

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: NAIF – Adani loan

REFERENCE: Written Question – Senator Waters

QUESTION No.: AI-71

1. Can you shed any light at all on which Adani company has applied for financial assistance? The reason we're interested is that the company which owns the Carmichael mine (Adani Mining Pty Ltd) is ultimately owned by a company registered in the tax haven Mauritius, and the company that owns their proposal for the railway line is ultimately owned in the Cayman Islands. The company that owns the Abbot Point coal port is also owned ultimately in the Cayman Islands.
2. Can you at least confirm that you're not going to lend Australian public funds to a company whose ultimate owner is based in the Cayman Islands?
3. What about the widely reported revelations about investigations and adverse findings against companies in the Adani group overseas – ranging from trade-based money laundering, environmental breaches, to corruption. Have you looked into those matters as they've been reported? Are you in contact with Indian regulators like the Directorate of Revenue Intelligence who are investigating the Adani Group?
4. How does your relationship work with project proponents? Do your staff provide assistance in pulling together project proposals with state governments and companies before they go before the board?
5. The NAIF Act allows for fees to be charged in relation to performance of its functions, do you anticipate charging fees to project proponents? Have you prepared a schedule of fees?
6. How many times have members of your staff met with Adani representatives?

ANSWER

1. Information regarding Projects and Project Proponents is Commercial-in-Confidence. (Refer to AI-54 for further information). When Investment Decisions are made by the NAIF Board, information will be published including the name of the proponent on the NAIF website, as outlined in section 17(2) of the NAIF Investment Mandate.
2. Any Investment Decision made by the NAIF Board will be consistent with the requirements of the NAIF Act and the Investment Mandate.
3. Information regarding specific potential Projects and Project Proponents is Commercial-in-Confidence (Refer to AI-54 for further information).

In relation to the type of matters (but not the specific matters) referred to, Section 17 of the Investment Mandate requires that *“the Facility must have regard to Australian best practice government governance principles, and Australian best practice corporate governance for Commercial Financiers, when performing its functions.”*

4. The Proponent (not NAIF) is responsible for preparing its Investment Proposal. As part of the due diligence stage the NAIF transaction team review all the due diligence materials and provide feedback on them. The team will work with the Project Proponent and co-financiers to develop appropriate NAIF loan terms and conditions consistent with NAIF's Investment Mandate. NAIF will consult with the relevant State or Territory Government and where relevant Infrastructure Australia in relation to the Investment Proposal. Information on the NAIF Application and Approval Procedure is on the NAIF website: <http://naif.gov.au/application-process/application-and-approval-procedure/>.
5. Yes. The appropriate fees and charges will be determined on a case-by-case basis and so there is no schedule of fees. Under Section 7(2) (c) of the Investment Mandate the Board must be satisfied that any return on NAIF funds will cover at least NAIF's administrative costs and the Commonwealth's cost of borrowing. Under Section 10(2) of the NAIF Investment Mandate NAIF is able to propose '(e) *lower or different fee structures than those offered by Commercial Financiers.*'
6. Information regarding specific potential Projects and Project Proponents is Commercial-in Confidence (Refer to AI-54 for further information).