

FREE WEBINAR

Applying for Finance with NAIF

THURSDAY, 23 MAY 2024

11AM AEST



The background of the slide is a dark teal color with intricate white line art. The art depicts hands holding circular objects, possibly shields or drums, with various patterns like dots, lines, and leaf-like shapes. The style is reminiscent of traditional Indigenous Australian dot painting.

Acknowledgment of Country

NAIF acknowledges the Traditional Owners of Country throughout Australia and their continuing connection to land, sea and community. We pay our respects to Elders past and present.

Please note: In this presentation when referencing First Nations People and Aboriginal and Torres Strait Islander people the term Indigenous is used. This does not aim to cause any disrespect.

APPLYING FOR FINANCE WITH NAIF

Our Speakers



Craig Doyle
Chief Executive Officer



Stephen Land
Chief Investment Officer

APPLYING FOR
FINANCE WITH NAIF

Agenda

- NAIF Act and Investment Mandate
- NAIF's Investment Criteria
- NAIF's Approval Process
- Project Scoping
- Initial Review
- Australian Industry Participation Plan
- Work Health and Safety Accreditation Scheme

About Us

NAIF is a Commonwealth Government financier, providing loans for infrastructure projects in northern Australia and the Australian Indian Ocean Territories.



- We are a catalyst for investment in the north by investing in infrastructure projects that create jobs, procurement opportunities, public benefit for the region and Indigenous outcomes
- We can accept a higher risk than commercial lenders
- We may offer concessional financing



[NAIF Act and Investment Guidelines](#)



Investment Guidelines

Our purpose is to provide financing support to businesses by funding and encouraging private-sector investment for projects that facilitate sustainable economic growth.



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



Can repay or refinance NAIF's debt

Our Investment Mandate

NAIF is facilitated by two core legislative instruments:

The [Northern Australia Infrastructure Facility Act 2016](#) (NAIF Act) which was passed in 2016 with bipartisan support.

The [Northern Australia Infrastructure Facility Investment Mandate Direction 2023](#) (Investment Mandate) is made under the NAIF Act and guides the investment strategy of NAIF.

It provides for infrastructure such as physical structures, assets (including moveable assets) or facilities which underpin, facilitate or are associated with:

- the transport or flow of people, goods, services or information; or
- the establishment or enhancement of business activity in region; or
- an increase in economic activity in a region, including efficiency in developing or connecting markets; or
- an increase in population.

Our Investment Process

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



Scoping Your Project

Construction Contract and Operating costs

- Includes the direct project costs, including items such as supervision expenses plus the markup imposed by contractors for general overhead expenses and profit.

Price of product

- Prices vary depending on how much customers are prepared to pay, the amount of money the seller is prepared to accept, and how competitive the price is when compared to other businesses.

Market studies

- Assess whether competition in a market is working efficiently, and identify measures to address any issues that are identified.

Revenue

- The total amount of income by the sale of goods or services related to the company's operations.

Offtake agreements

- An arrangement between a producer and a buyer to purchase or sell portions of the producer's upcoming goods. It is normally negotiated before the construction of a factory or facility to secure a market and revenue stream for its future output.

Initial Review



Capex & Location



Ownership & Management



Business Case



Financial Metrics



Key Parties & Arrangements



Development Status and Approvals



Funding Plan



Timeline

INITIAL REVIEW

Project Capex & Location

An overview of the project, including scope, cost breakdown, and project stages. Additionally, we'll detail the project location and tenure, including GPS coordinates and land access arrangements.

Scope

- Briefly describe the project's objectives and deliverables.
- Highlight key features or milestones.

Cost Breakdown

- Provide a breakdown of capital expenditure (capex) items.
- Include estimated costs for different project components.

Staging (if applicable)

- Explain any project phases or stages.
- Detail how the project will progress over time.

Project Location

- Specify the geographical area where the project will take place.
- Include GPS coordinates for accuracy.

Land Access Arrangements

- Describe how land access will be managed, and the tenure.
- Mention any relevant agreements (e.g., pastoral lease, Crown reserve).

INITIAL REVIEW

Ownership & Management

While the owner holds legal rights and responsibilities for the company, the management "team" is responsible for the day-to-day operations and decision-making.

