



Australian Government

NAIF

Northern Australia Infrastructure Facility

Northern Australia Infrastructure Facility

2022 – 2023

Annual Report



naif.gov.au

Investing for Impact

As the Australian Government's flagship financing agency in the north, the Northern Australia Infrastructure Facility (NAIF) is dedicated to delivering economic and social growth. This positions NAIF as a proactive responder to the challenges faced by the region, emphasising its role in providing financial support and facilitating the necessary investment to unlock the north's potential, and address its unique circumstances.

NAIF's investments in northern Australia stimulate economic growth by attracting private investment, fostering infrastructure development, and supporting various industries. These projects contribute to the region's overall economic prosperity and diversification.

\$7B

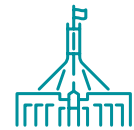
Allocated financing available for infrastructure projects

2016

NAIF was established



We're focused on growth, jobs and Indigenous Outcomes



NAIF is a key part of the Federal Government's 20-year plan for northern Australia

Since our establishment in 2016, NAIF has:

- Supported 30 projects (underpinned by \$4.0 billion in NAIF commitments) including;
 - \$2.0 billion of investment decisions in Western Australia,
 - \$1.2 billion in Queensland, and
 - \$747 million in the Northern Territory.

These investments are supporting projects forecast to generate around \$29 billion in economic benefit, supporting around 14,700 jobs across northern Australia.

In the year to 30 June 2023, NAIF made \$491 million of investment decisions to four projects in the north. A total of \$589 million of NAIF financing was contractually closed during the year.

Acknowledgment of Country

The Northern Australia Infrastructure Facility acknowledges the Traditional Owners of Country throughout Australia and their continuing connection to land, sea and community. We pay our respect to Elders past and present.

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Strategic Framework

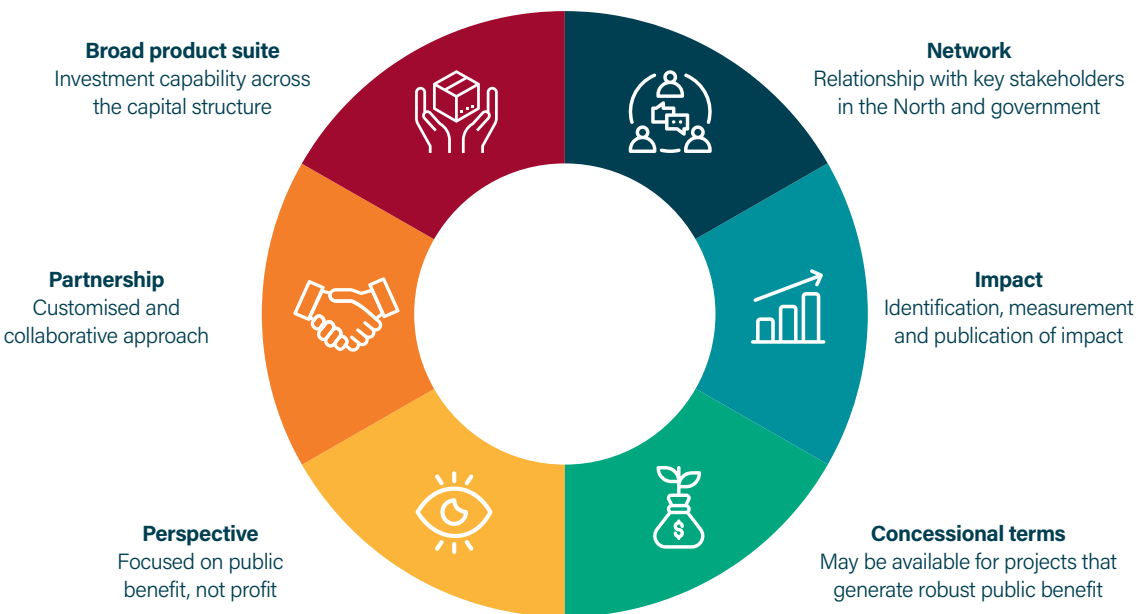
NAIF drives economic growth, population growth and Indigenous outcomes in northern Australia.

A key focus of any financing is to drive public benefit, economic and population growth and Indigenous economic participation in northern Australia, and in alignment with NAIF's Corporate Plan.

We contribute to the nation by proudly investing in the growth of northern Australia.

Geographies	Queensland		Northern Territory		Western Australia	
Industry Sectors	Resources	Transport	Agriculture & Water	Energy	Social Infrastructure	Emerging Sectors
Our Purpose	Contributing to the Nation by proudly investing in the growth of northern Australia.					

Value proposition





Performance Summary since inception

Projects supported by geography

* as at 30 June 2023

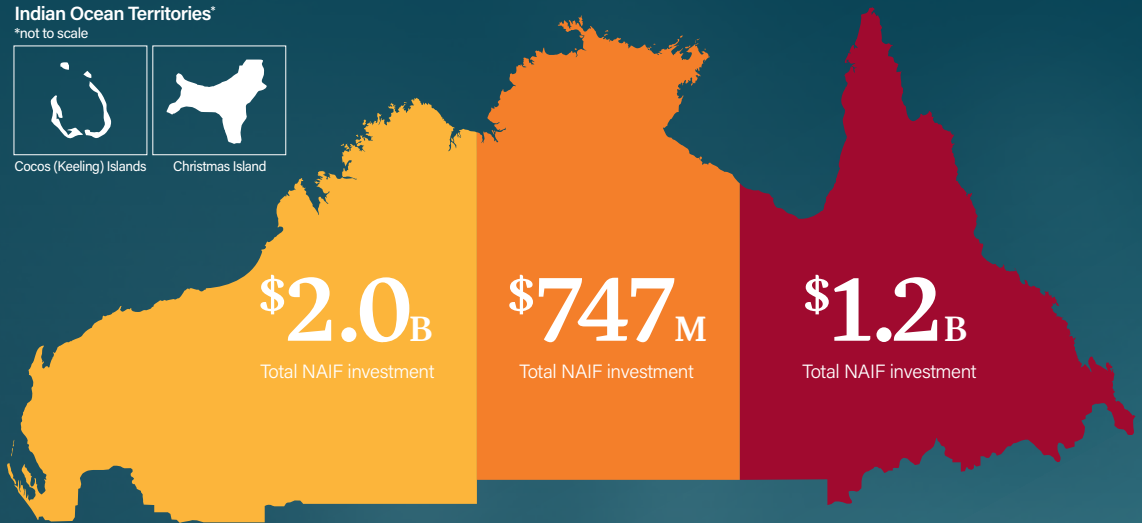
Indian Ocean Territories*
*not to scale



Cocos (Keeling) Islands

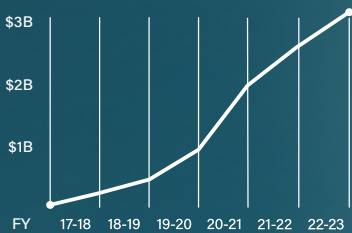


Christmas Island



Contractual close (by value)

* as at 30 June 2023



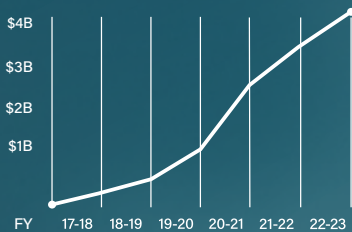
\$3.1B
Contractual Close

30
Projects

26
Projects Contractual Close

NAIF investment decisions (by value)

* as at 30 June 2023



\$4B
Committed Loans

\$491M
NAIF FY22-23 investment

Cumulative economic impact to northern Australia

* as at 30 June 2023



Public benefit forecast from NAIF supported projects

≈ **\$7.4**

Forecast public benefit for every \$1.00 of finance by NAIF



Support by sector

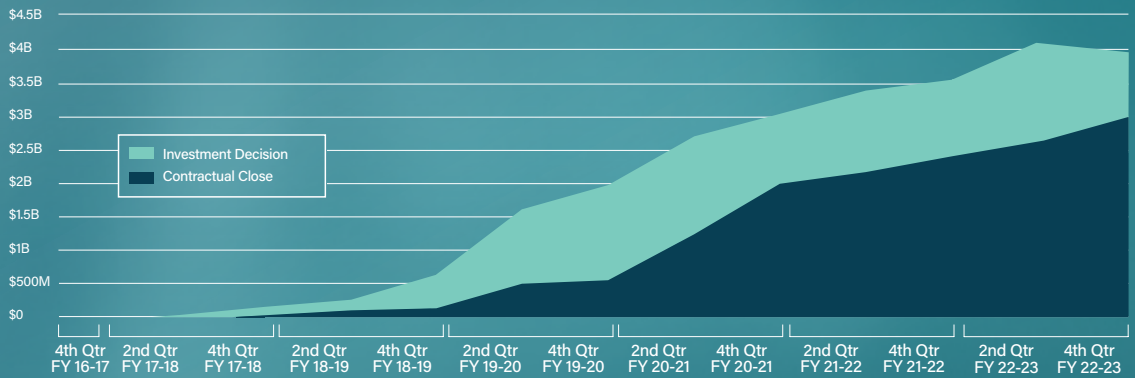
* as at 30 June 2023

Total Cumulative

Agriculture & Water	\$89.4 million
Energy	\$737 million
Resources	\$2.1 billion
Transport	\$538 million
Social Infrastructure	\$437 million
Financing Partnerships	\$50 million

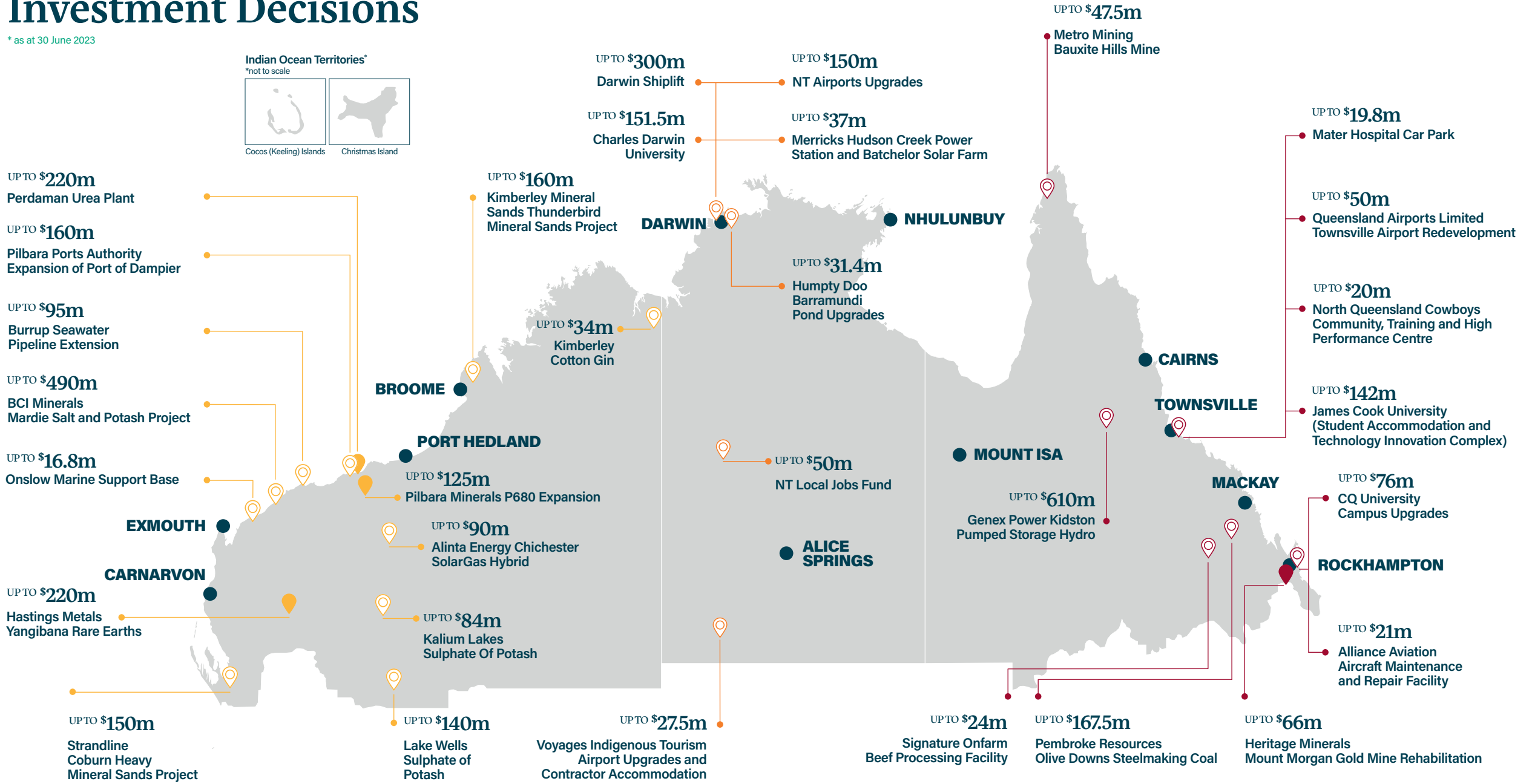
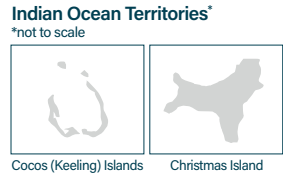


NAIF loans 2016 - 2023



Investment Decisions

* as at 30 June 2023



NAIF Investment Decisions

- WA Investment Decisions FY2022-23
- WA Existing Financings
- NT Investment Decisions FY2022-23
- NT Existing Financings
- QLD Investment Decisions FY2022-23
- QLD Existing Financings

TRACEY HAYES

From the Chair



As Chair of the Northern Australia Infrastructure Facility (NAIF), I am pleased to present the Northern Australia Infrastructure Facility Annual Report 2022-23, on behalf of the Accountable Authority, the NAIF Board.

NAIF contributes to the nation by proudly investing in the growth of northern Australia. Despite a challenging economic year to 30 June 2023, NAIF has continued to provide finance to a portfolio of ambitious and transformational projects that will grow the northern Australia economy for decades to come, and ultimately lift living standards.

We deliver through partnerships, developed via respectful and meaningful engagement, across all levels of government and with industry stakeholders. NAIF continues to work closely with the governments of the Northern Territory, Queensland, and Western Australia to create an environment conducive to profitable investments and thriving communities. We thank the jurisdictions for their support and assistance again this year.

As a key financing agency for infrastructure in northern Australia, NAIF also has an important role

in supporting the Commonwealth's broader policy priorities such as climate ambitions, renewables investment, local job creation, and achieving better outcomes for Indigenous Australians.

Policy developments this year will benefit northern Australia and provide NAIF the capability of delivering more investment where it is needed in the years ahead. The Board has focused heavily on the development of a comprehensive strategic plan with key and ambitious outcomes being achieved and/or made significant progress this year. Some key outcomes have been having more NAIF staff located in the north, 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.

We welcome the passing this year of the Northern Australia Infrastructure Facility Amendment (Miscellaneous Measures) Bill which provides NAIF with an additional allocation of \$2 billion, taking the total financing available for infrastructure projects to \$7 billion.

“We are excited about the future of northern Australia and how NAIF will work with members of our community and partners to support the regions, cities and territories of northern Australia over the coming years.”

The expansion of NAIF’s geographical footprint to include the Indian Ocean Territories of Christmas Island and the Cocos (Keeling) Islands also provides further opportunity to support the region’s economic development.

And with critical minerals set to play an increased role in the north’s economy, we are pleased that NAIF was named as a key agency to deliver on the Critical Minerals Strategy announced by the Minister for Resources and Minister for Northern Australia, the Hon Madeleine King MP.

We thank the Minister for her ongoing support of NAIF and look forward to working with her to deliver on the Statement of Expectations and Intent set out this year which will ultimately support the Commonwealth Government’s ambitious agenda for the north.

I would like to thank NAIF CEO Craig Doyle and his team for their work this year. Similarly, we recognise officials at the Department for Infrastructure, Transport, Regional Development, Communications and the Arts.

NAIF is well served by experienced and hardworking Board members, and I thank them for their continued commitment and support. Subsequent to 30 June 2023,

NAIF welcomed Vanessa Elliott to the Board until 30 June 2026. We look forward to her making a significant contribution in the year ahead.

On behalf of the Board, I look forward to working with members of our community and partners across Government and industry, as we strive to deliver our shared agenda in supporting the regions, cities and territories of northern Australia.



Tracey Hayes

CHAIR | NORTHERN AUSTRALIA INFRASTRUCTURE FACILITY

26 September 2023

CRAIG DOYLE

From the CEO



NAIF is committed to driving economic development in northern Australia through investment in infrastructure projects that support economic growth.

In the year to 30 June 2023 NAIF approved \$491 million of Investment Decisions to projects that will grow industries, provide social infrastructure and create regional jobs.

A further \$589 million of NAIF financing was contractually closed during the year to previously announced investments, an important milestone that often spurs significant economic activity by the project proponent.

