



Australian Government



Northern Australia Infrastructure Facility

RDA FNQ&TS NAIF WORKSHOP

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www.naif.gov.au

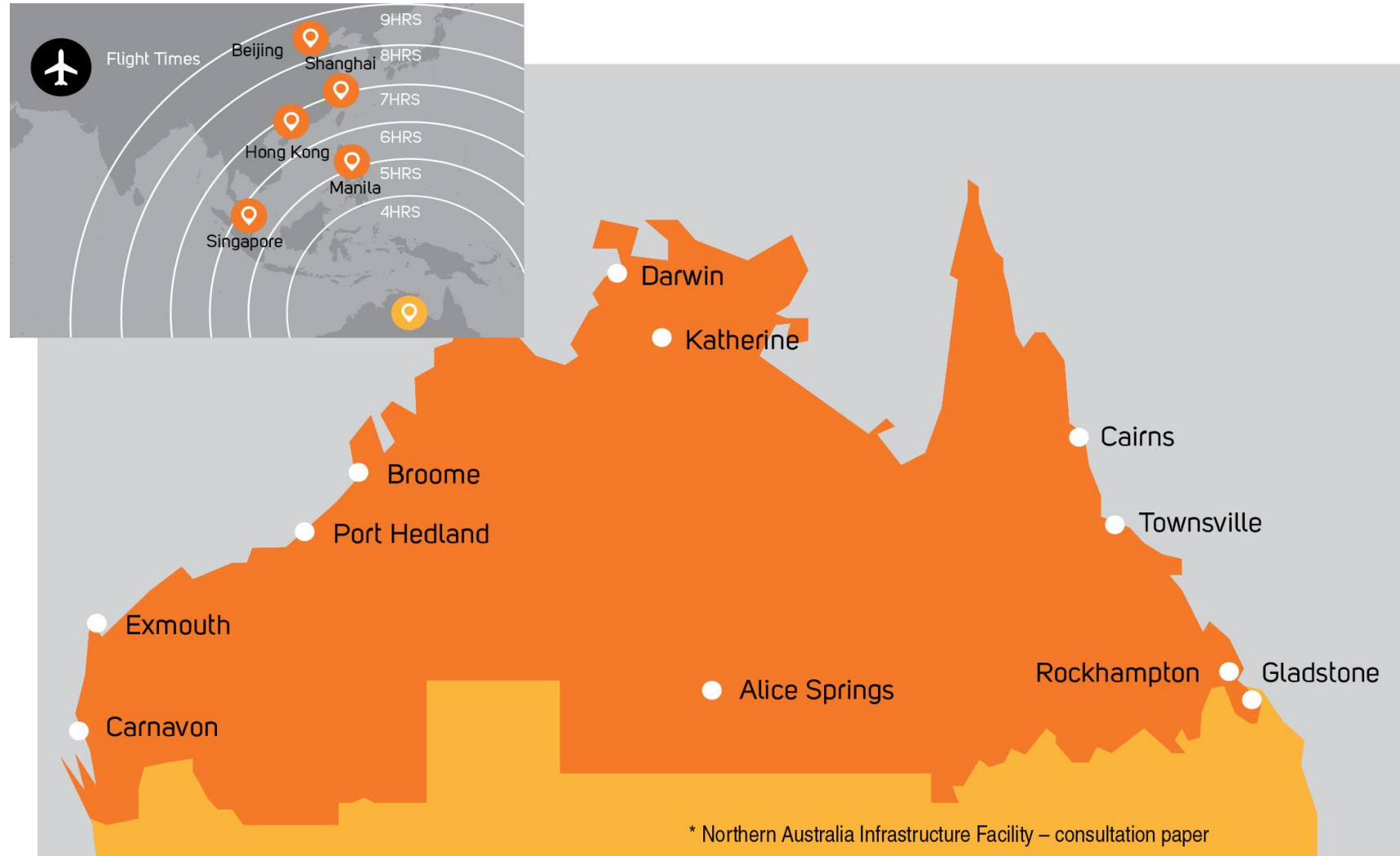
Northern Australia

UNTAPPED POTENTIAL

- **11.7% of GDP**
- **5.5% of Population**
- **40% of Australia's landmass**
- **90% of Australia's gas reserves**
- Large agricultural and tourism opportunities close to Asia

TRADE GATEWAY TO ASIA

- By **2030 two thirds** of the world's middle class and **50%** of world's GDP
- By **2050 50%** of global growth in demand for agriculture products will come from China.



