



**Australian Government**



Northern Australia Infrastructure Facility

## Presentation to International Mining and Resources Conference

[www.naif.gov.au](http://www.naif.gov.au)

Peter Ross  
30 October 2018

# NAIF- Key Facts

“The facility will address gaps in the infrastructure finance market for northern Australia and is an integral part of the government's plan for northern Australia.”

- Established **1 July 2016**
- **\$5 billion of loans available** for infrastructure development
- **Independent Board** makes investment decisions
- **Strong collaboration** with all arms of Government (Federal, States (WA and QLD) and NT)
- Available for approval **until June 2021** (can be longest Commonwealth borrowing tenor – around 28 years)
- NAIF aims to **‘crowd in’ private sector** financiers

NAIF is seeking

Infrastructure projects

To enable or accelerate project delivery

Broad economic and social public benefit

Can assist with higher risks and need for concessional terms

Must be capacity to repay NAIF finance and service equity

# New Investment Mandate: Streamlined Eligibility Criteria

Five rather than seven mandatory criteria. Removed all non-mandatory criteria.

The project must:

1. Involve the construction or enhancement of infrastructure
2. Be of public benefit
3. Be located in, or have significant benefit for, northern Australia
4. Be able to repay or refinance NAIF's debt
5. Have an Indigenous Engagement Strategy

# Investment Mandate: Broader reach

*“NAIF able to consider a broader range of infrastructure to better reflect the needs of regional and remote areas in northern jurisdictions”*

## Features

## What is Infrastructure?

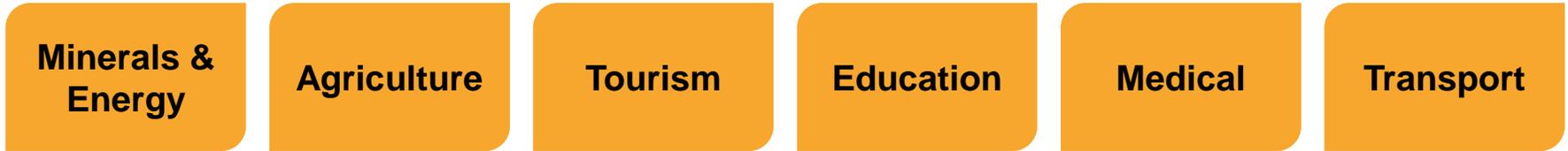
- **Foundational Infrastructure now included**
- **Must bring new capacity on line**
- **Multi user capacity (now or during expected life) relevant**

The Board is satisfied the project incorporates (in whole or in part) construction or enhancement of physical structures, assets (including moveable assets) or facilities which are associated with:

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

# Infrastructure to support all key sectors in the North

## Industry sectors – wide range of eligible asset types



## Types of infrastructure NAIF can support



# New Investment Mandate: Significantly more flexible

## Amount of Debt NAIF can finance

NAIF can now lend up to 100% of debt for eligible projects, which removes the 50 per cent cap on NAIF debt financing.

## Risk sharing

Must be reasonable allocation of risk between NAIF and other finance sources. Commonwealth (as a whole) not to be majority risk taker (i.e.  $\leq 50\%$  of project equity).

## Project size - no minimum

It is now clear NAIF can consider smaller projects (subject to their economics), where they meet other criteria – non mandatory references to size have been removed.

## Board assesses the gap test

NAIF continues to encourage private sector financing through NAIF's participation in a project. It will rely on the Board's commercial expertise to determine whether a project could proceed without NAIF assistance.

## Non-mandatory criteria removed

NAIF must still consider a preference for projects that address an infrastructure need through a Commonwealth, State or Territory assessment process, pipeline or priority list.