As detailed in this report, it was pleasing to witness a number of NAIF supported projects reach significant construction and operational milestones this year. Among those projects doing so in challenging economic circumstances are James Cook University, Charles Darwin University and Kimberley Cotton Company.

These economic challenges – namely rising interest rates, escalating costs, and a slowdown in the commodity market – led to a tightening of the market during the latter half of the year. During this period, the NAIF team supported proponents wherever possible and will continue to do so.

In total, NAIF's commitments at 30 June 2023 stood at around \$4 billion to projects that are forecast to generate more than \$29.4 billion in economic impact and support more than 14,700 jobs.

NAIF's portfolio stands at approximately 30 projects which range from large-scale critical minerals and energy developments to social infrastructure, airport upgrades, agriculture and aquaculture.

Total drawdown of NAIF funds by proponents at 30 June was ~\$1.41 billion. This was an increase of ~ 75% in total drawdown of funds in the twelve month period. 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.

During the year NAIF took steps to expand access to our financing with the launch of the Territory Infrastructure Loans program, administered by the Northern Territory Government. NAIF is contributing \$50 million to this smaller value loan program and we look forward to the successful roll-out of the program over the next 12 months.

As evidenced in this report, a key pillar of all NAIF financing is guiding proponents to deliver positive Indigenous outcomes through Indigenous Engagement Strategies (IES), partnering with key stakeholders and advocating for Indigenous economic development. We intend to build on the progress outlined in this report with a stronger focus on building proactive strategic partnerships to align and advocate for Indigenous economic development through the NAIF pipeline, IES delivery, issues and opportunities.

“Our team is passionate about the role we play in the economic development of northern Australia and possess a deep understanding of the region.”

Looking ahead, recent policy developments – to which we thank Minister King for her ongoing support – provide NAIF the opportunity to apply diverse financing solutions to accelerate the development of a wide range of infrastructure projects across northern Australia.

NAIF’s pipeline (pre-Investment Decision) represents a loan value of \$4.9 billion (45 potential projects) should all projects move through to investment decision. The granting of the additional \$2 billion allocation to support this future investment is welcomed.

NAIF can now support projects in the Indian Ocean Territories of Christmas Island and the Cocos (Keeling) Islands. I was pleased to visit Christmas Island in August 2023 to meet with local stakeholders and a team from NAIF will be visiting the Cocos (Keeling) Islands for similar discussions.

To help us deliver on our priorities – including our role in the delivery of the Critical Minerals Strategy through an additional \$500 million in investment - NAIF is committed to maintaining established and collegiate working relationships with the jurisdictions, Local Governments and Regional Development Agencies. On our support for the Critical Minerals Strategy, we look forward to working with the Critical Minerals Office and other Government lenders including Export Finance Australia and Clean Energy Finance Corporation to provide whole of Government solutions to support proponents.

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 high-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.



Craig Doyle

CEO | NORTHERN AUSTRALIA INFRASTRUCTURE FACILITY

Investment Report 2022–2023

* as at 30 June 2023

NAIF's projects stimulate economic growth by attracting private investment, fostering infrastructure development, and supporting various industries. These projects contribute to the region's overall economic prosperity and diversification. By investing in infrastructure development, NAIF helps create both direct and indirect jobs, benefitting local communities and contributing to the region's workforce.




NAIF collaborates closely with the governments of the Northern Territory, Queensland, and Western Australia to invest in projects that support the future growth of northern Australia. This partnership approach ensures responsible investment based on evidence and aligns with the long-term development goals of the region.

FY22-23 Contractual closes: \$589 million

P680 Expansion PILBARA, WA						
NAIF Investment Decision	Contractual Close	Total Project Size	Public Benefit	Total Jobs	Resources Sector	
\$125M	\$125M	\$404M	\$1,439M	675		
Perdaman Urea Plant PILBARA, WA						
NAIF Investment Decision	Contractual Close	Total Project Size	The \$8.5B of public benefit associated with the project was recognised last financial year with two previous loans to the project.	Total Jobs	Resources Sector	
\$220M	\$220M	\$6,200M				
Thunderbird Mineral Sands KIMBERLEY REGION, WA						
NAIF Investment Decision	Contractual Close	Total Project Size	Public Benefit	Total Jobs	Resources Sector	
\$160M	\$160M	\$489M	\$1,853M	570		
Kimberley Cotton Gin KIMBERLEY, WA						
NAIF Investment Decision	Contractual Close	Total Project Size	Public Benefit	Total Jobs	Agriculture Sector	
\$34M	\$34M	\$59.9M	\$248M	61		
Co-financing Partnership NTLF NT						
NAIF Investment Decision	Contractual Close	Total Project Size	Public Benefit	Total Jobs	Partnership Sector	
\$50M	\$50M	\$66.7M	\$110.1M	532		

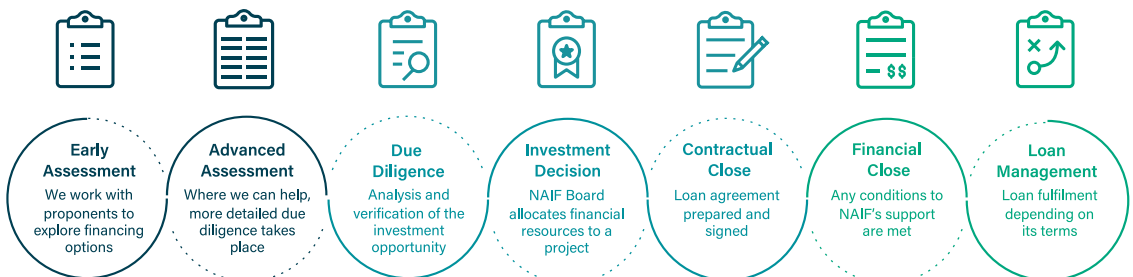
Further details on the investments above can be found in the investment section from page 14 and at <https://naif.gov.au/what-we-do/case-studies/>

FY22-23 Investment Decisions: \$491 million

<p>PILBARA, WA</p> <h3>Perdaman Urea Plant</h3> <p>Urea plant</p> <p>NAIF Investment Decision: \$220M Total Project Size: \$6,200B Resources Sector</p>  	<p>PILBARA, WA</p> <h3>P680 Expansion</h3> <p>Expansion of existing plant</p> <p>NAIF Investment Decision: \$125M Total Project Size: \$404M Resources Sector</p>  
<p>GASCOYNE, WA</p> <h3>Yangibana Rare Earths</h3> <p>Increase in existing project loan</p> <p>NAIF Investment Decision: \$80M Total Project Size: \$1,060M Resources Sector</p>  	<p>CENTRAL QUEENSLAND, QLD</p> <h3>Mt Morgan Gold and Copper</h3> <p>Reprocessing of old tailings, site rehabilitation</p> <p>NAIF Investment Decision: \$66M Total Project Size: \$157M Resources Sector</p>  

NAIF Investment Journey

NAIF's investment journey follows an infrastructure project lifecycle as illustrated below.





QUEENSLAND

Queensland Investment Report

FY22-23 Investment Decision

● Completed
 ● In Construction
 ● Investment Decision

\$66M

MT MORGAN GOLD AND COPPER PROJECT (HERITAGE MINERALS)

\$66M
TOTAL

Queensland: \$1.2 billion in cumulative investment decisions:



Resources

Project Title	Finance
● Metro Mining	\$47.5M

Project Title	Finance
● Olive Downs	\$167.5M

Project Title	Finance
● Heritage Minerals	\$66M



Energy

Project Title	Finance
● Genex Kidston Pumped Hydro	\$610M



Transport

Project Title	Finance
● Townsville Airport Redevelopment	\$50M

Project Title	Finance
● Alliance Airlines	\$21M



Social Infrastructure

Project Title	Finance
● JCU Student Accommodation	\$46M

Project Title	Finance
● JCU Technology Innovation Complex	\$96M

Project Title	Finance
● Mater Hospital Redevelopment	\$19.8M

Project Title	Finance
● NQ Cowboys Community, Training and High Performance Centre	\$20M

Project Title	Finance
● CQUniversity Australia	\$76M



Agriculture/Water

Project Title	Finance
● Signature Onfarm	\$24M



Mt Morgan Gold and Copper Project

FY22-23 Investment Decision: Reprocessing of old tailings, site rehabilitation (proponent: Heritage Minerals)



Mine revival boosts regional economy

As Heritage Minerals continues to ramp up its revival of the **Mount Morgan mine** west of Rockhampton, economic benefits to the local region have started to flow.

Operations at Mount Morgan closed in 1990 and the abandoned mine has since been managed by the Queensland Government, which is also supporting the project.

The recovery of gold and copper from tailings will help meet increasing demand for the resources while also improving environmental outcomes for the region and industry.

Heritage Minerals acquired the project in June 2020 and commenced project delivery activities in January this year. In this time, Mount Morgan's unemployment rate has fallen from 20% in June 2020 to 11% in December 2022. As activities ramp up later this year, more employment and economic activity is expected to occur.



Image: Mount Morgan



QUEENSLAND

Project Milestones

JCU's Bebegu Yumba campus accommodation building

A new era for James Cook University students living on-campus began with the opening of an accommodation building in Townsville supported by NAIF (\$46 million).

Located at JCU's Bebegu Yumba campus in Douglas and operated by UniLodge, the 'Burrurga Yumba' building features more than 400 bedrooms, high-quality communal facilities and a centralised, self-catered 'master chef' style kitchen and dining space.

The project, built by Hutchinson Builders, was named winner of the 2023 North Queensland QSolutions Group Project of the Year in the North Queensland 2023 Housing & Construction Awards: www.mbqld.com.au/whats-on/housing-and-construction-awards

The total net public benefit to the Townsville economy estimated to be \$140.2 million over the next 30 years.



Mater Private Hospital car park

Renowned Townsville Torres Strait Islander artist Gail Mabo unveiled a stunning 6m high artwork on the façade of **Mater Private Hospital Townsville's new six-storey car park**.

The original — a two-panel acrylic on canvas — was digitally printed onto a series of aluminium panels to make up the nine square metre installation.

Gail, a Meriam woman from Mer (Murray Island) in the Torres Strait and the daughter of lands right activist Eddie Koiki Mabo, said her piece reflected the spirits of the land, as well as the blue and earthy tones of the region.

The six-storey car park provides 400 car spaces for patients and visitors and was made possible with the support of a \$19.75m loan from NAIF.



Image: JCU's Bebegu Yumba Campus accommodation building



Western Australia Investment Report

FY22-23 Investment Decisions

● Completed
 ● In Construction
 ● Investment Decision



Western Australia: \$2.0 billion in cumulative investment decisions



Resources

Project Title	Finance
● Strandline Resources	\$150M
● Kalium Lakes Sulphate of Potash	\$84M
● BCI Minerals Mardie Salt Project	\$490M
● Australian Potash Limited	\$140M
● Yangibana Rare Earths	\$220M
● Dampier Port Expansion	\$160M
● Burrup Seawater Pipeline	\$95M
● Thunderbird Mineral Sands	\$160M



Resources

Project Title	Finance
● P680 Expansion Project - Pilbara Minerals	\$125M
● Perdaman Urea Plant	\$220M



Agriculture/Water

Project Title	Finance
● Kimberley Cotton Company	\$34M



Transport

Project Title	Finance
● Onslow Marine Support Base	\$16.8M



Energy

Project Title	Finance
● Chichester Solar Gas Hybrid Project	\$90M



Perdaman Urea Plant

FY22-23 Investment Decision: Construction of project to convert gas into urea, a form of fertiliser for food production

\$6.2B
TOTAL VALUE

NAIF loan
\$220M
UP TO

THE \$8.5B OF PUBLIC BENEFIT ASSOCIATED WITH THE PROJECT WAS RECOGNISED LAST FINANCIAL YEAR WITH TWO PREVIOUS LOANS TO THE PROJECT.

Construction commenced this year at Perdaman's \$6 billion Pilbara urea project – the first new gas manufacturing project in the Pilbara in more than a decade.

Located 20 kilometres north-west of Karratha, it is forecast the Perdaman Urea Project will create 2,405 jobs during construction and 85 operational jobs.

The project will convert Western Australian natural gas from Woodside's Scarborough Gas Project into an estimated 2.3 million tonnes of urea per annum. Urea is a widely used form of fertiliser for food production.

Currently, Australia imports around 2.4 million tonnes of urea per year.

NAIF is also backing the project through:

- \$160 million to the Pilbara Ports Authority for a new multi-user wharf and facilities at the Port of Dampier; and
- \$95 million to the Water Corporation for the expansion of the Burrup seawater supply and brine disposal scheme that will connect to the Perdaman Urea Plant once built.

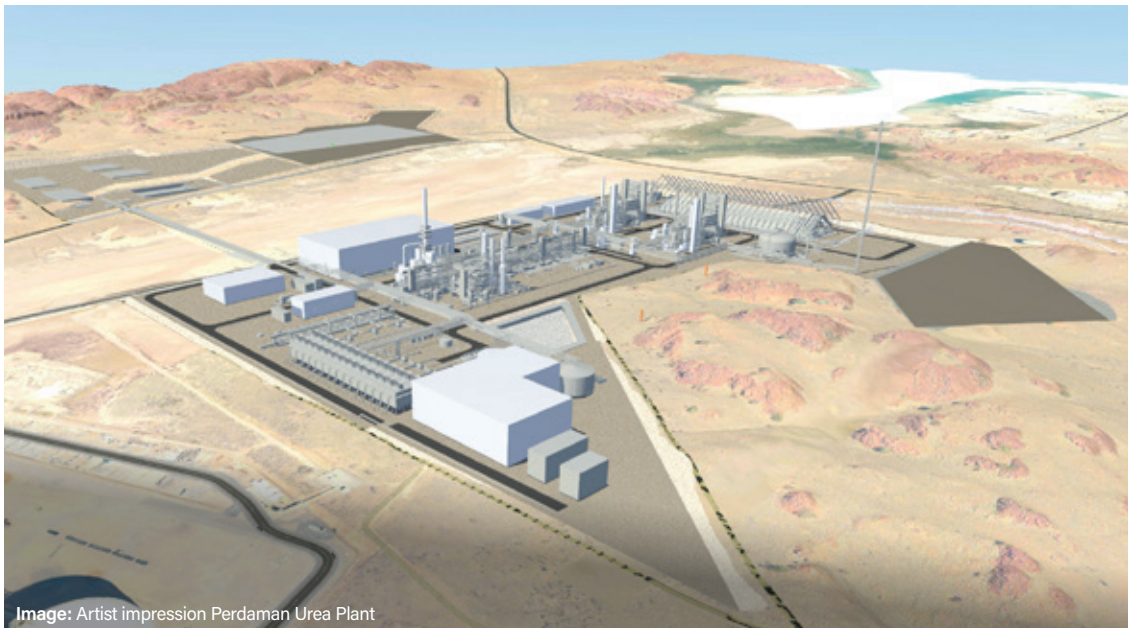


Image: Artist impression Perdaman Urea Plant



P680 Expansion Project

**FY22-23 Investment Decisions in focus:
Pilbara Minerals Limited’s Pilgangoora Operations in WA**

<p>\$404M</p> <p>TOTAL VALUE</p>	<p>NAIF loan</p> <p>\$125M</p> <p>UP TO</p>	<p>Public benefit</p> <p>\$1.4B</p> <p>OVER 30 YEARS</p>	<p>Forecast jobs</p> <p>675</p> <p>CONSTRUCTION AND OPERATIONS</p>
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NAIF and fellow Australian Government financier Export Finance Australia each committed \$125 million to support the expansion of Pilbara Minerals Limited’s Pilgangoora Operations in Western Australia.

The loans will be used to expand the company’s mining and processing operations in the Pilbara region, which produce lithium containing spodumene and tantalite concentrates, with the former exported from Port Hedland.

These are key battery materials that are used largely in the manufacture of lithium batteries, making them an important element in Australia’s offering as a globally trusted supplier of critical minerals and supporting the world’s transition away from non-renewable energy sources.

The project is estimated to create 355 jobs in the first two years of construction and an additional 320 jobs each year on average during operation.



Image: P680 Expansion project



WESTERN AUSTRALIA

Project Milestones

Kimberley Cotton Company

Kimberley Cotton Company gave the green light to start construction of the cotton gin at Kununurra in Western Australia, with operation planned to commence in the second half of 2025.

NAIF committed up to \$34m towards the project which is projected to deliver \$248m in public benefit and 61 jobs.



Thunderbird Mineral Sands

Construction activities at the Thunderbird Mineral Sands project in the Kimberley progressed and at 30 June were close to completion. The first delivery of mineral sands products to customers is earmarked for Q1 2024.

In March 2022, NAIF made an Investment Decision to offer financial assistance of up to \$160 million to Kimberley Mineral Sands Pty Ltd (KMS) to support the development of the Thunderbird Mineral Sands Project in the Kimberley region of Western Australia.