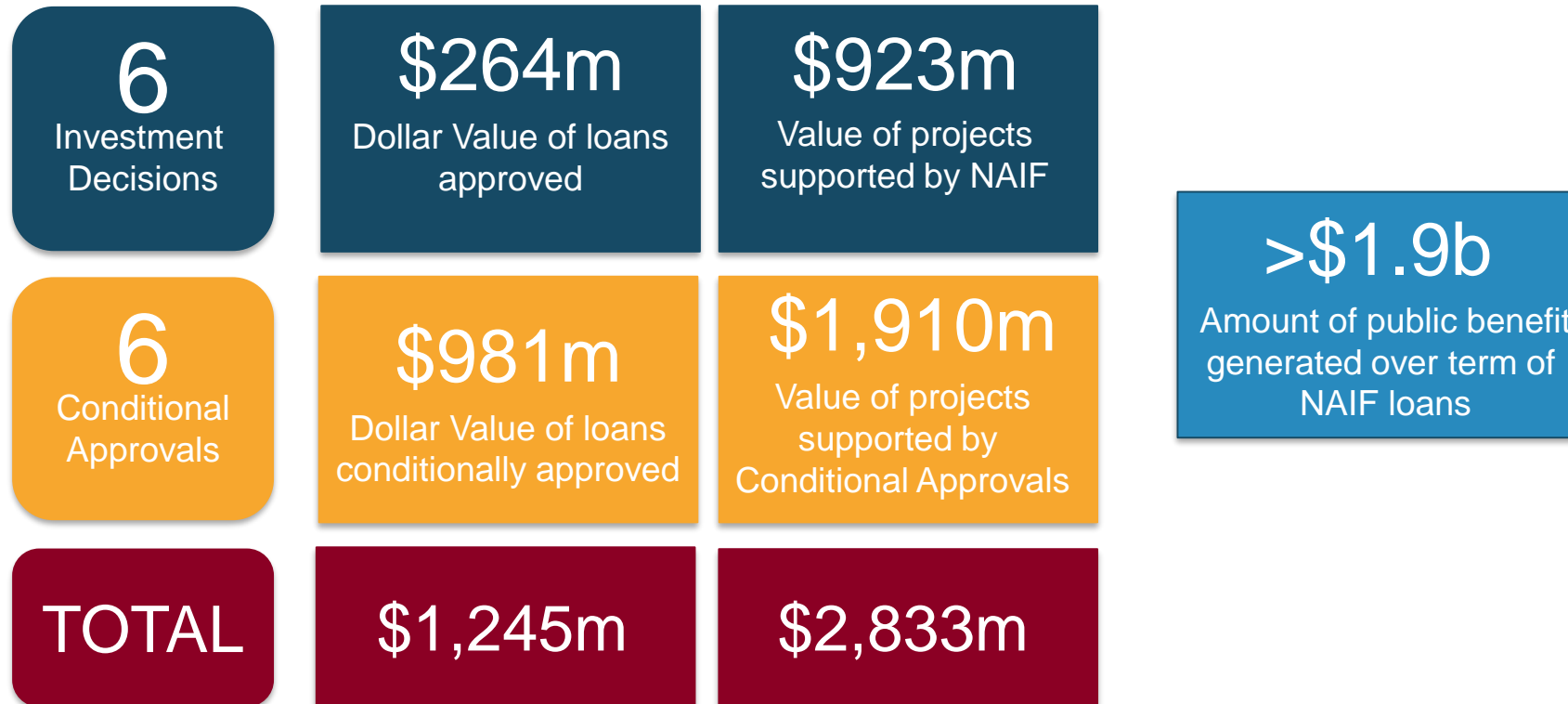
NAIF- Key Facts

“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.”

	NAIF is seeking
<ul style="list-style-type: none">• 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 32 years)• NAIF aims to ‘crowd in’ private sector financiers	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

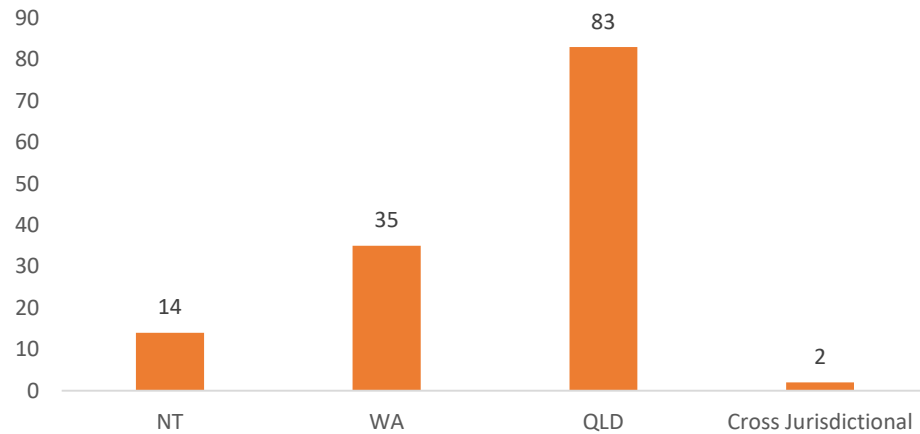
NAIF – Making a difference in the North

As at 30 November 2018:

