



Australian Government

NAIF

Northern Australia Infrastructure Facility

2022 — 2026

Corporate Plan

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1. Message from the Chair

Infrastructure shapes our lives, linking, moving and empowering business, industry and people across our nation and northern Australia, providing a critical foundation in an increasingly challenged strategic and economic region. The needs of today and tomorrow are demanding investment in hard infrastructure, new and emerging technology and capability. It is vital to improving our quality of life and integral to the creation of vibrant communities, growing regions and new places to live and work. At the Northern Australia Infrastructure Facility (NAIF), we contribute to the Nation by proudly investing in infrastructure and the growth of northern Australia.



NAIF has to-date supported a portfolio of ambitious and transformational projects that will grow our economy in the decades to come. They range from large-scale resource and energy developments, to social infrastructure, transport related projects, agriculture and aquaculture.

In numerical terms, NAIF has committed \$3.5 billion to projects with \$2.5 billion of closed financings. Closed financings is the key point of economic enablement for NAIF's transactions driving economic activity in northern Australia. Additionally, our early support for projects has helped unlock extra investment which has only happened due to NAIF's initial involvement. NAIF's current projects are forecast to support more than 14,000 jobs and provide around \$27 billion in economic benefit to the North. To date, NAIF's investments have returned \$7.50 of public benefit for every \$1.00 financed and the Board has set stretch targets for the NAIF team of \$10.00.

Away from the numbers, the true impact of NAIF's investments will mean a more productive economy and a better society for decades to come. Our investment will help unlock the region's undoubted potential and help diversify the geographical spread of economic activity across the nation.

Looking ahead, this Corporate Plan for the years 2022 to 2026 sets out how we will build on our achievements to date by working with partners to generate more jobs and economic activity in northern Australia. To achieve these goals we must engage, listen to, and partner with our many stakeholders to provide opportunity for growth and realise outcomes within our current mandate. This is a collective endeavour and while NAIF does not have all the answers (or tools), we will use our position and reach to help grow and benefit our region and the nation.

NAIF is better placed than ever to work with project owners and investors to bring investment to northern Australia. The challenge for industry is to be confident in these plans, and working together we can achieve these goals.

It is a privilege to lead NAIF at this pivotal time and the Board and I look forward to continuing to work with colleagues and stakeholders to realise our vision.

As Chair of the Northern Australia Infrastructure Facility (the accountable authority), I present the 2022 Northern Australia Infrastructure Facility corporate plan, which covers the periods of 2022-2026, as required under paragraph 35(1)(b) of the Public Governance, Performance and Accountability Act 2013. The plan is prepared in accordance with the Public Governance, Performance and Accountability Rule 2014.

A handwritten signature in blue ink, appearing to read 'Tracey Hayes', written over a white background.

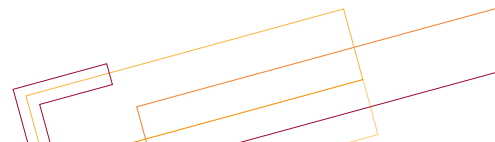
Tracey Hayes

CHAIR

Northern Australia Infrastructure Facility

Period of coverage

The corporate plan is prepared for the reporting period 2022-2023 and covers the reporting period 2022-2023 to 2025-2026. It considers future trends and potential changes to our operating environment.



2. Our Purpose

We contribute to the Nation by proudly investing in the growth of northern Australia.

We achieve this purpose by fulfilling our legislative functions, which are:

- to provide financial assistance to the States and Territories, and direct 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 facilitate the establishment or enhancement of business activity, or increase economic activity in a region. We finance infrastructure projects such as physical structures, assets (including moveable assets) or facilities which underpin, facilitate, or are associated with:

- Proudly Investing
- Growing Northern Australia
- Delivering Indigenous Outcomes
- Contributing to the Nation

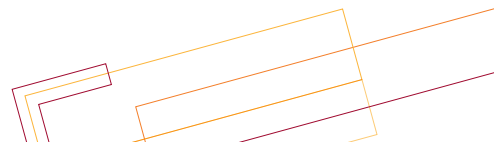
NAIF’s contribution to the Nation is reflected in the public benefit value generated by NAIF funded projects. This includes an analysis of the economic impact, employment opportunities, regional income and business for local suppliers.

