

## NAIF Opening Statement – Senate Estimates 24 October 2019

Chair, I table an Opening Statement to provide an update on progress of the Northern Australia Infrastructure Facility (NAIF). As Committee members you would be aware NAIF’s vision is to transform northern Australia through financing infrastructure development.

### Cumulative NAIF Record

There is strong momentum across NAIF’s activities. NAIF’s investments in aggregate currently exceed **\$1.4 bn**, which relates to 12 Investment Decisions and 1 Conditional Approval.

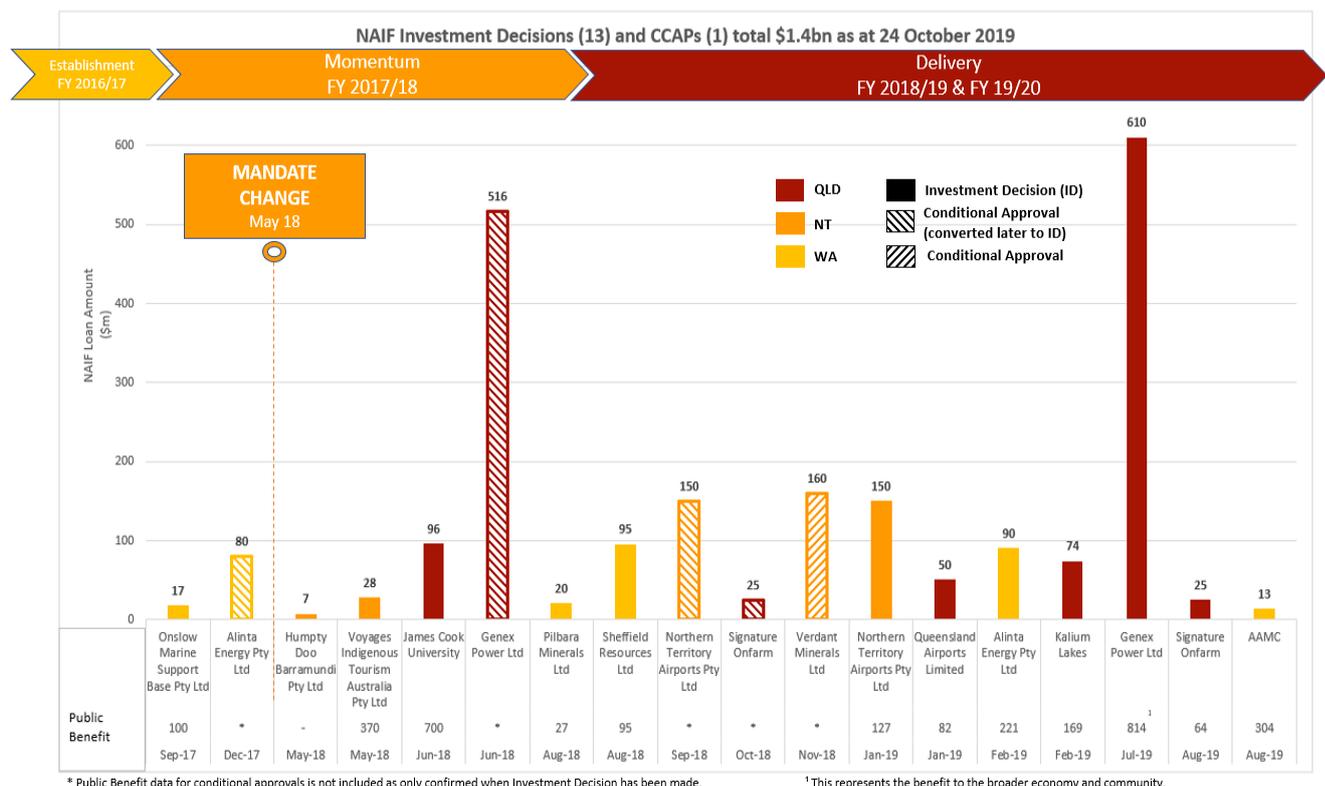
The Investment Decisions are forecast to support a total of more than **4,000 jobs** and approximately **\$3.0 bn** in broad based public benefit.

A 13<sup>th</sup> Investment Decision was approved for Pilbara Minerals Pty Ltd but has been excluded from the above data as the project will now not proceed to financial close.

NAIF has approved loans to benefit each of our stakeholder jurisdictions being:

- \$781m for Queensland across four projects comprising 55% of total approved loans;
- \$345m for the Northern Territory across four projects (including the current conditional approval) comprising 24% of that total; and
- \$288.3m for Western Australia across five projects comprising 20% of the total.

