Act).

On 22 June 2023 legislation passed both houses of government, and received Royal Assent on 3 July 2023, to provide an additional \$2 billion to NAIF, taking the total financing available to \$7 billion. The definition of northern Australia was also updated to include the Indian Ocean Territories.

Accountability

NAIF is a portfolio agency within the Department of Infrastructure, Transport, Regional Development, Communications and the Arts. The responsible Ministers for the FY23-24 period were the Hon Madeleine King, MP, Minister for Resources and Northern Australia (the Minister) and Senator the Hon Katy Gallagher, Minister for Finance, Women and Public Service.

NAIF’s Board is the Accountable Authority with a focus on strategic direction, risk appetite and monitoring performance. The Ministers appoints the members of NAIF’s Board and provide direction through the Investment Mandate which was updated in December 2023.

During the reporting period NAIF’s Ministers have issued an Addendum to the Statement of Expectations and NAIF responded with an Addendum to its’ Statement of Intent,

both these documents can be viewed on NAIF’s website at <https://naif.gov.au/our-organisation/governance/naif-act-and-investment-mandate/>

As a corporate Commonwealth entity, the requirements of the PGPA Act apply to NAIF’s corporate governance, reporting and accountability.

Corporate Governance Framework

NAIF is committed to maintaining high standards of corporate governance.

NAIF has a comprehensive suite of governance policies that are fit for purpose and appropriate for its size and functions. It is a tailored governance framework that incorporates statutory responsibilities under the NAIF Act, Investment Mandate, PGPA Act and other relevant legislation.

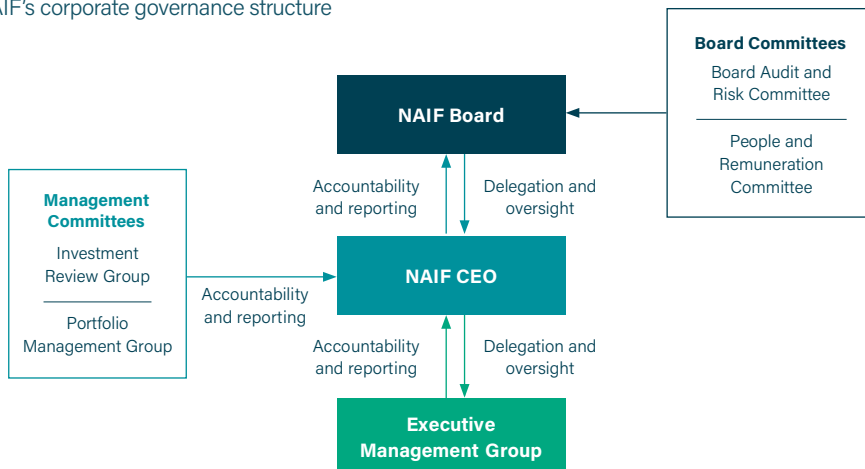
Board Charter

NAIF’s Board Charter sets out the Board’s roles and responsibilities. This Charter builds on the Board’s duties as the accountable authority under the PGPA Act and outlines key duties and responsibilities. <https://www.naif.gov.au/our-organisation/governance/>

Board Audit and Risk Committee Charter

Pursuant to section 45 PGPA Act, NAIF is required to have in place a functioning audit committee. The NAIF Board constituted the Board Audit and Risk Committee (BARC)

Figure 3: NAIF’s corporate governance structure



to review the appropriateness and provide advice on NAIF's financial and performance reporting, systems of risk management and oversight and system of internal control. The BARC Charter is available on the NAIF website. <https://naif.gov.au/our-organisation/governance/>

People and Remuneration Committee Charter

The People and Remuneration Committee (PRemCo), operates under a People and Remuneration Committee Charter. The primary role of the PRemCo is to provide strategic advisory oversight of NAIF's people and remuneration policies, frameworks, initiatives and strategies to assist in enabling NAIF to fully and effectively perform its functions.

Review and Continuous Improvement

NAIF approaches its operations on a continuous improvement basis to ensure that it has regard to Australian best practice government governance principles, and relevant Australian best practice corporate governance, as required by section 20(1) of the Investment Mandate.

Strategic and Corporate Planning

NAIF's strategic documents align with its corporate governance framework and purpose. The Corporate Plan FY24-25, sets out how we will build on our achievements to date by working with our partners to generate more jobs and economic activity in northern Australia. The plan is available on the NAIF website.

Ethical and Responsible Behaviour

Code of Conduct

The Code of Conduct seeks to foster a culture where ethical conduct is valued and demonstrated in NAIF's day-to-day business. The Code of Conduct provides the principles, standards, and behaviours that support expectations of integrity, accountability, transparency, and professionalism.

Public Interest Disclosure (whistleblower) Protection

NAIF is committed to maintaining the highest standards of ethical and accountable conduct and ensuring that individuals who make public interest disclosures are provided with the protections available under the *Public Interest Disclosure Act 2013*.

NAIF has developed detailed process to be followed for reporting, investigating and responding to disclosures made under the PID Act.

NAIF's Public Interest Disclosure Policy provides a framework for the escalation of disclosable conduct. This includes conduct that is illegal, corrupt, unethical or is an abuse of public trust. The Policy applies to all Board members and current and former employees, consultants and contractors of NAIF.

Conflicts of Interest

NAIF manages conflicts of interest in accordance with its Conflicts of Interest Policy which covers actual, potential or perceived conflicts of interest for NAIF Board members, employees and contractors.

Board members with a material personal interests in relation to a project under consideration are excluded from discussions and information relating to the project. A disclosed interest register is maintained to record actual, perceived or potential Board members' conflicts of interests. Board meeting minutes record recusals to protect any disclosed personal interests from occurring. In addition, a disclosed interest register is maintained for employees and contractors, with appropriate barriers implemented for employees with material personal interest in projects under consideration.

Anti Money Laundering and Counter Terrorism

NAIF has an anti-money laundering and counter-terrorism (AML/CTF) program to detect and prevent money laundering and terrorism financing when providing designated services. The program is designed in accordance with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act) and Rules. An independent review was conducted in FY23-24 confirming NAIF has implemented an appropriate AML/CTF program for the risks, nature, size and complexity of NAIF.

Privacy

The NAIF Privacy Policy, and Privacy Management Plan describes how NAIF collects, uses and discloses personal information and implements the requirements of the Privacy Act 1988 and Privacy (Australian Government Agencies – Governance) Code 2017. NAIF continues to improve its privacy management measures to progress towards its target maturity within the Privacy Management Plan.

Fraud and Corruption Control Plan

NAIF's Fraud and Corruption Control Plan (Plan) prevents the incidence of fraud and corruption through identifying risks and establishing adequate control strategies. In addition, the Plan establishes a clear set of procedures for detecting and dealing with allegations of fraud, including mandatory reporting requirements. The Plan was revised in FY23-24 to align with the Commonwealth Fraud and Corruption Control Framework.

Compliance

NAIF manages its compliance obligations through the compliance management framework, and the governance, risk, and compliance system. The framework provides a consistent and transparent methodology to manage obligations while promoting a culture that recognises the importance of adhering to regulatory requirements.

All incidents in FY23-24 were recorded in the NAIF Incident Register and satisfactorily addressed with no systemic issues identified.

Corporate Reporting

Internal Audit

EY is NAIF's internal auditor. During the period the internal audit program maintained a focus on delivery of value-adding services and compliance and performance audits in accordance with the Strategic Internal Audit Workplan.

External Financial Audit

The Australian National Audit Office (ANAO) is NAIF's external auditor who confirmed that NAIF's FY23-24 Financial Statements are compliant with Australian Accounting Standards and the PGPA Rule 2015 and issued an unmodified audit opinion. The field work associated with the FY23-24 financial statement audit was outsourced by ANAO to KPMG.

Judicial and Administrative Decisions and Reviews

There were no judicial or administrative decisions during the period.

Indemnities and Insurance

Insurances provided by Comcover and Comcare have general application that includes Board members and NAIF employees as per the ordinary insurances required of Commonwealth entities. Total premiums paid during the reporting period were \$60,894.

Legislative Reporting

Ministerial Direction

The responsible Ministers give NAIF direction through the NAIF Investment Mandate which is available on the NAIF website <https://naif.gov.au>

NAIF Act – Section 42(1) Reporting

For the purpose of s42(1) of the NAIF Act, NAIF reports as follows:

(a) Investment Mandate changes: On 8 December 2023, NAIF's responsible Ministers issued a new NAIF Investment Mandate. The particulars of the changes and their impacts on the operation of NAIF's are summarised in Figure 4.

(b) Summary of proposal notices given to the Minister: NAIF provides a written proposal notice to the Minister for each project. NAIF proposes to provide financial assistance as required under section 11(2) of the NAIF Act.

NAIF provided proposal notices for the four Investment Decisions made by the NAIF Board between 1 July 2023 and 30 June 2024 which are summarised in Figure 5.

(c) Summary of rejection notices by the Minister: There were no rejection notices from the Minister during the period.

Figure 4: Summary of Investment Mandate Changes

Changes	Impact
<p>Administrative changes including:</p> <ul style="list-style-type: none"> • updating when NAIF must notify a proponent of a decision to offer or not to offer financial assistance; • extending the timeframe for publishing details of an ID on NAIF's website; • adding an obligation on NAIF to publish a summary of a project's IES / Local Employment and Procurement Strategy; • adding an obligation on NAIF to publish guidance on NAIF's website of the processes for making decisions on whether to offer financial assistance for projects; • expanding on the requirements of the AIP scheme; and • enabling NAIF to make an ID prior to the proponent obtaining all necessary regulatory, environmental and other relevant approvals and arrangements for a project on such conditions as NAIF considers appropriate. 	<ul style="list-style-type: none"> • Clarifies NAIF processes.

Figure 4: Summary of Investment Mandate Changes (continued)

Changes	Impact
<p>Stakeholder engagement changes including:</p> <ul style="list-style-type: none"> • expanding NAIF's consultation obligations and the views that NAIF must take into consideration prior to making an ID; • clarifying which department should be contacted for a project in the Indian Ocean Territories; and • placing an obligation on NAIF to avoid behaviour which is likely to bring into disrepute (a) the Commonwealth, (b) a Commonwealth entity, (c) a State or (d) an agency or authority of a State. 	<ul style="list-style-type: none"> • Increases transparency.
<p>Origination changes including:</p> <ul style="list-style-type: none"> • adding a requirement to conduct an assessment each time a loan is to be provided on concessional terms; • distinguishing those items which NAIF must be satisfied with (including new requirements to ensure that (i) each project aligns with one or more Government Policy Priorities contained in the new Schedule 2 and (ii) NAIF's risk exposure in each project amounts to an acceptable level of risk) and those items which NAIF must consider prior to making an ID (including new items (i) the Risk Appetite Statement and (ii) the potential effect of the investment on the activities of other Commonwealth entities); • a requirement on NAIF to notionally set aside \$500 million from the appropriation amount to go towards projects that contribute to realising the Government's critical minerals strategy; • placing an obligation on NAIF to consider proposing and utilising contract terms or conditions which reduce or remove NAIF concessions over time or which enable NAIF to exit early from an investment, where the project becomes viable on non-concessional terms; • clarifying when NAIF may use an Alternative Financing Mechanism or acquire a derivative; • restricting NAIF from providing direct financial assistance on a concessional basis and ensuring direct financial assistance is only provided as a last option; and • restricting NAIF from providing equity where NAIF or the Commonwealth would acquire a controlling stake in an entity. 	<ul style="list-style-type: none"> • Tightens NAIF's use of concessions, direct financial assistance and equity; • Details Government Policy Priorities, including in relation to its critical minerals strategy; • Clarifies when Alternative Financing Mechanisms and derivatives may be used; and • Distinguishes those items which the NAIF Board must be satisfied with and those items which the NAIF Board must consider prior to making an ID.
<p>Portfolio management and operational changes including:</p> <ul style="list-style-type: none"> • requiring NAIF to address new considerations in its Risk Appetite Statement (i.e. risks shared with the Commonwealth, climate change-related risks and net zero transition risks); • adding certain requirements for NAIF to follow when managing its portfolio including an obligation to provide quarterly reports on impaired and troubled investments to the responsible Ministers (previously this was an annual reporting requirement); • adding climate and transition risks and shared risk as items to be contained within NAIF policies (and updated annually); • placing an obligation on NAIF to report on the non-financial outcomes of its IDs, including how it has developed or enhanced northern Australian economic infrastructure, public benefits to the broader economy and community and Indigenous participation (as part of its annual report); and • clarification that each quarter, unless otherwise requested by the Minister for Northern Australia in writing, NAIF must provide a briefing to the responsible Ministers on the status of its IDs, each project's performance against any key metrics requested by the Minister for Northern Australia, and delivery against the Government Policy Priorities. 	<ul style="list-style-type: none"> • Broadens NAIF's portfolio management and operational capabilities and responsibilities.

Figure 5: Summary of proposal notices

Proponent	Jurisdiction	Project	Max amount of NAIF financial assistance
Mater Misericordiae Ltd	Townsville, QLD	Maternity and Renal Dialysis Unit	\$25m
Arafura Rare Earths Ltd	Alice Springs, NT	Nolans Bore Rare Earths Project	\$200m
Alpha HPA Ltd	Gladstone, QLD	HPA First Project	\$200m
North Queensland Airports	Cairns and Mackay, QLD	North Queensland Airports Upgrade Project	\$155m

Figure 6: Summary of important features of financial assistance approved during the period

Proponent ¹	Tenor (years)	Senior	Secured	Interest rate concession
Mater Misericordiae Ltd	17	✓	✓	✓
Arafura Rare Earths Ltd	11	✓	✓	✓
Alpha HPA Ltd	15	✓	✓	✓
North Queensland Airports	10	✓	✓	✓

¹ See proponent names and project details in Figure 5 Summary of Proposal Notices

(d) Summary of projects for which financial assistance was approved during the period:

- (i) For amounts of financial assistance and kinds of northern Australia economic infrastructure refer to figure 5: Summary of proposal notices.
- (ii) All financial assistance provided during the period was in the form of a loan. Figure 6 provides a summary of the important features of each loan during FY23-24.
Each loan pays an upfront facility fee and an interest rate above the Commonwealth cost of borrowing which represents returns to the Commonwealth.

- (iii) The risks to the Commonwealth are rigorously assessed during the due diligence process to ensure the risks are understood and mitigated where possible. Risks include project, credit, transaction, structure, environmental and social, construction, technology, operation, management, market, industry, business, financial and concentration risk.

(e) Summary of adjustments or concessions made by NAIF in relation to infrastructure projects that have not progressed as planned:

There were seven adjustments / concessions of this type during the reporting period which are summarised in Figure 7.