We are a corporate Commonwealth entity with an independent Board that is responsible for managing our affairs. This includes determining our strategy, defining risk appetite and monitoring performance.

We are part of the Department of Infrastructure, Transport, Regional Development, Communications and the Arts portfolio of agencies. Our responsible Ministers are the Hon Madeleine King, MP, Minister for Resources and Northern Australia and Senator the Hon Katy Gallagher, Minister for Finance.

Figure 1: NAIF’s Purpose & Performance Measures

We contribute to the nation by proudly investing in the growth of northern Australia



Proudly Investing

Our specialist expertise enables us to offer innovative financing solutions otherwise not commercially available. In providing financing to support the development of a project, we utilise several financing tools including longer loan tenor, deferral of interest and principal repayments, security and/or cash flow subordination and concessional pricing.

NAIF's purpose is to play a unique role in Australia's finance industry, ensuring that these important projects, which may otherwise and have historically been outside of appetite for mainstream commercial lenders, are supported into reality. NAIF does not intend to participate in the day to day capital requirements of the business community, but rather, seeks to place capital into projects that will create long term benefits to northern Australia.

Projects in northern Australia are susceptible to unique risk factors including distance remoteness, climate and connectivity. At NAIF, we can accept a higher risk as we take longer term strategic positioning than normal commercial lenders, with reference to broader economic and social benefits generated by projects. NAIF moneys are not grant funds and in all cases the loan or other finance must be able to be repaid or refinanced.

Growing Northern Australia

All peoples of Australia benefit from increasing economic activity across northern Australia. At NAIF, our investing accelerates participation in the development of new industry sectors, production processes and technologies.

At NAIF we proudly invest in projects that generate an expansion of employment and training and local procurement opportunities. These projects have the ability to grow existing business activity and create an environment conducive to stimulating the establishment of new business enterprises.

Through our investing activities, we endeavour to focus on 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. Local communities that espouse a lifestyle that makes the north an attractive place to live, work, play and raise a family.

Delivering Indigenous Outcomes

At NAIF we respect the deep connection to land and waters held by Indigenous peoples. We recognise that a large percentage of land and waters across northern Australia is part of the Indigenous estate. We require each proponent via a formal Indigenous Engagement Strategy (IES) to provide an Indigenous participation, procurement and employment strategy tailored for the Indigenous groups of the area or region of the proposed project.

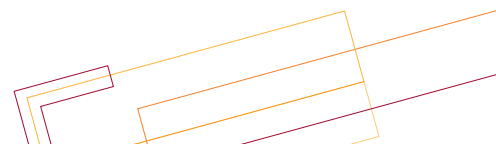
Through the work of our dedicated Indigenous Engagement team and NAIF's collaborative approach, we work with proponents and Indigenous groups to ensure the Indigenous opportunities and outcomes that are comprehensively addressed in the IES process are sustainable and achievable.

Contributing to the Nation

The future economic prosperity of the Nation is dependent on the continued growth of northern Australia. Achieving this outcome is contingent on investing in infrastructure across the north. At NAIF, we proudly invest in wide-ranging projects that facilitate the establishment or enhancement of business activity or increase economic activity in a region. Eligible projects bring new capacity online either through the construction of new infrastructure or by materially enhancing existing infrastructure.

We can support projects such as, resources, airports, ports and rail, agriculture, water, energy, social infrastructure (including property, tourism, education and health), manufacturing and telecommunications, but are not limited to these sectors.

Our projects must be of public benefit being broad based and must demonstrate benefits to the broader economy and community, beyond those captured by a project proponent.