# NAIF – Making a difference in the North

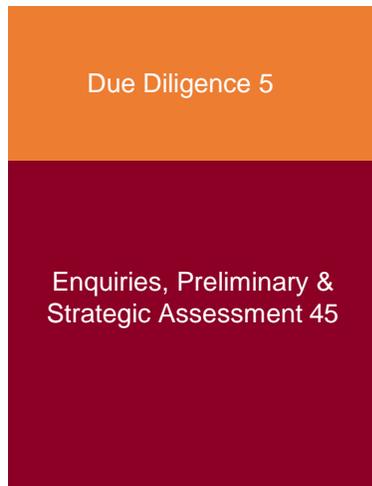
As at 30 September 2018



# Pipeline is increasing and maturing

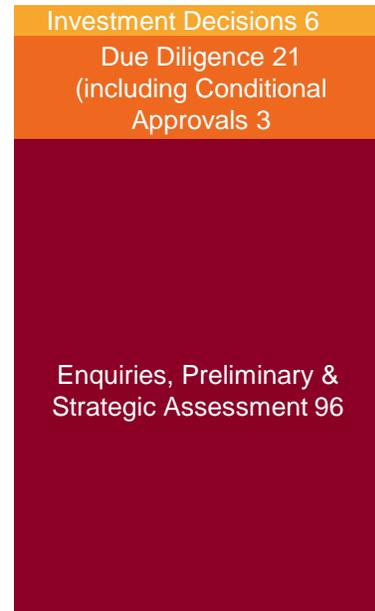
## Active Project Enquiries Maturity

30 June 2017



50

30 September 2018

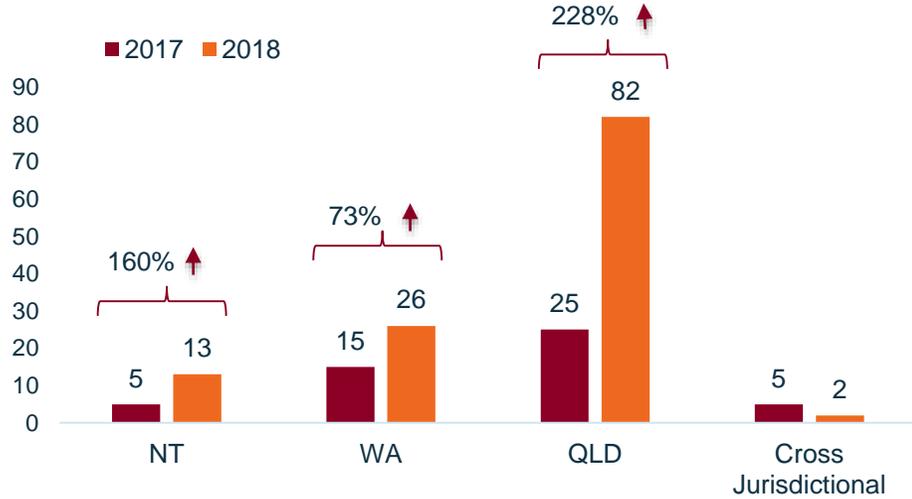


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- **146%** increase in active enquiries
- **320%** increase in the number of projects in Due Diligence
- **6** Investment Decisions

# Pipeline is increasing and maturing

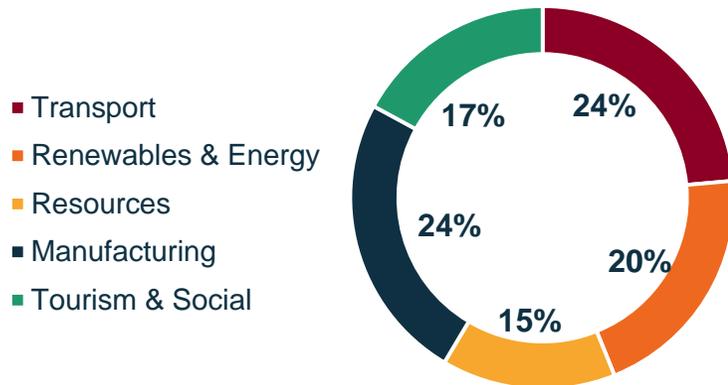
Active Project Enquiries by Jurisdiction  
30 June 2017 vs 30 September 2018