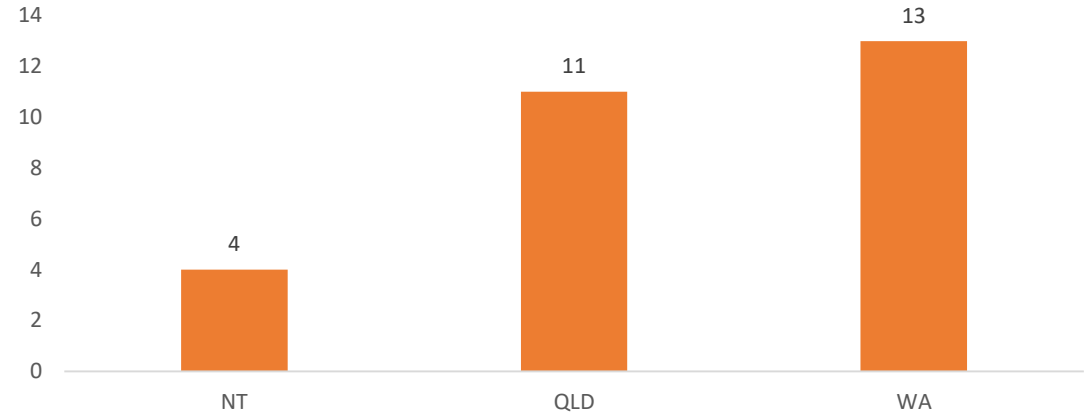


NAIF Pipeline November 2018

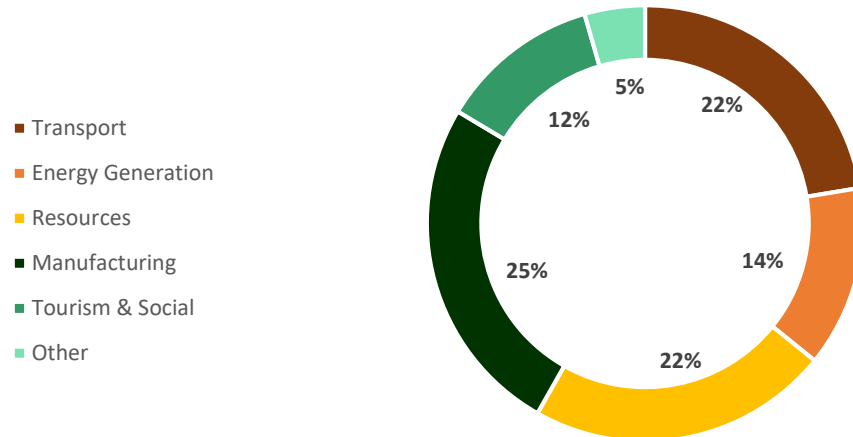
Active Project Enquiries by Jurisdiction
30 November 2018



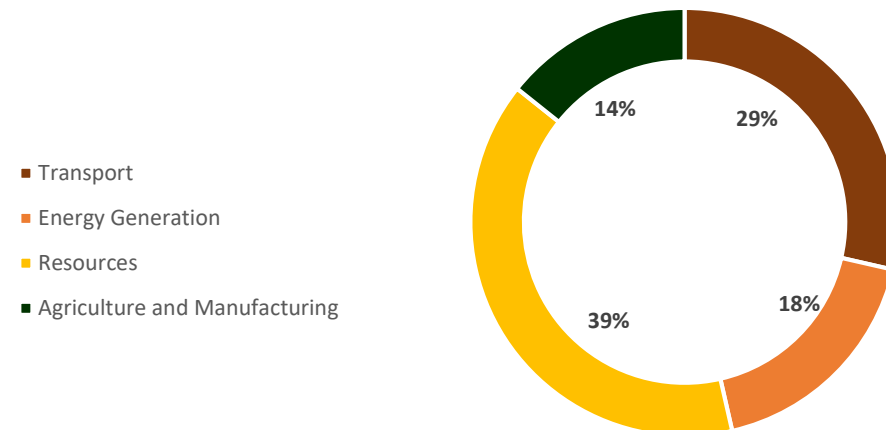
Due Diligence Projects by Jurisdiction
30 November 2018



Active Project Enquiries by Sector
30 November 2018



Due Diligence Project Enquiries by Sector
30 November 2018



NAIF Investment Mandate: Broad scope

NAIF is able to fund a very broad range of infrastructure to reflect the needs of regional and remote areas in northern Australia

Features

- **Traditional infrastructure as well as operating assets**
- **Must bring new capacity on line**
- **Usually multi user capacity, but single user may qualify**

NAIF's Infrastructure Definition

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;
- b) the establishment or enhancement of business activity in a region;
- c) an increase in economic activity in a region, including efficiency in developing or connecting markets; or
- d) an increase in population.