3. Key Activities

At NAIF our key activities are designed to deliver on our purpose to contribute to the Nation by proudly investing in the growth of northern Australia.

Financing transformational opportunities in northern Australia

Our highly qualified and skilled team have developed a toolbox of innovative financing products to accelerate the development of a wide range of infrastructure projects across northern Australia. This includes:

- **Debt products & structures** – including corporate loans, foreign currency loans, letters of credit and guarantees. We offer financing solutions otherwise not commercially available. NAIF also considers the contribution required to encourage private sector financiers participating in financing projects.
- **Financing partnerships** – NAIF will partner with organisations experienced in working with smaller businesses to make NAIF finance more accessible to smaller infrastructure projects.
- **Other financing options** – NAIF will look at ways to optimise its mandate through bespoke financing arrangements.
- **Developing partnerships** – NAIF will work with aligned government and private sectors partners across jurisdictions and sectors to encourage and support new infrastructure projects across northern Australia.
- **Concessional funding** – NAIF can utilise concessional financing tools which include longer loan tenor, deferral of interest and principal repayments, security and/or cashflow subordination and concessional pricing

Our risk appetite has been developed to enable NAIF to deliver innovative financing products to benefit northern Australia. We have capacity to accept a higher level of risk due to our long term view, particularly when considering factors unique to investing in northern Australia including distance, remoteness and climate. In this way we can support appropriate northern Australian projects to obtain capital and start generating real and sustained economic growth across this region.

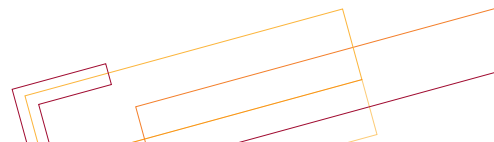
We encourage private sector participation in financing projects in northern Australia and structure our support to promote this outcome. If early support from NAIF ultimately results in a project attracting its full funding requirement from the private sector, such that no NAIF finance is required, this is regarded as a win for NAIF, as well as stakeholders. This is because the project will provide a basis for economic activity and benefit to northern Australia without the need for NAIF funds.

All NAIF projects can be defined as transformational to northern Australia. This may be to an industry or sector, for a region of northern Australia, or for a local community. Our investing can accelerate participation in the development of new industry sectors, production processes and techniques, and technologies. This will generate an expansion of employment and training opportunities across northern Australia and contribute to the creation of strong, vibrant and sustainable communities.

Facilitate economic and sustainable growth

All NAIF projects must contribute to economic growth and stimulate population growth through generating jobs in northern Australia.

At NAIF we invest in a diverse range of sectors that are vital economic drivers of northern Australia. Each project must demonstrate net benefits to the broader economy and community beyond those captured by the proponent. In addition, proponents must consider opportunities for local employment and business for local suppliers. In this way projects will contribute to sustained local growth and boost the capabilities of the northern Australian ecosystem.



Our focus on economic impact is a key differentiator from other lenders. If NAIF offers any concessional pricing or terms, the quantifiable value of the public benefit must exceed the value of concessions offered.

Expand and promote Indigenous opportunities and outcomes

Indigenous Australians have a fundamental role in northern Australia and with our young Indigenous population consistently growing, our Indigenous populations will be the future of northern Australia. We acknowledge this with every project financed being required to have an IES.

These bespoke strategies must provide appropriate opportunities for participation, procurement and employment commensurate with the nature, scope and location of the project, and the capacity of any existing operations of the proponent. These opportunities must be designed for both the construction and operational phases of the project. Opportunities must be suitable for the project and commensurate to the length of the NAIF loan, in this way maximising opportunities for the local Indigenous community and providing achievable and sustainable outcomes.

