

NAIF Opening Statement – Senate Estimates 1 March 2018

Introduction

- Thank you Chair and good evening Senators.
- It is a pleasure to be here again and to provide you with an update on the activities of NAIF.

NAIF Progress against Corporate Plan

- We are approaching an exciting period at the NAIF with the facility on track to reach the targets set in our Corporate Plan, which have been published online.
- Those targets are for NAIF to make financial commitments on between three and five projects by the end of this financial year (i.e. 30 June 2018) with NAIF investments of between \$300m and \$1bn and total project capital value of between \$750m and \$2.5bn.
- Our 2018-19 Corporate Plan target is for 5-10 investments in the FY19 financial year.
- That is significant progress given the Ernst & Young data that we have submitted to the Committee and discussed on multiple occasions demonstrates infrastructure projects take time to move from concept to financial close.
- Anyone who knows infrastructure of course knows that. It is appropriate that project proponents do their foundational work - putting together a feasibility study and a sound business case - before it is ready for NAIF or any other lender to assess their project.
- It is appropriate also that NAIF take a measured responsible approach to rigorously assessing projects before it - given we are managing taxpayers' funds and our loans are usually long term tenor.

Recent stakeholder engagement

- A lot of work has gone into getting NAIF to this stage. We are working with some great projects across the country.
- The NAIF Executive, as well as our Board members continue to engage extensively with stakeholders and proponents.
- To give you an idea of the extent of the work - in February alone, I was in Cairns, Darwin, Perth, Onslow, Karratha, Port Hedland, the Pilbara and Sydney to meet with key stakeholders.
 - In Perth I presented alongside the Hon Alannah MacTiernan MLC, the Western Australian Minister for Regional Development, Agriculture and Food, and Minister assisting the Minister for State Development, Jobs and Trade, at a forum on growing WA's north.
 - Across the Pilbara, I discussed infrastructure opportunities associated with ports, agriculture, Indigenous opportunities, tourism and transport. It was encouraging to see strong regional support for NAIF and its mandate.
 - Onslow, of course, is the location of our first Investment Decision, the Onslow Marine Support Base. I visited there and spoke to the CEO who is enthusiastic about the opportunities that this investment will present.
 - All our Board members were at Karratha to attend a Board meeting - our 19th Board meeting since NAIF was established - as well as a function to meet with stakeholders in the region.
- This short period alone shows the vastness of the area that we cover and the extent of the work that we do.
- 100 per cent of our attention is on building northern Australia and helping bring the jobs and economic boost that we know will come through the identification of infrastructure opportunities; and progression of these opportunities through NAIF's appraisal process.

Pipeline

- NAIF's pipeline of potential projects continues to grow.
- There are currently 16 projects in the due diligence and execution phases. This is a 60 per cent increase since our appearance at this Committee in late October 2017.
- The projects in due diligence are across all three of the northern jurisdictions: six in Northern Territory; four in Western Australia; and five in Queensland.
- Currently there are 82 active enquiries in the pipeline. We continue to see diversity across sectors for example electricity renewables generation and gas pipelines; transport; tourism; agriculture; manufacturing; water infrastructure; and communications. The enquiries are also across all three of the northern jurisdictions.

Water and Agricultural Opportunities

- We are exploring new ways to bring benefit to our northern Australia constituents.
- For example, we are thinking about co-operative models where we set up a funding structure which can improve sustainable use of land through better irrigation - on land which is what we call 'inside the fence', i.e. on single user properties - but with the structure able to be leveraged across a number of different individual projects to give it scale.

Tourism Opportunities

- I can confirm that NAIF is also focussed on supporting the tourism industry. For example: walkways and eco-tourism infrastructure; airports and heliports; cruise ship ports; marinas; and associated road, power, communications and water all contribute to tourism experiences.
- There are 18 currently active enquiries (almost 22 per cent of total active enquiries).
- We expect to be able to contribute strongly to financing tourism assets particularly where there is a differentiated tourist offering. We envisage that bringing together of Indigenous cultural experiences and ecotourism has the potential for NAIF to support the development of iconic attractions.
- There are a number of great potential opportunities NAIF is discussing.
- Separately NAIF is also looking to support medical and educational tourism with its ability to finance social infrastructure.
- We are cognisant in identifying tourism projects to review that NAIF needs to have an expectation that projects are capable of repaying any NAIF loan or other investment i.e. NAIF is not a grant funder. Proponents interested in NAIF financing of tourism assets need to ensure that mandatory criteria will be able to be satisfied.

Indigenous Opportunities

- NAIF strongly supports Indigenous communities in northern Australia.
- The NAIF Executive, myself included, participate in broader government discussions on Indigenous engagement, for example with the Indigenous Reference Group with whom I met recently.
- NAIF is currently engaging with Indigenous led proponents or those partnering with Indigenous communities on projects related to social infrastructure, eco-tourism, agriculture and horticulture, resources and innovative energy solutions for remote communities. In total there are around 18 enquiries. Three of those are in due diligence.
- Further all NAIF finance recipients must develop strategies for Indigenous participation, procurement and employment. This is a mandatory criterion and the NAIF Board will be looking to see identifiable leadership and change and its loans will ensure there is accountability.

Conclusion

- It has been a busy period since we last appeared before the Committee. We are looking forward to an even busier next few months.
- In conclusion, there is a great deal of work that we are doing and it is exciting to see our momentum continuing to build.