- **Ownership Structure**
- **Management Team**
- **Governance and Decision-Making**
- **Risk Management**
- **Stakeholder Engagement**

INITIAL REVIEW

Business Case

Overview of the project's objectives and business case, including a financial model.

Include key assumptions in the business case and financial model, and rationale.

- **Identify the Business Problem**
- **Collect Research and Data**
- **Outline the Business Benefits**
- **Evaluate Costs and Risks**

Financial Metrics

Financial metrics are used to evaluate and assess the financial performance, health, and stability of a company or an investment. These metrics are derived from a company's financial statements, such as the balance sheet, income statement, and cash flow statement.

- **Return on Investment (ROI)**
- **Leverage (ratio of debt to earnings)**
- **Gearing (ration of debt to equity)**
- **Internal Rate of Return (IRR)**
- **Earnings margin**
- **Sensitivities to changes in inputs**

Key Parties & Arrangements

Outline of the key parties and key arrangements, including:

- details of revenues/offtakes that underpin the business case and would repay the loan;
- other relevant contractual arrangements that underpin the business case eg. supply/feedstock, transport etc.
- proposed operational arrangements; and
- proposed tier or identity of building contractor and the building contract to be used.

- **Stakeholders**
- **Partnerships and Alliances**
- **Contracts and Agreements**
- **Project Governance**
- **Financial Arrangements**

INITIAL REVIEW

Development Status & Approvals

Project's current development status. Include details of approvals (including environmental approvals) achieved and/or needed for the project.

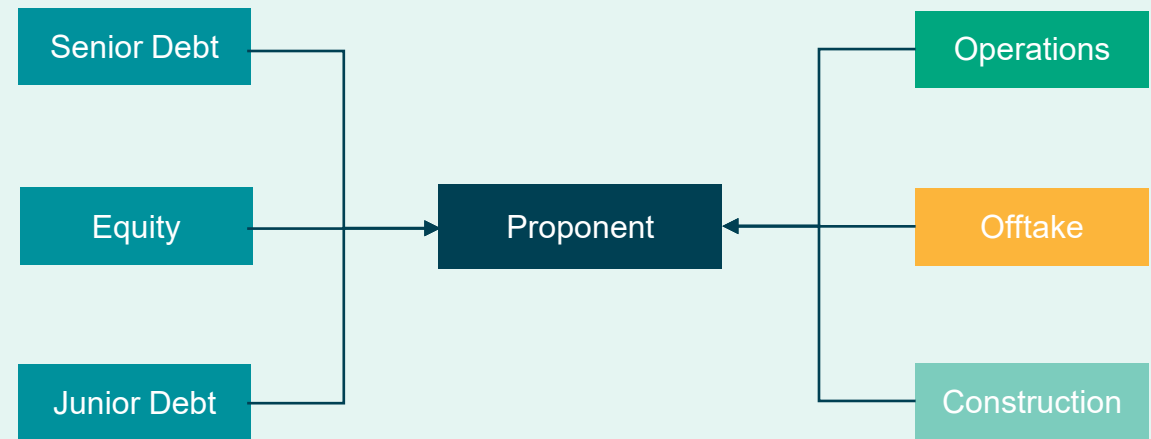
Northern Australia Infrastructure Facility