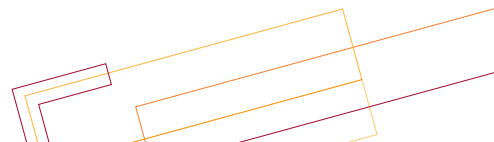
Through NAIF’s dedicated Indigenous Engagement team and collaborative approach, we support proponents and Indigenous groups to develop opportunities that are tailored to the Traditional owners and regional Indigenous people and the outcomes are sustainable and achievable. We expect proponents to develop viable and measurable targets for each project.

All IES’s must be informed by relevant existing documents including Native Title and other agreements such as Indigenous Land Use Agreements, Reconciliation Action Plans, and existing engagement, training, education, employment and procurement initiatives, processes, policies and operations. It is in this way that NAIF will ensure the IES developed for each project builds on any existing engagement and expands or deepens initiatives for the benefit of Indigenous communities and northern Australia more broadly.

Monitoring and reporting requirements are agreed with each proponent in the NAIF facility documentation with communication opportunities identified and an IES clause included and agreed upon to support performance.



The artwork for the Northern Australia Infrastructure Facility’s Reflect Reconciliation Action Plan was created by Bernard Lee Singleton. Bernard is an accomplished craftsman, curator and designer, born and living in Cairns. He grew up in Coen, Cape York.



4. Performance Measures

Our key performance measures and targets are aligned with our purpose and mandate. They are supported by our overall strategy and risk appetite, as set out and monitored by our Board.

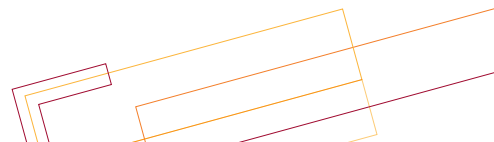
Table 2: Our performance criteria

KPI	Proposed target	2022-23	2023-24	2024-25	2025-26
Contributing to the Nation					
Public Benefit ratio (Public Benefit/NAIF loan)	Annual, cumulative calculation for new Investment Decisions (ID's): quantified Public Benefit is $\geq 10x$ NAIF loan value	$\geq 10x$	$\geq 10x$	$\geq 10x$	$\geq 10x$
Job creation	Annual, cumulative calculation for new IDs: total job numbers divided by total NAIF loan value > 5	> 5	> 5	> 5	> 5
Proudly Investing & Growing Northern Australia					
Dollar value of Investment Decisions	Investment decision approved of between \$1bn-\$1.25bn	\$1-1.25bn	\$1-1.25bn	\$1-1.25bn*	\$1-1.25bn*
Delivering Indigenous Outcomes					
Indigenous Strategies	≥ 1 new ID supporting a majority Indigenous owned business or project	≥ 1	≥ 1	≥ 1	≥ 1
Indigenous Employment Opportunities	Annual, average percentage of Indigenous specific jobs for new investment decisions	Average of the Indigenous employment targets is $\geq 3\%$, across new IDs			

* The targets in FY24-26 assume that NAIF would receive an additional capital injection once current funds are exhausted.



Coburn Heavy Mineral Sands Project (Strandline Resources)