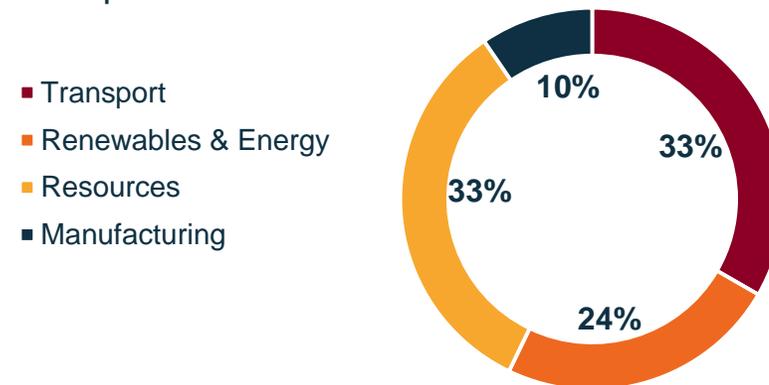
Due Diligence Projects by Jurisdiction  
30 June 2017 vs 30 September 2018



Active Project Enquiries by Sector  
30 September 2018



Due Diligence Project Enquiries by Sector  
30 September 2018



# Onslow Marine Supply Base (OMSB) – Investment Decision Sept 2017

## Marine supply facility including wharf and harbour expansion. Onslow, WA

**NAIF loan**  
Up to \$16.8m

**Total project value**  
\$120m over 3 stages

**Other lenders**  
NAB

**Security ranking / tenor**  
Subordinated / 10 years

### Timetable

- Environmental Approvals issued: 18 April 2018
- Proponent & NAB Signing: 5 June 2016
- WA premier signing for State: 31 May 2018
- Financial Close: 7 June 2018
- First NAIF drawdown: 14 June 2018

### Public Benefit \$100m over 10 years

- 61 jobs and \$18.2m economic benefit during construction
- 166 jobs and \$37.5m economic benefit during operations
- Multi-user facility providing significant savings for users with flow-on economic and community benefits



**NAIF Investment accelerated the project and will bring forward construction by 3-5 years**

### Indigenous engagement

- Proponent will continue track record of Indigenous employment, participation and supplier procurement

# Pilbara Minerals Limited – Investment Decision August 2018

## Upgrade Pippingarra Road, a 70km public road to access the Pilgangoora lithium-tantalum mine, south of Port Hedland, WA

NAIF loan  
\$19.5m

Total project  
\$25m

### Public Benefit

- Improved road safety by keeping heavy trucks off a long section of the vital Great Northern Highway and reducing interaction between light and heavy vehicles
- Improved access to remote Pilbara locations for individuals and businesses, Indigenous communities, quarries, locals, tourists and other mining companies
- Assessed public benefit of \$27m over 17-years mine life

### Indigenous engagement

- Early links forged with two key Traditional Owners groups, the Njamal and the Kariyarra peoples
- Preferential employment and procurement initiatives targeting local Indigenous workforce and businesses
- Preliminary roadworks and other project works already sub-contracted to NPJV, a key Indigenous joint venture
- Cross-cultural awareness by local Indigenous facilitators



The NAIF investment will **improve productivity** by increasing haulage payloads and allowing larger road train configurations to be used. It also facilitates potential future **expansion of mining operations**. Importantly, **extreme weather risks will be mitigated** by offering an alternative route to Port Hedland.

The Pippingarra Road upgrade means trucks can **avoid traversing three important railway crossings**, further enhancing safety and efficiency.

*The financial assistance is subject to the finalisation of the WA Government's consideration and agreement for the approved funds to be advanced*

# Sheffield Resources Limited – Investment Decision August 2018

## Infrastructure including LNG power station and reticulation, and upgrade road and port infrastructure to support Thunderbird Mineral Sands Project, in West Kimberley region, WA

