

Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry, Innovation and Science Portfolio
2016 - 2017 Additional Estimates
2 March 2017

AGENCY: NORTHERN AUSTRALIA INFRASTRUCTURE FACILITY

TOPIC: Risk Appetite Policy

REFERENCE: Written Question – Senator Waters

QUESTION No.: AI-78

1. Has NAIF publicly released a risk appetite statement yet? If not will it be released publicly and is there a date or release?
2. The investment mandate states that the risk appetite can have a higher risk tolerance in relation to distance, remoteness and climate - what does that actually mean for loan conditions?
3. Is NAIF able to offer project finance if the loan could only be paid back based on construction of the specific project or does that have to more collateral than that?

ANSWER

1. NAIF has not publically released its Risk Appetite Statement. This is consistent with other Government lenders including the Clean Energy Finance Corporation and Efic. A summary of NAIF's Risk Management Framework will be published on the NAIF's website following completion of required consultation with stakeholders as outlined at section 12(1) of the Investment Mandate.
2. The factors of distance, remoteness and climate may translate into particular loan conditions in numerous ways. Section 10 of the NAIF Investment Mandate outlines the considerations NAIF may provide in considering loan conditions. The types of concessions identified in Section 10 can allow for those matters to be accommodated in the financing structure and conditions.
3. Yes, NAIF may lend on what is referred to as a limited recourse basis. Actual Investment Decisions, including whether more collateral is required, are made on a case-by-case basis.