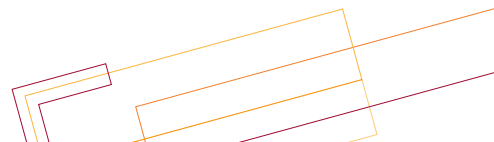
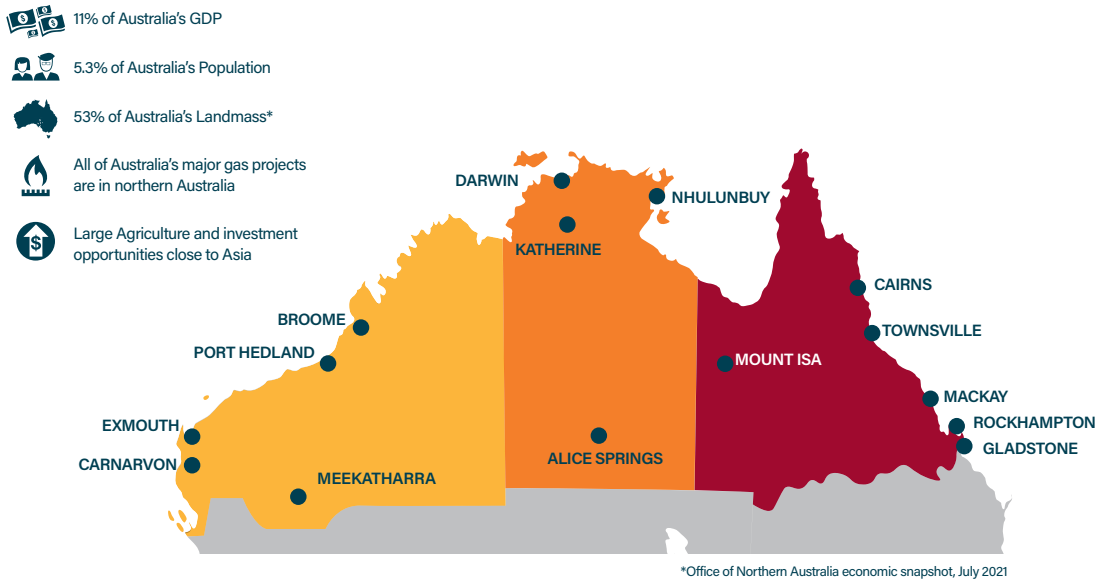
5. Operating Context

Our ability to deliver on our purpose is influenced by the operating environment, the quality and skills of our people and the systems and processes that facilitate them. Risk management and cooperation with other parties across northern Australia are also key enablers.

5.1 Environment

At NAIF our 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, as illustrated in figure 3 below.

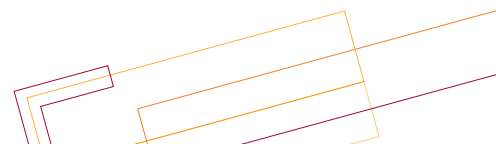
Figure 3: Our environment



There are a number of key external factors that directly or indirectly influence the NAIF operating environment and our ability to finance infrastructure projects, and consequently deliver on our purpose.

Table 4: A summary of factors that may impact NAIF’s level of reported activity in a given year

Characteristic	Impact on achievement
MACRO AND MICRO ECONOMIC FACTORS	
Rising inflation	Rising inflation negatively impacts planning certainty and project costs. In many instances, the negative impact of inflation on capital and operating costs are further compounded by the factors unique to investing in northern Australia such as remoteness.
Rising interest rates	Rising borrowing costs may impact the economic viability of projects causing investment to be deferred.
Tight labour market	Increasing competition for labour across northern Australia can and will affect projects both in the construction and operational phase.
Regional housing shortage	The shortage of quality and affordable housing makes it harder to attract skilled workers, which exacerbates the challenges of labour supply for large and remote projects.
Availability of capital	NAIF does not compete with other financiers, rather it works to encourage their participation. Therefore, if finance from other sources becomes available for a project, this will reduce the level of reported activity by NAIF.
Geopolitical risk	Geopolitical events often present threats in terms of potential disruption to long-term strategy but come with their own idiosyncratic characteristics.
Supply chain and logistic issues	COVID-19 may continue to be a significant factor affecting supply chains globally, and these issues are impacting existing NAIF projects as well as those in the pipeline.
REGULATORY FRAMEWORK & GOVERNMENT POLICY	
Changes to NAIF Act / Investment Mandate	A change to NAIF legislation may impact the number of projects that are eligible for financing.
Government Policy	Policy in certain sectors such as coal / hydrogen / carbon capture to name a few, could affect the ability of NAIF to finance otherwise eligible projects.
Regulatory changes	Regulatory changes impact on the ability of projects to obtain necessary approvals and of NAIF to lend to certain projects. At the project level, the ability to obtain appropriate government approvals (e.g., environmental) can impact projects viability or timeline.
GEOGRAPHICAL & PROJECT FACTORS	
Northern Australia location	NAIF financed projects encounter unique factors such as distance remoteness and climate, and in certain instances these factors provide both opportunities and constraints.
Unique projects	Due to the complexity, remoteness and / or first mover status of many NAIF financed projects, expertise in planning and management is required to bring a project to the point where it is ready to finance. Activities include business case and feasibility studies, engineering and permitting environmental approvals, commercial development including contracts, legal, accounting and tax analysis.