NAIF loans  
\$95m

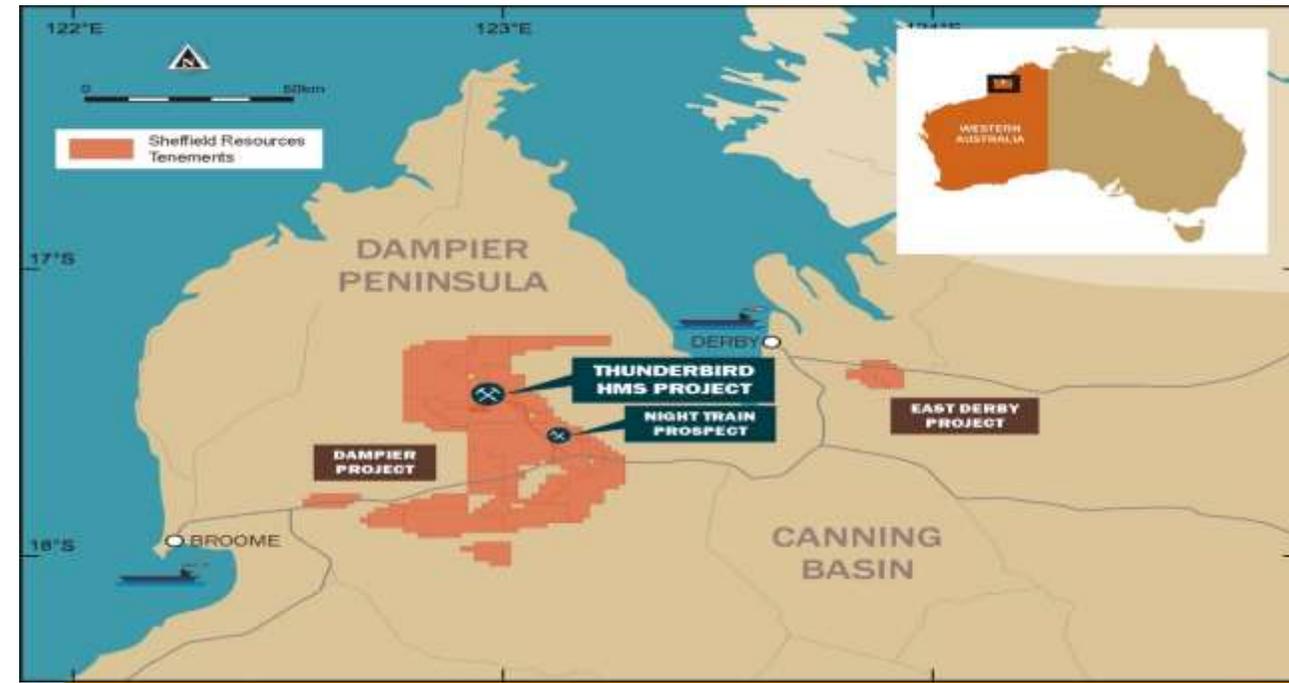
Total project  
\$562m

### Public Benefit

- Net public benefit of \$487m over 42-years mine life
- Drive in/drive out jobs will provide local employment, training and business opportunities and lift economy and lifestyles of Derby and Broome
- 400 construction jobs and 280 direct jobs plus support services and training opportunities

### Indigenous engagement

- Sheffield's *Our Pledge to the Kimberley Community* includes Aboriginal jobs (build to 40% in first 8 years of operation) and Aboriginal business content (minimum of \$5m/year from year 5) plus Aboriginal training fund
- Cash royalties to exceed \$100m over 42 years
- Cross-cultural awareness training by Traditional Owners for all employees and contractors



NAIF loans will **contribute** to the development of infrastructure for **Thunderbird Mineral Sands Project**, one of the world's **largest and highest grade zircon and titanium dioxide** deposits. These materials have a wide range of uses, from **tiles and fibre optics** to **sunscreen and food colouring**.

NAIF's assistance effectively **accelerates the development of important infrastructure elements** of the Thunderbird project, filling a gap in Sheffield's finance that it could not obtain from private sector debt and equity markets at this point in its corporate development.