INITIAL REVIEW

Project Funding Plan

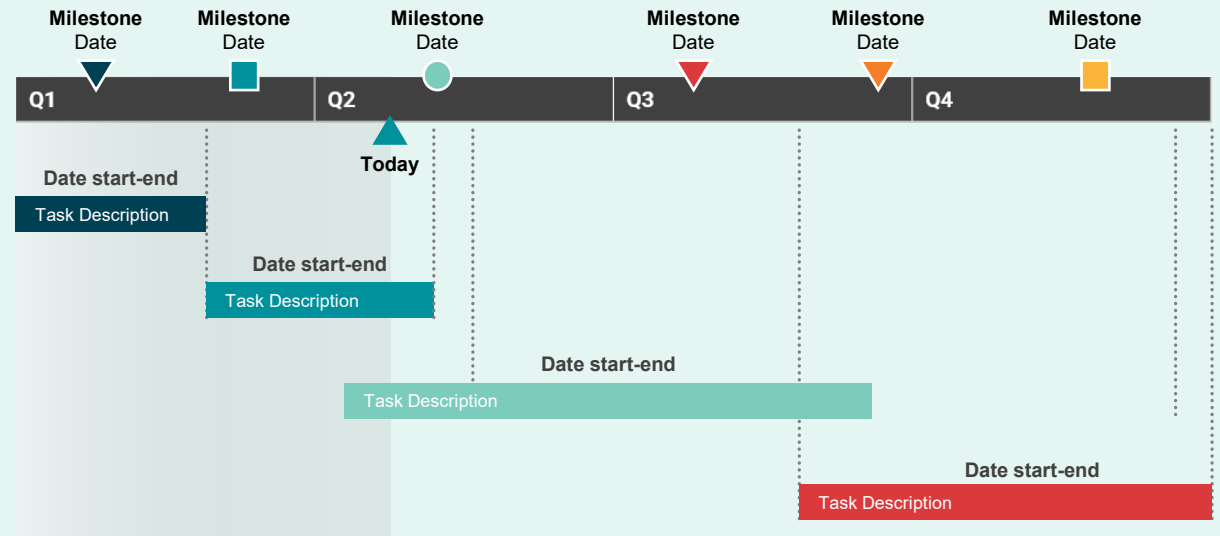
- What is the equity available to support the project upfront and ongoing?
- Provide an indicative Sources & Uses of Funds.
- The role of commercial banks and other financiers, if any.



INITIAL REVIEW

Timeline

- Policies and Plans
- Prioritisation
- Feasibility and Preparation
- Design
- Procurement
- Construction
- Operations and Maintenance



RESOURCE

Public Benefit Guideline

All NAIF-funded projects are required to produce benefits to the broader economy and community beyond an economic return to the Project Proponent.

[Download the Public Benefit Guideline](#)

- Independent economics consultant will be required.
- Geography
- Economic return to the project proponent is not considered Public Benefit
- Future Public Benefits should be appropriately discounted
- Qualitative assessments are important where quantification is not possible
- Jobs must be quantified

RESOURCE

Indigenous Engagement Strategy

The project proponent must provide a strategy which sets out objectives for Indigenous participation, procurement and employment that reflect the Indigenous population in the region of the proposed project.



[Indigenous Engagement Toolkit](#)



[Indigenous Engagement Guideline](#)



Environmental & Social Review

The [Environmental and Social Review of Projects Policy](#) outlines guidelines for assessing the environmental and social impacts of proposed projects.

Scope of the Policy

- Applies to all requests for financing assessed by NAIF for investment decisions.

Policy Statement

- NAIF employees, contractors, and consultants must consider the environmental and social (E&S) impacts of proposed projects.
- E&S impacts refer to both positive and negative effects that a project may have on the area and community where it is located.
- Due diligence includes assessing E&S impacts, documenting findings, and considering them during investment decision-making.

Australian Industry Participation Plan

The Australian Industry Participation (AIP) Plan is an initiative by the Australian Government.

Its purpose is to promote and encourage Australian businesses' involvement in significant public and private-sector projects.

When AIP plans apply

You may need to prepare and use an AIP plan if you are awarded:

- an Australian Government procurement contract of \$20 million or more or an Australian Government grant of \$20 million or more
- an Australian Government payment of \$20 million or more through a state or territory government for large infrastructure projects
- a Clean Energy Finance Corporation or Northern Australia Infrastructure Facility investment of \$20 million or more.

Work Health & Safety Accreditation Scheme

The WHS Accreditation Scheme is designed to improve health and safety in the building and construction industry.

Key criteria for accreditation

Applicants must satisfy the following criteria to obtain accreditation:

- Demonstrated ability to manage construction hazards and high-risk activities.
- Positive workplace safety record.
- Consistently good on-site audit results, with a focus on:
 - i. Senior management commitment to workplace health and safety (WHS).
 - ii. Integration of safe design principles into risk management.
 - iii. Whole-project WHS consultation and communication.
 - iv. Effective subcontractor WHS management.
 - v. Whole-project performance measurement.
 - vi. WHS training and competency.

How to contact NAIF



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