5.2 Capability

NAIF's mandate is unique and required all foundation processes and loan offerings to be developed from a zero base. This took some time to reach a level where key outcomes could start to be achieved.

At NAIF, as we grow and mature over the next four years we will continue to invest in people, infrastructure and information security capabilities which will underpin the delivery of our purpose.

In the rapidly changing environment we remain flexible, anticipating and responding to the changing needs of the industry sectors we support.

People

We are committed to NAIF operating as an engaged, high-performance organisation that empowers and supports its people. We value diverse skills, backgrounds and experience that deepen our ability to innovate and deliver on our purpose. We encourage curiosity and foster ingenuity providing bandwidth to develop solutions for proponents investing in northern Australia.

Our focus is on developing technical and leadership capabilities through tailored learning and development opportunities that support our individual and collective growth and enable the business to expand and flex. NAIF also identifies programs to further develop an agile and high performing workforce with the skills needed, now and in the future.

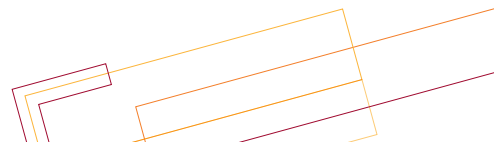
At NAIF we continue to refine and enhance our attraction and retention strategies ensuring we reach candidates that have experience living and working in northern Australia where possible. NAIF remains agile to anticipating and responding to changes in government policy and market conditions and the needs of proponents and projects investing in northern Australia.

Systems and Processes

At NAIF our past investment in cloud-based technology meant we were able to adapt quickly to the requirement for remote working while at the same time continuing to deliver a high level of service and commitment to our stakeholders. We continue to embrace innovations in technology, systems and processes to help improve service delivery to clients and support new ways of working and connecting. NAIF will continue to use Export Finance Australia corporate systems under a Service Level Agreement (SLA) to support its operations and will engage specialist subject matter experts as necessary.

Aligned with this approach, a Technology-Enabled Transformation program has been initiated, including a detailed analysis of current-state lead and deal management systems and processes. The program will look to modernise NAIF's systems and processes to enable sustainable growth, reduce risk, while improving the employee and proponent experience. A three-phase, 20-month implementation plan, commencing in September 2022 has been developed. This includes multiple streams of work, such as process re-engineering, data cleansing and change management as well system implementation. In addition, NAIF will continue working in the following two areas:

- Information security - program of work centred around uplifting maturity in targeted areas to align with the international standard for information security ISO27001:2015, the Attorney-General's Protective Security Framework (PSPF) as well as the Information Security Manual maintained by the Australian Signals Directorate; and
- Records and information management - uplifting maturity in managing and storing of data and records, by providing appropriate technology, processes and governance frameworks to align to good practice.



5.3 Risk Management

Risk Management

NAIF considers risk management an enabler to seize opportunities to achieve our purpose and strategic business imperatives. Risk Management is seen as an organisation wide responsibility. Effective and sound risk management practices are integral across all aspects of NAIF operations.

Framework

The Risk Management Framework ('Framework') documents our approach to risk oversight, management and internal controls. It contains a consistent methodology in identifying and managing the risks to achieving NAIF's strategic purpose. The Framework was updated in 2021 and aligns to the International Standard for Risk Management, (ISO31000), the PGPA Act, and the Commonwealth Risk Management Policy.