Figure 7: Summary of adjustments or concessions for projects that have not progressed as planned

Proponent	Adjustment / Concession	Reason
Cowboys Rugby League	Consent provided for new subsidiary company not to join the Cowboys obligor group.	The new subsidiary was formed specifically to purchase residential accommodation to house players, especially from the NRL women's league.
Kidston Hydro	Deferral of the requirement to fund the debt service reserve account from January 2026 to December 2027, deferral of the commencement of principal repayments from June 2025 to December 2027, increase in the bullet repayment from \$331m to \$372m. Consent to approve change of control to J-POWER.	To accommodate delays in construction of the project. To continue to provide financing under the new ownership structure. (Note that these will be documented in FY24-25)
Merricks Capital	Deferral of March 2024 and June 2024 principal repayments to September 2024.	To accommodate delays in revenue pending connection to the electricity grid.
NT Airports	Repurpose of \$115m undrawn facility. Original solar farm and battery sub-projects did not proceed.	To enable the facility to be used for an upgrade of the Darwin International Airport runway. (Note that this is to be documented in FY24-25)
Onslow Marine Support Base	Temporary reduction in principal repayments from \$988k per quarter to \$280k per quarter from September 2023 to December 2024.	To accommodate OMSB's slower than expected ramp up in contracts and cash flow since taking over port operations in January 2022.
Signature Onfarm	Deferral in the commencement of principal repayments from September 2023 to December 2024. Relief in calculation of financial covenants to 31 December 2024 and cash sweep to 30 June 2025.	To accommodate delays in ramp up of the abattoir due to delays in receiving export licences to Europe and the UK.
Strandline Resources	Deferral of payment of interest from December 2023 to 30 September 2024. Reduction in minimum cash balance from \$10.0m to \$3.5m, requirement to fund the debt service reserve account and calculation of loan life cover ratio deferred to 30 September 2024.	To give the company time to restore its operating activities pending a longer term capital restructure.

NAIF Act – Section 42(2) Reporting

NAIF had no subsidiaries in existence during FY2023-24.

Environmental Reporting

Commitment to Sustainable Finance

NAIF's sustainability ambitions are in line with its purpose, to contribute to the nation by proudly investing in the growth of northern Australia. This includes actively consulting across government in priority areas as they impact investment in northern Australia, such as the Net Zero Economy Agency, areas of the Commonwealth's National Adaptation Plan (NAP) and the development of Australia's Sustainable Finance Taxonomy. Priority areas for NAIF during FY23-24 included:

- transition, adaptation and decarbonisation activities;
- blended finance thought leadership;
- job creation and public benefit;
- First Nations people and community engagement;
- skilled and diverse workforce; and
- Environmental, Social and Governance (ESG) reporting.

NAIF is also an Associate Member of the Australian Sustainable Finance Institute (ASFI) and continued to actively collaborate with key stakeholders in advancing Australian sustainable finance initiatives. During FY23-24, representatives from NAIF participated in the following workshops, forums and activities:

- ASFI First Nations Reference Group;
- IGCC Climate Change Investment & Finance Summit 2023;
- Launch of the Green Building Council of Australia (GBCA's) and Australian Sustainable Finance (ASFI's) Sustainable Finance Guide;
- 2023 Australian Sustainable Finance Summit; and
- Australasian launch of the Taskforce on Nature-related Financial Disclosures (TNFD).

In addition NAIF has been building inhouse capability through a variety of training / education programs including:

- AICD Introduction to Climate Governance;
- ESG for Risk Professionals; and
- Climate Risk and Opportunity Management Program (CROMP).

Australia's Emissions Reduction Targets

NAIF recognises the impact of climate change on our business and communities and supports Government policy and carbon reduction targets to achieve net zero by 2050. NAIF is committed to publicly report on exposure to climate risks and opportunities, as well as

actions to manage them in line with Government policy for government entities. NAIF has voluntarily opted-in to the Commonwealth Climate Disclosure Pilot see Climate Disclosure chapter on page 68, reflecting its proactive commitment.

Ecological Sustainable Development

Section 516A of the Environmental Protection and Biodiversity Conservation Act 1999 (Cth) (EPBC Act) requires NAIF's annual report to deal with such matters:

- report on how NAIF's activities accord with the principles of ecologically sustainable development (ESD principles);
- document the effect of NAIF's activity on the environment;
- identify any measures NAIF is taking to minimise the impact of its activities on the environment; and
- identify the mechanisms (if any) for reviewing and increasing the effectiveness of those measures.

The Environmental Reporting section of the Annual Report, and in particular the section titled E&S Impacts Overview – FY23-24 Investment Decisions, addresses this reporting requirement.

Section 20(1) of the Investment Mandate also requires NAIF have regard to best practice government governance principles, and Australian best practice corporate governance for Commercial Financiers when performing its functions, and to develop and review annually policies with regard to environmental, social and governance issues, and climate and transition risks. Consideration of the environmental impact of our activities is a consideration in all decisions made in compliance with Australia's legislative landscape.

Environmental and Social Review of Projects Policy

NAIF's activities accord with ESD principles and best practice corporate governance through the application its Environmental and Social Review of Projects Policy (ESR Policy). The ESR Policy ensures that each project submitted for an Investment Decision has been assessed through environmental and social due diligence. It relevantly ensures that NAIF's due diligence processes leading to an Investment Decision include an assessment of environmental and social impacts (E&S impacts), which are considered along with the public benefit assessment, as outlined in NAIF's Public Benefit Guideline. That guideline provides direction on how NAIF will assess the public benefit of each project, including both beneficial and adverse E&S impacts (where applicable), alongside a range of other short and long term economic and social considerations for each proposed project.

In performing due diligence, NAIF requests detailed information from project proponents regarding actual or proposed project plans and resources (for example, planning and environmental consultations, community consultation plans, biodiversity action plans, native title plans and cultural heritage plans). NAIF's assessment is performed using internal resources and expert external advice (as required). NAIF also consults with government agencies relevant to the E&S impacts of a project as appropriate. Emphasis is placed upon the project proponent's capacity to comply with approvals. NAIF also investigate the project proponent's:

- E&S systems, plans, policies, and procedures for compliance with applicable E&S approvals (and the conditions of those approvals); and
- Record of compliance with E&S regulatory requirements.

NAIF also assess the degree to which requests for financial assistance have the potential to adapt or mitigate the negative impacts of climate related risks and contribute to the achievement of Australia's greenhouse gas emissions reduction targets. NAIF seeks to confirm that the project proponent has undertaken appropriate stakeholder consultation, including, where relevant, respecting the principle of Free, Prior and Informed Consent (FPI). NAIF also expects to see appropriate resources and systems allocated to the management of social impacts, including the commitment to ongoing stakeholder consultation and complaints handling during project construction and operations.

NAIF monitors compliance with E&S obligations during the lifecycle of the project, according to specific E&S contractual provisions, specific E&S reporting, and the nature of the potential risks identified. Should a project fail to comply with contractual E&S obligations, NAIF will endeavour to work with the project proponent to make the project compliant or, as necessary, exercise the Facility's contractual remedies.

E&S Impacts Overview – FY23-24 Investment Decisions

In accordance with our ESR Policy, NAIF assessed Investment Decisions for the E&S Impacts. A summary of each is provided below:

Mater Misericordiae Ltd Maternity and Renal Dialysis Unit

This project represents an expansion of an existing brownfield hospital site, within an established urban environment (see page 19 for more detail on the project). The project is a continuation of the existing

10-year masterplan to enhance health care services for adjacent communities. The masterplan assesses project compliance against relevant State and Commonwealth codes and demonstrates that relevant planning codes have been considered and approved. The project produces significant community and social benefit through the improved delivery of integrated medical services and improved patient experience, which have been relied upon to address environmental and social requirements. Through the masterplan identified risks are being managed and minimized, and the development application is not subject to assessment against EPBC Act. The identified environmental risks for the project include:

- compliance with the Health Waters Code, due to the nature of the development and continuation of existing land use.
- compliance with the Landscaping Code, with extensive and well considered landscaping suited for the climatic conditions being provided with the concept plans forming part of the development application; and,
- understanding of flood hazard overlay code, identifying the site as a low/medium hazard area with the proposed floor levels above the Defined Flood Event; and noise levels being within acoustic quality objectives, under the Environmental Protection (Noise) Policy 2008.

Mater is a signatory to the Global Green and Healthy Hospitals network, recognizing its social and economic responsibilities. Due diligence considered the achievement of a number of environmental and sustainability targets including a 39% reduction in waste over the prior six years, the proponent's commitment to recycling and a reduction in fuel consumption of 30% over eight years. NAIF's loan will support the installation of a rooftop solar array to reduce reliance on grid-provided power and reduce carbon emissions. Where possible, low carbon and recycled materials are contemplated to reduce the environmental impact of the project.

Alpha HPA First Project

The HPA First project will produce a range of high purity alumina products using proprietary technology. This production process results in a less energy-intensive process and lower carbon emissions compared to the incumbent process. The design includes recycling of all key reagents as by-products and a plant powered by 100% renewable energy.

The project's environmental and social risks or impacts are generally site-specific, largely reversible, and able to be satisfactorily mitigated (see page 18 for more

details on the project). Primary environmental risks are cumulative impacts from wastewater, air pollution, noise, bushfire, and coastal flooding.

Stage One Precursor Production Facility (PPF) in Gladstone is now in production and represents the first commercial application of Alpha's proprietary licensed solvent extraction and refining technology to produce >99.995% pure aluminium products in small-scale commercial quantities. Stage 2 is the full-size production facility, capable of producing 10,000 tonnes of HPA equivalent per year, that is the subject of NAIF's investment decision and funding, and is currently in the early phase of construction.

Environmental Permits and approvals are either in place or are planned to allow construction and operations as scheduled. Further, a condition of funding is that all necessary approvals are held. An Environmental and Social Impact Assessment (ESIA) has been completed with several State and local approvals granted including an Environmental Authority (EA) approval in March 2022 and State Development Approval (SDA) approved in January 2021. Amendments to the EA and SDA are in progress. No impacts to Matters of National Environmental Significance were identified and hence approval under Commonwealth environmental legislation was not triggered.

Carbon footprint analysis has been undertaken on each of the high purity aluminium products by a third party (CarbonChain). Modelling covers Scope 1, 2 and 3 emissions and the credits from reagent recycling. Results support the low carbon footprint status, expected to be sector-leading in each product category. The proprietary technology is expected to disrupt current HPA production by achieving significantly lower unit cost and a lower carbon footprint.

The Project is likely to require reporting under the National Greenhouse and Energy Reporting Act (NGER) when it commences full operation. Expectations are the Project is not likely to emit over 100,000 tonnes of CO₂ equivalent annually and on that basis will avoid entry into the Safeguard Mechanism. NAIF would anticipate a more detailed Scope 1 and Scope 2 emissions profile to be provided in due course with Alpha HPA currently developing an updated climate change strategy.

Alpha HPA will report under the Australian Sustainability Reporting Standards (ASRS), which are aligned with International Sustainability Standards Board Standards (ISSB) S1 and S2. It has achieved a range of ISO certifications in relation to environmental management.

During NAIF's due diligence, a third-party expert prepared an Independent Environmental and Social Report (IESR), focusing on Stage 1 of the project. This report also considered the Equator Principles and IFC Environmental and Social Performance Standards, given the regulatory requirements of NAIF's co-financier. A final report is due to be completed as a condition prior to funding and will incorporate the full-scale Stage 2 facility.

The IESR considered Stage 1 to have low risk of significant environmental and social impact and an expectation of meeting the recommended guidelines of Equator Principles and IFC Environmental and Social Performance Standards. In conjunction with the final report, an Environmental and Social Action Plan will be developed, which will incorporate any mitigating measures required as well as a monitoring regime.

The project was also assessed during the due diligence phase for compliance with NAIF's Environmental and Social Review of Project Policy. In assessing a bespoke project of this nature, reliance is placed on the IESR, however emphasis is placed on the environmental and social assessment and approvals required under State legislation.

Climate risk has been specifically considered, and Alpha HPA has developed a Climate Related Approach and Emissions Reduction Strategy for Project activities. The strategy and recommendations are considered achievable by the independent expert.

Overall, the nature of the project and its focus on commercialization and production of critical high purity aluminum products driving decarbonization in LED lighting, lithium-ion batteries and semi-conductor sectors align to NAIF's ESR Policy.

Arafura Nolans Bore Rare Earths Project

Arafura's commitment is to be supplier of choice for sustainably mined and processed rare earth products, assisting customers to deliver clean and efficient technologies.

As part of the due diligence to support a project of this nature (see page 20 for more detail on the project), NAIF conducted an in-house Environmental and Social Risk Evaluation and reviewed the project against the main requirements of NAIF's ESR Policy. Additionally, an Independent Environmental and Social Consultant was appointed by the Proponent to conduct an E&S assessment of the project that:

- presented a description of how the project is aligned to relevant E&S standards (including NAIF's ESR policy,

International Finance Corporation's Performance Standards, Equator Principles and the Global Industry Standard on Tailings Management).

- identified recommended actions to bring the project into compliance with the E&S standards; and
- recommended timelines for completion and required actions for agreement with lenders.

In 2006, Arafura initiated an extensive program of cultural heritage, baseline environmental studies and stakeholder engagement for the Nolans Project. These studies continued in subsequent years and formed the basis of the Nolans Project Environmental Impact Statement (EIS), which received Federal and Northern Territory Government approval in 2018 and 2019, respectively.

The EIS comprised detailed studies on a range of key areas including:

- flora and fauna, including vulnerable species;
- the likely social impacts of the project including how it may affect and create opportunities for communities close by, and throughout the greater NT;
- the impact of additional trucks and other traffic on local roads, including flow-on effects for other road users and road maintenance requirements;
- culture and heritage studies to ensure a comprehensive understanding of significant sites within or close to the Nolans Project area and how best to mitigate any impact on the area's Traditional Owners and their connections to local land, water and areas of cultural significance;
- the management of any risks associated with the naturally occurring radiation associated with material to be mined and processed;
- the project's water requirements and the impact of those requirements on the environment;
- causes, impacts and management of dust and noise associated with the project; and
- a forward-looking assessment of the rehabilitation activities required throughout the Nolans Project's operational life.

The content of the EIS was considered consistent with NAIF's ESR Policy which has been recently amended to include Climate Change Risk Assessments (CCRA). Since this project is predicted to generate >100,000t of CO₂-e, the requirements of Equator Principles IV (EPIV) Principle 2 are also triggered which requires Arafura to complete a CCRA including considerations of physical risks and climate change risks prior to financial close.

The impact of climate change and GHG emissions are

important considerations for the project's development and Arafura has affirmed its commitment to the ongoing development and operation of the project with the aim of achieving net zero carbon emissions by 2050. As reported in FY22-23, the total combined metric tons of carbon dioxide (CO₂) generated from Scope 1 and 2 emissions for Arafura and the project increased from 69 tCO₂-e to 722 tCO₂-e. This increase is primarily due to early works at the project site during FY23, which involved a number of light and heavy equipment vehicles. GHG emissions are anticipated to increase further from current levels following commencement of main construction activities. The project is anticipated to complete National Greenhouse and Energy Reporting Act (NGER) reporting when it reaches 25,000 tonnes CO₂-e.

In addition to the EIS, following submission of a detailed Mine Management Plan and supporting Environmental Monitoring Plans to the Northern Territory Government, Mining Authorisation for the Nolans Project was issued in late 2022.