NORTHERN TERRITORY

Northern Territory Investment Report

FY22-23 Investment Decisions

● Completed
 ● In Construction
 ● Investment Decision

\$50M

NORTHERN TERRITORY GOVERNMENT
CO-FINANCING PARTNERSHIP

\$50M
TOTAL

Northern Territory: \$747 million in cumulative investment decisions



Social Infrastructure

Project Title	Finance
● CDU	\$151.5M

Project Title	Finance
● Voyages Indigenous Tourism	\$27.5M



Transport

Project Title	Finance
● Darwin Shiplift (NTG)	\$300M

Project Title	Finance
● NT Airports	\$150M



Agriculture/Water

Project Title	Finance
● Humpty Doo Barramundi	\$31.4M



Energy

Project Title	Finance
● Hudson Creek Power Station & Batchelor Solar Farm	\$37M



NORTHERN TERRITORY

Project Milestones

Territory Infrastructure Loans

NAIF has moved to provide greater opportunities for small businesses to access concessional loans for the development and expansion of infrastructure-led projects in the Northern Territory. Through the launch of the Territory Infrastructure Loans program this year, in partnership with the Northern Territory Government, businesses looking to deliver small-scale projects across the territory can access loans to help expand infrastructure.

NAIF is contributing \$50 million into the program. Loans up to \$10 million are available to support the development of economic infrastructure, employment and regional growth.



Charles Darwin University

Super structure work for Charles Darwin University's new \$250 million Education and Community Precinct has been completed, with a topping out ceremony held at the Darwin City site to mark the milestone.

NAIF's \$151.5m loan facility for the Charles Darwin University project represents our shared interests in fostering higher education and driving regional development. We recognise the importance of providing accessible and quality education opportunities in northern Australia.

Investing for impact: Indigenous Outcomes



Indigenous Australians have a fundamental role in northern Australia and with our young Indigenous population consistently growing, our Indigenous populations will be key to the future of northern Australia. NAIF recognises this and respects the cultural heritage, knowledge, and contributions of Indigenous peoples, actively seeking opportunities to collaborate and involve them in projects with proponents.

Our work across the north focuses on fostering economic and social outcomes that are inclusive and respectful of traditional owners and their cultural heritage. To ensure meaningful and impactful outcomes from our projects, every project financed by NAIF is required to have an Indigenous Engagement Strategy, known as an IES.

These bespoke strategies must provide appropriate opportunities for participation, procurement, and employment for local Indigenous people. These opportunities must be designed for both the construction and operational phases of the project.

Opportunities must be suitable for the project and commensurate to the length of the NAIF loan, in this way maximising opportunities for the local Indigenous community and providing achievable and sustainable outcomes.

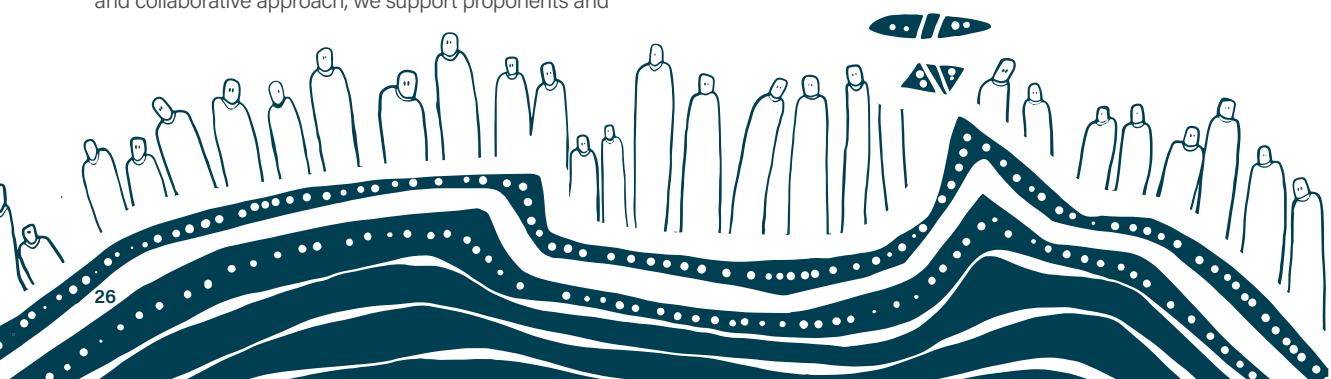
Through NAIF's dedicated Indigenous Outcomes team and collaborative approach, we support proponents and

Indigenous groups to develop opportunities that are tailored to the Traditional Owners and regional Indigenous people and to ensure outcomes are sustainable and achievable. We expect proponents to develop viable and measurable targets for each project.

Through the IES process to date, NAIF's projects have created employment and training opportunities for Indigenous individuals and community members. These initiatives focus on skills development, vocational training, and job creation, contributing to increased Indigenous workforce participation and economic empowerment.

All IES's must be informed by relevant existing documents including Native Title and other agreements such as Indigenous Land Use Agreements, Reconciliation Action Plans, and existing engagement, training, education, employment and procurement initiatives, processes, policies, and operations. It is in this way that NAIF will ensure the IES developed for each project builds on any existing engagement and expands or deepens initiatives for the benefit of Indigenous communities and northern Australia more broadly.

Monitoring and reporting requirements are agreed with each proponent in the NAIF facility documentation with communication opportunities identified and an IES clause included and agreed upon to support performance.



Partnerships with key stakeholders

NAIF values partnerships with Indigenous organisations, community groups, and stakeholders. By working together, NAIF aims to ensure that our projects align with the aspirations and needs of Indigenous communities, fostering mutually beneficial outcomes and shared prosperity.

Working with proponents, we look to ensure opportunities are provided for Indigenous entrepreneurs and community enterprises to participate in business activities, fostering economic self-sufficiency and long-term sustainability.

Away from individual projects, NAIF also works at a partnership level with other Government agencies in an effort to maximise outcomes. This year we continued to collaborate and partner, via a formal Memorandum of Understanding (MOU), with the National Indigenous Australians Agency (NIAA), Indigenous Business Australia (IBA), and the Indigenous Land and Sea Corporation (ILSC). This work includes CEO level discussion to share information and where possible to capitalise on opportunities between agencies.

At an organisational operational level, NAIF this year supported initiatives that promote and preserve Indigenous art, language, traditions, and history. As part of NAIF's ongoing activities under its Reconciliation Action Plan, activities included commissioning Indigenous artwork and installations within project sites, fostering cultural recognition and appreciation.

The NAIF team also actively engaged in community events and initiatives that celebrated Indigenous culture, promote community cohesion, and strengthen social connections. By supporting and participating in local events, NAIF demonstrates its commitment to community engagement and the celebration of diversity in northern Australia.



Image: Voyages Indigenous Tourism Airport Upgrades and Contractor Accommodation

Investing for impact - Indigenous Outcomes

Case studies

Townsville Airport scholarships help students fly

A key focus of many of NAIF's IES programs is a focus on skills development, vocational training, and job creation for local Indigenous people.

Employment initiatives in the strategies focus on professional development, vocational training, and job creation, contributing to increased Indigenous workforce participation and economic inclusion.

As part of its IES with NAIF, Queensland Airports Limited this year awarded two recipients the inaugural Townsville Airport Indigenous Scholarship. This will provide two full-time first year Indigenous students with financial assistance to study at James Cook University.

“This is one of the many outcomes driven by our NAIF loan and its criteria that supports the development of an Indigenous Engagement Strategy (IES), thanks to the Australian Government, which allows us to further support the local community through initiatives such as this scholarship.”

Brendan Cook
QAL General Manager



Pictured above: Northern Australia Infrastructure Facility Senior Associate, Indigenous Outcomes, Ben Gertz, Townsville Airport General Manager Brendan Cook, Townsville Airport Indigenous Scholarship recipient Jacob Smith and JCU Deputy Vice Chancellor, Indigenous Education and Strategy, Professor Martin Nakata.



Working towards genuine outcomes in the Mid West

Flexible employment and training was this year a key focus for Strandline Resources as part of its successful IES program at the Coburn Project, in Mid West WA.

With the project under construction, Strandline have developed a range of strategies to support local Indigenous employment under the motto 'train and retain'.

Under the watchful eye of Strandline's Community and Indigenous Liaison Officer, also a local Wajarri and Nanda man, the company has worked with local Nanda and Malgana Traditional Owners, directly and indirectly through their contractors, and used a range of methods as part of its employment practices including flexible rosters, long-term mentoring and offering job stability where possible.



Image: The Coburn project.

Policy Developments

Developing northern Australia and realising its economic opportunities requires the collective efforts of all levels of government, the private sector, and communities.

NAIF is well-placed to support and shape the economic development of the region. During the latter half of the year, there has been a notable tightening of the market due to rising interest rates, escalating costs, and a slowdown in the commodity market.

To help us deliver this investment, under the Minister for Northern Australia, the Hon. Madeleine King MP, earlier this year the Northern Australia Infrastructure Facility Amendment (Miscellaneous Measures) Bill 2023 was passed by the Australian Parliament. This provides NAIF with an additional allocation of \$2 billion, taking the total financing available for infrastructure projects to \$7 billion.

This additional funding will further support the Australian Government's regional and northern Australian agenda, ensuring increased investment in projects aligned with broader priorities such as climate ambitions, and renewables investment for local job creation, and achieving better outcomes for First Nations peoples.

The additional allocation means more investment is available for more projects, including for the first time to the Indian Ocean Territories of Christmas Island and the Cocos (Keeling) Islands. A delegation from NAIF visited the Indian Ocean Territories in August of 2023 to meet with local stakeholders.

As the Commonwealth Government's key financing agency for infrastructure in northern Australia, NAIF has also been recognised as a key agency in supporting the Australian Government's new Critical Minerals Strategy. As part of the strategy, NAIF will earmark a minimum of \$500 million of funding specifically to develop critical minerals projects.

NAIF has already approved loans of \$655 million to four critical minerals and rare earth projects. We look forward to continuing our support for this sector, working with the Critical Minerals Office and alongside other Government lenders including Export Finance Australia and Clean Energy Finance Corporation to provide whole of Government solutions to support proponents.

Away from Canberra, NAIF recognises that government support alone is not sufficient for the development of northern Australia. Instead, NAIF takes a national partnership approach, working closely with the governments of the Northern Territory, Queensland, and Western Australia to create an environment conducive to profitable investments and thriving communities.

This year NAIF participated in the Northern Australia Ministerial Forum in Kununurra on 8 June 2023. The forum is made up of Australian Government Ministers with responsibility for the development of northern Australia, and their counterparts from the Queensland, Western Australian and Northern Territory governments. NAIF looks forward to working with Ministers again this year.



Minister for Resources and Northern Australia, the Hon Madeleine King MP (far right), joins Christian Bloecker, Managing Director of Bothkamp Australia Farms and director of the Ord River District Co-op, and Jim Engelke, General Manager of Kimberley Agricultural Investment, at the Kimberley Cotton project during the Northern Australia Ministerial Forum.



Pipeline

* as at 30 June 2023

NAIF's projects in the north stimulate economic growth by attracting private investment, fostering infrastructure development, and supporting diverse industry sectors.

With \$7 billion of total financing available for infrastructure projects across the north – including for the first time to the Indian Ocean Territories of Christmas Island and the Cocos (Keeling) Islands – NAIF is ready to provide additional investment to further grow the north in the years ahead.

Our current pipeline represents a loan value of \$4.9 billion (45 potential projects), as at 30 June 2023, if all projects are realised through to investment decision.

This pipeline is varied and diverse, reflecting the northern Australia economy and will support to the Australian Government's agenda, with a particular focus on improving the lives of Indigenous people, supporting the net zero agenda and renewable energy sector, and supporting enhanced telecommunications and other social infrastructure across the north.

Pre-ID Pipeline breakdown - sector potential NAIF loan

■ 2 AGRICULTURE & WATER	\$42M
■ 4 EMERGING SECTORS	\$596M
■ 4 ENERGY	\$809M
■ 4 EQUITY	\$165M
■ 2 FINANCING PARTNERSHIPS	\$73M
■ 18 RESOURCES	\$2.2B
■ 5 SOCIAL INFRASTRUCTURE	\$123M
■ 6 TRANSPORT	\$888M



Investing across the economy



Resources

- Bulk commodities such as Iron Ore and Coal
- Gold and base metals
- Rare earths and specialty metals
- Fertiliser raw materials
- Oil and gas/LNG



Social Infrastructure

- Education
- Tourism
- Social and health
- Housing
- Communications



Energy

- Electricity generation, storage and transmission
- Pumped hydro
- Renewables
- Hydrogen
- Gas



Agriculture & Water

- Beef
- Sugarcane
- Bananas and mangoes
- Cotton gins
- Aquaculture
- Emerging commodities
- Water infrastructure



Transport

- Airlines/airports
- Ports
- Rail
- Road
- Vessels
- Aircraft
- Storage/freight/logistics



Emerging sectors

- Space launch facilities
- Hazardous waste facilities
- Tyre recycling facility

Annual Performance Statement

Introductory Statement

I, on behalf of the accountable authority, the Board of the Northern Australia Infrastructure Facility (NAIF), present the 2022-23 Annual Performance Statement of NAIF, as required under paragraph 39(1)(a) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act).

In our opinion, based on material provided to the Board, this Annual Performance Statement accurately reflects the performance of the entity, and complies with subsection 39(2) of the PGPA Act.



Tracey Hayes
CHAIR OF THE NAIF BOARD

Purpose

NAIF contributes to the Nation by proudly investing in the growth of northern Australia.

NAIF achieves this purpose by fulfilling its legislative functions, which are:

- to provide financial assistance to the States and Territories, and direct to other entities for the development of northern Australia economic infrastructure; and
- to determine terms and conditions of financial assistance; and
- to provide incidental assistance to the States and Territories in relation to financial arrangements and agreements related to the terms and conditions of financial assistance.

NAIF finances (or facilitates the development of) infrastructure projects including assets that enable the establishment or enhancement of business activity or increase economic activity in a region. We finance infrastructure such as physical structures, assets

(including moveable assets) or facilities which underpin, facilitate, or are associated with:

- Investing;
- Growing northern Australia;
- Delivering Indigenous Outcomes;
- Contributing to the Nation.

Our purpose facilitates the achievement of outcomes as outlined in the FY22-23 Department of Infrastructure, Transport, Regional Development, Communications and the Arts Portfolio Budget Statement (page 459) to 'enable economic growth in northern Australia, by facilitating private sector investment in economic infrastructure, primarily through the provision of concessional financing delivered through the State and Territory Governments'

Results

A summary of NAIF's performance outcomes is included in figure 1.

NAIF outperformed in delivering Indigenous Employment Outcomes for the period, while only partially meeting the remaining performance criteria. Economic factors including material increase in construction costs, delays in securing offtake agreements, higher interest rates, as well as ongoing tight labour market conditions contributed to this outcome. NAIF is supporting proponents, in assessing the impacts to their projects, and project viability, in the current economic environment.

The analysis of NAIF's overall performance should be read in conjunction with the remainder of the Annual Report, including the Chair and CEO Report.

NAIF has made favourable progress over the 2022-23 financial year, with the Board making four Investment Decisions to offer loans totalling \$491m, to support projects with a total capital value of \$6.8bn.

Figure 1: NAIF Performance Summary for FY22-23

Source of Performance Criterion: NAIF Corporate Plan FY22-23, page 7.

	Performance criteria	Measure /Target	Outcome
Contributing to the Nation			
1.	PUBLIC BENEFIT RATIO (PUBLIC BENEFIT / NAIF LOAN)	<i>Annual cumulative calculation for new Investment Decisions (ID's): quantified Public Benefit is >10 times NAIF loan value</i>	<p>Partially achieved</p> <p>Each project has been forecast to generate public benefit. The total public benefit forecast on the four approved projects totals \$2.3 billion.</p> <p>The quantified public benefit is 4.7 times the NAIF loan value versus a target of 10 times. The public benefit materially exceeds the cost of concessions.</p> <p>Case studies have been published on NAIF's website outlining examples of forecast public benefit and forecast jobs created. They can be viewed here https://naif.gov.au/case-studies/.</p>
2.	JOB CREATION	<i>Annual cumulative calculation for new ID's: total job numbers divided by total NAIF loan value (\$m) > 5</i>	<p>Partially achieved</p> <p>The ID's are forecast to support 1,075 new jobs in either the construction or operational phase. This is a ratio of 2.2 versus a target of 5 against the \$491 million committed in new ID's.</p>
Proudly Investing and Growing Northern Australia			
3.	GROWTH IN INVESTMENT ACTIVITY	<i>Annual ID's approved of between \$1bn - \$1.25bn</i>	<p>Partially achieved</p> <p>\$491m of Investment Decisions in FY22-23 against a target of between \$1 billion - \$1.25 billion.</p>
Delivering Indigenous Outcomes			
4.	INDIGENOUS STRATEGIES	<i>>1 new ID supporting a majority Indigenous owned business or prospect</i>	<p>Partially achieved</p> <p>There were no ID's supporting a majority Indigenous owned business, however one project passed through the initial assessment and has entered NAIF's Due Diligence phase.</p>
5.	INDIGENOUS EMPLOYMENT OPPORTUNITIES	<i>Annual, average percentage of Indigenous specific jobs for new ID's</i>	<p>Achieved</p> <p>The four ID's committed to an average percentage of 7.75% of new jobs being Indigenous specific jobs, outperforming against a target of \geq 3%.</p>

Annual Performance Statement (Continued)

Analysis of Performance Criteria

1. Public benefit ratio

To be eligible for NAIF financial assistance under the Investment Mandate, mandatory criteria 2, requires that the Board must be satisfied that the proposed project:

- will be of public benefit, and will produce benefits to the broader economy and community beyond those able to be captured by the project proponent.