The NAIF Board has established the Board Audit and Risk Committee (BARC) to provide governance and oversight of risk management. Quarterly risk and compliance reporting from management, with additional independent oversight from Internal Audit, enables the BARC to monitor the adequacy of internal risk management, and assess the impact of existing and emerging risks within NAIF's operating environment.

Risk Maturity

With the implementation of the NAIF reforms resulting in an expansion of financing options and operations, we recognised that NAIF risk management also needed to mature. A Risk Maturity Uplift program will continue in 2022-23, achieving an 'embedded' risk maturity by 2024-25 (level 4 out of 5 from Comcover's Risk Management Benchmarking Survey).

Our Risk Maturity Uplift activities for 2022-23 will consist of further embedding the three lines of defence operating model, upgrading of the Governance Risk and Compliance System, and establishing a Risk in Change Framework.

Key Risks

The NAIF Board and management have identified the prevailing Key Enterprise Risks for 2022-23 (see figure 5). The appetite for each Key Enterprise Risk has been established by the Board and will be applied to each investment decision and organisational activities in pursuit of our strategic purpose. Emerging risks will be examined and the impact assessed against the Key Enterprise Risk categories.



North Queensland Cowboys' Community, Training and High Performance Centre

Figure 5: Key Enterprise Risks

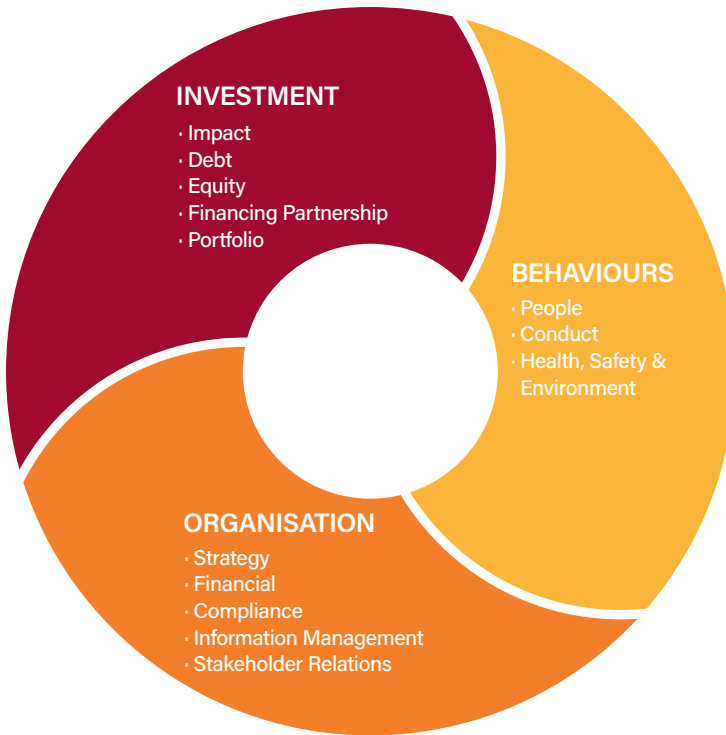
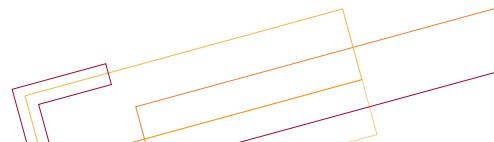


Table 6: How we manage Key Enterprise Risks

INVESTMENT	<ul style="list-style-type: none"> • Comprehensive due diligence process including templates, tools, and technical specialist input to assess each investment opportunity • Internal and Board investment decision process to ensure alignment to our mandate objectives and adherence to our risk appetite • Continuous monitoring and reporting of portfolio performance internally and to the Board
ORGANISATION	<ul style="list-style-type: none"> • Annual strategic planning process with Board and management • Monitoring and reporting of business performance against Corporate Plan objectives • Regular independent review of established financial, compliance, and cyber security processes and controls • Stakeholder management plans, protocols, and regular engagement activities
BEHAVIOURS	<ul style="list-style-type: none"> • Thorough search, assessment, and selection processes to obtain the right talent • Ongoing investment in training and development • Promotion of NAIF values and monitoring of employee behaviour in accordance with the Code of Conduct • Flexibility program to support health and wellbeing



5.4 Cooperation

NAIF operates in an expansive area across northern Australia, and a key factor in our success is how we collaborate and involve other organisations.