For reference please refer to the following link, Nolans Project EIS and Approvals: <https://www.arultd.com/projects/nolans/eca-project-information-eis-and-approvals/>

North Queensland Airports Upgrade Project

North Queensland Airports (NQA) is committed to delivering environmental, social and governance outcomes and has set long-term aspirations in line with global standards such as the Paris Agreement and the United Nations Sustainable Development Goals (See page 17 for more details on this project). NQA have demonstrated a commitment towards net zero in a hard to abate sector, especially when considering the Scope 3 emissions of contracted airlines, which is an industry wide issue. Current notable initiatives include:

- Protection of Indigenous cultural sites: Several sites of Indigenous cultural heritage significance have been identified on Redden Island, Ellie Point and at the eastern end of the international taxiway within the Cairns Airport land. These sites are registered under the Aboriginal Cultural Heritage Act 2003;
- Protect biodiversity and sustain healthy waterways: Cairns Airport is built near high value coastal ecosystem including the Trinity Inlet, Barron River, and Great Barrier Reef Marine Park, all fragile coastal ecosystems. Onsite management of developments and operations is undertaken to ensure that these fragile environments are not polluted;
- Carbon neutrality: Cairns Airport has committed to

a net zero carbon plan (scope one and two) by 2025 to reduce greenhouse gas emissions and operating costs;

- The Northern Queensland Airport Group, Cairns and Mackay Airports will be powered by 100% local renewable energy. Achieving Net Zero emissions (for Scope 1 and 2) by 2025 will make NQA one of the first carbon-neutral airports in Australasia. Direct emissions will be reduced, and residual scope 1 emissions will be offset onsite through carbon sequestration. The airport's electricity, and that of tenants, will be derived from renewable sources through a power purchase agreement with a local renewable energy provider.
- Halve waste to landfill: Cairns Airport produces approximately 75 tonnes of waste each month. NQA are seeking solutions to reduce waste though keeping materials in use longer and regenerating natural systems;
- NQA operate a Community Aviation Consultation Group (CACG) which meets quarterly and provides a forum for dialogue between Cairns Airport, Airservices Australia, Airline representatives, local community representatives, local government and other stakeholders to address environmental issues which are of concern;
- NQA's capital structure includes Sustainability Linked Loans which reference KPI's including Greenhouse Gas Emissions, Biodiversity and Indigenous Engagement. NQA adherence is evaluated by an independent third party review each financial year.

NAIF Sustainability Initiatives Travel and Transport

NAIF supports the use of sustainable travel to commute to and from work, such as walking, cycling or public transport. NAIF sites provide end-of-journey facilities, including secure bike parking, showers and lockers.

Physical Footprint & Energy Efficiency

NAIF utilises serviced office arrangements to minimise our footprint for our smaller satellite locations. Currently, 5 out of the 6 NAIF offices are located in a building with a 4-star NABERS energy rating or better. NABERS is a simple, reliable sustainability rating for the built environment that provides a rating from one to six stars for buildings efficiency across energy, water, waste and indoor environment.

Figure 8: NAIF physical footprint and energy efficiency

Office Location	Arrangement	NABERS Energy	NABERS Water	NABERS Indoor Environment
Cairns	Head Office – Lease arrangement	5.5	N/A	N/A
Sydney	Lease through Export Finance Australia	4.0 ¹	3.0	N/A
Darwin	Serviced office in Charles Darwin Centre	5.0	N/A	N/A
Brisbane	Licensed Arrangement with Australian Financial Security Authority	5.0	4.5	N/A
Perth	Serviced office in the Executive Centre	4.0	3.5	3.5
Townsville	Serviced office in the Northtown Building	N/A	N/A	N/A

Note: Refer to EFA Annual Report FY23-24 for further details regarding Sydney office efficiencies and AFSA Annual Report FY23-24 for further details on Brisbane office efficiencies.

¹ Including green power; 2.5-star energy rating without green power.

Sustainability Initiatives

Figure 9: NAIF office sustainability initiatives

Current	Future
<ul style="list-style-type: none"> ▪ NABERS ratings disclosure (across water and power, if available) on each of the properties ▪ Open plan offices and central air conditioning ▪ Paper generally from Australian Forestry Standard Certified production ▪ Employees have portable devices including phones and computers ▪ Central printing facilities, allowing for fewer devices (which have energy saving mode when not in use) ▪ Use of technology for work from home, meetings and training ▪ Staff encouraged to limit printing ▪ Recycling of e-waste, paper and plastic ▪ Electronic distribution of papers and briefings to Board Members ▪ Central bin facilities only, no personal bins to encourage low waste production (in NAIF managed offices) 	<ul style="list-style-type: none"> ▪ 100% recycled A4 paper, 100% recycling of paper waste and recycling of other stationery items ▪ Explore further green power renewable electricity options to realise a decrease of our Scope 2 emissions ▪ Development of social and sustainable procurement principles and guidelines ▪ Research social value measurement frameworks to inform planned approach for delivering and measuring impact of social sustainability initiatives ▪ Electronic workflows aimed to reduce the use of paper and the need to retain paper copies ▪ Energy saving features of the Windows Operating System ▪ Cloud services to reduce both power consumption and computer hardware requirements ▪ Implementation plan aligned with Net Zero Operations Strategy



Image: APA Group Chichester Solar Gas Hybrid Project

Board

Board Skills

Board members are appointed by the responsible Minister. All Board members have relevant experience as required under section 15 of the NAIF Act. The Board incorporates a broad range of skills and knowledge, combined with the extensive experience necessary to make Investment Decisions. Board members also draw on the expertise of NAIF’s Executive, or other independent experts as required, to aid in decision making.

NAIF Board Role and Responsibilities

The Board is the accountable authority responsible for the overall operation and stewardship of NAIF and reports to Parliament through the responsible Ministers. The Board decides within the scope of the NAIF Investment Mandate the strategies and policies to be followed. It monitors compliance with those strategies and policies, defines NAIF’s risk appetite, makes Investment Decisions and otherwise ensures the proper, efficient and effective performance of NAIF.

Figure 10: Summary of Board Member meeting attendance FY23-24

Board Member	Board	
	Eligible	Attended
Grant Cassidy	11	11
Kate George	11	10
Mark Gray	11	10
Tracey Hayes (Chair)	11	10
Lisa Hewitt	11	10
Steve Margetic	11	11
Vanessa Elliott	11	9
Government Member (Delegates of the Secretary) ¹	11	11

¹ Lisa Rauter was appointed alternate for the Secretary on 2 September 2023. Andrew Burke continues as additional alternate having being appointed on 25 January 2023.

Board Audit and Risk Committee

In accordance with the PGPA Act and the PGPA Rule the primary function of the Board Audit and Risk Committee (BARC) is to review the appropriateness of and provide advice on NAIF’s:

- financial reporting;
- performance reporting;
- the system of risk management and oversight; and
- the system of internal control.

Figure 11: Summary of Board Audit and Risk Committee Member meeting attendance FY23-24

Board Member	BARC	
	Eligible	Attended
Mark Gray (Chair)	4	4
Lisa Hewitt	4	4
Steve Margetic	4	4

People and Remuneration Committee

The People and Remuneration Committee (PRemCo) is a sub-committee of the Board and its primary role is to provide strategic advisory oversight of NAIF’s people

and remuneration policies, frameworks, initiatives and strategies to assist in enabling NAIF to fully and effectively perform its functions to ensure the success of NAIF.

Figure 12: Summary of People and Remuneration Committee Member meeting attendance FY23-24

Board Member	PRemCo	
	Eligible	Attended
Grant Cassidy (Chair)	4	4
Kate George	4	4
Vanessa Elliott	1	1



Image: NAIF Board Members

Board (Board Profiles and Photos)

Tracey Hayes

EMBA, GradCert Rangeland Science MAICD JP

Chair and member from Northern Territory

Appointed to the Board and as Chair - 01/07/2021



A business person and experienced Chair, Director and CEO working throughout Australia, and internationally.

Long-term resident and business operator in northern Australia with significant experience in land management, exports, trade, infrastructure development and working across State, Territory, and the Commonwealth Government.

Current roles include: Board of the Australia-Indonesia Institute; Member of the National Resilience and Recovery Agency advisory board; Director, Corporate Affairs AAMIG; Director, Lion Twin Pty Ltd; Director, Wiltrac Pty Ltd; Federal Chair of the Royal Flying Doctor Service.

Previous roles include: Chief Executive, Northern Territory Cattlemen's Association; Council Member, Order of Australia Honours Council; Member, Cooperative Research Centre for Northern Australia.

Grant Cassidy

OAM FAICD JP

Member from Queensland

Appointed 24/11/2021



A business person and highly experienced company Director specialising across a range of sectors including tourism and hospitality, media, regional economic development, beef cattle and ports. Over 35 years of living and working across central and northern Queensland including Cairns, Mackay and the Whitsundays, Rockhampton and Gladstone.

Current roles include: Managing Director, Cassidy Hospitality Group; Director, Gladstone Ports Corporation Ltd; Director, Gladstone Marine Pilot Services; Chairman, Regional Development Australia Central and Western Qld; Vice Chairman, Beef Australia Ltd; Chair, Rockhampton Red Shield Appeal Business Committee; Chair, Capricornia Business Advisory Alliance.

Previous roles include: 15 Years in Commercial Media (Radio) and Multi Media.

Kate George

LLB, Hon DLaws GAICD

Member from Western Australia

Appointed 29/3/2019



A consultant with an extensive legal background and significant experience working in the resources industry, regional and Indigenous business, infrastructure and asset management and is experienced as a Board Member. A Putejurra woman involved in Aboriginal affairs for over 40 years including holding senior public service positions. Background in land access agreements and development opportunities with traditional owners, government and resources sector across northern Australia including the Pilbara.

Current roles include: Director, Claypan Services Pty Ltd; Director, Warlparringu Pty Ltd.

Previous roles include: Principal Consultant, Claypan Services; CEO, Kariyarra Mugarinya Property Joint Venture; Ministerial Advisor State and Federal Governments; Member, Northern Region TAFE Governing Council; Managing Director, PwC Indigenous Consulting; Chair, Ten64 Limited; Director, IBA Assets Management Pty Ltd. (IBA-AM).

Mark Gray

D.Univ, BEcon (1st Class Hons), FAICD

Member from Queensland

Appointed 24/11/2021



An accomplished Chair and Company Director with extensive experience and skills in strategic leadership, financial services, investment banking, corporate governance and organisational change. An outstanding record of significant achievement in non-executive and executive roles across both the private and public sectors.

Involvement in northern Australia includes previous employment and current Directorships which have interests and operations in northern Queensland, at locations such as Cairns, Townsville, Mackay, Mourilyan, Lucinda, Mt Isa and Cape York.

Current roles include: Chair, Data#3 Limited; Chair, Sugar Terminals Limited; Deputy Chair, the Central SEQ Distributor-Retailer Authority (Urban Utilities); Deputy Chair, the Royal Flying Doctor Service (Queensland); Non-executive Director, the Queensland Cricket Association.

Previous roles include: Chief Executive Officer, Queensland Treasury Department; Chief Executive Officer, Queensland Competition Authority; Chief Executive Officer, the Queensland Independent Commission of Audit.

Board (Continued)

Steve Margetic

FAICD

Member from Northern Territory

Appointed 01/07/2021



Extensive experience across northern Australia in the private sector and government owned corporation experience in regional and remote strategic infrastructure development and delivery through Public Private Partnerships, Alliancing, Managing Contractor delivery and traditional delivery models across tourism, defence, health, education, institutional and civil engineering sectors. Involvement in northern Australia includes over 35 years in business and industry with a keen interest in the importance of strategic economic infrastructure as a key enabler to underpinning long term economic growth in northern Australia.

Current roles include: Managing Director, Sitzler Pty Ltd; Director, Master Builders Australia; Deputy Chair, Darwin Major Business Group; Director, RPM Pty Ltd.

Previous roles include: Chairman of the Northern Territory Land Development Corporation; Director of Power Water Corporation; President of Master Builders NT; Member of the Territory 2030 Strategic Plan Steering Committee.

Lisa Hewitt

BBus (Accounting), MBA (Finance) MAICD

Member from Queensland

Appointed 27/01/2022



Finance professional with an accounting background, and experience in building and leading high-performance cultures that deliver for customers and communities in northern Australia. Experience across corporate, middle market specialised and high-risk lending for Agribusiness, Property, Commercial and Health industries. Involvement with northern Australia includes a lifelong association and experience through family business and corporate roles. A strong supporter of regional Australia, promoting investment to improve capability and delivery of financial wellbeing and services in regional centres.

Current roles include: General Manager, Qld/NT Elders Limited.

Previous roles include: Regional Executive, Business Banking North Queensland, Australia and New Zealand Banking Group Limited.

Vanessa Elliott

AM

Member from Western Australia

Appointed 12/07/2023



A distinguished leader from Western Australia, Northern Territory and Queensland, recognised for her significant contributions to the Indigenous community, mining industry, and public administration. With over two decades of experience, she has established herself as a respected figure in economic development, community services, and project management.

Current roles include: Director of Desert Knowledge Australia; Board Member of the East Metropolitan Health Service; Advisory Board member for Newmont Global Indigenous Relations and with the Centre for Social Responsibility in Mining.

Previous roles: Director of Indigenous Business Australia; Co-Chair of the Aboriginal Working Group for the Chamber of Minerals and Energy of Western Australia.

Department Secretary

Jim Betts

Secretary, Department of Infrastructure, Transport, Regional Development, Communications and the Arts



A public servant with over 30-years' experience working in the UK, Victorian, New South Wales and Australian Governments across transport, infrastructure and planning portfolios.

Current role: Secretary, Department of Infrastructure, Transport, Regional Development, Communications and the Arts (appointed July 2022).

Previous roles include: Partner, EY Port Jackson Partners; Secretary, NSW Department of Planning, Industry & Environment; Chief Executive Officer, Infrastructure NSW; Secretary, Victoria Department of Transport; Director of Public Transport, Victoria.

Under the NAIF Act, the Secretary of the Department is able to delegate the Ex-Officio responsibilities to authorised Senior Executive Service officials from the department. During 2022-23, the Secretary has authorised the First Assistant Secretary, Partnerships and Projects Division, the Assistant Secretary Office of Northern Australia and the Assistant Secretary Northern Australia Investments and Projects Branch to act as Secretary's Delegate during NAIF meetings.

Nominated alternates

Lisa Rauter PSM

First Assistant Secretary, Partnerships and Projects Division

Andrew Burke

Assistant Secretary, Northern Australia Investment and Projects Branch, Partnerships and Projects Division

Risk Management

Our Risk Management Framework

NAIF's embedded Risk Management Framework (Framework) empowers our employees to confidently approach and harness the opportunities that risk provides. This framework enables our Board, Executive Management Group (EMG), and employees to make informed risk decisions through a consistent methodology. Our Framework ensures that risks are considered and mitigated through internal controls, supporting the achievement of NAIF's strategic goals while maintaining alignment with the International Standard for Risk Management (ISO 31000) and the PGPA Act.

Enterprise Risks and Appetite

The Board-approved Risk Appetite Statement (RAS) sets the risk limits within which NAIF operates to achieve our objectives. In FY23-24 as part of the annual review of our RAS, we expanded our risk focus, placing additional emphasis on mitigating those risks with the potential to have a significant impact on NAIF, our stakeholders, and the community, both now and in the future.

NAIF continuously scans the internal and external environment for emerging risks which may impact NAIF's ability to achieve strategic goals.