Public benefit on each project was assessed in line with NAIF's Public Benefit Guideline which outlines the requirements of the NAIF Board. The potential benefits vary for each project and have been assessed spanning different periods depending on the life of the asset. Public benefits are assessed quantitatively, where possible, to determine a net public benefit number. Where it is not possible to value costs and benefits in monetary terms, they are considered qualitatively. Construction jobs and operational jobs are also forecast (see further information in 2. Jobs Creation).

The FY22-23 Investment Decisions are forecast to generate \$2.3 billion of public benefit to the northern Australia economy being a multiplier of 4.7 for every NAIF loan dollar committed and a multiplier of 327 when comparing to the cost of concessions on the NAIF loans.

The following public benefit has been recognised in this financial year:

- Heritage Minerals reprocessing and rehabilitation of the Mount Morgan site in Mount Morgan, Queensland, has been forecast to generate \$849 million in economic benefit to northern Australia; and
- Pilbara Minerals expansion of its Pilgangoora operation in the Pilbara region of Western Australia. This loan assists in increasing Australia's production capacity of spodumene concentrate, a key raw material for lithium-ion batteries. The public benefit to the northern Australian economy has been independently quantified as \$1.4 billion over the life of the mine.

A key factor in not meeting the public benefit ratio target this financial year is that two of the four Investment Decisions during the year recognised the public benefit

associated with the projects in a previous financial year, namely:

- Perdaman Urea Plant in Karratha which was supported with a \$220 million loan to support its development. This project is considered transformational for Western Australia and will facilitate the establishment of a new multi-billion dollar urea fertiliser industry. An independent economics consultant estimated the economic impact to northern Australia as \$8.5 billion over the 40-year life of the project. The latest investment builds on two previous loans to the project being the Burrup Seawater Pipeline Expansion (NAIF loan of \$95 million) and Expansion of Port of Dampier (NAIF loan of \$160 million). Both of these projects reached investment decision in FY21-22;
- Yangibana Rare Earths project in the Gascoyne region and Onslow in Western Australia was supported with an \$80 million loan. This project has been forecast to benefit the northern Australia economy by at least \$1.34 billion. NAIF had previously approved a loan of \$140 million, however it agreed to increase that amount to reflect rising costs and the recent strength of magnet rare earth prices.

In addition to the quantified public benefit, each project has benefits that cannot be reliably measured such as supporting the Australian Governments agenda to support the critical minerals industry (Yangibana project and Pilgangoora expansion), helping to meet the increasing demand for the resources required for clean energy transition while improving environmental outcomes in a region (Mount Morgan project) and advancing a multi-billion dollar fertiliser industry which will turn Australia from a net importer of this product to a net exporter (Perdaman).

In addition, the proponents on projects that have commenced drawdown, have reported that approximately \$200 million of goods and services have been procured from over 1,000 northern Australian suppliers during FY22-23, stimulating further economic growth in this region.

2. Jobs creation

The Investment Decisions by the NAIF Board are forecast to support 1,075 jobs in either the construction or operational phase which will contribute to economic and population growth in the regions of those projects.

Each project proponent is required to forecast all new jobs to be created in northern Australia as a result of NAIF's support.

The jobs recognised this financial year were on the following two investment decisions:

- Heritage Minerals reprocessing and rehabilitation of the Mount Morgan site which has been forecast to generate 250 new jobs during construction and 150 new ongoing jobs during the operational life;
- Pilbara Minerals P680 expansion which has been forecast to support approximately 355 jobs during construction and 320 jobs during the operational life of the mine.

As detailed previously the primary reason for only partially meeting the jobs creation performance measure this financial year is that two of the four Investment Decisions during the year had the forecast new jobs associated with the projects recognised in a previous financial year, namely the:

- Perdaman Urea Plant which is forecast to support peak full-time employment of 2,405 jobs during construction and 85 new jobs during the operational life; and
- Yangibana Rare Earths project which is forecast to support 476 jobs during construction and 219 new jobs during the operational life.

In addition, the proponents on projects that have commenced drawdown, have reported that approximately 3,588 jobs¹ have been supported in FY22-23 stimulating economic activity and population growth in the region.



Image: Kidston Solar

¹ Actual annual job numbers are provided by Proponents, based on a requirement to report actual jobs related to NAIF funded projects. They are not comparable to job forecasts at the time of Investment Decision, as the forecast modelling includes both direct and indirect jobs stimulated by a project.

Annual Performance Statement (Continued)

3. Investment Decisions

Figure 2: Summary of Investment Decisions made in FY22-23

Proponent	Jurisdiction	Project	NAIF Loan Investment Decision	Total Project Size
Perdaman Chemical and Fertilisers Pty Ltd	Karratha, WA	Urea plant	\$220m	\$6,200m
Pilbara Minerals Ltd	Pilbara region, WA	P680 Expansion project	\$125m	\$404m
Heritage Minerals Pty Ltd	Rockhampton, QLD	Mt Morgan gold and copper project	\$66m	\$157m
Hastings Technology Metals	Gascoyne, WA	Yangibana rare earths	\$80m	\$1,060m

NAIF committed new investment finance of \$491 million through FY22-23 Investment Decisions against a target of \$1 billion - \$1.25 billion. Several projects expected to progress to Investment Decision have been delayed due to material increase in construction costs, delays in securing offtake agreements, higher interest rates, as well as ongoing tight labour market conditions. NAIF is assessing the impacts to these projects and continues to work with proponents to determine appropriate funding structures.

The resources sector continues to be more active than other sectors, particularly in the critical minerals and fertiliser sub-sectors. The updated Australian Government Critical Minerals Strategy 2023-2030 released in June 2023, has identified NAIF as a key instrument to support the growth of the critical minerals sector, and particularly downstream processing in Australia, through the allocation of \$500m towards projects that align with this strategy.

The total capital value of projects NAIF has supported during the year is \$6.8 billion. The projects reflect NAIF's role in developing northern Australia with offers of finance for projects in two of NAIF's three jurisdictions (being Western Australia and Queensland). The projects included a urea fertiliser plant (Perdaman), expansion of an existing spodumene concentrate plant (Pilbara Minerals – critical minerals), supporting a rare earths

project (Hastings Technology Metals – critical minerals) and the reprocessing of old tailings to produce gold and rehabilitate an abandoned Central Queensland gold mine (Heritage Mineral Mount Morgan).

For the reporting period, contractual close was reached on projects totalling \$589 million. Contractual close is a key point of economic enablement for NAIF's projects, as this is when proponents have the confidence to carry out design and construction, driving employment and economic growth. On 30 June 2023 NAIF had reached contractual close on over \$3 billion of financings in total, which relates to 26 projects that are now generating economic activity in northern Australia.

Since inception, NAIF has a diversified spread of projects supported, both by geography and sector as illustrated on the northern Australia map on pages 8-9 of this report. NAIF is a proponent led model, which can result in sector or location concentration over shorter time periods.

Looking forward NAIF's focus remains on the critical minerals sectors where there is limited or insufficient funding appetite from commercial lenders. Energy transition is also a key focus for NAIF with several biofuel and battery manufacturing opportunities in the pipeline. Opportunities to increase the supply of affordable housing in northern Australia are also being examined.

4. Indigenous Strategies

NAIF has partially met this performance measure, with each of the four Investment Decisions made in FY22-23 developing and adopting an Indigenous Engagement Strategy (IES) to be implemented over the life of the project.

In the financial year over 10 Indigenous led projects approached NAIF regarding financing that varied in sector and locations. Several projects are in very early stages, requiring more development including working through various commercial agreements. Others confront more systematic issues that unfortunately many Traditional Owner groups face in trying to capitalise on native title, including barriers to accessing collateral, access to industry and financial information and issues with land tenure. NAIF has worked to assist all proponents either directly through the NAIF process, or referring to the appropriate stakeholder who can assist in further developing and progressing their projects. Two projects have advanced with NAIF, including one at the due diligence phase with a view to progressing to Investment Decision.

Internally, NAIF has focussed on understanding the barriers and opportunities for many Indigenous led projects and how these projects can be supported by NAIF. In the financial year, NAIF continued its relationship under the Memorandum of Understanding (MOU) with Indigenous Business Australia (IBA), Indigenous Land and Sea Corporation (ILSC) and the National Indigenous Australians Agency (NIAA) with the purpose of identification and cross-referral of potential projects and investment opportunities. This purpose is developed, progressed and monitored through a joint working group and monitored by the CEO meetings attended by representatives from each agency.

NAIF is committed to encouraging and supporting Indigenous participation in economic development and will continue to focus on supporting Indigenous projects and businesses across the north, either directly through NAIF financing products or indirectly through the IES that each project proponent must have and deliver on when reaching financial close.

5. Indigenous Employment

NAIF supports Indigenous employment outcomes through the IES criterion, where all NAIF financed projects develop and deliver bespoke strategies focussing on local Indigenous participation, procurement and employment outcomes. Each of the FY22-23 Investment Decisions proponents adopted an IES to be implemented over the life of the project. NAIF assesses each IES on a case-by-

case basis, noting there are many ways the proponent can meet the IES criterion. Refer to Indigenous Engagement Strategy Guideline on NAIF's website.

Across the four investment decisions achieved during the financial year, an average percentage of 7.75% was committed to new Indigenous specific jobs, outperforming against a target of $\geq 3\%$. Employment strategies established under each IES is distinct from each other.

For example, one proponent has set a minimum employment target of 5% seeking to achieve 25% Indigenous employment by 2025. The proponent has established strategies that include training and skills development, targeting Indigenous youth and women, developing a mentoring program and professional development programs and implementing policies supporting Indigenous staff who have cultural obligations.

A further example, demonstrating active commitment is a proponent who co-designed a training and employment program with their native title body with a 10% employment target by construction phase including strategies prioritising locals.

Some key achievements during the financial year through the IES include:

- Mater Hospital in Townsville continuing on their training and employment pathways including a cohort successfully gaining their Diploma of Nursing and also local high school students gaining Certificate III of Healthcare Assistance including one student who successfully won the Queensland Apprentice/Trainee of the year;
- James Cook University (JCU) and contractor BESIX Watpac have tripled their employment targets in construction on the Engineering and Innovation Place project (formerly the Technology Innovation Complex). Together JCU and BESIX created a working group to support the project and relationships with staff, contractors and the local Bindal people.
- Thunderbird project in the West Kimberley has reached significant Indigenous employment and procurement outcomes in early stages of construction; and
- CQUniversity launched their First Nations Cross-Cultural Competency micro-credential for staff and students.

Corporate Governance

Legislative Framework

NAIF came into existence on 1 July 2016 as a corporate Commonwealth entity under the Northern Australia Infrastructure Facility Act 2016 (NAIF Act).

On 22 June 2023 legislation was passed by both houses, and received Royal Assent on 3 July 2023, to provide an additional \$2 billion to NAIF, taking the total financing available to \$7 billion and the definition of northern Australia was updated to include the Indian Ocean Territories.

Accountability

NAIF is a portfolio agency within the Department of Infrastructure, Transport, Regional Development, Communications and the Arts. The responsible Ministers for the FY22-23 period were the Hon Madeleine King, MP, Minister for Resources and Northern Australia (the Minister) and Senator the Hon Katy Gallagher, Minister for Finance, Women and Public Service.

NAIF’s Board is the Accountable Authority with a focus on strategic direction, risk appetite and monitoring performance. The Minister appoints the members of NAIF’s Board and the responsible Ministers provide direction through the Investment Mandate.

NAIF’s responsible Ministers issued a Statement of Expectations and NAIF responded with a Statement of Intent, both these documents can be viewed on NAIF’s website at <https://naif.gov.au/media/reporting/senate-opening-statements-inquiries/>

As a corporate Commonwealth entity, the requirements of the PGPA Act apply to NAIF’s governance, reporting and accountability.

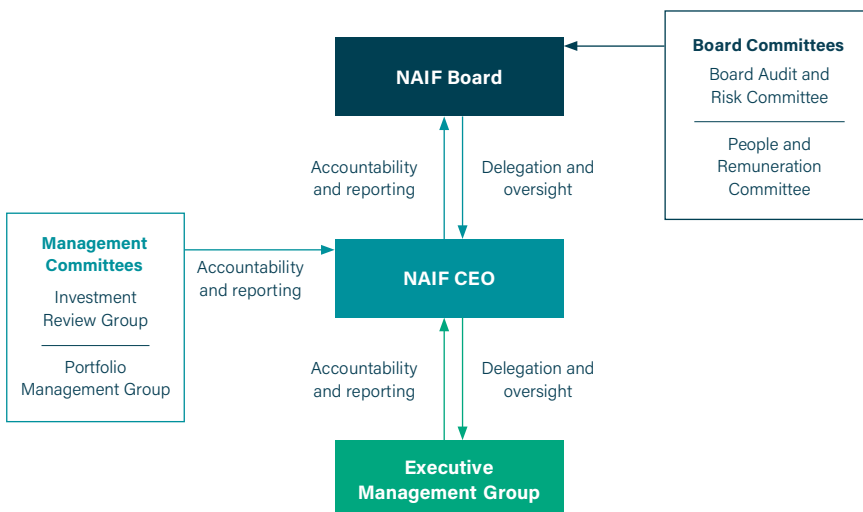
Corporate Governance Framework

NAIF has a comprehensive suite of governance policies that are fit for purpose and appropriate for its size and functions. It is a tailored governance framework that incorporates statutory responsibilities under the NAIF Act, Investment Mandate, PGPA Act and other relevant legislation.

Board Charter

NAIF’s Board Charter sets out the Board’s roles and responsibilities. This Charter builds on the Board’s duties as the accountable authority under the PGPA Act and outlines key duties and responsibilities. <https://naif.gov.au/who-we-are/corporate-governance/governance-policies/>

Figure 3: NAIF’s corporate governance structure



Board Audit and Risk Committee Charter

Pursuant to section 45 PGPA Act, NAIF is required to have in place a functioning audit committee. The NAIF Board constituted the Board Audit and Risk Committee (BARC) to review the appropriateness and provide advice on NAIF's financial and performance reporting, systems of risk management, monitoring and reporting, and systems of internal control. The BARC Charter is available on the NAIF website. <https://naif.gov.au/who-we-are/corporate-governance/governance-policies/>

People and Remuneration Committee Charter

The People and Remuneration Committee (PRemCo), operates under a People and Remuneration Committee Charter. The primary role of the PRemCo is to provide oversight of NAIF's people and remuneration policies and strategies.

Review and Continuous Improvement

NAIF approaches its operations on a continuous improvement basis to ensure that it has regard to Australian best practice government governance principles, and relevant Australian best practice corporate governance, as required by section 18(1) of the Investment Mandate.

Strategic and Corporate Planning

NAIF's strategic documents align with its corporate governance framework and purpose. The Corporate Plan FY23-24, sets out how we will build on our achievements to date by working with our partners to generate more jobs and economic activity in northern Australia. The plan is available on the NAIF website.

Ethical and responsible behaviour

Code of Conduct

The Code of Conduct seeks to foster a culture where ethical conduct is valued and demonstrated in NAIF's day-to-day business. The Code of Conduct provides the principles, standards, and behaviours that support expectations of integrity, accountability, transparency, and professionalism.

Conflicts of Interest

NAIF manages conflicts of interest in accordance with its Conflicts of Interest Policy which covers actual, potential or perceived conflicts of interest for NAIF Board members, employees and contractors.

Board members with a material personal interests in relation to a project under consideration are excluded from discussions and information relating to the project.

A disclosed interest register is maintained to record actual, perceived or potential Board members' conflicts of interests. Board meeting minutes record recusals to protect any disclosed personal interests from occurring.

In addition, a disclosed interest register is maintained for employees and contractors, with appropriate barriers implemented for employees with material personal interest in projects under consideration.

Anti Money Laundering and Counter Terrorism

NAIF has an effective anti-money laundering and counter-terrorism (AML/CTF) program that drives a positive culture of compliance. The Program incorporates sufficient safeguards to detect and prevent money laundering and terrorism financing when providing designated services.

Privacy

The NAIF Privacy Policy, and Privacy Management Plan describes how NAIF collects, uses and discloses personal information and implements the requirements of the Privacy Act 1988 (Act) and Privacy (Australian Government Agencies – Governance) Code 2017 (Code).