Infrastructure underpinning our regional assets

Foundations to support and facilitate growth

Water assets

Rail

Roads

Airports

Energy
including
renewables

Communications

Walking and
bicycle trails

Heliports

Marinas

Generation,
Distribution, Storage

Cruise ship ports
and terminals

Treatment,
Distribution,
Storage

Processing facilities

Marinas

Eco tourism
infrastructure

Abattoirs and
agriculture
processing plants

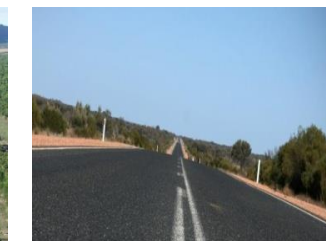
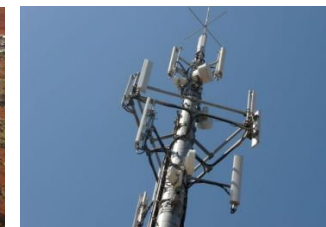
Training or
educational
facilities

Health facilities
and medical
research

Seaports

Associated cargo /
storage facilities

Transhipment
vessels



New Investment Mandate: Streamlined Eligibility Criteria

Five 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

Other NAIF Financing Features

Financial Assistance

Loan or alternative financing mechanism. Qld, WA or NT Governments are the “lender of record”.

Concessions (minimum required for a project to proceed)

NAIF funds not a grant but terms can be highly **concessional and will have regard to the public benefit generated**.

Relative to other lenders financing terms may:

- Have **longer tenors** (up to nearly 32 years)
- Have **lower interest rates**
- Be **more patient** (e.g. **longer interest capitalisation, interest only periods**)
- Offer **tailored loan repayment** schedules
- Be **subordinated** on cash-flow or security basis

Proponent

Can be private or public sector.

NAIF is not the Proponent.

Equity Capital

Can be **domestic** or **foreign** ownership. NAIF does not provide equity or feasibility funding.

Non-NAIF Debt

NAIF can partner with other financiers both public and private.
NAIF aim is to **complement** private sector, not **compete** with it.

NAIF – Indigenous Objectives & Opportunities

Northern Australia

- 15% of the population identifies as Aboriginal or Torres Strait Islander
- > 40% of the land mass is under Indigenous tenure or Indigenous management
- By 2040 Indigenous Australians will constitute half of the permanent population of northern Australia

- NAIF Mandatory Criterion: projects must have an Indigenous Engagement Strategy to deliver tangible benefits in participation, procurement and employment

- NAIF has strong contacts with Indigenous organisations

- NAIF is keen to explore opportunities to work with partners to bridge the capital and capabilities gap frequently evident in Indigenous-led projects

NAIF Assessment Process

NAIF's Application and Approval procedure is aligned with an infrastructure project lifecycle becoming more rigorous as a project progresses to financial close.

There are four stages in NAIF's application and assessment process:

1. Enquiry and Preliminary Assessment Stage

2. Strategic Assessment Stage

3. Due Diligence Stage

4. Investment Decision and Execution Stage

NAIF and support for tourism concept and opportunities – one example

Ecotourism strategy and product offering as tourism drawcard. Far North Queensland and further afield

- A broad Project Concept vision which could include unique ecotourism offerings - cultural experiences, accommodation, sustainable eco experiences
- NAIF can help catalyse. Project and Proponent to be identified.
- Opportunities to consider NAIF finance post concept development.

Public Benefit / Indigenous Engagement

- **Employment and business opportunities for traditional owners**, including links with existing Indigenous and other tourism and service businesses
- **Raised awareness of areas of natural and historical significance** and Indigenous land and culture
- Promote **environmental and eco tourism opportunities**
- Power and water upgrades and other required infrastructure will benefit remote communities



We envisage that bringing together of indigenous culture experiences and ecotourism has the potential for NAIF to support the development of iconic attractions

Currently pre feasibility is under consideration for a number of project opportunities

NAIF to **collaboration and partner with jurisdictional governments** on call for tenders – an incentive to support projects

Further opportunities and discussion

Potential topics

What are the areas of opportunity for Cairns?