Risk Management Maturity

NAIF has an ongoing commitment to risk management and compliance practices. During the reporting period, we continued to embed, monitor, and strengthen the initiatives from the FY22-23 Roadmap. Embedding these initiatives ensures that our Board, Executive, and employees appropriately consider risk and adhere to applicable compliance obligations in executing our key activities. To further these efforts and integrate risk thinking and techniques into decision-making, we focused on several key initiatives.

Fostering a Positive Risk Culture

In December 2023, NAIF conducted an internal risk culture survey to measure and establish a benchmark and target for our risk culture. The overall results exceeded benchmarking expectations, with a positive response rate of 82-100%. The survey provided valuable insights into how NAIF's culture, beliefs, values, and behaviours support risk management within our risk appetite. This survey has enabled NAIF to identify, measure, and set a current benchmark as we continue to enhance risk management activities.

Building Frameworks

In FY23-24, we refined the Risk Management Policy and Framework to maintain alignment with the Commonwealth Risk Management Policy while documenting initiatives to incorporate Investment Decision risk in the second line of defence and climate risk considerations into our framework and decision-making processes.

Designing Processes

During the reporting period, we reviewed and refreshed our policies and procedures to ensure they remained fit for purpose amidst an expanding compliance landscape. This initiative has strengthened our internal governance and operations, empowering our employees to navigate the complexities of their duties while staying informed about legislative compliance, regulatory requirements, and other emerging matters.

Risk Oversight

The Board has overall responsibility for risk management, setting NAIF's risk appetite and monitoring performance against the appetite. The Board's oversight is supported by the Board Audit and Risk Committee (BARC), and internal management groups.

The Board engages an independent internal auditor to review the adequacy of risk management and internal controls. In addition, the ANAO perform an independent audit of NAIF's financial statements.

Role of Committees

The BARC has responsibility for assisting the board to fulfil its corporate governance and oversight responsibilities, providing an objective non-executive review of the effectiveness of NAIF's risk management and internal control. Underpinning this responsibility is Quarterly Risk and Compliance reporting. This reporting details NAIF's current risk profile and control environment, incidents and compliance breaches, and management actions.

Internal management groups support our processes and demonstrate risk management through individual accountability by the relevant executive team members. The groups are as follows:

- ▶ Executive Management Group (EMG)
- ▶ Portfolio Management Group (PMG)
- ▶ Investment Review Group (IRG)

Figure 13: Key Enterprise Risks

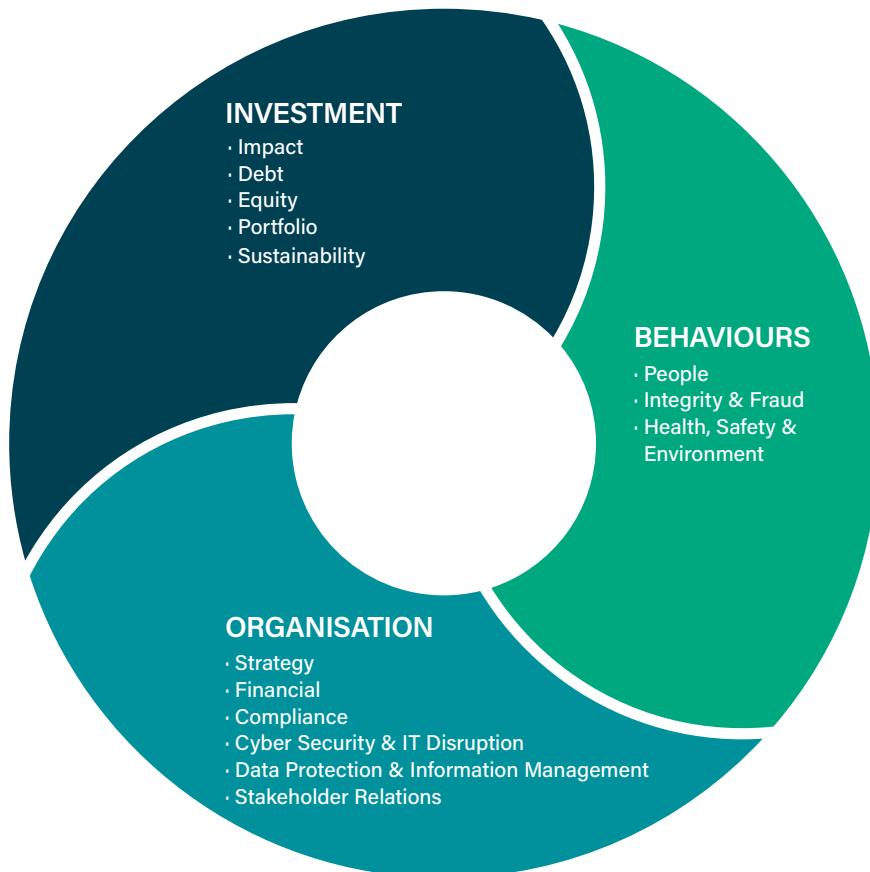


Figure 14: Key Management Groups



Our Risk Culture

NAIF’s Risk Vision is to use risk management as an enabler to seize opportunities to achieve NAIF’s vision and strategic imperatives. Establishment of a positive risk culture is integral to delivering NAIF’s risk vision. Risk culture is fundamental to the safe and sound operation of the organisation. The Framework defines risk culture as the following:

Figure 15: Risk Culture Elements





Image: Voyages Indigenous Tourism Connellan
Airport Upgrades and Accommodation

People

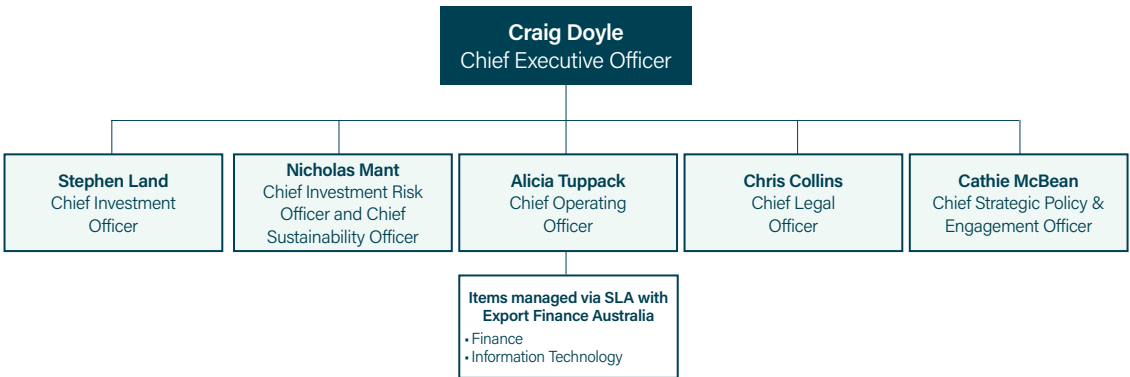
Organisational Structure and Location

NAIF's head office in Cairns allows the CEO and employees to develop strong relationships across northern Australia. NAIF also has employees located in Darwin, Townsville, Brisbane, Perth and Sydney.

NAIF's Executive Management Group includes the CEO and business unit leads. Specialists within these business units have responsibilities for work health and safety, people and culture, financial analysis and contract negotiations, Indigenous outcomes, portfolio management, corporate planning and reporting, communications and stakeholder relations, legal, governance, risk and compliance.

NAIF relies on its people and culture to achieve its purpose. Attracting and retaining the right people is critical to NAIF's ongoing success. The recruitment approach is continually refined and enhanced to ensure NAIF reaches a diverse range of candidates that have experience living and working in northern Australia along with the technical expertise required. NAIF remains positioned to anticipating and responding to changes in government policy and market conditions and the needs of proponents and projects investing in northern Australia.

Figure 16: NAIF Executive Management Organisational Structure (as at 30 June 2024)



Service Level Agreement (SLA) with Export Finance Australia

NAIF leverages the back-office functions of Export Finance Australia through a Service Level Agreement.

As NAIF has grown and matured, a number of corporate service functions have transitioned inhouse and will continue to be reviewed based on operational efficiencies.

People

NAIF has secured a committed team with extensive experience as lenders and/or financial advisors in the commercial market, this includes expertise advising both public and private sector counterparts. NAIF has also recruited people with specialist legal, stakeholder relations and communications, risk and governance, Indigenous outcomes and corporate administration expertise.

Values

NAIF is guided by our core values which underpin our organisational culture and the way we go about our work to deliver on our purpose.

NAIF is committed to providing a learning and high performing culture where its people have support to succeed and grow. Our focus is on developing technical and leadership capabilities through tailored learning and

development opportunities that support our individual and collective growth enabling the business to be agile. NAIF also identifies programs to further develop a high-performing workforce with the skills needed, now and in the future.

Workforce Demographics

As NAIF grows and matures, it continues to expand its capabilities by recruiting experienced talent to meet its current and future needs. During FY23-24 NAIF grew its team from 45 to 51 (an increase of 6 people) through targeted recruitment, primarily to support business expansion. As at 30 June 2024, NAIF had 48.6 Full Time Equivalent (FTE) employees. This includes one Australian Government Average Staffing Level position, representing the CEO position, as reported in the Portfolio Budget Statements.

Figure 17: NAIF core values

NAIF Purpose: *We contribute to the Nation by proudly investing in the growth of northern Australia*

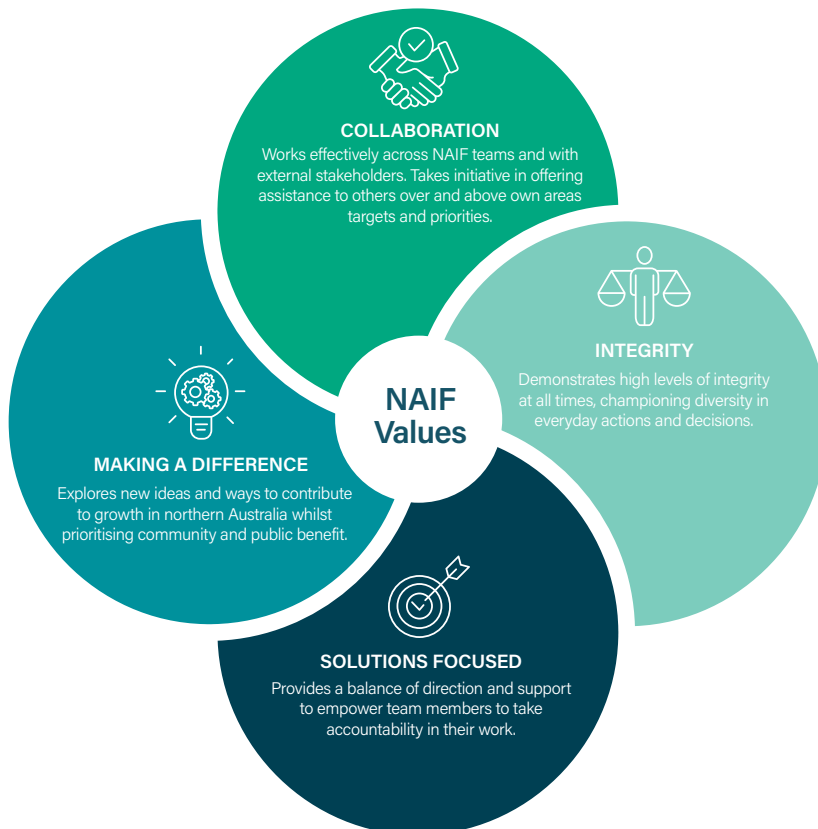


Figure 18: Number of FTE Employees

	30 June 2024	30 June 2023
Total FTE staff	48.6	43.2

Figure 19: Number of Full-Time / Part-Time Employees (by headcount)

	30 June 2024	30 June 2023
Full-Time Employees	42	38
Part-Time Employees	9	7

Figure 20: Location of Employees (by headcount)

	30 June 2024	30 June 2023
Cairns	25	20
Brisbane	3	3
Darwin	3	2
Townsville	2	2
Perth	5	5
Sydney	13	13

Diversity and Inclusion

It is a strategic priority for NAIF to build and maintain a diverse workforce with the technical skills to fulfill its purpose. NAIF believes that diversity of thought helps to build employee engagement, drive innovation and results, and allow it to respond effectively to the diverse needs of all stakeholder groups.

NAIF champions a constructive and inclusive culture that embraces the different perspectives, identities and experiences of its people. NAIF provides equal opportunity in all aspects of employment, including employment conditions, recruitment selection, remuneration, learning and development, and promotion. NAIF recognises that its culturally diverse team enhances its ability to deliver projects that are culturally appropriate for northern Australia.

NAIF's Equal Employment Opportunity (EEO) Program has a specific focus on designated groups which

include those identifying as female, Aboriginal or Torres Strait Islander; those who migrated to Australia whose first language is not English and the children of those persons; persons with physical or mental disability. During the reporting period, NAIF established an EEO Advisory group with representation from each designated group to support and help drive NAIF's diversity and inclusion strategy through the EEO Program.

NAIF is committed to Indigenous diversity and has exceeded the stretch target of 3% Indigenous employee representation, in line with the Australian Government policy target by achieving an 8% representation.

The 2024 NAIF employee engagement survey focused on EEO and Inclusion with positive results indicating that NAIF is a diverse organisation that respects all cultural values and beliefs, with team members feeling supported to bring their full and authentic self to work.

Figure 21: NAIF gender diversity profile at 30 June 2024

Classification	Female Headcount		Male Headcount		Uses a different term	
NAIF Employees	25	49%	26	51%	0	0%

Figure 22: NAIF workforce diversity at 30 June 2024

Classification	NESB ¹ Headcount		ATSI ² Headcount		PWD ³	
NAIF Employees	20	39%	4	8%	1	2%

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 a disability.

Employee Engagement

In March 2024 NAIF conducted an employee engagement survey with a 96% response rate. The overall results indicated a highly engaged workforce and provided great feedback, including a strong and aligned culture across all four NAIF Values and purpose with 93% reporting they understand how their work contributes to the growth in northern Australia and 96%

believing they are part of something meaningful. The positive feedback from the 2024 employee engagement survey can be attributed to the actions implemented from the previous survey completed in 2023. These initiatives included further embedding NAIF Values so that they now play a pivotal role in the employee experience, influencing every stage of their lifecycle within the business.



Image: Cairns Investment Team

Learning and Development

NAIF employees are provided access to a comprehensive learning and development curriculum. Employees receive a thorough induction facilitated by the People & Culture team, which encapsulates all areas of the business. Upskilling and other specialist training is made available to all employees in line with their role. For all NAIF employees a rolling schedule of independent and subject matter experts presenting on industry sector trends and developments, as well as law, finance, compliance and risk is mapped throughout the year, with some presentations being delivered by employees to employees via a lunch and learn format.

As part of NAIF's performance and development program, employees have career discussions with their People Leaders and identify development plans looking at both current and future skill needs.

With a build talent strategy, NAIF offers developmental opportunities for its employees to succeed in their careers. NAIF's succession planning process identifies critical positions and critical people throughout the business, including the Executive Management team. The process considers future leadership capability; business direction and continuity; retention of high value talent and retention of organisational knowledge. NAIF undertakes succession planning annually with regular review of action outcome plans.

