

## **SENATE ESTIMATES**

### **OPENING STATEMENT (March 2021)**

Thank you for the opportunity to again make an opening statement to the Committee and provide an update on the activities of the Northern Australia Infrastructure Facility (NAIF). NAIF works with proponents to encourage and ensure that NAIF's financial support will help bring a positive impact to local communities, provide positive Indigenous outcomes, and support the region and northern Australia as a whole.

In my first opening statement as NAIF CEO a year ago, I noted two primary areas of focus for NAIF:

- Moving NAIF investment decisions to contractual and financial close; and
- Continuing to drive investment activity by the organisation.

### **Recent Performance**

The last 12 months have been a successful period for NAIF. As COVID started impacting the economy and in particular northern Australia, NAIF accelerated its investment activity in terms of both investment decisions and reaching contractual close on a range of financings across all regions and a range of industry sectors.

In particular, since March 2020, NAIF has made 13 investment decisions valued at \$1.6 Billion and reached contractual close on 10 investments valued at \$746m. NAIF is also tracking well in terms of its Corporate Plan KPI's, particularly in relation to investment decisions, contractual close and public benefit multiplier to investment.

In total, NAIF has now made Investment Decisions of \$2.8 Billion (excluding decisions currently being considered by the Minister through the non veto phase) and has reached contractual close of a total of 18 financings worth \$1.3 billion. As discussed previously, reaching contractual close is a key point of economic enablement for NAIF's transactions as this is when proponents have confidence to start project design and construction, driving employment and economic growth.

Of the financings that have reached contractual close, based on design and construction programs \$314m of funds have been drawn as at 22<sup>nd</sup> of March 2021 (compared to \$88m in March 2020) and it is expected that NAIF Facilities for the \$1.3 billion that have reached contractual close will be closely to fully drawn by the end of 2023 based on projected design and construction program schedules. Drawdowns are expected to further accelerate as more Investment Decisions reach contractual close.

Of the \$2.8 billion of Investment Decisions that have been made, these projects are well spread across each of our jurisdictions with:

- ten in Queensland, totalling \$1,060 million
- seven in Western Australia, totalling \$1,004 million; and
- seven in the Northern Territory, totalling \$697 million

### **Impact and Job Growth**

In terms of economic benefit and job generation, in total, NAIF's publicly announced investment decisions now stand at \$2.8 billion, supporting projects with an estimated total capital value of \$5.26 billion, and forecast to:

- generate around \$8.8 billion in economic benefit, and

- support around 9,000 jobs.

In relation to the financings that have already reached contractual close, total job creation is estimated to be approximately 6,000, with many of these jobs generated well ahead of NAIF's funding actually being drawn. An example of this is JCU's student accommodation project which has already created 332 employment opportunities without drawing on a cent of NAIF's financing support.

### **Indigenous Engagement**

Indigenous engagement and driving indigenous outcomes is a key area of focus for NAIF and its importance was further confirmed in the recently completed NAIF Statutory Review. For each financing, NAIF develops and agrees indigenous engagement strategies with project partners which can include a range of employment, training and/or community engagement outcomes. NAIF regularly monitors progress against these objectives as well as areas for further optimisation where project partners can share best practice with each other and other organisations.

The recent signing of an expanded Memorandum of Understanding between NAIF, NIAA, IBA and ILSC is expected to further strengthen our approach to driving superior indigenous outcomes. This MOU covers four key areas including:

- Identification and cross-referral of potential projects and investment opportunities;
- Engagement with stakeholders;
- Sharing ideas on relevant programs and NAIF Indigenous engagement strategies; and  
Assessing the feasibility of the establishment of financing models and partnerships to facilitate the funding of Indigenous projects

### **NAIF Reforms**

During 2020 a number of reforms were announced to assist in providing NAIF with a greater range of financing tools and additional flexibility to assist in driving transformational growth in northern Australia.

These reforms are expected to build on the momentum developed over the last 12 to 18 months. While these reforms are still subject to finalisation of legislation, NAIF is already examining ways in which we can implement these reforms to support development.

### **Revenue & Cost Management**

As NAIF reaches contractual and financial close on financings, fees and interest charges start to accrue. NAIF has now received accumulated gross notional revenue of \$13.2 Million since inception and is targeting to receive revenue equivalent to initial budgeted operating costs for the FY 20/21 year, as NAIF strives to become no net cost to government.

During 2020 NAIF retained a strong focus on prudent management of operating and salary expenses. Our total expenditure for the FY 19/20 year was below budget, with savings being able to be obtained in a number of areas including travel costs and staff salaries. During 2020 NAIF also froze all staff salaries in line with broader public service practice. Bonus payments were made during 2020, reflecting the strong performance of the business against agreed Corporate Plan KPIs for FY 19/20,

however noting that these bonus payments represented a 27.5% reduction compared to the previous financial year.

Finally, I am a firm believer that a picture paints a thousand words and, as such, for additional information for the Committee I have attached photos of the construction progress for a select number of our projects across each of our jurisdictions and a range of industry sectors. For some of these projects, as can be seen, construction activities have begun before NAIF's facilities have actually been drawn, further demonstrating that NAIF's financing drives economic enablement at the point of contractual close and often well before our funds are actually drawn.

We will endeavour to keep the Committee updated on activities at future Estimates appearances.

Chris Wade

CEO

## Appendix A - Construction Progress of Selected NAIF funded projects

**Kalium Lakes Beyondie SOP project (WA):** construction 80% complete (as per company ASX announcement 28 January 2021). NAIF loan \$74m, drawn \$53m.



**NQ Cowboys community training centre (QLD)** official unveiled (February 2021). NAIF loan \$20m, drawn \$15m.





**Signature Onfarm** beef processing facility (QLD): construction underway. NAIF loan \$24m, drawn \$4m.



**James Cook University, Townsville**, student accommodation (QLD): NAIF loan \$46m, undrawn.





**Charles Darwin University, Darwin, Education and Community Precinct (NT): NAIF loan 151.5m undrawn.**