In FY22-23 The Office of the Information Commissioner (OAIC) completed an assessment of NAIF's compliance with maintaining a Privacy Impact Assessment register. The OAIC reported that NAIF was compliant, with no suggested improvements.

Fraud and Corruption Control Plan

NAIF has established a Fraud and Corruption Control Plan (Plan) to minimise and prevent the incidence of fraud and corruption through identifying risks and establishing adequate control strategies. In addition, the Plan establishes a clear set of procedures for detecting and dealing with allegations of fraud, including mandatory reporting requirements.

Compliance

NAIF manages its compliance obligations through the compliance management framework, and the governance, risk, and compliance system. The framework provides a consistent and transparent methodology to manage obligations while promoting a culture that recognises the importance of adhering to regulatory requirements.

All incidents in FY22-23 were recorded in the NAIF Incident Register and satisfactorily addressed with no systemic issues identified.

Corporate Reporting

Internal Audit

McGrathNicol is NAIF's internal auditor. During the period the internal audit program maintained a focus on delivery of value-adding services and compliance and performance audits in accordance with the Strategic Internal Audit Workplan.

External Financial Audit

The Australian National Audit Office (ANAO), NAIF's external auditor, confirmed that NAIF's FY22-23 Financial Statements are compliant with Australian Accounting Standards and the PGPA Rule 2015 and issued an unmodified audit opinion. The field work associated with the FY22-23 financial statement audit was outsourced by ANAO to KPMG.

Judicial and administrative decisions and reviews

There were no judicial or administrative decisions during the period.

Indemnities and Insurance

Insurances provided by Comcover and Comcare have general application that includes Board members and NAIF employees as per the ordinary insurances required of Commonwealth entities. Total premiums paid during the reporting period were \$53,712.

Legislative Reporting

Ministerial Direction

The responsible Ministers give NAIF direction through the NAIF Investment Mandate which is available on the NAIF website <https://naif.gov.au>

NAIF Act – Section 42(1) Reporting

For the purpose of s42(1) of the NAIF Act, NAIF reports as follows:

(a) Investment Mandate changes: There were no changes to the Investment Mandate during the period.

(b) Summary of proposal notices given to the Minister: For each project to which NAIF proposes to provide financial assistance it gives the responsible Minister a written proposal notice, as required under section 11(2) of the NAIF Act.

NAIF provided proposal notices for the four Investment Decisions made by the NAIF Board between 1 July 2022 and 30 June 2023 which are summarised in Figure 4.

(c) Summary of rejection notices by the Minister: There were no rejection notices from the Responsible Minister during the period.

(d) Summary of projects for which financial assistance was approved during the period:

Figure 4: Summary of proposal notices

Proponent	Jurisdiction	Project	Max amount of NAIF financial assistance
Perdaman Chemical and Fertilisers Pty Ltd	Karratha, WA	Urea plant	\$220m
Pilbara Minerals Ltd	Pilbara region, WA	P680 Expansion project	\$125m
Heritage Minerals Pty Ltd	Rockhampton, QLD	Mt Morgan gold and copper project	\$66m
Hastings Technology Metals	Gascoyne, WA	Yangibana rare earths (increase in facility)	\$80m

Figure 5: Summary of important features of financial assistance approved during the period

Proponent ¹	Tenor (years)	Senior	Secured	Interest rate concession
Perdaman Chemical and Fertilisers Pty Ltd	7	✓	✓	
Pilbara Minerals Ltd	10	✓	✓	
Heritage Minerals Pty Ltd	4.7	✓	✓	
Hastings Technology Metals	12.5	✓	✓	✓

¹ See proponent names and project details in Figure 4 Summary of Proposal Notices

(i) For amounts of financial assistance and kinds of northern Australia economic infrastructure refer to figure 4: Summary of proposal notices.

(ii) All financial assistance provided during the period was in the form of a loan. Figure 5 provides a summary of the important features of each loan during FY22-23.

Each loan pays an upfront facility fee and an interest rate above the Commonwealth cost of borrowing which represents returns to the Commonwealth.

(iii) The risks to the Commonwealth are rigorously assessed during the due diligence process to ensure the risks are understood and mitigated where possible. Risks include project, credit,

transaction, structure, environmental and social, construction, technology, operation, management, market, industry, business, financial and concentration risk.

(e) Summary of adjustments or concessions made by NAIF in relation to infrastructure projects that have not progressed as planned:

There were four adjustments / concessions of this type during the reporting period which are summarised in Figure 6.

Figure 6: Summary of adjustments or concessions for projects that have not progressed as planned

Proponent	Adjustment / Concession	Reason
Kalium Lakes Potash Pty Ltd and Kalium Lakes Infrastructure Pty Ltd	Restructure of existing debt facilities. The debt restructure included a deferral of interest repayments for calendar year 2023 and a deferral of the requirement to fund the debt service reserve account.	The adjustment was provided in response to the slower than expected ramp up in the Beyondie sulphate of potash plant, taking into account the projected cash flows of Kalium at that time.
Signature Onfarm Pty Ltd	Five month deferral of interest payments due October 2022 to January 2023.	The adjustment was provided in response to the slower than expected ramp up in the Sondella abattoir project.
James Cook University	NAIF granted a relief period through 2024 against certain financial covenants during which time compliance certificate must continue to be submitted.	The adjustment was provided alongside an organisational restructure due to the slower recovery of international student numbers post-Covid-19, and the temporarily reduced domestic student numbers due to the prolonged impact of the Preparatory Year introduced from 2011 in QLD.
HCPS Co Pty Ltd as trustee of HCPS Unit Trust and BSF Co Pty Ltd as trustee of BSF Unit Trust	Reprofiling of the repayment schedule by deferring the commencement of repayments from 30 September 2022 to 30 September 2023. The size of the final repayment at loan maturity was also adjusted.	The adjustment was provided in response to delays experienced by both projects, which were caused by additional compliance procedures needed for grid connection.

NAIF Act – Section 42(2) Reporting

NAIF had no subsidiaries in existence during FY2022-23.

Environmental Reporting

NAIF recognises the impact of climate change on our business and communities, and supports Government policy and carbon reduction targets. In recognition of this, NAIF appointed a Chief Sustainability Officer to lead a program of work to strengthen the overall assessment of climate risks, alongside the ongoing design, implementation, and sequencing of standardised requirements for climate disclosure in Australia. Northern Australia is unevenly affected by climate related physical and transition risks, and we continue to further integrate these risks and the opportunities they create in our operations in line with the Risk Management Framework.

Environmental, Social and Governance

During FY2022-23, NAIF became an Associate Member of the Australian Sustainable Finance Institute (ASFI) as we continue to proactively elevate our environmental, social and governance (ESG) responsibilities. Our sustainability ambition is in line with our purpose to contribute to the nation by proudly investing in the growth of northern Australia. NAIF is continuing to develop its inaugural Net Zero Strategy and sustainability position statement, including a road map to help us achieve an ESG ambition that supports a more sustainable future. Through a sustainability lens, we will also continue to develop activities being implemented across our business, and increase our focus on how we create value for all our stakeholders, including employees, proponents and communities. High priority areas include:

- Decarbonisation and the clean energy transition;
- Job creation and socioeconomic responsibility;
- First Nations peoples and community engagement;
- Skilled and diverse workforce;
- ESG reporting.

Ecologically Sustainable Development

Although the NAIF Act does not refer to environmental matters, the Environment Protection and Biodiversity Conservation Act 1999 (Cth) (EPBC Act) requires NAIF's annual reports to deal with such matters. Section 516A(6) relevantly requires that NAIF's annual report for a period:

include a report on how its activities accord with the principles of ecologically sustainable development (ESD principles); document the effect of its activities on the environment; identify any measures it is taking to minimise the impact of its activities on the environment; and identify the mechanisms (if any) for reviewing and increasing the effectiveness of those measures.²

Consideration of the environmental impact of our activities is a part of the way we make decisions and do business in compliance with Australia's legislative landscape.

Environmental Footprint

Enterprise Environmental Performance Summary

As part of the reporting requirements and in line with the Government's APS Net Zero 2030 policy, all corporate Commonwealth entities are required to publicly report on the emissions from their operations, commencing with public reporting of 2022-23 emissions in their annual reports. Entities will be able to consistently measure and report on their emissions using tools and guidance developed by the APS Net Zero Unit in the Department of Finance.

NAIF has developed an emissions model to capture and report a greenhouse gas (GHG) emissions baseline for operational activity, calculated in accordance with the requirement of the Department of Finance. This model incorporates emissions from operations (referred to as Scope 1 and 2 emissions) – principally, electricity consumption in leased and serviced offices.

Additionally, selected emissions from sources not owned or controlled by NAIF (Scope 3 emissions) are reported. The major source of emissions comes from business travel across the country in delivering on our purpose. This model is used to identify and prioritise initiatives that will inform a GHG emissions target in line with climate science. Initiatives will include reducing NAIF's demand for energy by improving energy efficiency in our office locations, investigating alternative sources of renewable energy, and working collaboratively with our suppliers and other stakeholders.

The GHG emissions reported in the following tables represent carbon dioxide emissions (CO₂-e) from NAIF operations, including scope 1, 2 and business travel related items for scope 3.

² Section 516A(6)(b) of the EPBC Act also requires a reporter to identify how the outcomes (if any) specified for the reporter in an Appropriations Act relating to the period contribute to ecologically sustainable development. NAIF had no outcomes specified in an Appropriations Act relating to this reporting period.

Figure 7: NAIF Enterprise Environmental Performance summary FY22-23

Emission source	Scope 1 kg CO ₂ -e	Scope 2 kg CO ₂ -e	Scope 3 kg CO ₂ -e	Total kg CO ₂ -e
Electricity (Location Based Approach)	N/A	43,308	6,487	49,795
Natural Gas	-	N/A	-	-
Fleet Vehicles	-	N/A	-	-
Domestic Flights	N/A	N/A	140,008	140,008
Other Energy	-	N/A	-	-
Total kg CO₂-e	-	43,308	146,495	189,803

Emission source	Scope 1 kg CO ₂ -e	Scope 2 kg CO ₂ -e	Scope 3 kg CO ₂ -e	Total kg CO ₂ -e
Electricity (Market Based Approach)	N/A	32,717	4,330	37,048
Natural Gas	-	N/A	-	-
Fleet Vehicles	-	N/A	-	-
Domestic Flights	N/A	N/A	140,008	140,008
Other Energy	-	N/A	-	-
Total kg CO₂-e	-	32,717	144,338	177,056

Note on emissions methodology: Emissions reporting utilises APS reporting methodology. The electricity emissions reported under the market based approach differ from the ones reported under the location based approach due to its consideration for activities such as Greenpower, purchased LGCs and/or being located in the ACT



Image: Kalium Lakes

Figure 8: Greenhouse Gas Intensity FY22-23

Emission source		kg CO ₂ -e	Per FTE	Per m ²	Per km Flown	Per Day
Electricity	Location Based Approach	49,795	1,720	70	N/A	N/A
	Market Based Approach	37,048	1,279	52	N/A	N/A
	Estimated (Serviced Offices) ¹	11,476	1,162	83	N/A	N/A
Business Travel ²	Domestic Flights	140,008	3,605	N/A	0.154	N/A
	Hotels	16,955	403	N/A	N/A	20
	Rental Cars	619	15	N/A	N/A	21
Natural Gas		N/A				
Fleet vehicles		N/A				
Other energy		N/A				

Note: Functional units are measured in kg CO₂-e. Additional information has been estimated using a third party model and assumptions

¹ For serviced offices, CO₂-e represents estimates based on square metres ("sqm"), full-time equivalents ("FTEs") and NABERS tenancy ratings.

² Scope 3 CO₂-e include business travel with data provided by travel management agency.

Figure 9: Greenhouse Gas Travel Intensity

Emission source		FY2022-23	FY2021-22 ¹
Air Travel	Total number of domestic flights	584	331
	Total distance travelled (kilometres)	910,639	409,799
	Kilometres flown per head	1,803	960
	Total emissions attributed to air travel (kg CO ₂ -e)	140,008	72,150
Hotels	Total number of days	839	618
	Total emissions attributed to hotels (kg CO ₂ -e)	16,955	12,652
Car ²	Total number of days	29	48
	Total emissions attributed to hotels (kg CO ₂ -e)	619	1,073
Total kg CO₂-e		157,581	85,875

Note: Breakdown per financial year

¹ FY2021-22 numbers are low due to limited business travel driven by the COVID pandemic event.

² This relates to car hire during business travel when required.



Travel and Transport

NAIF supports the use of sustainable travel to commute to and from work, such as walking, cycling or public transport. NAIF sites provide end-of-journey facilities including secure bike parking, showers and lockers.

NAIF does not offer corporate car parking or corporate vehicles to employees, supporting the emissions reporting across scope 1.

Physical Footprint & Energy Efficiency

NAIF utilises serviced office arrangements to minimise our footprint for our smaller satellite locations. Currently, 5 out of the 6 NAIF offices are located in a building with a NABERS rating of 3.5 star or better. NABERS is a simple, reliable sustainability rating for the built environment that provides a rating from one to six stars for buildings efficiency across energy, water, waste and indoor environment.

Figure 10: NAIF physical footprint and energy efficiency

Office Location	Arrangement	NABERS Energy	NABERS Water	NABERS Indoor Environment
Cairns	Head Office – Lease arrangement	5.0	N/A	N/A
Sydney	Lease through Export Finance Australia	5.0 ¹	3.5	N/A
Darwin	Serviced office in Charles Darwin Centre	5.5	N/A	N/A
Brisbane	Licensed Arrangement with Australian Financial Security Authority	5.0	N/A	N/A
Perth	Serviced office in the Executive Centre	4.0	4.5	4.5
Townsville	Serviced office in the Northtown Building	N/A	N/A	N/A

Note: Refer to EFA Annual Report FY22-23 for further details regarding Sydney office efficiencies and AFSA Annual Report FY22-23 for further details on Brisbane office efficiencies

¹ Including green power; 3.5-star energy rating without green power.

Sustainability Initiatives

Figure 11: NAIF office sustainability initiatives

Current	Future
<ul style="list-style-type: none"> NABERS ratings disclosure (across water and power, if available) on each of the properties Open plan offices and central air conditioning Paper generally from Australian Forestry Standard Certified production Employees have portable devices including phones and computers Central printing facilities, allowing for fewer devices (which have energy saving mode when not in use) Use of technology for work from home, meetings and training 'Follow me' printing system is installed to reduce paper consumption, with default printing set to double sided, black and white across all office locations Staff encouraged to limit printing Recycling of e-waste, paper and plastic Electronic distribution of papers and briefings to Board Members 	<ul style="list-style-type: none"> 100% recycled A4 paper, 100% recycling of paper waste and recycling of other stationery items Explore further green power renewable electricity options to realise a decrease of our Scope 2 emissions Development of social and sustainable procurement principles and guidelines Research social value measurement frameworks to inform planned approach for delivering and measuring impact of social sustainability initiatives Electronic workflows aimed to reduce the use of paper and the need to retain paper copies Energy saving features of the Windows Operating System Cloud services to reduce both power consumption and computer hardware requirements Power saving features of computer monitors and televisions Central bin facilities only, no personal bins to encourage low waste production (in NAIF managed offices)

Environmental and Social Review of Projects Policy

NAIF provides grants of financial assistance (principally to State and Territory governments) for the development of northern Australia economic infrastructure. Section 16 of the Investment Mandate requires NAIF to provide financial assistance only where a proponent has obtained all relevant regulatory, environmental and native title approvals and arrangements as required by the relevant jurisdiction. NAIF's activities accord with ESD principles and best practice corporate governance through the application of its Environmental and Social Review of Projects Policy (ESR Policy). The ESR Policy ensures that each project submitted for an Investment Decision has been assessed through environmental and social diligence. It relevantly provides that the due diligence processes leading to an Investment Decision must include an assessment of environmental and social impacts (E&S Impacts), which assessment is considered along with the public benefit assessment referred to in NAIF's Public Benefit Guideline. That guideline provides guidance on how NAIF will assess the public benefit of each project, including its consideration of both beneficial and adverse E&S impacts (where appropriate), alongside a range of other short and long term economic, and social considerations for each proposed project.

The ESR Policy is the policy by which NAIF provides for fundamental consideration of environmental impacts (including with respect to biological diversity and ecological integrity). The ESR Policy mandates that E&S

Impacts must be considered when conducting due diligence of each project, the findings of which must be considered in making any Investment Decision. As part of that process, NAIF must consider the reasonableness and likely effectiveness of each project proponent's intended mitigation of adverse E&S Impacts.

Each of the Investment Decisions on page 15 were assessed against the ESR Policy.

Section 18(a) of the Investment Mandate also requires NAIF to have regard to best practice government governance principles, and Australian best practice corporate governance for Commercial Financiers when performing its functions, and to develop and annually review policies with regard to environmental, social and governance issues. NAIF's ESR Policy, available on the NAIF website, has been prepared, and is implemented, in accordance with this requirement.