NAIF encourages its employees to attend, participate in, and present at, thought leadership and industry conferences, and to share what they have learnt within their team and business unit.

Employee Benefits

Working Flexibly

NAIF offers an agile working environment to provide employees with options to assist them in managing their work, travel and personal commitments. This flexibility takes many forms, allowing each employee to adopt an approach that meets their individual needs. All employees have the technology to work remotely, or from any NAIF office. NAIF employees have both structured and ad-hoc (as required) flexible work arrangements available.

Wellbeing Initiatives / Employee Assistance Programs

NAIF has adopted a holistic approach to wellbeing, emphasising areas such as inclusion and diversity, financial benefits and wellbeing practices through an employee benefits program assisting with managing the growing cost of living and physical and mental wellbeing. NAIF's employees benefit from a number of tailored

wellbeing initiatives, which promote improved health awareness, self-management skills and healthy work practices. NAIF's employees and their immediate families have access to an Employee Assistance Program, with access to a free confidential counselling service and other support services

Work, Health and Safety

NAIF is committed to providing a positive and safe work environment for all its people in line with the requirements under the *Work Health and Safety Act 2011* (WHS Act).

NAIF's WHS committee comprising of Site WHS Leads and with sponsorship from Executive Management meets on a quarterly basis. During this reporting period the Committee's focus has been on enhancing and educating psychological safety throughout the business and creating a positive reporting culture. NAIF has developed two key documents illustrating its commitment to WHS and to provide both employees and leaders of people with the knowledge and understanding of their responsibilities in health and safety in the workplace.

NAIF's office space is in secure buildings with restricted security pass access and ergonomic equipment.

NAIF engages with its employees on WHS matters, including the adequacy of its facilities and work environment, and takes steps to ensure a positive, productive risk free working environment NAIF records and monitors hazards and controls. Key risk areas that require specialised monitoring have been identified such as domestic travel, often to remote areas of northern Australia.

Reports of incidents and near misses are reviewed and investigated, with improvement controls implemented to reduce the risk and mitigate consequences of an event.

NAIF had no reportable workplace injuries among employees and contractors for the reporting period. NAIF was not investigated and did not receive any notices or record any 'notifiable incidents' under the WHS Act, during the reporting period.

Executive Remuneration Policies and Practices

In accordance with the requirements of the PGPA Rule 2014 and the Department of Finance Resource Management Guide (RMG) -138, Commonwealth entities Executive Remuneration Reporting Guide for Annual Reports, NAIF reports on its policies which support its remuneration practices.

Figure 23 lists the Key Management Personnel (KMPs) for FY23-24. It includes all Board Members and those

Executives deemed to be KMPs by the Board. These individuals are identified as KMPs consistent with the definition in the Australian Accounting Standards Board (AASB) 124 Related Party Disclosures.

A further four employees are classified as other highly paid employees for the purposes of the Commonwealth's

remuneration reporting, refer to figure 26. Other highly paid staff are employees who are neither KMP nor senior executives and whose total remuneration exceeds the \$250,000 threshold for the FY23-24 reporting period.

Figure 23: FY23-24 KMPs

Name	Title	Term as KMP
Board		
Ms Tracey Hayes	Chair	Full year
Mr Grant Cassidy	Board Member	Full year
Ms Kate George	Board Member	Full year
Mr Mark Gray	Board Member	Full year
Ms Lisa Hewitt	Board Member	Full year
Mr Steve Margetic	Board Member	Full year
Ms Vanessa Elliott	Board Member	Part year - Started 12 July 2023
Delegates of the Secretary	Board Member	Full year
Management		
Mr Craig Doyle	Chief Executive Officer	Full year
Mr Nicholas Mant	Chief Investment Risk Officer and Chief Sustainability Officer	Full year
Ms Alicia Tuppack	Chief Operating Officer	Part year - Started 18 September 2023
Mr Chris Collins	Chief Legal Officer	Full year
Mr Stephen Land	Chief Investment Officer	Full year
Ms Cathie McBean	Chief Strategic Policy & Engagement Officer	Full year
Ms Jacinta Hynes	Chief Operating Officer	Part year - Ended 5 September 2023

There was one addition to the Board in the reporting period with NAIF welcoming a Western Australian representative in July 2023.

Remuneration

To achieve its business outcomes, as outlined in the Corporate Plan and more broadly through Government direction including the Investment Mandate, NAIF needs to be able to attract, reward and retain skilled employees.

NAIF's Employee Remuneration framework and processes are directed to supporting that outcome, recognising that NAIF works within an acceptable cost framework

and complies with relevant Commonwealth Government policies for its statutory agencies.

NAIF employees are employed on common law contracts. NAIF employees are not considered public servants and are not covered by the Australian Public Service Act 1999.

NAIF's remuneration structure is designed to be competitive and reward high performance while complying with NAIF's regulatory obligations.

All employee's remuneration consists of fixed annual remuneration inclusive of superannuation only. NAIF's remuneration structure acknowledges the parameters of the APSC Workplace Bargaining Policy.

Fixed Annual Remuneration (FAR)

FAR is comprised of base salary, superannuation contributions and any non-cash benefits.

Factors considered when setting the appropriate FAR for each executive includes market data for comparable roles, complexity of the role, internal relativities, an individual’s skills and experience and performance assessments. NAIF uses salary benchmarking data, including the Financial Institutions Remuneration Group (FIRG) data, other relevant Government and market information to establish appropriate remuneration bands for each role. NAIF benchmarks remuneration with the aim to position total remuneration competitively against comparable organisations. The guiding principle for remuneration benchmarking 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.

Remuneration Governance Arrangements

The CEO and Senior Director, People and Culture are accountable for ensuring NAIF rewards employees responsibly, with regards to performance of NAIF, individual performance, statutory and regulatory requirements, and current business norms.

The Board is responsible for ensuring NAIF has coherent policies and practices that fairly and responsibly manage the performance and remuneration arrangements for the CEO and senior executives. The NAIF Board established a People and Remuneration Committee (PRemCo) whose primary role is to provide oversight of NAIF’s people, remuneration policies and strategies.

Salary Increases

NAIF takes into consideration the parameters of the Remuneration and Funding Declaration (Declaration) under the Workplace Bargaining Policy approved by the APSC Commissioner.

Employees who commence after 1 April are not eligible for a salary review in September of their starting year. Employees on extended leave including parental leave are eligible and considered for a remuneration increase. This principle is consistent with best practice, as a mechanism to assist in reducing the gender pay gap.

Salary increases have regard to individual performance, career progression and comparable market data.

The CEO’s salary is reviewed and paid according to the determination of the independent Commonwealth Remuneration Tribunal (the Tribunal).



Board Members

All NAIF Board Members are appointed by the Commonwealth Government through the responsible Minister. These appointments are made in accordance with s15 of the NAIF Act. Board Fees for Board Members are set and paid according to the Tribunal, an independent statutory authority overseeing the remuneration of key Commonwealth officers.

The Tribunal sets annual Chair and Board fees (exclusive of statutory superannuation contributions). Additional fees are payable to those Board Members appointed as members of the NAIF Board Audit and Risk Committee (BARC).

Figure 24: Remuneration Tribunal (the Tribunal) Board and Committee fees (excluding superannuation) for FY23-24

Position	Annual Fee set by the Tribunal	Note
NAIF Chair	\$128,120	
NAIF Board Member	\$63,690	The Delegates of the Secretary are not remunerated.
NAIF BARC Chair	\$17,450	
NAIF BARC Member	\$8,730	

CEO Remuneration and Performance Evaluation

The CEO position is classified as a Full-Time Public Office holder under the Tribunal Determinations.

In accordance with the Tribunal Determination 2023 total remuneration for the Chief Executive Officer was \$503,420. In accordance with the Tribunal's determination the CEO position is not entitled to a Bonus.

The NAIF Board sets annual KPI's for the CEO, and undertakes a formal performance evaluation each year which is coordinated by the Chair.

FY23-24 Remuneration Information

The tables following detail the remuneration paid to NAIF KMPs, and other highly paid staff in FY23-24.



Image: NAIF CEO and Executive Management Group

Figure 25: Remuneration paid to KMP's in FY23-24

Name	Position Title	Salary	Annual Leave Adjustment	Short-Term Benefits		Post-Employment Benefits	Other Long-Term Benefits			Total Remuneration
				Base Salary	Variable Remuneration Other Benefits And Allowances	Superannuation Contributions	Long Service Leave	Other Long-Term Benefits	Termination Benefits	
		€	€	€	€	€	€	€	€	€
Tracey Hayes	Board Chair	128,120	-	128,120	-	14,093	-	-	-	142,213
Mark Gray	Board member & Chair Audit Committee	81,140	-	81,140	-	8,925	-	-	-	90,065
Steve Margetic	Board member & Audit Committee	72,420	-	72,420	-	7,966	-	-	-	80,386
Lisa Hewitt	Board member & Audit Committee	72,420	-	72,420	-	7,966	-	-	-	80,386
Grant Cassidy	Board member	63,690	-	63,690	-	7,006	-	-	-	70,696
Kate George	Board member	63,690	-	63,690	-	7,006	-	-	-	70,696
Vanessa Elliott	Board member	61,921	-	61,921	-	6,811	-	-	-	68,732
Craig Doyle	Chief Executive Officer	452,404	11,489	463,893	-	49,823	11,682	-	-	525,398
Nicholas Mant	Chief Investment Risk and Chief Sustainability Officer	426,046	8,701	434,747	-	27,600	10,315	-	-	472,662
Stephen Land	Chief Investment Officer	416,421	18,240	434,661	-	43,216	10,500	-	-	488,377
Chris Collins	Chief Legal Officer	357,524	15,857	373,381	-	27,585	8,757	-	-	409,723
Cathie McBean	Chief Strategic Policy & Engagement Officer	300,884	9,697	310,581	-	33,134	7,690	-	-	351,405
Alicia Tuppack	Chief Operating Officer	191,857	936	192,793	-	36,533	4,577	-	-	233,903
Jacinta Hynes	Chief Operating Officer	56,919	4,216	61,135	-	10,106	1,145	-	-	72,386
Subtotal				2,814,592	-	287,770	54,666	-	-	3,157,028

Figure 26: Remuneration paid to other highly paid staff in FY23-24

Remuneration Band	Number Of Other Highly Paid Staff	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
		\$	\$	\$	\$	\$	\$	\$	
\$320,001 – \$345,000	1	289,311	-	-	30,326	6,988	-	-	326,626
\$345,001 – \$370,000	2	321,469	-	-	30,949	7,986	-	-	360,405
\$395,001 – \$420,000	1	352,619	-	-	37,461	8,536	-	-	398,616



Image: James Cook University Engineering and Innovation Place
 Photo Credit: Andrew Rankin

Climate Disclosure

NAIF acknowledges the impact of climate change on businesses and communities, and aligns with government policy on carbon reduction.¹

NAIF is actively strengthening its assessment of climate risks and opportunities, with enhanced reporting in anticipation of standardised climate disclosure requirements in Australia. In FY23-24, we implemented several key initiatives, including:

- Reviewed NAIF's practices against the Australian Accounting Standards Board's (AASB) Exposure Draft of the Australian Sustainability Reporting Standards (ASRS), informing future actions for managing and disclosing climate-related risks and opportunities, and developing a pathway to align with Commonwealth disclosure requirements;
- Measured NAIF's financed emissions from its portfolio of investments for the first time;
- Developed guidance materials to support NAIF's Environmental and Social Review of Projects (ESR) Policy, focusing on climate impact and opportunity considerations for new projects;
- Voluntarily disclosed climate risk management activities in this FY23-24 annual report, in line with the Commonwealth Climate Disclosure (CCD) Pilot Guidance; and
- Planned an organisation-wide climate risk assessment to identify and assess climate-related risks and opportunities for NAIF and its Investment Decisions.

Northern Australia faces varied climate related physical and transition risks, as well as opportunities. NAIF is aligning its operations and Investment Decisions with the objectives of reducing emissions, adapting to climate change, and supporting the transition to a low-carbon economy through investments in greenhouse gas (GHG) emissions reduction and climate resilience initiatives. NAIF will continue to evolve and integrate these risks and opportunities in its operations in line with the Risk

Management Framework (RMF) and NAIF's strategic focus.

Climate Disclosure Pilot

NAIF has voluntarily joined the Commonwealth Climate Disclosure Pilot (CCD Pilot) to enhance transparency in managing its climate-related risks and opportunities. The limited CCD Pilot criteria developed by the Department of Finance are informed by the AASB's Exposure Draft of the ASRS, and cover three of the four pillars of climate disclosure, namely governance, risk management, and metrics and targets, with strategy to be included in future reporting periods. Additionally, NAIF has outlined the current approach to measuring financed emissions, which goes beyond the expectations of the CCD Pilot.

NAIF's strategic response to climate-related risks and opportunities is guided by our latest Investment Mandate. NAIF is continually refining its strategy, including developing a roadmap to achieve environmental, social and governance (ESG) goals to support a more sustainable future. The Investment Mandate will guide NAIF's response, with high-priority areas including decarbonisation and the clean energy transition, job creation and socio-economic responsibility, engagement with First Nations peoples and communities, building a skilled and diverse workforce, and enhanced ESG reporting. By voluntarily publishing this climate disclosure, NAIF is proactively advancing its climate-related reporting, establishing a foundation for future development.

