

## **SENATE ESTIMATES**

### **OPENING STATEMENT (June 2021)**

Thank you for the opportunity to provide an update on the activities of the Northern Australia Infrastructure Facility (NAIF) following my last appearance before the committee on 25 March 2021.

#### **Performance Update**

In total, NAIF has now made 25 Investment Decisions worth \$2.9 Billion (excluding decisions commercial in confidence or currently being considered by the Minister through the non-veto phase). These projects have a total value of \$5.8 Billion, are forecast to generate \$9.4 Billion in economic impact and support around 9,000 jobs (during construction and operations).

For the year ending on 30 June 2021, I can confirm to the committee that NAIF is on track to meet its performance measures set out in its Annual Performance statement, with significant outperformance of our contractual close target (\$750 million to \$850 million, where NAIF has reached contractual close of financings valued at \$1.5 Billion for the FY 20/21 year).

As an update to this key metric, following NAIF's \$150 million loan to the Strandline Resources Coburn Project in WA this week reaching contractual close, I am pleased to confirm that NAIF has now reached contractual close on a total of 20 financings worth \$2 Billion. 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.

A total of 16 projects have reached financial close, with \$342.4 million drawn (including capitalised interest) by proponents at 31 May 2021 (\$313.7 million at 16 March 2021). It remains NAIF's expectation that facilities that have reached contractual close will be closely to fully drawn by the end of 2023 based on projected design and construction program schedules provided by proponents. Drawdowns are expected to further accelerate as more Investment Decisions reach contractual close.

#### **Project updates**

Since my last appearance, a number of NAIF-supported projects have reached key milestones:

- Genex Power Limited reached financial close for the 250MW Kidston Pumped Storage Hydro Project on 18 May 2021. The project is NAIF's largest investment decision to date through a loan of up to \$610 million to the project that is forecast to create more than 500 construction jobs and deliver affordable, reliable electricity for north Queensland. Construction activities have commenced, and it is anticipated that the company will shortly begin to draw on the loan facility provided by NAIF.
- The North Queensland Cowboys' Community, Training and High-Performance Centre in Townsville was officially opened on 7 May 2021, supported by a NAIF \$20 million loan.
- Construction has commenced on a new car park at Mater Private Hospital in Townsville (\$19.75 million NAIF loan) and continues at a range of other projects including James Cook University student accommodation (\$46 million NAIF loan) and Technology Innovation Complex (NAIF loan up to \$98 million).

## **Extension of Mandate and Reforms**

Senators will be aware that earlier this month the Northern Australia Infrastructure Facility Amendment (Extension and Other Measures) Bill 2021 passed the Australian Parliament. We thank Senators for their interest in the Bill and for their contributions during the debate of the legislation.

Among the changes in the Bill, NAIF will have the capacity to;

- Significantly broaden the scope of projects we can support;
- Provide smaller loans to projects in partnership with other lenders;
- Provide non controlling equity investments to support projects or businesses.

NAIF is excited by the opportunities provided by the legislation and we are working quickly to implement the reforms outlined in the Bill. Indeed, the first partnership funding arrangement for NAIF under the new arrangements was announced last week, with an agreement to work with the Northern Territory Government to use the Territory's Local Jobs Fund to 'on lend' NAIF funds to local proponents.

Under the new partnership, potential proponents in the NT – including smaller projects – are proposed to be able to tap into NAIF funding through the NT Local Jobs Fund, providing more localised decision making on loan approvals.

We believe the NT Local Jobs Fund has a strong alignment with NAIF's investment mandate and is well placed to be a NAIF financing partner because it has in place end-to-end capabilities to originate, assess, document, and manage a portfolio of small to medium-sized loans and it also has a strong social and economic growth agenda in the NT.

We thank the NT Government for working with NAIF on this exciting scheme which was welcomed by the Chief Minister in the Northern Territory who said the partnership with NAIF would 'add more funding to and encourage more investment and jobs in the Territory'.

## **Indigenous Outcomes**

Having entered into a Memorandum of Understanding with The National Indigenous Australians Agency, Indigenous Business Australia and the Indigenous Land and Sea Corporation, NAIF is continuing to regularly meet with these organisations to share information, expertise and potential opportunities on economic infrastructure supporting Indigenous Australians in northern Australia.

NAIF hosted a roundtable in Darwin in April to gather NAIF's Greater Darwin proponents along with the Larrakia Development Corporation, the Larrakia Nation Aboriginal Corporation and key stakeholders to support proponents deliver best outcomes through each of their Indigenous Engagement Strategies (IES).

The session involved proponents Humpty Doo Barramundi, Charles Darwin University, Merricks Capital, NT Airports and the NT Government sharing their experiences in delivering Indigenous outcomes.

Supporting agencies including the NT Indigenous Business Network, Indigenous Business Australia, Aboriginal Areas Protection Authority and the National Indigenous Australians Agency also provided sound advice and networks to the proponents in delivering positive outcomes with the Larrakia and wider Darwin Indigenous community.

## **Revenue & Cost Management**

As NAIF reaches contractual and financial close on financings, fees and interest charges start to accrue. I have previously spoken of a desire for NAIF to become no net cost to government. NAIF has received accumulated gross notional revenue of \$8 Million YTD (84% cost recovery YTD as at end of April 2021).

As per previous appearances before the Committee, I attached a number of photos to illustrate progress for a select number of NAIF supported projects.

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

Chris Wade

CEO

## Appendix A

James Cook University, Townsville, QLD – Technology Innovation Complex and Student Accommodation (NAIF loans: up to \$96m and up to \$46m). Drawdowns underway.



**Kidston Pumped Storage Hydro Project, Kidston QLD (NAIF loan: up to \$610m). Construction commenced without drawdown).**



**Strandline Resources Coburn Project, WA, (NAIF loan: up to \$150m). Construction commenced without drawdown)**



**Kalium Lakes Beyondie SOP Project, WA (NAIF loan: \$74m). Construction 85% complete. NAIF facility largely drawn.**



**Hudson Creek Power Station and Batchelor Solar Farm, NT (Merricks Capital): NAIF loan \$37m. Construction commenced, NAIF facility largely drawn.**

