

SENATE ESTIMATES, May 2024

NORTHERN AUSTRALIA INFRASTRUCTURE FACILITY (NAIF)

NAIF OPENING STATEMENT

Thank you for the opportunity to provide an update on the activities of the Northern Australia Infrastructure Facility (NAIF).

NAIF has to-date supported a portfolio of ambitious and transformational projects that will grow the Northern Australia economy for decades to come. They range from large-scale resource and energy developments to social infrastructure – including universities – to airport upgrades, and agriculture and aquaculture projects.

NAIF's Investment Portfolio

Since my last appearance before the committee in February 2024, the following NAIF investment decisions have been announced by the Minister for Northern Australia:

- A \$200 million loan facility to the Alpha HPA Project near Gladstone. A further \$200 million is being provided to the project by Export Finance Australia through the Government's Critical Minerals Facility. These investments will help create a new industry in Northern Australia, supporting local jobs and economic development. The project is expected to create around 490 jobs during construction and more than 200 jobs on completion. The project supports the delivery of the Critical Minerals Strategy 2023-2030.
- A \$200 million loan to the Arafura Rare Earths Nolans Project (near Alice Springs). Further Australian support is being provided to the project under the Critical Minerals Facility and Export Finance Australia's Commercial Account. The project is expected to create more than 300 jobs in the Northern Territory, and deliver around A\$1.4 billion in benefit to the Northern Territory, including into regional and remote communities. The project supports the delivery of the Critical Minerals Strategy 2023-2030.
- Another decision was also made, to a project located in Queensland, by the NAIF Board on 30 April 2024 linked to transport and logistics sector. \$155m loan to deliver \$1.44b in public benefit and 2,000 jobs. This project completed the consideration period a few days ago and is not yet public however is now a finalised Investment Decision.
- The total value of NAIF's investment commitments stands at \$4.42 billion (includes recent ID just completed consideration period).
- These projects are forecast to generate \$33.7 billion in economic impact and support more than 18,300 jobs.

As at 30 April 2024 NAIF is supporting 32 projects (underpinned by 38 investment decisions) including:

- 14 in Queensland, totally around \$1.5 billion [\$1.47 billion];
- 10 in Western Australia, totally around \$1.8 billion [\$1.84 billion];
- 8 in the Northern Territory, totally around \$0.9 billion [\$947 million].

These investments which range from large-scale critical minerals and energy developments to social infrastructure, airport upgrades, agriculture and aquaculture, and are forecast to generate around \$32 billion in economic benefit, supporting thousands of jobs across Northern Australia.

- Over \$1.98 billion [as at 30 April 2024] in NAIF funds have now been drawn down by proponents to deliver on key infrastructure projects in northern Australia. In practical terms, proponents typically drawdown based on their individual project plans/construction schedules. Almost all drawdowns to date have been in increments across a reasonable time frame linked to project construction schedules.
- Five projects have commenced repayment of their loan principal with around \$17.3 million repaid as at 30 April 2024.

Pipeline

- NAIF's pipeline remains robust and diversified, representing a wide array of sectors, including critical minerals, agriculture, transport, and housing.
- Across all jurisdictions there were 8 projects in due diligence at 30 April 2024, with a potential loan value of around \$653 million.
- Earlier pipeline phases (Active inquiry and Strategic Assessment) included another 30 projects.

Policy update

NAIF welcomes the publication of the recent Budget which acknowledges NAIF as a key agency to support the delivery of the Australian Government's Future Made in Australia initiative and Critical Minerals Strategy. We note that NAIF's recent investment decisions to support the Arafura Rare Earths Nolans Project and Alpha HPA project are recognised in the Budget documents.

Priorities

The Budget references a commitment of \$1.9 million to support the independent statutory review of the Northern Australia Infrastructure Facility Act 2016, to commence later this year. We look forward to co-operating and supporting the review as required.

Priorities for the remainder of 2024 include having a more diverse pipeline of projects including key areas such as critical minerals and a stronger focus on building proactive strategic partnerships to align and advocate for Indigenous economic development in northern Australia.

General Comment

As we continue to work with project proponents, NAIF will continue to accept a higher tolerance than commercial banks for risks on projects that deliver significant public benefits, without putting proponents at serious risk of defaulting on their financial commitments.

NAIF will act consistent with its Investment Mandate and Risk Appetite Statement and continue to have a higher-risk tolerance to factors that are unique to investing in northern Australia. We will also continue to focus on the efficiency of our operations and ensure we operate in accordance with relevant legislative and Government requirements.

I look forward to continuing to work closely with the Minister for Resources and for Northern Australia, the Department for Infrastructure, Transport, Regional Development, Communications and the Arts, the Ministerial Forum for Northern Australia, the NAIF Board and management, jurisdictional Ministers and government colleagues and broader stakeholders to further help develop the north.

I also wish to place on record my gratitude to our dedicated team, whose passion and deep understanding of the region drive our success. We are committed to continuing our role in the economic development of northern Australia that extends beyond the projects we support.

Craig Doyle

Chief Executive Officer

NAIF