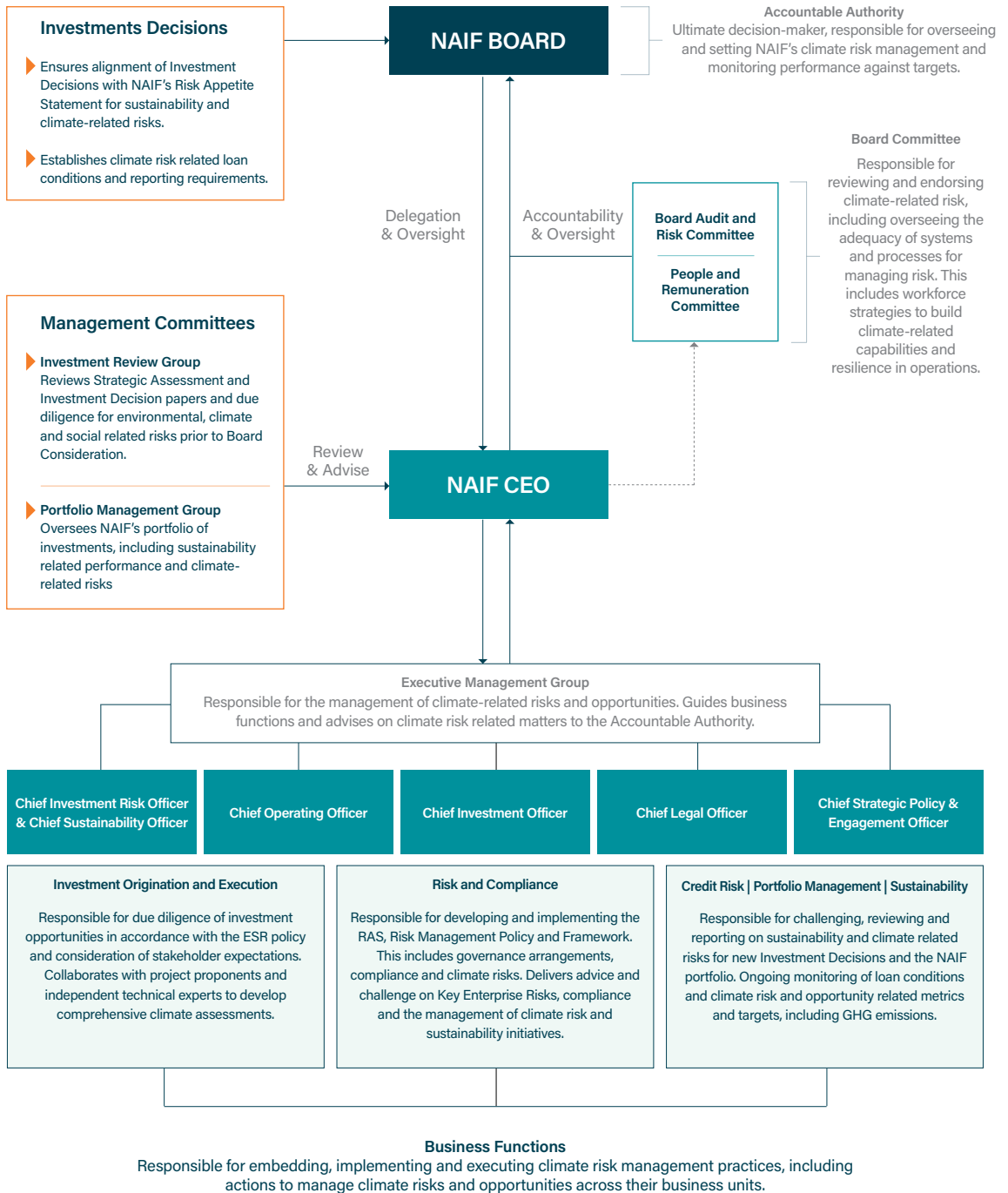
Governance

NAIF's governance framework is supported by a comprehensive suite of policies, that incorporate statutory responsibilities under relevant legislation. For further details, refer to the Corporate Governance (page 36-47).

Figure 27 presents NAIF's interim governance structure for climate change, while figure 28 offers additional information on roles and responsibilities.

¹ This climate-related disclosure contains forward-looking statements, including statements in relation to climate change and other environmental and energy transition and adaptation scenarios. While these forward-looking statements reflect NAIF's expectations, and strategic focus at the date of this report (including with respect to its objectives and plans regarding climate change), they may be affected by a range of variables which could cause actual outcomes and developments to differ materially from those expressed in such statements. These variables include but are not limited to: financial and economic conditions in various markets; fluctuations in demand, price, or currency; operating capacity; development progress, including approvals; risks, including physical, technology and GHG emissions reduction risks; commercial industry competition; loss of market for NAIF's products; government policy, legislative, fiscal, and regulatory developments; the conduct of joint participants and contractual counterparties; and estimates relating to cost, reserves and resources.

Figure 27: NAIF Interim Climate Governance Structure



Throughout the year, the BARC and Board were regularly updated on climate change initiatives, with progress tracked against agreed KPI's. In addition, FY24-25 climate-related plans have been endorsed.

Figure 28: Roles and responsibilities related to climate risk and opportunity management

Role	Responsibilities
Board	The Board, as the accountable authority, holds ultimate responsibility for NAIF's governance, strategic direction, and management of climate-related risks and opportunities.
Board Audit and Risk Committee (BARC)	The BARC oversees sustainability management, performance, assurance, and reporting with a focus on monitoring climate risk responses.
Investment Review Group (IRG) / Portfolio Management Group (PMG)	NAIF's IRG/PMG meets quarterly, to contribute and monitor Investment Decisions, ensuring alignment with sustainability objectives.
CEO	The CEO guides the Executive team in advancing NAIF's climate strategy and objectives.
Chief Sustainability Officer (CSO)	The CSO defines the sustainability framework and drives climate-related strategic initiatives across NAIF's operations and Investment Decisions.
Chief Investment Risk Officer (CIRO)	The CIRO manages portfolio risks, including emissions monitoring from Investment Decisions.
Chief Investment Officer (CIO)	The CIO ensures compliance with the ESR Policy and legislative climate requirements within Investment Decisions.
Chief Strategic Policy and Engagement Officer (CSPEO)	The CSPEO oversees stakeholder consultation, Indigenous outcomes, and policy engagement, ensuring alignment with NAIF's strategy and climate goals.
Chief Legal Officer (CLO)	The CLO ensures NAIF's contractual obligations with Proponents, including information and audit rights.
Chief Operating Officer (COO)	The COO oversees enterprise risk, compliance, and reporting, integrating elements to support NAIF's climate goals.
Risk and Compliance team	The Risk and Compliance team reports quarterly to the BARC on sustainability risks, offering a review and challenge function for climate-related risks identified in NAIF's first line of defence, and to highlight key activities.



Key documents and policies

Figure 29 outlines NAIF's key documents and policies that guide the consideration of climate-related risks and

opportunities in its operations. The below should be reviewed alongside NAIF's Corporate Governance and Risk Management chapters.

Figure 29: Climate Risks and Opportunities Documents and Policies

Document	Description
Investment Mandate	NAIF's Investment Mandate incorporates climate considerations, allowing higher risk tolerance for projects affected by extreme weather, and ensuring resilient infrastructure. Environmental assessments are required to mitigate climate impacts, ensuring compliance and public benefits, such as reduced carbon emissions and enhanced climate resilience, in line with government policies.
Statement of Intent (SOI)	NAIF's SOI integrates climate-related considerations into its governance framework, aligning with national sustainability objectives and setting strategic goals for managing climate risks and opportunities.
Risk Appetite Statement (RAS)	The RAS defines tolerance levels for environmental and social factors, guiding NAIF's operations, project selection and Investment Decisions.
Risk Management Framework (RMF)	The RMF outlines NAIF's approach to risk oversight, management, and internal controls, including climate risk.
ESR Policy	NAIF's ESR Policy mandates consideration of climate impacts in project assessments. In 2023, the ESR Policy was updated to ensure due diligence on climate risks, including how projects adapt to these risks or mitigate them, in order to contribute to Australia's emission reduction targets.
Corporate Plan	The FY24-25 Corporate Plan includes key performance measures and commits to developing an inaugural net zero strategy, with targets and monitoring processes (see Metrics and Targets).

In FY23-24, NAIF initiated a project to strengthen climate governance structures and processes. In FY24-25, NAIF will develop a skills and competencies matrix aligned with existing roles and responsibilities, tailored to our unique risks, nature, and complexity.

NAIF will review and update position descriptions, to include sustainability and climate-related role requirements, clarifying existing duties and accountabilities, as outlined in figure 28.

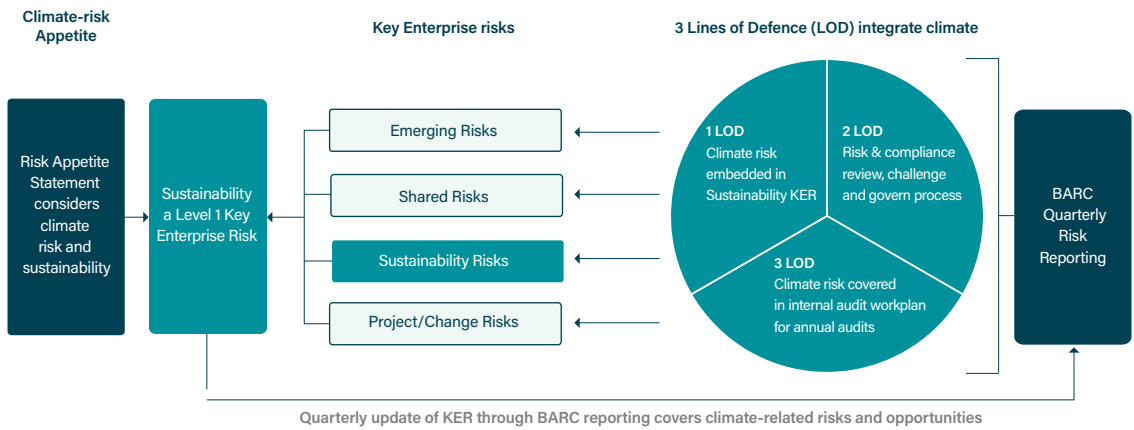
In FY24-25, NAIF will expand its compliance training to incorporate the Department of Climate Change, Energy,

the Environment and Water (DCCEEW)'s introductory climate change modules for all employees. Additionally, the Climate Risk and Opportunity Principles module will be introduced for roles with specific responsibilities in climate risk and opportunity management. This training is part of our broader strategy to embed climate considerations across NAIF's organisational frameworks, enhancing employees knowledge and skills to effectively manage climate-related risks, and bolster NAIF's climate resilience and capability.

Risk Management

An overview of NAIF’s risk management approach to climate change is outlined in figure 30.

Figure 30: Overview of NAIF’s Risk Management approach integrating climate-related risk



During the reporting period, NAIF, in line with the refreshed Investment Mandate, embedded climate considerations across the RAS and RMF. This included addressing climate-related risks and opportunities such as increased weather variability, the management of net-zero transition risks, and the potential for assets to become stranded as new energy technologies are adopted and industries transition to clean energy. We utilised the 3LOD framework to integrate these considerations into internal audit planning, control testing, and quarterly risk reviews.

NAIF aims to align its climate risk management practices with the Commonwealth Risk Management Policy and take actions guided by the Australian Government’s approach to Climate Risk and Opportunity Management in the Public Sector 2024-2026. In FY24-25, NAIF will conduct a preliminary assessment to identify climate-related risks and opportunities that may arise over various timeframes and scenarios.

Climate-related Metrics

NAIF continues to measure emissions from its operations, in accordance with the Department of Finance's requirements under the APS Net Zero Emissions Reporting Framework and Pilot Metrics and Targets Factsheet. This includes scope 1 and scope 2 emissions, as well as relevant scope 3 emissions.

NAIF's operational emissions (scope 1 and 2) primarily stem from electricity consumption in leased offices. Data from shared services offices is excluded, as it cannot be separated from landlord data. Scope 3 emissions largely arise from business travel necessary to fulfill

NAIF's purpose. Additionally, NAIF has begun measuring financed emissions from its investment portfolio to better understand these impacts. This initiative will also enable collaboration with the Department of Finance on developing methodologies for estimating financed emissions.

The GHG emissions reported in the following tables represent carbon dioxide emissions (CO₂-e) from NAIF operations, including scope 1, 2 and business travel related scope 3 items. Financed emissions are reported separately in Figure 35.

Figure 31: FY23-24 Greenhouse Gas Emissions Inventory – Location-Based Method

Emission Source	Scope 1 t CO ₂ -e	Scope 2 t CO ₂ -e	Scope 3 t CO ₂ -e	Total t CO ₂ -e
Electricity (Location Based Approach)	N/A	44,457	6,657	51,114
Natural Gas	0,000	N/A	0,000	0,000
Solid Waste*	N/A	N/A	1,648	1,648
Refrigerants*†	0,000	N/A	N/A	0,000
Fleet and Other Vehicles	0,000	N/A	0,000	0,000
Domestic Commercial Flights	N/A	N/A	168,239	168,239
Domestic Hire Car*	N/A	N/A	0,000	0,000
Domestic Travel Accommodation*	N/A	N/A	28,485	28,485
Other Energy	0,000	N/A	0,000	0,000
Total t CO₂-e	0,000	44,457	205,028	249,485

Note: the table above presents emissions related to electricity usage using the location-based accounting method. CO₂-e = Carbon Dioxide Equivalent.

* indicates emission sources collected for the first time in FY23-24. The quality of data is expected to improve over time as emissions reporting matures.

† indicates optional emission source for FY23-24 emissions reporting.

Figure 32: FY23-24 Electricity Greenhouse Gas Emissions - Location and Market Based Method

Emission Source	Scope 2 t CO ₂ -e	Scope 3 t CO ₂ -e	Total t CO ₂ -e	Percentage of electricity use
Electricity (Location Based Approach)	44,457	6,657	51,114	100.00%
Market-based electricity emissions	34,612	4,273	38,885	68.01%
Total renewable electricity	-	-	-	31.99%
<i>Mandatory renewables¹</i>	-	-	-	18.72%
<i>Voluntary renewables²</i>	-	-	-	13.27%

Note: the table above presents emissions related to electricity usage using both the location-based and the market-based accounting methods. CO₂-e = Carbon Dioxide Equivalent.

¹ Mandatory renewables are the portion of electricity consumed from the grid that is generated by renewable sources. This includes the renewable power percentage.

² Voluntary renewables reflect the eligible carbon credit units surrendered by the entity. This may include purchased large-scale generation certificates, power purchasing agreements, GreenPower and the jurisdictional renewable power percentage (ACT only).

General Caveats from Emissions Reporting

- Domestic Travel Accommodation:** Emissions from domestic hotel accommodation for FY23-24 have been calculated using the methodology outlined in the APS Net Zero Emissions Reporting Framework, consistent with the Whole-of-Australian-Government approach under the APS Net Zero 2030 policy. The material increase in accommodation emissions compared to previous reporting periods is attributed to the changes in the calculating methodology.
- Hire Car:** Emissions from hire cars for FY23-24 have been sourced from a third party and may be incomplete due to limitations in data quality. Currently, only data from Hertz Rent-A-Car is included for FY23-24 in Figures 31. As emissions reporting matures, data quality is expected to improve, and future reports will reflect more comprehensive data. The emissions reported in Figures 33 and 34 include all car hire activities as provided by the travel service third party.
- Solid Waste:** Complete waste data was not available at the time of this report, and future amendments may be necessary. As emissions reporting evolves, the quality of this data is expected to improve.
- Shared service offices:** Electricity usage data for shared service offices could not be separated from landlord data and has therefore not been included.

Figure 33: Greenhouse Gas Intensity FY23-24

Emission Source	kg CO ₂ -e	Per FTE	Per sqm	Per km Flown	Per Day
Electricity (Location Based Approach) ¹	51,114	1,496	71.6	N/A	N/A
Electricity (Market Based Approach) ¹	38,885	1,138	54.5	N/A	N/A
Domestic Commercial Flights	168,239	3,580	N/A	0.1	N/A
Domestic Travel Accommodation	28,485	606	N/A	N/A	55.4
Domestic Hire Car ²	1,816	39	N/A	N/A	40.4
Solid Waste ³	1,648	135	5.4	N/A	N/A
Refrigerants	N/A				
Natural Gas	N/A				
Fleet and Other Vehicles	N/A				
Other energy	N/A				

Note: Functional units are measured in kg CO₂-e.

¹ Includes Cairns and Sydney offices only.

² Car Hire emissions data including all car hiring for FY23-24, as reported by the travel provider third party. FY23-24 emissions data might differ with the above tables, please refer to General Caveats section for further information.

³ Includes Sydney office only.