A summary of NAIF’s progress in making its loan commitments is below. It demonstrates that 12 Investment Decisions were made since NAIF’s Investment Mandate changes were introduced in May 2018.



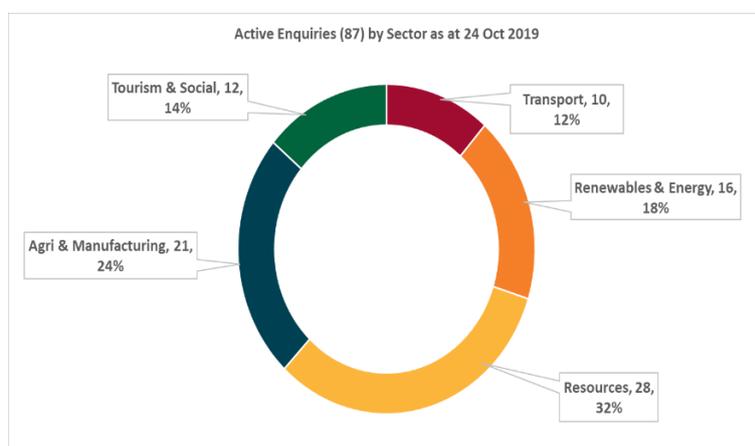
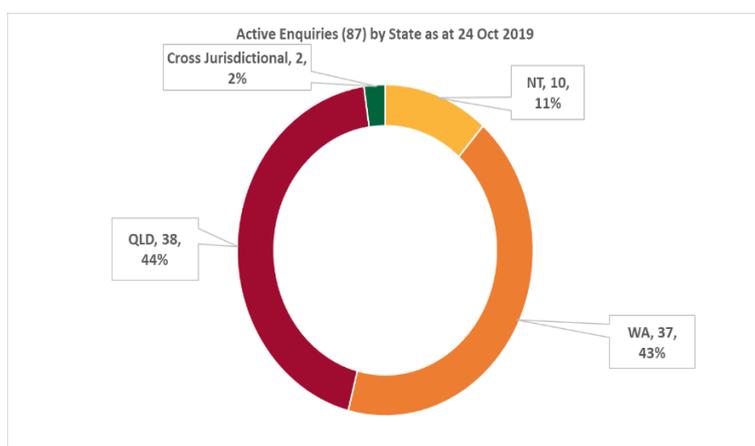
## FY 18- 19 and Q1FY19-20 Status

### Investment Decisions

- In FY18-19 NAIF made six Investment Decisions for loans aggregating \$478.5m and total capital value of \$1.4bn.
- Since 1 July 2019, NAIF has made three Investment Decisions in a total of:
  - \$648m against an FY19-20 Corporate Plan NAIF dollar value of NAIF Investment Decision target of \$1bn to \$2bn comprising 64.8% of the target; and
  - \$818m of project total capital value against an FY 19-20 Corporate Plan total capital value of Investment Decisions target of \$1.25bn to \$3bn comprising of 65.4% of the FY19-20 NAIF loan investment target.

### Active Enquiries

- There are 87 active enquiries which are diversified across jurisdictions and sectors which as at 24 October 2019 are shown below.



### Due Diligence

- 30 projects are in Due Diligence with an aggregate NAIF loan value of approximately \$4bn (80% of NAIF's \$5bn capital) which equal **34%** of total number of Active enquiries. That compares with **10%** at 30 June 2017 and **14%** at 30 June 2018. Since 1 July 2019, six projects have moved into Due Diligence (representing over \$1bn in NAIF loan value).

### Loan Signings

- Six NAIF loan agreements with total loan limits of \$347.5m have now been entered into with three of those signed in this period being:
  - James Cook University (JCU) allowing detailed design work to commence on the construction of a new Technology Innovation Complex at the JCU Townsville Campus;
  - Queensland Airports Limited (QAL) allowing substantial terminal refurbishment and an upgrade to core infrastructure; and
  - Northern Territory Airports allowing for the commencement on upgrades to Alice springs airport, the construction of the Cold Storage freight hub at Darwin Airport and eventual solar and battery rollouts in various locations across the Territory.

## **Drawdown of Funds**

- Three of the NAIF loans have reached financial close when loan funds are now available for drawdown. The NAIF funds aggregate drawn down amount represents \$44.68m against the loan limits aggregating \$51.48m. Drawdown is a matter totally at the discretion of the borrower and given NAIF funds are for construction they are not drawn down in a single drawing but rather over the project's design and construction timetable.