Evolving Climate Disclosure Landscape

NAIF notes that there is a consultation process currently being undertaken by Government in respect of the private sector and Commonwealth entities such as NAIF, in relation to climate risk disclosure. NAIF understands that that process is premised upon the Government's commitment to introduce standardised, internationally-aligned disclosure requirements – including in relation to greenhouse gas emissions. NAIF supports that consultation process and will engage constructively with Government in that process.

Board

Board skills

Board members are appointed by the responsible Minister. All Board members have relevant experience as required under section 15 of the NAIF Act. The Board incorporates a broad range of skills and knowledge, combined with the extensive experience necessary to make Investment Decisions. Board members also draw on the expertise of NAIF’s Executive, or other independent experts as required, to aid in decision making.

NAIF Board role and responsibilities

The Board is the accountable authority responsible for the overall operation and stewardship of NAIF and reports to Parliament through the responsible Ministers. The Board decides within the scope of the NAIF Investment Mandate the strategies and policies to be followed. It monitors compliance with those strategies and policies, defines NAIF’s risk appetite, makes Investment Decisions and otherwise ensures the proper, efficient and effective performance of NAIF.

Figure 12: Summary of Board Member meeting attendance FY22-23

Board Member	Board	
	Eligible	Attended
Grant Cassidy	10	10
Kate George	10	9
Mark Gray	10	7
Tracey Hayes (Chair)	10	10
Lisa Hewitt	10	10
Steve Margetic	10	8
Government Member (Delegates of the Secretary) ¹	10	9

¹ Matthew Roper nominated as primary Delegate from 5 July 2022 and Andrew Burke nominated as alternate delegate on 25 January 2023.



Board Audit and Risk Committee

In accordance with the PGPA Act and the PGPA Rule the primary function of the Board Audit and Risk Committee (BARC) is to review the appropriateness of and provide advice on NAIF's:

- financial reporting;
- performance reporting;
- the system of risk management and oversight; and
- the system of internal control.

Figure 13: Summary of Board Audit and Risk Committee Member meeting attendance FY22-23

Board Member	BARC	
	Eligible	Attended
Mark Gray (Chair)	4	3
Lisa Hewitt	4	4
Steve Margetic	4	4

People and Remuneration Committee

The People and Remuneration Committee (PRemCo) is a sub-committee of the Board and its primary role is to provide strategic advisory oversight of NAIF's people and remuneration policies, frameworks, initiatives and strategies to assist in enabling NAIF to fully and effectively perform its functions to ensure the success of NAIF.

Figure 14: Summary of People and Remuneration Committee Member meeting attendance FY22-23

Board Member	PRemCo	
	Eligible	Attended
Grant Cassidy (Chair)	4	4
Kate George	4	4

Board (Board Profiles and Photos)

Tracey Hayes

EMBA, GradCert Rangeland Science MAICD JP

Chair and member from Northern Territory

Appointed to the Board and as Chair - 01/07/2021



A business person and experienced Chair, Director and CEO working throughout Australia, and internationally.

Long-term resident and business operator in northern Australia with significant experience in land management, exports, trade, infrastructure development and working across State, Territory, and the Commonwealth government.

Current roles include: Board of the Australia Indonesia Institute; Member of the National Resilience and Recovery Agency advisory board; Executive Director-AAMIG-Northern Australian Business Development; Director, Lion Twin Pty Ltd; Director, Wiltrac Pty Ltd; Federal Chair of the Royal Flying Doctor.

Previous roles include: Chief Executive, Northern Territory Cattlemen's Association; Council Member, Order of Australia Honours Council; Member, Cooperative Research Centre for Northern Australia.

Grant Cassidy

OAM FAICD JP

Member from Queensland

Appointed 24/11/2021



A business person and highly experienced company Director specialising across a range of sectors including tourism and hospitality, media, regional economic development, beef cattle and ports. Over 35 years of living and working across central and northern Queensland including Cairns, Mackay and the Whitsundays, Rockhampton and Gladstone.

Current roles include: Managing Director, Cassidy Hospitality Group; Director, Gladstone Ports Corporation Ltd; Director, Gladstone Marine Pilot Services; Chairman, Regional Development Australia Central and Western Qld; Vice Chairman, Beef Australia Ltd; Chair, Rockhampton Red Shield Appeal Business Committee; Chair, Capricornia Business Advisory Alliance

Previous roles include: 15 Years in Commercial Media (Radio) and Multi Media

Kate George

LLB, Hon DLaws GAICD

Member from Western Australia

Appointed 29/3/2019



A consultant with an extensive legal background and significant experience working in the resources industry, regional and Indigenous business, infrastructure and asset management and is experienced as a Board Member. A Putejurra woman involved in Aboriginal affairs for over 40 years including holding senior public service positions. Background in land access agreements and development opportunities with traditional owners, government and resources sector across northern Australia including the Pilbara.

Current roles include: Director, Claypan Services Pty Ltd; Director, Warlparringu Pty Ltd; Director, IBA Assets Management Pty Ltd. (IBA-AM)

Previous roles include: Principal Consultant, Claypan Services; CEO, Kariyarra Mugarinya Property Joint Venture; Ministerial Advisor State and Federal Governments; Member, Northern Region TAFE Governing Council; Managing Director, PwC Indigenous Consulting; Chair, Ten64 Limited

Mark Gray

BEcon, DUni, SFFSIA, FAICD

Member from Queensland

Appointed 24/11/2021



A professional company Director with extensive experience and skills in strategic leadership, financial services, investment banking, corporate governance and organisational change. An accomplished Chair and company Director, with an outstanding record of significant achievement in non-executive and executive roles across both the private and public sectors.

Involvement in northern Australia includes previous employment and current directorships which have interests and operations in northern Queensland, at locations such as Cairns, Townsville, Mackay, Mourilyan, Lucinda and Mt Isa.

Current roles include: Chairman, Sugar Terminals Limited; Non-executive Director, Data#3 Limited; Non-executive Director, The Central SEQ Distributor-Retailer Authority; Non-executive Director, Royal Flying Doctor Service (Qld) and Foundation; Non-executive Director, genomiQa Pty Ltd; Non-executive Director, the Queensland Cricket Association; Chairman, Tailored Superannuation Solutions Pty Ltd

Previous roles include: Chief Executive, Queensland Treasury; Chief Executive, Queensland Competition Authority

Board (Continued)

Steve Margetic

FAICD

Member from Northern Territory

Appointed 01/07/2021



Extensive experience across northern Australia in the private sector and government owned corporation experience in regional and remote strategic infrastructure development and delivery through Public Private Partnerships, Alliancing, Managing Contractor delivery and traditional delivery models across tourism, defence, health, education, institutional and civil engineering sectors. Involvement in northern Australia includes over 35 years in business and industry with a keen interest in the importance of strategic economic infrastructure as a key enabler to underpinning long term economic growth in northern Australia.

Current roles include: Managing Director Sitzler Pty Ltd; Director, Master Builders Australia; Deputy Chair, Darwin Major Business Group; Director, RPM Pty Ltd.

Previous roles include: Chairman of the Northern Territory Land Development Corporation; Director of Power Water Corporation; President of Master Builders NT; Member of the Territory 2030 Strategic Plan steering Committee

Lisa Hewitt

BBus (Accounting), MBA (Finance) MAICD

Member from Queensland

Appointed 27/01/2022



Finance professional with an accounting background, and experience in building and leading high performance cultures that deliver for customers and communities in northern Australia. Experience across corporate, middle market specialised and high-risk lending for Agribusiness, Property, Commercial and Health industries. Involvement with northern Australia includes a lifelong association and experience through family business and corporate roles. A strong supporter of regional Australia, promoting investment to improve capability and delivery of financial wellbeing and services in regional centers.

Current roles include: Regional Executive, Business Banking North Queensland, Australia and New Zealand Banking Group Limited

Delegate of the Secretary

Jim Betts

Secretary, Department of Infrastructure, Transport, Regional Development, Communications and the Arts



A public servant with over 30-years' experience working in the UK, Victorian, New South Wales and Australian Governments across transport, infrastructure and planning portfolios.

Current role: Secretary, Department of Infrastructure, Transport, Regional Development, Communications and the Arts (appointed July 2022)

Previous roles include: Partner, EY Port Jackson Partners; Secretary, NSW Department of Planning, Industry & Environment; Chief Executive Officer, Infrastructure NSW; Secretary, Victoria Department of Transport; Director of Public Transport, Victoria.

Under the NAIF Act, the Secretary of the Department is able to delegate the Ex-Officio responsibilities to authorised Senior Executive Service officials from the department. During 2022-23, the Secretary has authorised the First Assistant Secretary, Partnerships and Projects Division, the Assistant Secretary Office of Northern Australia and the Assistant Secretary Northern Australia Investments and Projects Branch to act as Secretary's Delegate during NAIF meetings.

Nominated alternates

Matthew Roper

First Assistant Secretary, Partnerships and Projects Division

Andrew Burke

Assistant Secretary, Northern Australia Investment and Projects Branch, Partnerships and Projects Division

Risk Management

Our Risk Management Framework

NAIF's Risk Management Framework documents the approach to risk oversight, management, and internal controls. It contains a consistent methodology to identify and manage risks to achieve NAIF's strategic goals. It aligns with the International Standard for Risk Management, (ISO31000), and the PGPA Act. The Commonwealth Risk Management Policy was revised in FY22-23, and NAIF has commenced activities to align with this Policy. This includes revising NAIF's Risk Management Framework and identifying and managing Shared Risks with our key partners.

Enterprise Risks

NAIF's Risk Appetite and Key Enterprise risks remained consistent in FY22-23 and supported managing risk in delivery of NAIF's strategic goals. The Key Enterprise Risks are listed in figure 15.

NAIF continues to scan the internal and external environment for developing risks which may impact NAIF's ability to achieve strategic goals.

Risk Management Maturity Uplift

NAIF has an ongoing commitment to enhance risk management and strengthen compliance practices. We have implemented several key initiatives during the reporting period. These initiatives aim to proactively identify and manage risks while ensuring adherence to applicable regulations.

Governance, Risk and Compliance (GRC) System

The implementation of a new GRC system has enabled the streamlining and centralisation of our risk management processes, ensuring greater visibility and control over potential risks and compliance issues. The system provides the tools to identify, assess, and monitor risks effectively, allowing us to take prompt action and mitigate adverse impacts.

Online Compliance Training Platform (CTP)

In recognising employees' critical role in maintaining compliance, we launched an online CTP. The platform enables our employees to be equipped with the knowledge required to discharge their duties to adhere to our internal policies and regulatory requirements. Online accessibility has created a flexible learning environment that supports employees to remain informed about

evolving regulations and best practices. The platform has strengthened our internal environment, empowering our employees to make informed decisions.

NAIF achieved an increase in risk management maturity in the 2023 Comcover Risk Management Benchmarking Program, compared to the 2021 assessment. This demonstrates the effectiveness of our implemented initiatives and our commitment to enhancing risk management and strengthening compliance within NAIF. The Comcover Risk Management Benchmarking Program supports better practice risk management in the Commonwealth public sector by evaluating critical aspects of organisational resilience, risk capability, risk culture, risk governance, risk management framework practices, and current and emerging risks. NAIF will continue to proactively identify and manage risks to safeguard strategic goals and ensure adherence to regulations.

Risk Oversight

The Board has overall responsibility for risk management, setting NAIF's risk appetite and monitoring performance against the appetite. The Board's oversight is supported by the Board Audit and Risk Committee (BARC), and internal management groups.

The Board engages an independent internal auditor to review the adequacy of risk management and internal controls. In addition, the ANAO perform an independent audit of NAIF's financial statements.

Role of Committees

The BARC is responsible for providing oversight for the Board on all aspects of risk management and internal control. Underpinning this oversight is Quarterly Risk and Compliance reporting. The reporting details NAIF's current risk profile and control environment, incidents and compliance breaches, and management actions.

Internal management groups support our processes and demonstrate risk management through individual accountability by the relevant executive team members.

The groups are as follows:

- ▶ Executive Management Group (EMG)
- ▶ Portfolio Management Group (PMG)
- ▶ Investment Review Group (IRG)

Figure 15: Key Enterprise Risks

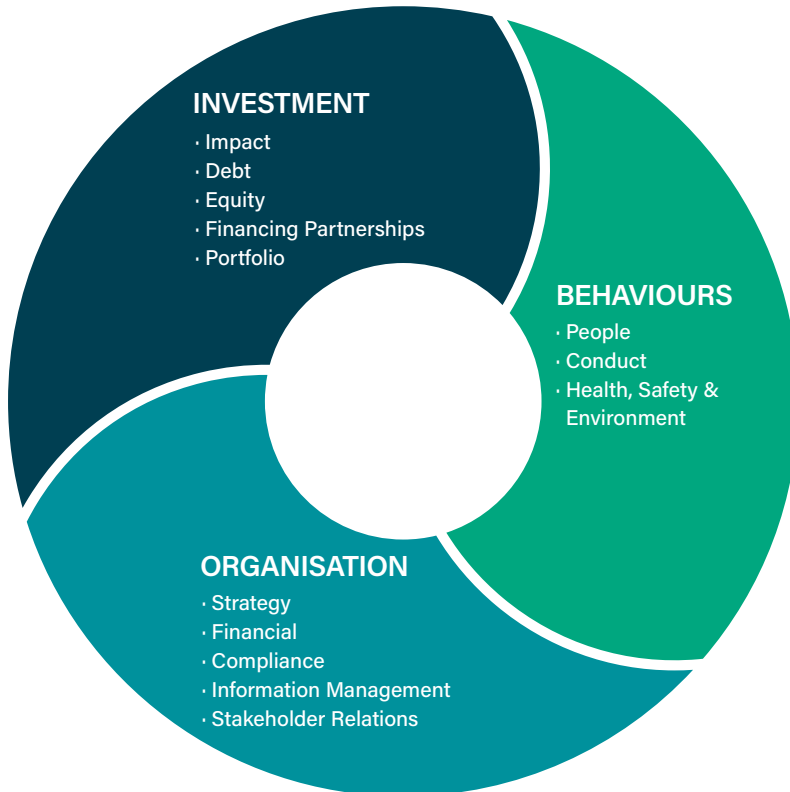


Figure 16: Key Management Groups



Our Risk Culture

NAIF’s Risk Vision is to use risk management as an enabler to seize opportunities to achieve NAIF’s vision and strategic imperatives. Establishment of a positive risk culture is integral to delivering NAIF’s risk vision. Risk culture is fundamental to the safe and sound operation of the organisation. The Framework defines risk culture as the following:

Figure 17: Risk Culture Elements





People

Organisational structure and location

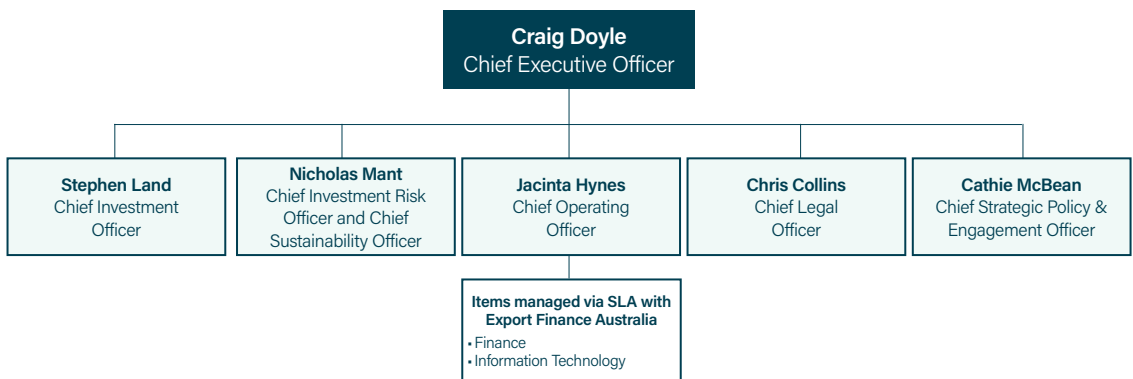
NAIF’s head office in Cairns allows the CEO and employees to develop strong relationships across northern Australia. NAIF also has employees located in Darwin, Townsville, Brisbane, Perth and Sydney.

NAIF’s Executive Management Group includes the CEO and business unit leads. Specialists within these business units have responsibilities for work health and safety, people and culture, financial analysis and contract negotiations; Indigenous outcomes, portfolio management, corporate planning and reporting,

communications and stakeholder relations, legal, governance, risk and compliance.

NAIF relies on its people and culture to achieve its purpose. Attracting and retaining the right people is critical to NAIF’s ongoing success. The recruitment approach is continually refined to ensure NAIF reaches candidates that have experience living and working in northern Australia along with the technical expertise required. NAIF remains agile to anticipating and responding to changes in government policy and market conditions and the needs of proponents and projects investing in northern Australia.