Figure 34: Greenhouse Gas Travel Intensity

Emission Source	kg CO ₂ -e	FY23-24	FY22-23	FY21-22 ¹
Domestic Commercial Flights	Total number of flights	697	584	331
	Total distance travelled (kilometres)	1,127,355	910,639	409,799
	Kilometres flown per head ²	20,497	18,553	9,192
Domestic Travel Accommodation	Total emissions attributed to air travel (t CO ₂ -e)	168,239	140,008	72,150
	Total number of days ³	514	571	419
Domestic Hire Car	Total emissions attributed to hotels (t CO ₂ -e) ⁴	28,485	16,955	12,652
	Total number of days ³	45	19	34
Domestic Hire Car	Total emissions attributed to cars (t CO ₂ -e) ⁵	1,816	0,619	1,073
	Total t CO ₂ -e	198,540	157,581	85,875

Note: Breakdown per financial year.

¹ FY21-22 numbers are low due to limited business travel driven by the COVID pandemic event.

² This ratio has been amended retrospectively in FY23-24, due to a change of methodology. Note that this ratio includes Board members and NAIF employees.

³ This category has been amended retrospectively in FY23-24, due to a change of methodology.

⁴ Travel Accommodation data for FY23-24 is as per APS Net Zero Emissions Reporting Framework, while previous years reflect emissions data provided by the travel provider third party. Please refer to General Caveats section for further information.

⁵ Car Hire emissions data is as reported by the travel provider third party. FY23-24 emissions data might differ with the above tables, please refer to General Caveats section for further information.



Image: Genex Power Kidston Pumped Storage Hydro Project

Action in Focus – Financed Emissions

During the reporting period, NAIF measured the financed emissions associated with its portfolio of investments for FY22-23. NAIF applied the methodologies from Standard A, Financed Emissions, developed by the Partnership for Carbon Accounting Financials (PCAF), ratified by the GHG Protocol. The methodologies and assumptions used in calculating these emissions are detailed in the Basis of Preparation document, which is available upon request.

Under the climate-related disclosure requirements established by the Department of Finance, NAIF must report its financed emissions in the FY26-27 annual report. While mandatory reporting is not yet required, the Department of Finance encourages voluntary disclosure where entities are well placed to do so. NAIF plans to enhance its financed emissions measurement and reporting over time and will collaborate with the

Department of Finance to develop consistent reporting methodologies for Commonwealth Entities ahead of mandatory reporting.

Figure 35 presents NAIF's financed emissions calculations by asset class and sector, covering 100% of NAIF's total loans and investments by outstanding amount as of 30 June 2023. NAIF has classified its investments into asset classes including business loans and project finance, in accordance with PCAF standards. Financed emissions are disclosed by sector, as defined by NAIF's classification.

The weighted average data quality score for the whole portfolio is 2.21, with plans to improve data quality in future reports. This analysis will serve as a foundation for further analysis in the next reporting period, including year-on-year comparisons of NAIF's financed emissions inventory and their interpretation.

Figure 35: FY22-23 Emissions by Asset Class, Sector and Emissions Scope

Asset Class	Total outstanding loans and investments covered (\$m)	Scope 1 + Scope 2 Emissions (t CO ₂ -e)	Scope 3 Emissions (t CO ₂ -e)	Total Financed Emissions (t CO ₂ -e)	Emissions intensity (t CO ₂ -e/\$m)
Project Finance	974.0	34,573	14,189	48,762	50.1
Business Loans	431.7	2,513	9,371	11,884	27.5
Total	1,405.7	37,086	23,560	60,646	43.1

Sector	Total outstanding loans and investments covered (\$m)	Scope 1 + Scope 2 Emissions (t CO ₂ -e)	Scope 3 Emissions (t CO ₂ -e)	Total Financed Emissions (t CO ₂ -e)	Emissions intensity (t CO ₂ -e/\$m)
Agriculture & Water	41.3	1,916	2,424	4,340	105.1
Energy	537.1	9,936	2,283	12,219	22.8
Financing Partnerships	25.0	-	-	-	-
Resources	420.1	24,633	11,779	36,412	86.7
Social Infrastructure	296.0	356	6,490	6,846	23.1
Transport & Logistics	86.2	245	585	829	9.6
Total	1,405.7	37,086	23,560	60,646	43.1

Climate-related Targets

NAIF supports climate-related initiatives aimed at transitioning to a low-carbon, climate-resilient economy. Although formal climate targets and emission reduction plans are not yet established, NAIF recognises the importance of these goals and is committed to advancing its efforts to address climate risks and reduce emissions in FY24-25.

In FY24-25, the CSO will lead the development of NAIF's emissions reduction plans, initiating an Emissions Reduction Program to create and implement strategies for lowering emissions. This initiative will integrate climate-related targets, emissions reduction plans, and strategies with NAIF's overall sustainability goals, with outcomes subject to Board endorsement.

NAIF's Enterprise

NAIF is dedicated to reducing its enterprise emissions and is considering alignment with the APS Net Zero by 2030 Target that currently covers scope 1 and 2 emissions. Additionally, NAIF plans to take steps to reduce scope 3 emissions.

The Emissions Reduction Program will explore initiatives to reduce NAIF's enterprise emissions, such as enhancing

energy efficiency in office locations, sourcing 100% renewable energy, reducing and offsetting travel-related emissions, and collaborating with suppliers and stakeholders. These initiatives will align with the APS Net Zero Emissions Reporting Framework.

NAIF's Investment Decisions

NAIF Investment Decisions involve providing financial assistance to infrastructure projects in northern Australia.

These decisions have the potential to contribute positively to Australia's net zero targets and support the economy and communities in northern Australia in adapting to and benefiting from the global transition to a net zero, climate resilient economy.

In FY24-25, NAIF will evolve its climate-related investment strategy to demonstrate the Facility's contribution towards Australia's transition to net zero by 2050. This process will include consideration of relevant metrics and targets to support the Government's net zero and climate adaptation priorities, address climate-related physical and transition risks, and contribute to real economy outcomes. NAIF aims to complete this process before July 2025, informed by the forthcoming assessment of climate-related risks and opportunities.

Financial Statements

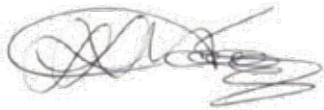
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Statement by Board Members, Chief Executive Officer and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2024 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*, and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Northern Australia Infrastructure Facility (NAIF) will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board.



Tracey Hayes
CHAIR

25 September 2024



Craig Doyle
CHIEF EXECUTIVE OFFICER

25 September 2024



Sonia Kammel
CHIEF FINANCIAL OFFICER

25 September 2024



INDEPENDENT AUDITOR'S REPORT

To the Minister for Northern Australia

Opinion

In my opinion, the financial statements of Northern Australia Infrastructure Facility (the Entity) for the year ended 30 June 2024:

- (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 2024 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 2024 and for the year then ended:

- Statement by the Board Members, Chief Executive Officer and Chief Financial Officer;
- Statement of Profit and Loss and Other Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements, comprising material accounting policy information 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 their delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Board is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under the Act. The Board is also responsible for such internal control as 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 skepticism 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



Mark Vial
Executive Director

Delegate of the Auditor-General

Canberra

25 September 2024

Statement of Profit or Loss and Other Comprehensive Income

For the period ended 30 June 2024

*commentary below

	Note	2024 \$'000	2023 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Employee Benefits	1.1A	11,016	9,428	14,943
Suppliers	1.1B	4,289	3,335	6,088
Depreciation on right of use assets	2.2A	523	525	493
Depreciation on Plant and Equipment	2.2A	58	36	-
Finance costs	1.1C	9	13	21
Total expenses		15,895	13,337	21,545
Own Source Income				
Own source revenue	1.2A	868	371	250
NET COST OF SERVICES				
		(15,027)	(12,966)	(21,295)
Revenue from Government	1.2B	21,295	20,681	21,295
Total comprehensive income/(loss) attributable to the Australian Government		6,268	7,715	-

*The original budget for the 2023-24 financial year shown here is the budget presented to Parliament in the 2023-24 Portfolio Budget Statements. Some of the initiatives in this budget have been delayed and the costs will come in next financial year.

Cost of services has been impacted by the managed implementation of initiatives flowing from the expanded mandate. This has resulted in timing differences associated with resourcing, capital outlays and related activities, leading to a delay in expensing the funding for these initiatives. Many initiatives relied on additional staffing resources which make up a significant component of the underspend.

Recruitment was implemented in phases throughout the year, resulting in a significant favourable outcome to staff costs. Some positions have taken significant time to recruit as sourcing suitably qualified staff remains challenging due to a highly competitive job market. NAIF is committed to providing jobs wherever possible to staff in Northern Australia. Flow on effects from this included further favourability in other cost categories such as travel and training.

Own source revenue is the interest earned on surplus funds available in operational banking account.

The above statement should be read in conjunction with the accompanying notes.

Statement of Financial Position

For the period ended 30 June 2024

	Note	2024 \$'000	2023 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash	2.1A	25,167	17,999	11,392
Other receivables	2.1B	125	104	184
Total financial assets		25,292	18,103	11,576
Non-financial assets				
Right Of Use Assets	2.2A	1,097	1,620	1,205
Plant and Equipment	2.2A	324	199	153
Other non-financial assets	2.2B	119	76	28
Total non-financial assets		1,540	1,895	1,386
Total assets		26,832	19,998	12,962
LIABILITIES				
Financial liabilities				
Suppliers	2.3A	2,755	2,363	3,626
Other payables	2.3B	276	245	-
Total payables		3,031	2,608	3,626
Interest bearing liabilities				
Lease liabilities	2.4A	1,027	1,485	999
Total interest bearing liabilities		1,027	1,485	999
Provisions				
Other provisions	2.5A	275	275	275
Employee provisions	3.1A	1,489	888	1,035
Total provisions		1,764	1,163	1,310
Total liabilities		5,822	5,256	5,935
Net assets		21,010	14,742	7,027
Equity				
Retained surplus		21,010	14,742	7,027
Total equity		21,010	14,742	7,027

NAIF's increase in retained surplus for 2023-24 is primarily linked to the managed implementation of initiatives flowing from the expanded mandate. This has resulted in timing differences associated with resourcing, capital outlays and related activities, leading to a delay in expensing the funding for these initiatives.

Many initiatives relied on additional staffing resources which make up a significant component of the underspend. Recruitment was implemented in phases throughout the year, resulting in a significant favourable outcome to staff costs. Some positions have taken significant time to recruit as sourcing suitably qualified staff remains challenging due to a highly competitive job market. NAIF is committed to providing jobs wherever possible to staff in Northern Australia. Flow on effects from this included further favourability in other cost categories such as travel and training.

The above statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the period ended 30 June 2024

Retained Surplus

	2024 \$'000	2023 \$'000	Original Budget \$'000
RETAINED SURPLUS			
Opening balance as at 1 July	14,742	7,027	7,027
Comprehensive income			
Surplus for the period	6,268	7,715	-
Total comprehensive income/(loss)	21,010	14,742	7,027
Closing balance as at 30 June	21,010	14,742	7,027

Budget figures assumed all of the funding for this year would be spent in the 2023-24 financial year, whereas due to the timing of the operationalisation of initiatives flowing from the expanded mandate an amount will be held over into the 2024-25 financial year.

The above statement should be read in conjunction with the accompanying notes.

Cash Flow Statement

For the period ended 30 June 2024

	2024 \$'000	2023 \$'000	Original Budget \$'000
OPERATING ACTIVITIES			
Cash received			
Receipts from Government	21,295	20,681	21,295
Interest	868	371	250
Total cash received	22,163	21,052	21,545
Cash used			
Employees	10,384	9,198	14,877
Suppliers	3,960	4,553	6,105
Total cash used	14,344	13,751	20,982
Net cash from operating activities	7,819	7,301	563
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment	184	18	-
Total cash used	184	18	-
Net cash used by investing activities	(184)	(18)	-
FINANCING ACTIVITIES			
Cash used			
Principal payments of lease liabilities	467	450	484
Total cash used	467	450	484
Net cash used by financing activities	(467)	(450)	(484)
Net increase/(decrease) in cash held	7,168	6,833	79
Cash at the beginning of the reporting period	17,999	11,166	11,313
Cash at end of the reporting period	25,167	17,999	11,392

Budget figures assumed all of the funding for this year would be spent in the 2023-24 financial year, whereas due to the timing of the operationalisation of initiatives flowing from the expanded mandate an amount will be held over into the 2024-25 financial year.

The above statement should be read in conjunction with the accompanying notes.

Northern Australia Infrastructure Facility - Overview

For the period ended 30 June 2024

The Northern Australia Infrastructure Facility (NAIF) is a corporate Commonwealth entity financing projects and businesses in the Northern Territory, Queensland and Western Australia. NAIF operates on a not-for-profit basis with the primary purpose to contribute to the Nation by proudly investing in the growth of northern Australia. NAIF plays a key role in growing northern Australia with financing to projects driving public benefit, economic and population growth and Indigenous outcomes and participation and accelerating participation in the development of new industry sectors, production processes and technologies.

Basis of preparation

The Financial Statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The financial statements have been prepared in accordance with:

- a) Australian Accounting Standards and Interpretations - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period; and
- b) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR).

The Financial Statements are prepared in Australian dollars and rounded to the nearest thousand dollar (\$'000).

The Financial Statements have been prepared on an accrual basis and in accordance with the historical cost convention. No allowance is made for the effects of changing prices on the results or the financial position.

New accounting standards

Consistent with government policy, no accounting standard has been adopted earlier than the application date as stated in the standard. There has been no new standards that have an application date for this financial year that affect the financial statements. New standards not yet effective are not anticipated to have a material impact.

Taxation

NAIF is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

- where the amount of GST incurred is not recoverable as an input tax credit from the Australia 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.

Property, plant and equipment

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for:

- items of property with a project cost less than \$15,000 (which are expensed in the year of acquisition); and
- items of plant and equipment costing less than \$7,500 (which are expensed in the year of acquisition).

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the entity using, in all cases, the straight-line method of depreciation.

Depreciation rate (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

The useful lives of major depreciable asset categories are as follows:

Right-of-use assets	Unexpired lease term
Furniture and Fittings	10 years
Equipment	5 years

Overview (continued)

For the period ended 30 June 2024

Leases

Leased Right Of Use (ROU) assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

NAIF leases office space in Cairns and Sydney.

The lease liability was initially measured at the present value of scheduled future lease payments, discounted using the Australian Government's incremental borrowing rate. The ROU asset was initially measured at cost, which is the initial amount of the lease liability increased by initial direct costs, prepaid lease payments and estimated costs to restore, and reduced by lease incentives received.

In other provisions a make good provision has been provided to allow for the return of the leased space to the original condition at the end of the lease.

Employee policies

Liabilities for short-term employee benefits expected within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

The liability for employee benefits includes provision for annual leave and long service leave. The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the entity's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the shorthand method, and with management assessments relating to salary growth rates. The estimate of the present value of the liability takes into account an estimate of attrition rates and pay increases through promotions and inflation.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave estimated to be taken in the future by NAIF employees is less than the annual entitlement for sick leave.

NAIF's employees are members of superannuation funds held outside the Australian Government. NAIF makes employer contributions to these funds as per the Superannuation Guarantee Contribution rate. The liability for superannuation recognised as at 30 June 2024 represents outstanding contributions.

Trade and other payables or receivables

Supplier and other payables or receivables are recognised at amortised cost. Liabilities or prepayments are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Events after the reporting period

No events were reported after the reporting period.