Potential areas of focus in our region:

- Agriculture and food processing
- Transportation – ports, roads
- Tourism
- Logistics and freight

Need for a proponent – NAIF is not a proponent

NAIF Case Studies

James Cook University (JCU) – Investment Decision June 2018

Build Technology Innovation Complex (TIC), a 10,000m² centre for students, industry partners and researchers. Townsville, Qld

NAIF loan
up to \$98m

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)

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

Voyages Indigenous Tourism Australia – Investment Decision May 2018

Airport runway, taxiway and apron upgrade, runway lighting and provision of contractor accommodation. Yulara, NT

NAIF loan
\$27.5m

Total project value
\$27.5m

Economic Impact and Public Benefit

- **Employment support** for approx. 320 jobs with the airport continued operations
- A key economic enabler for the Yulara region, particularly tourism to the **world heritage** Uluru and Kata Tjuta National Park
- **Indigenous training opportunities**
- Continued availability of emergency services and flights for remote communities in the region

Indigenous engagement

- A target of 3% to 5% of goods and materials sourced from companies that are 50% or more Indigenous owned
- Project construction employment targets are for Indigenous people to be greater than 10% of the workforce



NAIF's loan tenor better matching the long term asset life was not available in the commercial banking market.

NAIF's ability to take a **long term view in structuring its repayment profile** allows the Proponent to use its short to medium term cash flow on other high-value projects that support Voyages' social purpose of creating opportunities for Indigenous Australians through cultural tourism.

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

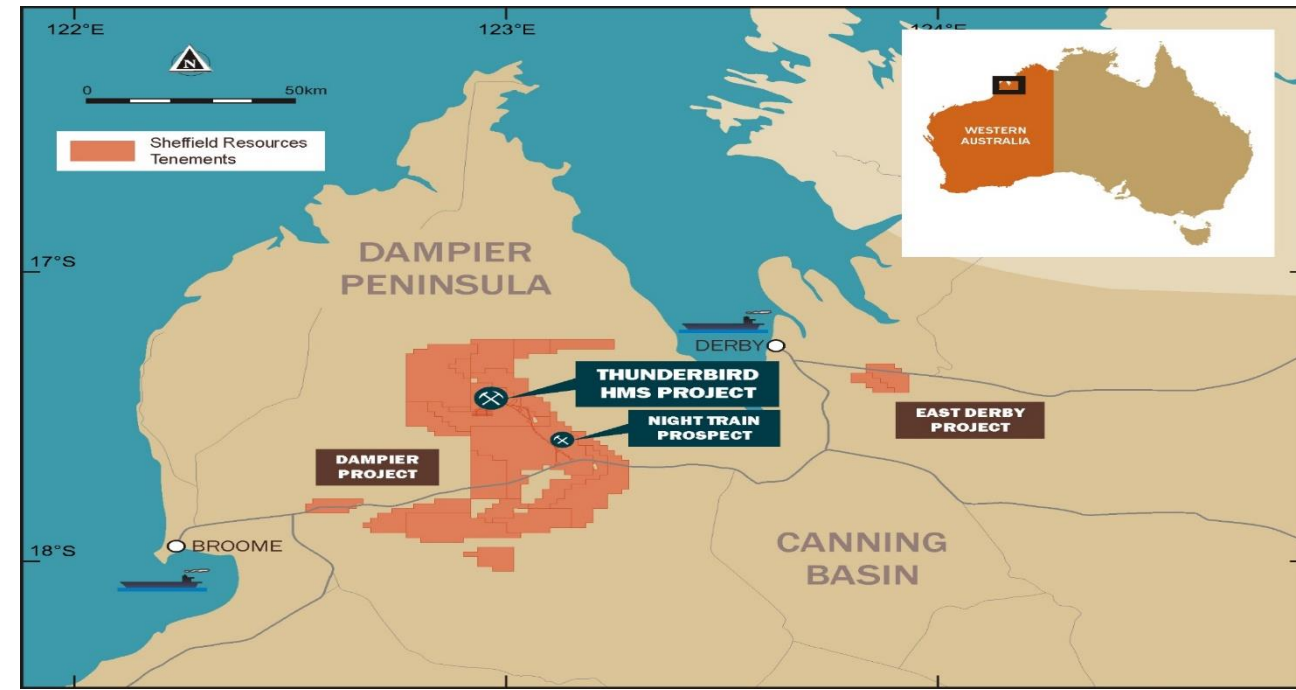
Total project
\$562m

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

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

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.

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

Thank you



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