Figure 18: NAIF Executive Management Organisational Structure (as at 30 June 2023)



Service Level Agreement (SLA) with Export Finance Australia

NAIF enhances collaboration and synergies through leveraging the back office function of Export Finance Australia. Through the SLA, Export Finance

Australia provides services to NAIF across corporate and administrative functions (including financial management and reporting, transactional human resources, information technology and property management).

People

NAIF has secured a committed team with extensive experience as lenders and/or financial advisors in the commercial market, this includes expertise advising both public and private sector counterparts. NAIF has also recruited people with specialist legal, stakeholder relations and communications, risk and governance, Indigenous outcomes and corporate administration expertise.

Values

NAIF is guided by our core values which underpin our organisational culture and the way we go about our work to deliver on our purpose.

NAIF is committed to providing a learning and high performing culture where its people have support to succeed and grow. Our focus is on developing technical and leadership capabilities through tailored learning and

development opportunities that support our individual and collective growth which enables the business to expand and flex. NAIF also identifies programs to further develop an agile and high-performing workforce with the skills needed, now and in the future.

Workforce Demographics

As NAIF grows and matures, it continues to expand its capabilities by recruiting experienced talent to meet its current and future needs. During FY22-23 NAIF grew its team from 38 to 45 (an increase of 7 people) through targeted recruitment, primarily to support business expansion. As at 30 June 2023, NAIF had 43.2 Full Time Equivalent (FTE) employees. This includes one Australian Government Average Staffing Level position, representing the CEO position, as reported in the Portfolio Budget Statements.

Figure 19: NAIF core values

NAIF Purpose: *We contribute to the Nation by proudly investing in the growth of northern Australia*

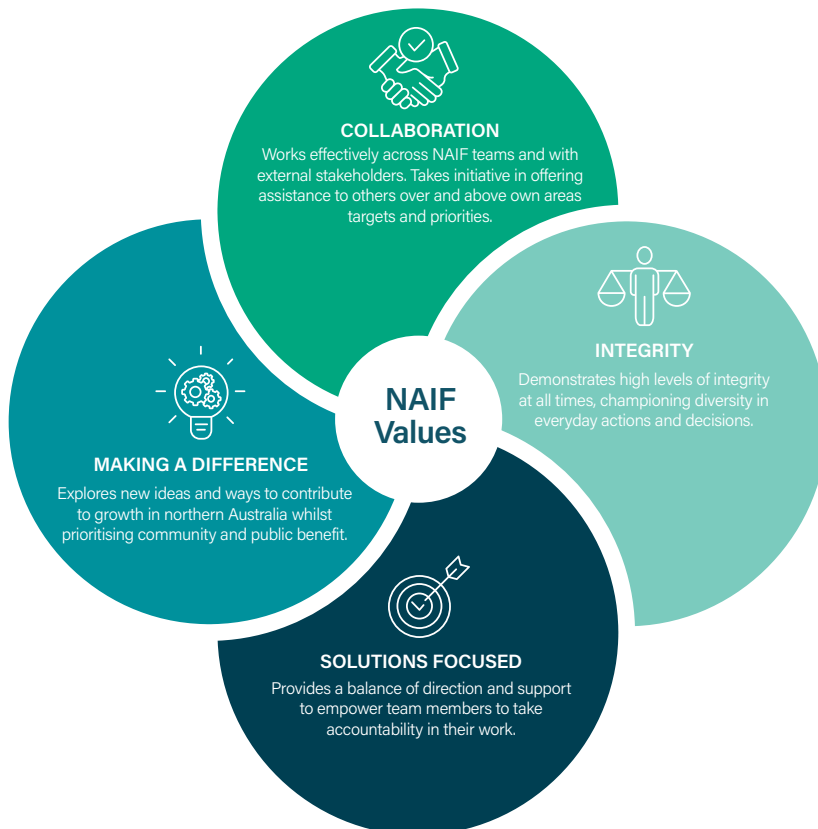


Figure 20: Number of FTE Employees

	30 June 2023	30 June 2022
Total FTE staff	43.2	37.2

Figure 21: Number of Full-Time / Part-Time Employees (by headcount)

	30 June 2023	30 June 2022
Full-Time Employees	38	34
Part-Time Employees	7	4

Figure 22: Location of Employees (by headcount)

	30 June 2023	30 June 2022
Cairns	20	13
Brisbane	3	4
Darwin	2	1
Townsville	2	2
Perth	5	2
Sydney	13	16

Diversity and Inclusion

It is a strategic priority for NAIF to build and maintain a diverse workforce with the technical skills to fulfill its purpose. NAIF believes that diversity of thought helps to build employee engagement, drive innovation and results, and allow it to respond effectively to the diverse needs of all stakeholder groups.

NAIF champions a constructive and inclusive culture that embraces the different perspectives, identities and experiences of its people. NAIF provides equal opportunity in all aspects of employment, including employment conditions, recruitment selection, remuneration, learning and development, and promotion. NAIF recognises that its culturally diverse team enhances its ability to deliver projects that are culturally appropriate for northern Australia.

In this reporting period NAIF became a relevant authority under the *Equal Employment Opportunity (Commonwealth Authorities) Act 1987*. As such NAIF's Equal Employment Opportunity Program has been initiated. This program has a specific focus on designated groups which include those identifying as female, Aboriginal or Torres Strait Islander; those who migrated to Australia whose first language is not English and the children of those persons; persons with physical or mental disability.

NAIF is committed to Indigenous diversity and has exceeded the minimum 2.5% Indigenous employee representation, in line with the Australian Government policy target by achieving an 8.9% representation.

Figure 23: NAIF gender diversity profile at 30 June 2023

Classification	Female Headcount		Male Headcount		Uses a different term	
NAIF Employees	18	40%	27	60%	0	0%

Figure 24: NAIF workforce diversity at 30 June 2023

Classification	NESB ¹ Headcount		ATSI ² Headcount		PWD ³	
NAIF Employees	24	53.3%	4	8.9%	2	4.4%

¹ NESB = Non English speaking background (or with parents from a non-English speaking background).

² ATSI = Aboriginal or Torres Strait Islander background.

³ PWD = people with a disability.

Employee Engagement

In March 2023 NAIF conducted an employee engagement survey which had a 98% response rate. The overall results indicated a highly engaged workforce and provided great feedback, including a strong alignment with NAIF's purpose with 93% reporting they understand how their work contributes to the growth

in northern Australia and 91% believing they are part of something meaningful.

NAIF's Executive team have been working through the survey results and will focus on prioritising and implementing various initiatives to achieve continuous improvement.



Learning and Development

NAIF employees are provided access to a comprehensive learning and development curriculum. Employees receive a thorough induction facilitated by the People & Culture team, which encapsulates all areas of the business. There is upskilling and other specialist training made available to all employees in line with their role. For all NAIF employees a rolling schedule of independent and subject matter experts presenting on industry sector trends and developments, as well as law, finance, compliance and risk is mapped throughout the year, with some presentations being delivered by employees to employees via a lunch and learn format.

As part of NAIF's performance and development program, employees have career discussions with their managers, and identify development plans looking at both current and future skill needs.

NAIF encourages its employees to attend, participate in, and present at, thought leadership and industry conferences, and to share what they have learnt.

Employee Benefits

Working Flexibly

NAIF offers an agile working environment to provide employees with options to assist them in managing their work, travel and personal commitments. All employees have the technology to work remotely, or from any NAIF office. NAIF employees have both structured and ad-hoc (as required) flexible work arrangements available.

Wellbeing initiatives / Employee Assistance programs

NAIF's employees benefit from a number of tailored wellbeing initiatives, which promote improved health awareness, self-management skills and healthy work practices. NAIF's employees and their immediate families have access to an Employee Assistance Program, with access to a free confidential counselling service and other support services.

Work, Health and Safety

NAIF is committed to providing a positive and safe work environment for all its people in line with the requirements under the *Work Health and Safety Act 2011* (WHS Act).

During the year NAIF established a WHS committee comprising of Site WHS Leads and with sponsorship from Executive Management. The committee meets on

a quarterly basis. During this reporting period NAIF has developed two key documents illustrating its commitment to WHS and to provide both employees and leaders of people with the knowledge and understanding of their responsibilities in health and safety in the workplace.

NAIF's office space is in secure buildings with restricted security pass access and ergonomic equipment.

NAIF engages with its employees on WHS matters, including the adequacy of its facilities and work environment, and takes steps to ensure a positive, productive risk free working environment NAIF records and monitors hazards and controls. Key risk areas that require specialised monitoring have been identified such as domestic travel, often to remote areas of northern Australia.

Reports of incidents and near misses are reviewed and investigated, with improvement controls implemented to reduce the risk and mitigate consequences of an event.

NAIF had no workplace injuries among employees and contractors for the reporting period. NAIF was not investigated and did not receive any notices or record any 'notifiable incidents' under the WHS Act, during the reporting period.

Executive Remuneration policies and practices

In accordance with the requirements of the PGPA Rule 2014 and the Department of Finance Resource Management Guide (RMG) -138, Commonwealth entities Executive Remuneration Reporting Guide for Annual Reports, NAIF reports on its policies which support its remuneration practices.

Figure 25 lists the Key Management Personnel (KMPs) for FY22-23. It includes all Board Members and those Executives deemed to be KMPs by the Board. These individuals are identified as KMPs consistent with the definition in the Australian Accounting Standards Board (AASB) 124 Related Party Disclosures.

A further six employees are classified as other highly paid employees for the purposes of the Commonwealth's remuneration reporting, refer to figure 28. Other highly paid staff are employees who are neither KMP nor senior executives and whose total remuneration exceeds the \$240,000 threshold for the FY22-23 reporting period.

Figure 25: FY22-23 KMPs

Name	Title	KMP Status	FY22-23 Status
Board			
Ms Tracey Hayes	Chair	Full Year	Current
Mr Grant Cassidy	Board Member	Full Year	Current
Ms Kate George	Board Member	Full Year	Current
Mr Mark Gray	Board Member	Full Year	Current
Ms Lisa Hewitt	Board Member	Full Year	Current
Mr Steve Margetic	Board Member	Full Year	Current
Delegates of the Secretary	Board Member	Full Year	Current
Management			
Mr Craig Doyle	Chief Executive Officer	Full Year	Current
Mr Nicholas Mant	Chief Investment Risk Officer and Chief Sustainability Officer	Full Year	Current
Ms Jacinta Hynes	Chief Operating Officer	Full Year	Current
Mr Chris Collins	Chief Legal Officer	Full Year	Current
Mr Stephen Land	Chief Investment Officer	Full Year	Current
Ms Cathie McBean	Chief Strategic Policy & Engagement Officer	Part Year	Current
Ms Katrina Syrkiewicz	Chief People & Culture Officer	Part Year	Not current

There was one addition to KMP's this financial year being the Chief Strategic Policy and Engagement Officer. The Chief People & Culture Officer position was restructured and is now a Senior Director position which is not considered a KMP.

Remuneration

To achieve its business outcomes, as outlined in the Corporate Plan and more broadly through Government direction including the Investment Mandate, NAIF needs to be able to attract, reward and retain skilled employees.

NAIF's Employee Remuneration Policy and processes are directed to supporting that outcome, recognising that NAIF works within an acceptable cost framework and complies with relevant Commonwealth Government policies for its statutory agencies.

NAIF employees are employed on common law contracts. NAIF employees are not considered public servants and are not covered by the Australian Public Service Act 1999.

NAIF's remuneration structure is designed to be competitive and reward high performance while complying with NAIF's regulatory obligations.

All employee's remuneration consists of fixed annual remuneration inclusive of superannuation only. NAIF's remuneration structure acknowledges the parameters of the APSC Workplace Bargaining Policy.

Fixed Annual Remuneration (FAR)

FAR is comprised of base salary, superannuation contributions and any non-cash benefits.

Factors considered when setting the appropriate FAR for each executive includes market data for comparable roles, complexity of the role, internal relativities, an individual's skills and experience and performance assessments.

NAIF uses salary benchmarking data and other relevant Government and market information to establish appropriate remuneration bands for each role. NAIF benchmarks remuneration with the aim to position total remuneration competitively against comparable organisations. The guiding principle for remuneration benchmarking is to position total remuneration towards the mid-point of the benchmark for comparable roles in the Australian market while working within the parameters set by the APSC.

Remuneration Governance arrangements

The CEO and Senior Director, People and Culture are accountable for ensuring it rewards employees responsibly, with regards to performance of NAIF, individual performance, statutory and regulatory requirements, and current business norms.

The Board is responsible for ensuring NAIF has coherent policies and practices that fairly and responsibly manage the performance and remuneration arrangements for the CEO and senior executives. The NAIF Board established a People Remuneration Committee (PRemCo) whose primary role is to provide oversight of NAIF's people, remuneration policies and strategies.

Salary increases

NAIF takes into consideration the parameters of the Remuneration and Funding Declaration (Declaration) under the Workplace Bargaining Policy approved by the APSC Commissioner.

Employees who commence after 1 April are not eligible for a salary review in September of their starting year. Employees on extended leave including parental leave must be considered for a remuneration increase. This principle is consistent with best practice, as a mechanism to assist in reducing the gender pay gap.

Salary increases have regard to individual performance, career progression and comparable market data.

The CEO's salary is reviewed and paid according to the determination of the independent Commonwealth Remuneration Tribunal (the Tribunal).



Board Members

All NAIF Board Members are appointed by the Commonwealth Government through the responsible Minister. These appointments are made in accordance with s15 of the NAIF Act. Board Fees for Board Members are set and paid according to the Tribunal, an independent statutory authority overseeing the remuneration of key Commonwealth officers.

The Tribunal sets annual Chair and Board fees (exclusive of statutory superannuation contributions). Additional fees are payable to those Board Members appointed as members of the NAIF Board Audit and Risk Committee (BARC).

Figure 26: Remuneration Tribunal (the Tribunal) Board and Committee fees (excluding superannuation) for FY22-23

Position	Annual Fee set by the Tribunal	Note
NAIF Chair	\$119,890	
NAIF Board Member	\$59,600	The Delegates of the Secretary are not remunerated.
NAIF BARC Chair	\$16,320	
NAIF BARC Member	\$8,160	

CEO Remuneration

The CEO position is classified as a Full-Time Public Office holder under the Tribunal Determinations.

In accordance with the Tribunal Determination 2021 total remuneration for the Chief Executive Officer was \$480,050. In accordance with the Tribunal's determination the CEO position is not entitled to a Bonus.

FY22-23 Remuneration Information

The tables following detail the remuneration paid to NAIF KMPs, and other highly paid staff in FY22-23.



Figure 27: Remuneration paid to KMP's in FY22-23

Name	Position Title	Salary	Annual Leave Adjustment	Short-Term Benefits			Post-Employment Benefits	Other Long-Term Benefits			Total Remuneration
				Base Salary	Variable Remuneration Other Benefits And Allowances		Superannuation Contributions	Long Service Leave	Other Long-Term Benefits	Termination Benefits	
		€	€	€	€	€	€	€	€	€	€
Tracey Hayes	Board Chair	123,190	-	123,190	-	-	12,935	-	-	-	136,125
Mark Gray	Board Member & Chair Audit Committee	78,010	-	78,010	-	-	8,191	-	-	-	86,201
Lisa Hewitt	Board Member & Audit Committee	69,630	-	69,630	-	-	7,311	-	-	-	76,941
Steve Margetic	Board Member & Audit Committee	69,630	-	69,630	-	-	7,311	-	-	-	76,941
Kate George	Board Member	61,240	-	61,240	-	-	6,430	-	-	-	67,670
Grant Cassidy	Board Member	61,240	-	61,240	-	-	6,430	-	-	-	67,670
Craig Doyle	Chief Executive Officer	438,340	9,177	447,517	-	-	45,710	10,658	-	-	503,885
Nicholas Mant	Chief Investment Risk Officer and Chief Sustainability Officer	408,213	14,370	422,583	-	-	27,732	9,630	-	-	459,945
Stephen Land	Chief Investment Officer	403,570	29,222	432,792	-	-	27,729	9,527	-	-	470,048
Chris Collins	Chief Legal Officer	337,038	20,661	357,699	-	-	35,428	8,420	-	-	401,547
Jacinta Hynes	Chief Operating Officer	268,097	6,619	274,716	-	-	28,177	5,834	-	-	308,727
Katrina Syrkiewicz	Chief People & Culture Officer	260,093	10,918	271,011	-	-	26,885	5,570	-	9,040	312,506
Cathie McBean	Chief Strategic Policy & Engagement Officer	172,982	12,581	185,563	-	-	18,163	3,988	-	-	207,714
Subtotal				2,854,821	-	-	258,432	53,627	-	9,040	3,175,920

Figure 28: Remuneration paid to other highly paid staff in FY22-23

Remuneration Band	Number Of Other Highly Paid Staff	Short-Term Benefits			Post-Employment Benefits	Other Long-Term Benefits	Termination Benefits	Total Remuneration	
		Average Base Salary	Average Variable Remuneration	Average Other Benefits And Allowances	Average Superannuation Contributions	Average Long Service Leave	Average Other Long-Term Benefits	Average Termination Benefits	Average Total Remuneration
		\$	\$	\$	\$	\$	\$	\$	
\$240,000 – \$245,000	1	217,846	-	-	21,552	4,949	-	-	244,347
\$270,001 – \$295,000	1	255,185	-	-	27,590	6,153	-	-	288,928
\$320,001 – \$345,000	2	295,999	-	-	29,205	7,249	-	-	332,453
\$345,001 – \$370,000	2	309,956	-	1,000	31,810	7,534	-	-	350,300

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Financial Statements

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Statement by Board Members, Chief Executive Officer and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2023 comply with subsection 42(2) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.