*The financial assistance is subject to the finalisation of the WA Government's consideration and agreement for the approved funds to be advanced*

# James Cook University (JCU) – Investment Decision June 2018

**Build Technology Innovation Complex (TIC), a 10,000m<sup>2</sup> centre for students, industry partners and researchers. Townsville, Qld**

**NAIF loan**  
\$96m

**Total project**  
\$174m (JCU Enterprise Bundle)

## **Public Benefit**

- Townsville to attract industry to the region, generate jobs and retain graduates in the region
- JCU to attract more regional and international students in engineering
- A cost/benefit analysis estimates public benefits from the Enterprise Bundle will be about \$700m over 30 years

## **Indigenous engagement**

Complements JCU's existing practices and targets Indigenous employment, procurement and engagement outcomes during both construction and operating phases of the TIC



The **NAIF loan** will finance the **Technology Innovation Complex** as part of JCU's long-term strategy to modernise the Townsville campus, to **accelerate JCU Enterprise Bundle** (the TIC, Townsville Campus Renewal and Townsville Central Plaza)

# Humpty Doo Barramundi Farm (HDB) – Investment Decision May 2018

## Solar farm, medium fish nursery and processing equipment. Humpty Doo, NT

### NAIF loan

\$7.18m (potential up to \$30m)

### Total project value

Up to \$60m in 3 stages

### Other lenders

ANZ (Stage 1 \$7.2m)

### Security ranking / tenor

Equal / 12 years

### Public Benefit

- 50 local jobs over the 3 stages which will double HDB farm employees (approximately 20 jobs in stage 1)
- Renewable energy from the solar farm, reduced demand on aging natural gas fired power stations and assist NT meet its 50% renewable energy target
- Help grow the NT aquaculture sector, through supply of fishlings and future multi-user processing capabilities

### Indigenous engagement

- Partnerships with Indigenous communities, recruit Indigenous employees, offer participation opportunities,
- Engage only suppliers who demonstrate commitment to Indigenous employment, training and 'Healthy Community Initiatives'



This major investment in farm infrastructure would not have been possible in the short term without NAIF

NAIF finance allowed HDB to **fast track this investment**, enabling northern Australia to be firmly recognised as a leading supplier of premium saltwater farmed barramundi

# NT Airports Conditional Approval Sept 2018

## Infrastructure upgrades and construction across Darwin, Tennant Creek and Alice Springs Airports

Including:

- Cold storage and export hub at Darwin International Airport
- Solar energy farms at Darwin, Tennant Creek and Alice Springs along with an off-site multi-user battery
- Upgrades at the Alice Springs Airport

### Potential NAIF loan

Up to \$150m

### Total project value

\$300m

### Public Benefit

- Expected to be with up to 1,000 jobs generated through the construction phase, supporting approximately 500 indirect jobs through the supply chain with over 140 new on-going positions
- Increased capacity to attract bigger planes to carry more tourists and export the norths' distinctive products such as mud crabs, barramundi, mangoes and melons to Asia
- Local businesses, including Indigenous organisations will benefit with Northern Territory Airports committing to a 10% Indigenous employment target



NAIF's ability to **provide an early indication of support for these projects will accelerate their construction** with the projects now scheduled to commence in early 2019.

*NAIF will also continue to work closely with stakeholders including NTA and the Northern Territory Government as they undertake their review of the project and work towards agreeing to provide funds*

# Genex Power: Kidston Stage 2 – Indicative Term Sheet announced June 2018

## 250MW pumped storage hydro project and the integrated solar project of up to 270MW Kidston. Near Georgetown, Qld

**NAIF loan**  
Up to \$516m

**Total project value**  
Confidential

**Other lenders**  
TBA

**Security ranking/tenor**  
Subordinate / 28 years

### Public Benefit

- To be determined following independent cost/benefit analysis
- Storage capacity and ‘dispatchability’ of energy to enhance network reliability

### Indigenous engagement

- Actively seeking to maximise job opportunities for the local Ewamian people
- The project will provide funding for a local Indigenous owned tourist facility



The NAIF indicative term sheet was issued to **assist Genex to advance its discussions** with other project counterparties and prove up the project fundamentals.

This project is considered to be important for the transition of the market to lower emission renewable energy sources which will transform northern Australia energy markets.

# Thank you



**Australian Government**



**Northern Australia Infrastructure Facility**

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