## **Construction Progress**

- Connellan Airport (Voyages) work is now substantially complete.
- Onslow Marine Support Base Project (OMSB) dredging of the inner harbour to expand the channel and turning basin is complete.
- JCU has indicated that it is unlikely to complete its design phase for 12 months post signing (which was on 3 September 2019) and drawdown for construction would only commence then.

## **Indigenous Engagement Strategies**

- Voyages achieved 8.9% total Indigenous employment for the project overall with a greater than 10% average for the Principal Contractors part of the project.
- Voyages has established the Anangu Advisory Group to collaborate, share information and improve Anangu training, employment and economic participation opportunities and outcomes.
- On OMSB Indigenous businesses have been contracted to provide a range of goods and services for the construction and operation activity including Onslow Tyre Service, Thalanyji Service Station, Rosie Food n Fuel, NTC, KBSS Engineering and Thalanyji Management.

## **CEO Position**

This will be my final appearance before the Committee as CEO of NAIF prior to the conclusion of my contract on 31 October 2019.

As inaugural CEO I have been honoured to serve NAIF's objectives and am extremely proud of NAIF's achievements to date. I refer the Committee to the NAIF Annual Report (<https://naif.gov.au/corporate-reporting/reporting/>) for reference cases as to how NAIF in FY18-19 NAIF pioneered significant change contributing to a new Sulphate of Potash domestic industry (Kalium Lakes), major renewable energy projects (Genex pumped hydro energy storage and Alinta's FMG solar gas hybrid project), bringing online one of the largest mineral sands deposits to be discovered globally in the last 30 years (Sheffield Resources) and important changes for the Townsville, Darwin, Alice Springs and Tennant Creek Airports.

NAIF is now firmly established with a strong pipeline to continue to deliver on its vision. I wish the Board and my successor well. I thank NAIF's stakeholders who have come on the journey NAIF has commenced and for those who will do so in the future. I also express my thanks for a remarkable team effort which reflects not only the hard work to date, but what NAIF is capable of in the future. This includes Export Finance Australia as our key service provider.

Finally, I thank the Committee, NAIF's jurisdictions, the Department and the Minister for their support and the opportunity to play a part in such an important initiative.

Laurie Walker  
CEO

## **Attachment 1**

### **List of NAIF Investment Decisions (IDs) and Conditional Approvals as at 24 October 2019**

#### **FY19-20 (3 IDs \$647.5m)**

- Australian Aboriginal Mining Corporation (AAMC), WA, up to \$12.5m
- Signature Onfarm, QLD, up to \$25m
- Genex Power Ltd, QLD, up to \$610m

#### **FY 18-19 (6 IDs \$478.5m – 5 IDs \$459m if exclude Pilbara Minerals \$19.5m)**

- Kalium Lakes Limited, WA, up to \$74m
- Alinta Energy Pty Ltd, WA, up to \$90m
- Queensland Airports Limited, Qld, up to \$50m
- Northern Territory Airports, NT, up to \$150m
- Sheffield Resources Limited, WA, up to \$95m
- Pilbara Minerals Limited, WA, up to \$19.5m (will not be proceeding)

#### **FY 17-18 (4 IDs \$147.48m)**

- James Cook University, QLD, \$96m (original ID up to \$98m)
- Voyages Indigenous Tourism Australia, NT, up to \$27.5m
- Humpty Doo Barramundi Farm, NT, up to \$7.18 m, with potential up to \$30m over three stages
- Onslow Marine Supply Base, WA, up to \$16.8m

#### **FY17-18 and FY18-19 Conditional Approvals**

- Verdant Minerals, (Ammaroo Phosphate Project), NT, up to \$160m

### **List of NAIF Projects moved to Due Diligence which have been publicly announced (outside above list)**

#### **FY19-20 (In terms of announcement not date of entering DD)**

- Element 25 Limited's Butcherbird Manganese Project, WA
- Technology Metals Australia Limited's Gabanintha Vanadium Project, WA
- Strandline Resources' Coburn Mineral Sands Project, WA
- North Queensland Community, Training and High Performance Centre, QLD
- Darwin Ship Lift, NT
- BCI Minerals, Mardie Salt and Potash Project, WA
- CuString Pty Ltd, Copperstring Project, QLD

#### **FY18-19**

- Centrex Metals, Ardmore Project, QLD
- Hastings Technology Metals, Yangibana Project, WA
- Arafura Resources, Nolans Project, NT
- Venturex Resources, Sulphur Springs Copper-Zinc Project, WA
- Charles Darwin University, NT
- EcoMag Limited, Magnesium Recovery Project, WA
- Australian Mines, Sconi Project, QLD
- Agrimin, Mackay Sulphate of Potash Project, WA