Notes to and forming part of the Financial Statements

For the period ended 30 June 2024

Financial Performance

	2024 \$'000	2023 \$'000
NOTE 1.1 EXPENSES		
1.1A Employee Benefits		
Wages and salaries	9,303	8,234
Superannuation defined contribution plans	1,016	850
Leave and other entitlements	697	316
Separation and redundancies	-	28
Total employee benefits	11,016	9,428
Accounting policies for employee related expenses is contained in the Overview section.		
1.1B Suppliers		
Consultants	911	311
Professional fees	658	265
Computer and communication costs	731	630
Travel	631	593
Property costs	357	367
Contractors	279	223
Training	211	255
Services provided by Export Finance Australia	209	420
Advertising and promotional costs	87	94
Insurance	58	50
Other	157	127
Total suppliers	4,289	3,335
1.1C Finance costs		
Interest on lease liabilities	9	13
Total finance costs	9	13

Notes to and forming part of the Financial Statements(continued)

For the period ended 30 June 2024

	2024 \$'000	2023 \$'000
NOTE 1.2 REVENUE		
1.2A Own source revenue		
Interest	868	371
Total own source revenue	868	371
<p>NAIF uses Commonwealth Bank of Australia (CBA) to fund operational activities including receiving Government appropriations. Interest is paid monthly on surplus funds at an applicable interest rates that are set out by CBA, however, the rates are subject to change. The current credit interest rate is at 3.85% per annum.</p>		
1.2B Revenue from Government		
Department of Infrastructure, Transport, Regional Development, Communications and the Arts		
Corporate Commonwealth entity payment	21,295	20,681
Total revenue from Government	21,295	20,681

Revenue from Government

Funding received from the Department of Infrastructure, Transport, Regional Development, Communications and the Arts, are appropriated to NAIF as a Corporate Commonwealth Entity and is recognised as Revenue from the Government when NAIF gains control of the funding.

Notes to and forming part of the Financial Statements (continued)

For the period ended 30 June 2024

Financial Position

	2024 \$'000	2023 \$'000
NOTE 2.1 FINANCIAL ASSETS AT AMORTISED COST		
2.1A Cash		
Cash at bank	25,167	17,999
Total cash	25,167	17,999

Cash is recognised at its nominal amount as this is considered fair value and is available at call which are readily convertible to cash on hand.

2.1B Other Receivables

Goods and services tax	125	104
Total other receivables	125	104

NOTE 2.2 NON-FINANCIAL ASSETS

2.2A Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Right of Use Assets

	Right of Use Assets \$'000	Furniture and Fittings \$'000	Office Equipment \$'000	Total \$'000
Gross Value				
Balance as at 30 June 2023	2,448	139	111	2,698
Additions	-	35	149	184
Disposals	-	-	-	-
Gross Value as at 30 June 2024	2,448	174	260	2,882
Accumulated Depreciation				
Balance as at 30 June 2023	828	20	31	879
Depreciation charged for additions	523	17	41	581
Depreciation as at 30 June 2024	1,351	37	72	1,460
Net book value as at 30 June 2023	1,620	119	80	1,819
Net book value as at 30 June 2024	1,097	137	188	1,422
Total as at 30 June 2024 represented by				
Gross book value	2,448	174	260	2,882
Accumulated depreciation	1,351	37	72	1,460
Total as at 30 June 2024	1,097	137	188	1,422

Refer Overview section for accounting policy on property, plant, equipment and leases.

Notes to and forming part of the Financial Statements (continued)

For the period ended 30 June 2024

	2024 \$'000	2023 \$'000
2.2B Other non-financial assets		
Prepayments	119	76
Total other non-financial assets	119	76

NOTE 2.3 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

2.3A Suppliers		
Trade creditors and accruals	2,755	2,363
Total suppliers	2,755	2,363

Supplier payables are recognised at cost to the extent that goods and services have been received irrespective of having been invoiced. Credit terms for goods and services is usually within 30 Days (2023: 30 days).

2.3B Other Payables		
Salaries and wages	246	223
Superannuation	30	22
Total other payables	276	245

The liability for salaries and wages and superannuation recognised represents outstanding amounts for the final fortnight of the financial year.

NOTE 2.4 INTEREST BEARING LIABILITIES

2.4A Lease liabilities		
Lease liabilities	1,027	1,485
Total lease	1,027	1,485

Future lease payments analysis		
Not later than 1 year	485	467
Later than 1 year and not later than 5 years	550	1,035
Total lease payments	1,035	1,502

Future lease payments based on actual and not the net present value as in the lease liability account. Total cash outflow for leases for the year ended 30 June 2024 was \$469,000 (2023: \$463,000). Refer Overview section for accounting policy on leases.

NOTE 2.5 OTHER PROVISIONS

2.5A Other provisions		
Provision for restoration	275	275
Total other provisions	275	275

Notes to and forming part of the Financial Statements (continued)

For the period ended 30 June 2024

People and Relationships

	2024 \$'000	2023 \$'000
3.1A Employee Provisions		
Leave	1,489	885
Other	-	3
Total employee provisions	1,489	888

Leave

The employee provision includes provision for annual leave and long service leave. The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the applicable employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination. 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. The estimate of the present value of the liability attrition rate and pay increases through promotion and inflation.

3.2 Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The entity has determined the key management personnel to be the Board members, the Chief Investment Officer, Chief Investment Risk Officer, Chief Operating Officer, Chief Strategic Policy and Engagement Officer, Chief Legal Officer, the Minister for Northern Australia, and the Portfolio Minister.

The key management personnel remuneration excludes the remuneration and other benefits of the Minister for Northern Australia and the Portfolio Minister. The Minister for Northern Australia and the Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by NAIF. NAIF key management personnel remuneration is:

	2024 \$	2023 \$
Short-term employee benefits	2,814,592	2,854,821
Post-employment benefits	287,770	258,432
Other Long-term employment benefits	54,666	53,627
Termination benefits	-	9,040
Total key management personnel remuneration expenses	3,157,028	3,175,920
Total number of key management personnel that are included in the above table are:	14	13

The number of key management personnel at 30 June 2024 are 14 positions comprising the Chief Executive Officer, 7 Board Members, Chief Investment Officer, Chief Investment Risk Officer, Chief Operating Officer, Chief Strategic Policy and Engagement Officer, and Chief Legal Officer. The numbers that hold these positions vary depending on how many positions had departures and new starters within the year, following the resignation of the former Chief Operating Officer, the position was filled by a new appointee.

Short-term employee benefits include salary, annual leave, other benefits and allowances. Post-employment benefits relates to superannuation. Other long-term benefits principally relates to long service leave.

The Board and CEO remuneration and other benefits are set by the Remuneration Tribunal. The Board members and CEO are not paid performance awards.

Notes to and forming part of the Financial Statements(continued)

For the period ended 30 June 2024

3.3 Related Party Relationships

NAIF is an Australian Government controlled entity. Related parties to the entity are the key management personnel as defined above and other Australian Government entities.

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens.

Significant transactions with related parties can include provision of corporate and administration services to NAIF, the provision of insurance, the provision of leases and the purchases of goods and services.

Where a NAIF Board member has an actual, apparent or potential conflict of interest in relation to a potential investment decision, that member does not receive papers or participate in discussions on that transaction. A conflicts of interest register is maintained to record Board members' disclosed interests. Minutes from Board meetings record recusals as and when they occur.

NAIF is supported through an SLA with Export Finance Australia allowing access to resources across ITC and Finance functions. The SLA arrangement ensures an efficient use of existing Commonwealth resources, reducing the duplication of resourcing requirements across government entities. The SLA allowed NAIF to transition from its start-up phase to operational phase more effectively and faster than it would have otherwise.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the entity, it has been determined that there are no other material related party transactions to be separately disclosed.

Notes to and forming part of the Financial Statements(continued)

For the period ended 30 June 2024

	2024 \$'000	2023 \$'000
NOTE 4: REMUNERATION OF EXTERNAL AUDITORS		
An audit or review of the annual report	55	72
Total audit remuneration	55	72

Northern Australia Infrastructure Facility's auditor is the Australian National Audit Office (ANAO).

Notes to and forming part of the Financial Statements (continued)

For the period ended 30 June 2024

Other Information

	2024 \$'000	2023 \$'000
NOTE 5: CURRENT/NON-CURRENT DISTINCTION FOR ASSETS AND LIABILITIES		
Assets expected to be recovered in:		
No more than 12 months		
Cash	25,167	17,999
Other receivables	125	104
Other non-financial assets	119	76
Right Of Use Assets	523	523
Plant and Equipment	69	36
Total no more than 12 months	26,003	18,738
More than 12 months		
Right Of Use Assets	574	1,097
Plant and Equipment	255	163
Total more than 12 months	829	1,260
Total assets	26,832	19,998
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	2,755	2,363
Other payables	276	245
Lease liabilities	479	458
Employee provisions	697	460
Total no more than 12 months	4,207	3,526
More than 12 months		
Lease liabilities	548	1,027
Employee provisions	792	428
Other provisions	275	275
Total more than 12 months	1,615	1,730
Total liabilities	5,822	5,256
Total aggregated assets and liabilities	21,010	14,742



Index of Statutory Reporting Requirements

The Board of NAIF is obligated under section 46 of PGPA Act to prepare an annual report and section 17BE(u) of the PGPA Rule sets out the mandatory content requirements.

Part A – Public Governance, Performance and Accountability Act 2013

Section	Subject	Location within Report	Page
Public Governance, Performance and Accountability Rule Sec 17BE			
s 17BE(a)	Details of the legislation establishing the body.	Corporate Governance	36
s.17BE(b)(i)	A summary of the objects and functions of the entity as set out in legislation.	Annual Performance Statement	28
s17BE(b)(ii)	The purposes of the entity as included in the entity's corporate plan for the reporting period.	Annual Performance Statement	28
s.17BE(c) – (f)	The annual report must provide details of: <ul style="list-style-type: none"> • The name and title of the responsible Ministers of NAIF. • Any directions given by the responsible Minister. • Any policy orders that applied to NAIF; and • Details of any non-compliance with the above. 	Corporate Governance - Accountability - Accountability / Ministerial Directions - Not applicable - Not applicable	36 36
s.17BE(g)	The annual report must include NAIF's Annual Performance Statements.	Annual Performance Statement	28
s.17BE(h) – (i)	The annual report must detail any significant issues reported to the Minister.	Corporate Governance - Legislative Reporting	N/A
s.17BE(j)	The annual report must detail particulars of the Board.	Board - Board Profiles and Photos	50
s.17BE(k) – (l)	The annual report must detail particulars of NAIF's organisational structure and outline the location of the NAIF's major activities or facilities. Statistics on NAIF's employees including the following: <ul style="list-style-type: none"> • Full-time employees; • Part-time employees; • Gender; and • Staff location. 	People - Organisational structure and location - Workforce demographics	58 58 60

Section	Subject	Location within Report	Page
s.17BE(m)	The annual report must outline the main corporate governance practices of NAIF.	Corporate Governance	36
s.17BE(q) – (s)	The annual report must detail any judicial and administrative decisions or reviews or reports having a significant effect on NAIF.	Corporate Governance - Corporate Reporting	38
s.17BE(t)	The annual report must detail any indemnity applied during the financial year.	Corporate Governance - Corporate Reporting	38
s. 17BE(taa)	The following information about NAIF's audit committee (BARC):		
	(a) Reference to the BARC charter;	Corporate Governance	36
	(b) Name of each member of the BARC;	Board	48
	(c) Qualifications of each member of the BARC;	Board	50
	(d) Information about each member's attendance at BARC meetings; and	Board	48
	(e) Remuneration of each member of the BARC.	People	65
s.17BE(ta)	Information about executive remuneration.	People	62

Part B – Other legislation

Section	Subject	Location within Report	Page
Northern Australia Infrastructure Facility Act 2016			
s. 42	NAIF's annual report must include:	Corporate Governance	
	(a) Particulars of any changes to the Investment Mandate during the period and their impact on the operations of the Facility;	- Legislative Reporting	38
	(b) A summary of the proposal notices given by the Facility to the Minister during the period;		40
	(c) A summary of any rejection notices given by the Minister during the period and the Minister's reasons for giving the notices;		38
	(d) For financial assistance provided by the Facility during the period, a summary of:		40
	(i) the amounts of financial assistance and kinds of Northern Australia economic infrastructure concerned;		
	(ii) the forms in which financial assistance was provided and their important features; and		
	(iii) the risks and returns to the Commonwealth.		
	(e) A summary of any adjustments or concessions made by the Facility during the period in relation to the Northern Australia economic infrastructure projects that have not progressed as planned.		41
Environment Protection and Biodiversity Conservation Act 1999			
s.516A (3)(6)	Ecologically sustainable development and environmental performance.	Corporate Governance - Environmental Reporting	42
Work Health and Safety Act 2011			
Sch2, Pt 4, Clause 4(2)	Work health and safety initiatives, outcomes, statistics and investigations.	People - Work, Health and Safety	62

Part C – Other disclosure

Section	Subject	Location within Report	Page
	Commonwealth Climate disclosure pilot reporting	Climate Disclosure	68

Abbreviations and Acronyms

Abbreviation / Acronyms	Description
ASFI	Australian Sustainable Finance Institute
BARC	Board Audit and Risk Committee
CCD Pilot	Commonwealth Climate Disclosure Pilot
CEO	Chief Executive Officer
CO ₂ -e	Carbon Dioxide Emissions
CROMP	Climate Risk and Opportunity Management Program
E&S	Environmental and Social
EFA	Export Finance Australia
EMG	Executive Management Group
EPBC Act	Environment Protection and Biodiversity Conservation Act 1999 (Cth)
ESD	Ecologically Sustainable Development
ESG	Environmental, Social and Governance
ESR Policy	Environmental and Social Review of Projects Policy
FAR	Fixed Annual Remuneration
FC	Financial Close
FTE	Full Time Equivalent
FY	Financial Year
GHG	Greenhouse Gas
ICT	Information & Communications Technology
ID	Investment Decision (to offer finance)
IES	Indigenous Engagement Strategy
Investment Mandate	Northern Australia Infrastructure Facility Investment Mandate Direction 2018
IRG	Investment Review Group
KER	Key Enterprise Risks
KMP	Key Management Personnel
MOU	Memorandum of Understanding
NAIF Act	Northern Australia Infrastructure Facility Act 2016
NAP	National Adaption Plan
NGER	National Greenhouse and Energy Reporting
PBS	Portfolio Budget Statement
PGPA Act	Public Governance, Performance and Accountability Act 2013
PMG	Portfolio Management Group
PRemCo	People & Remuneration Committee
RAS	Risk Appetite Statement
RDA	Regional Development Australia
RMAC	Risk Management and Compliance
SIV	Specialist Investment Vehicle
SLA	Service Level Agreement
STI	Short Term Incentive
TNFD	Taskforce on Nature-related Financial Disclosures
WHS Act	Work Health and Safety Act 2011
WHS	Work, Health and Safety



Image: JCU Indigenous Student Support and traditional owner Eddie Savage with NAIF staff Ben Gertz at JCU Halls of Residence with Ibis artwork in the background



Australian Government

NAIF

Northern Australia Infrastructure Facility

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www.transparency.gov.au