Our approach reflects the best practice model of the International Association for Public Participation (IAP2) where;

- A) NAIF partners with stakeholders for the development of mutually agreed solutions and a joint plan of action (two-way or multi-way communication where learning, negotiation and decision making occur on both sides); and
- B) NAIF works directly with stakeholders to ensure that issues, opportunities and concerns are understood and considered in a timely and transparent manner (two-way or multi-way communication where learning takes place on both sides).

Table 7: Cooperation approach

Category	Engagement approach
Collaborate	Partner with stakeholders for the development of mutually agreed solutions and a joint plan of action (two-way or multi-way communication where learning, negotiation and decision making occur on both sides).
Involve	Work directly with stakeholders to ensure that issues, opportunities and concerns are understood and considered in a timely and transparent manner (two-way or multi-way communication where learning takes place on both sides).
Consult	Gain information and feedback from stakeholders to inform internal decision making on operational and policy issues (limited two-way communication).
Inform	Inform or educate stakeholders in one-way communication (there is no invitation to respond).

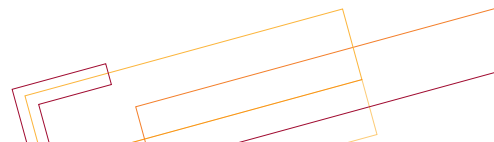
NAIF has a wide range of stakeholders spread across many industries in the public and private sectors, including those with a national, state and regional focus. We collaborate with other Federal government departments and agencies, the governments of Queensland, Western Australia and the Northern Territory, as well as regional development bodies, regional advocacy groups and Local Government. In addition, we partner with regional financing organisations that have specialist skills in smaller infrastructure loans or in a particular sector or region relevant to northern Australia.

We will continue to engage and cooperate with governments at all levels to identify common interests and coordinate activities to leverage greater outcomes across northern Australia.

NAIF’s Stakeholder Engagement team is on the ground in northern Australia engaging with these partners and maintaining strong relationships that assist with the ongoing works of NAIF. The team are actively involved in regional round tables, industry forums and business events which aim to expand and strengthen partnerships.

The Indigenous Outcomes team supports the organisation in providing guidance to proponents to deliver positive Indigenous outcomes through Indigenous Engagement Strategies, partnering with key stakeholders and advocating for Indigenous economic development across northern Australia.

We will continue to broaden our reach, build on existing capabilities, and seek further ways to support northern Australian infrastructure projects from initial queries to the final stages of the investment process. In addition, we will continue to focus on understanding stakeholder challenges and working to expand the visibility of NAIF and the understanding of the value NAIF provides.



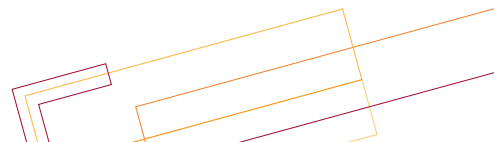
6. Index of Corporate Plan Requirements

The corporate plan has been prepared in accordance with the requirements of:

- subsection 35(1) of the PGPA Act; and
- subsection 16E(2) of the PGPA Rule 2014.

The table details the requirements met by NAIF’s Plan and the page reference for each requirement.

Requirements	Page(s)
Introduction – Statement of preparation – The reporting period for which the plan is prepared – The reporting periods covered by the plan	2
Purposes	3
Key activities	5
Operating context – Environment – Capability – Risk oversight and management, including key risks and its management – Cooperation – Subsidiaries (where applicable)	8 10 11 13 N/A
Performance – Performance measures – Targets for each performance measures (if reasonably practicable to set a target)	7 7



7. Contact Details

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