In our opinion, at the date of this statement, there are reasonable grounds to believe that the Northern Australia Infrastructure Facility (NAIF) will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board.



Tracey Hayes
CHAIR

26th September 2023



Craig Doyle
CHIEF EXECUTIVE OFFICER

26th September 2023



Sonia Kammel
CHIEF FINANCIAL OFFICER

26th September 2023

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To the Minister for Northern Australia

Opinion

In my opinion, the financial statements of the Northern Australia Infrastructure Facility (the Entity) for the year ended 30 June 2023:

- (a) comply with Australian Accounting Standards – Simplified Disclosures and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2023 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2023 and for the year then ended:

- Statement by Board Members, Chief Executive Officer and Chief Financial Officer;
- Statement of Profit or Loss and Other Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Board is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Simplified Disclosures and the rules made under the Act. The Board is also responsible for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Mark Vial
Executive Director

Delegate of the Auditor-General

Canberra

26 September 2023

Statement of Profit or Loss and Other Comprehensive Income

For the period ended 30 June 2023

*commentary below

	Note	2023 \$'000	2022 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Employee Benefits	1.1A	9,428	8,648	13,551
Suppliers	1.1B	3,335	5,453	6,874
Depreciation on right of use assets	2.2A	525	303	493
Depreciation on Plant and Equipment	2.2A	36	15	-
Finance costs	1.1C	13	9	21
Total expenses		13,337	14,428	20,939
Own Source Income				
Own source revenue	1.2A	371	-	-
NET COST OF SERVICES				
		(12,966)	(14,428)	(20,939)
Revenue from Government	1.2B	20,681	18,967	20,939
Total comprehensive income/(loss) attributable to the Australian Government		7,715	4,539	-

*The original budget for the 2022-23 financial year shown here is the budget presented to Parliament in the October 2022-23 Portfolio Budget Statements. Some of the initiatives in this budget have been delayed and the costs will come in next financial year.

Cost of services has been impacted by the operationalisation of initiatives flowing from the expanded mandate. The expanded mandate and associated funding are being activated in line with the operationalisation of these initiatives using a measured and considered methodology. This has resulted in timing differences associated with resourcing, capital outlays and related activities, leading to a delay in expensing the funding for these initiatives. Partly explained by timing differences associated with recruitment and related activities being delayed.

Own source revenue is the interest earned on surplus funds available in operational banking account.

Revenue from government is in line with the Portfolio Budget Statements 2022-23 and Whole of Government savings measure announced in the October Budget resulting in a reduction in appropriation of \$258,000.

In 2022-23, \$12.880 million of the \$20.681 million budget was expensed leaving an underspend of \$7.801 million.

The above statement should be read in conjunction with the accompanying notes.

Statement of Financial Position

For the period ended 30 June 2023

	Note	2023 \$'000	2022 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash	2.1A	17,999	11,166	11,313
Other receivables	2.1B	104	184	184
Total financial assets		18,103	11,350	11,497
Non-financial assets				
Right Of Use Assets	2.2A	1,620	2,127	1,851
Plant and Equipment	2.2A	199	217	-
Other non-financial assets	2.2B	76	28	28
Total non-financial assets		1,895	2,372	1,879
Total assets		19,998	13,722	13,376
LIABILITIES				
Financial liabilities				
Suppliers	2.3A	2,363	3,613	3,622
Other payables	2.3B	245	175	175
Total payables		2,608	3,788	3,797
Interest bearing liabilities				
Lease liabilities	2.4A	1,485	1,904	1,483
Total interest bearing liabilities		1,485	1,904	1,483
Provisions				
Other provisions	2.5A	275	275	275
Employee provisions	3.1A	888	728	794
Total provisions		1,163	1,003	1,069
Total liabilities		5,256	6,695	6,349
Net assets		14,742	7,027	7,027
Equity				
Retained surplus		14,742	7,027	7,027
Total equity		14,742	7,027	7,027

NAIF's increase in retained surplus for 2022-23 is primarily linked to the operationalisation of initiatives flowing from the expanded mandate. The expanded mandate and associated funding are being activated in line with the operationalisation of these initiatives using a measured and considered methodology. This has resulted in timing differences associated with resourcing, capital outlays and related activities, leading to a delay in expensing the funding for these initiatives. Partly explained by timing differences associated with recruitment and related activities being delayed.

The reduction in payables is mainly due to:

- expanding its internal resources providing greater technical capability allowing NAIF to transition away from outsourced arrangement; and
- focused management of resources to maximise the efficiencies in implementing the expanded mandate allowing lower costs as compared to the budget.

The above statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the period ended 30 June 2023

	Retained Surplus		
	2023 \$'000	2022 \$'000	Original Budget \$'000
RETAINED SURPLUS			
Opening balance as at 1 July	7,027	2,488	7,027
Comprehensive income			
Surplus for the period	7,715	4,539	-
Total comprehensive income/(loss)	14,742	7,027	7,027
Closing balance as at 30 June	14,742	7,027	7,027

Budget figures assumed all of the funding for this year would be spent in the 2022-23 financial year, whereas due to the timing of the operationalisation of initiatives flowing from the expanded mandate an amount will need to be rolled into the 2023-24 financial year.

The above statement should be read in conjunction with the accompanying notes.

Cash Flow Statement

For the period ended 30 June 2023

	2023 \$'000	2022 \$'000	Original Budget \$'000
OPERATING ACTIVITIES			
Cash received			
Receipts from Government	20,681	18,967	20,939
Interest	371	-	-
Total cash received	21,052	18,967	20,939
Cash used			
Employees	9,198	8,941	13,485
Suppliers	4,553	3,261	6,886
Total cash used	13,751	12,202	20,371
Net cash from operating activities	7,301	6,765	568
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment	18	232	-
Total cash used	18	232	-
Net cash used by investing activities	(18)	(232)	-
FINANCING ACTIVITIES			
Cash used			
Principal payments of lease liabilities	450	260	421
Total cash used	450	260	421
Net cash used by financing activities	(450)	(260)	(421)
Net increase/(decrease) in cash held	6,833	6,273	147
Cash at the beginning of the reporting period	11,166	4,893	11,166
Cash at end of the reporting period	17,999	11,166	11,313

Budget figures assumed all of the funding for this year would be spent in the 2022-23 financial year, whereas due to the timing of the operationalisation of initiatives flowing from the expanded mandate and the delay in hiring staff, cash expenditure will need to be rolled in to the 2023-24 financial year.

The above statement should be read in conjunction with the accompanying notes.

Northern Australia Infrastructure Facility - Overview

For the period ended 30 June 2023

The Northern Australia Infrastructure Facility (NAIF) is a corporate Commonwealth entity financing projects and businesses in the Northern Territory, Queensland and Western Australia. NAIF's purpose is to contribute to the Nation by proudly investing in the growth of northern Australia. NAIF plays a key role in growing northern Australia with financing to projects driving public benefit, economic and population growth and Indigenous outcomes and participation and accelerating participation in the development of new industry sectors, production processes and technologies.

Basis of preparation

The Financial Statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The financial statements have been prepared in accordance with:

- a) Australian Accounting Standards and Interpretations - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period; and
- b) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR).

The Financial Statements are prepared in Australian dollars and rounded to the nearest thousand dollar (\$'000).

The Financial Statements have been prepared on an accrual basis and in accordance with the historical cost convention. No allowance is made for the effects of changing prices on the results or the financial position.

New accounting standards

Consistent with government policy, no accounting standard has been adopted earlier than the application date as stated in the standard. There has been no new standards that have an application date for this financial year that affect the financial statements. New standards not yet effective are not anticipated to have a material impact.

Taxation

NAIF is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

- where the amount of GST incurred is not recoverable as an input tax credit from the Australian Taxation Office, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- the net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of the receivables, payables, or commitments.

Property, plant and equipment

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for:

- items of property with a project cost less than \$15,000 (which are expensed in the year of acquisition); and
- items of plant and equipment costing less than \$7,500 (which are expensed in the year of acquisition).

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the entity using, in all cases, the straight-line method of depreciation.

Depreciation rate (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

The useful lives of major depreciable asset categories are as follows:

Right-of-use assets	Unexpired lease term
Furniture and Fittings	10 years
Equipments	5 years

Overview (continued)

For the period ended 30 June 2023

Leases

Leased Right Of Use (ROU) assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

NAIF leases office space in Cairns and Sydney on 18th December 2021, NAIF recognised a right-of-use (ROU) assets of A\$2,155,000 of which A\$4,000 is costs and a lease liability of A\$2,151,000.

The lease liability was initially measured at the present value of scheduled future lease payments, discounted using the Australian Government's incremental borrowing rate. The ROU asset was initially measured at cost, which is the initial amount of the lease liability increased by initial direct costs, prepaid lease payments and estimated costs to restore, and reduced by lease incentives received.

Employee policies

Liabilities for short-term employee benefits expected within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

The liability for employee benefits includes provision for annual leave and long service leave. The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the entity's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the shorthand method, and with management assessments relating to salary growth rates. The estimate of the present value of the liability takes into account an estimate of attrition rates and pay increases through promotions and inflation.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave estimated to be taken in the future by NAIF employees is less than the annual entitlement for sick leave.

NAIF's employees are members of superannuation funds held outside the Australian Government. NAIF makes employer contributions to these funds as per the Superannuation Guarantee Contribution rate. The liability for superannuation recognised as at 30 June 2023 represents outstanding contributions.

Events after the reporting period

No events were reported after the reporting period.

Overview (continued)

For the period ended 30 June 2023

Financial Assets

In accordance with AASB 9 Financial Instruments, the entity classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) financial assets at fair value through other comprehensive income; and
- c) financial assets measured at amortised cost.

The classification depends on both the entity's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition.

Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

Financial assets measured at fair value through other comprehensive income are held with the objective of both collecting contractual cash flows and selling the financial assets and the cash flows meet the SPPI test.

Any gains or losses as a result of fair value measurement or the recognition of an impairment loss allowance is recognised in other comprehensive income.

Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets either doesn't meet the criteria of financial assets held at amortised cost or at FVOCI (i.e. mandatorily held at FVTPL) or may be designated.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Amortised Cost

Financial liabilities are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Notes to and forming part of the Financial Statements

For the period ended 30 June 2023

Financial Performance

	2023 \$'000	2022 \$'000
NOTE 1.1 EXPENSES		
1.1A Employee Benefits		
Wages and salaries	8,234	7,317
Superannuation defined contribution plans	850	764
Leave and other entitlements	316	289
Separation and redundancies	28	278
Total employee benefits	9,428	8,648
Accounting policies for employee related expenses is contained in the Overview section.		
1.1B Suppliers		
Computer and communication costs	630	586
Travel	593	339
Services provided by Export Finance Australia	420	701
Property costs	367	355
Consultants	311	912
Training	255	171
Contractors	223	582
Professional fees	265	1,536
Advertising and promotional costs	94	75
Insurance	50	42
Other	127	154
Total suppliers	3,335	5,453
1.1C Finance costs		
Interest on lease liabilities	13	9
Total finance costs	13	9

Notes to and forming part of the Financial Statements (continued)

For the period ended 30 June 2023

	2023 \$'000	2022 \$'000
NOTE 1.2 REVENUE		
1.2A Own source revenue		
Interest	371	-
Total own source revenue	371	-

NAIF uses Commonwealth Bank of Australia (CBA) to fund operational activities including receiving Government appropriations. Interest is paid monthly on surplus funds at an applicable credit interest rates set out by CBA however the rates are subject to change. The current credit interest rate is at 3.60% per annum.

1.2B Revenue from Government

Department of Industry, Science, Energy and Resources		
Corporate Commonwealth entity payment	-	4,740
Department of Infrastructure, Transport, Regional Development and Communications		
Corporate Commonwealth entity payment	20,681	14,227
Total revenue from Government	20,681	18,967

Revenue from Government

Funding received or receivable from the Department of Infrastructure, Transport, Regional Development and Communications (DITRDC), are appropriated to NAIF as a Corporate Commonwealth Entity payment item and is recognised as Revenue from the Government when NAIF gains control of the funding.

Equity Contributions

Amounts appropriated which are designated as "equity injections" for a year (less any formal reductions) and Departmental Capital Budget (DCBs) are recognised directly in contributed equity in that year.

Notes to and forming part of the Financial Statements (continued)

For the period ended 30 June 2023

Financial Position

	2023 \$'000	2022 \$'000
NOTE 2.1 FINANCIAL ASSETS AT AMORTISED COST		
2.1A Cash		
Cash at bank	17,999	11,166
Total cash	17,999	11,166

Cash is recognised at its nominal amount as this is considered fair value and is available at call which are readily convertible to cash on hand.

2.1B Other Receivables

Goods and services tax	104	184
Total other receivables	104	184

NOTE 2.2 NON-FINANCIAL ASSETS

2.2A Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Right of Use Assets

	Right of Use Assets \$'000	Furniture and Fittings \$'000	Office Equipment \$'000	Total \$'000
Gross Value				
Balance as at 30 June 2022	2,430	139	93	2,662
Additions	18	-	18	36
Disposals	-	-	-	-
Gross Value as at 30 June 2023	2,448	139	111	2,698
Accumulated Depreciation				
Balance as at 30 June 2022	303	6	9	318
Depreciation recovered on disposal	-	-	-	-
Depreciation charged for additions	525	14	22	561
Depreciation as at 30 June 2023	828	20	31	879
Net book value as at 1 July 2022	-	-	-	-
Net book value as at 30 June 2023	1,620	119	80	1,819
Total as at 30 June 2023 represented by				
Gross book value	2,448	139	111	2,698
Accumulated depreciation	828	20	31	879
Total as at 30 June 2023	1,620	119	80	1,819

Refer Overview section for accounting policy on property, plant, equipment and leases.

Notes to and forming part of the Financial Statements(continued)

For the period ended 30 June 2023

	2023 \$'000	2022 \$'000
2.2B Other non-financial assets		
Prepayments	76	28
Total other non-financial assets	76	28

NOTE 2.3 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

2.3A Suppliers		
Trade creditors and accruals	2,363	3,613
Total suppliers	2,363	3,613

Supplier payables are recognised at cost to the extent that goods and services have been received irrespective of having been invoiced. Credit terms for goods and services is usually within 30 Days (2022: 30 days).

2.3B Other Payables		
Salaries and wages	223	159
Superannuation	22	16
Total other payables	245	175

The liability for salaries and wages and superannuation recognised represents outstanding amounts for the final fortnight of the financial year.

NOTE 2.4 INTEREST BEARING LIABILITIES

2.4A Lease liabilities		
Lease liabilities	1,485	1,904
Total lease	1,485	1,904
Future lease payments analysis		
Not later than 1 year	467	446
Later than 1 year and not later than 5 years	1,035	1,488
Total lease payments	1,502	1,934

Future lease payments based on actual and not the net present value as in the lease liability account.

Total cash outflow for leases for the year ended 30 June 2023 was \$463,000 (2022: \$259,000).

Refer Overview section for accounting policy on leases.

NOTE 2.5 OTHER PROVISIONS

2.5A Other provisions		
Provision for restoration	275	275
Total other provisions	275	275

Notes to and forming part of the Financial Statements (continued)

For the period ended 30 June 2023

People and Relationships

	2023 \$'000	2022 \$'000
3.1A EMPLOYEE PROVISIONS		
Leave	885	580
Other	3	148
Total employee provisions	888	728

Leave

The employee provision includes provision for annual leave and long service leave. The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the applicable employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination. Long service leave is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date and discounted using appropriate market yields at reporting date. The estimate of the present value of the liability attrition rate and pay increases through promotion and inflation.

3.2 KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The entity has determined the key management personnel to be the Board members, the Chief Executive Officer, Chief Investment Officer, Chief Investment Risk Officer, Chief Operating Officer, Chief People and Culture Officer, Chief Legal Officer, the Minister for Northern Australia, and the Portfolio Minister.

The key management personnel remuneration excludes the remuneration and other benefits of the Minister for Northern Australia and the Portfolio Minister. The Minister for Northern Australia and the Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by NAIF. NAIF key management personnel remuneration is:

	2023 \$	2022 \$
Short-term employee benefits	2,854,821	2,058,967
Post-employment benefits	258,432	212,274
Other Long-term employment benefits	53,627	27,143
Termination benefits	9,040	-
Total key management personnel remuneration expenses	3,175,920	2,298,384
Total number of key management personnel that are included in the above table are:	13	16

The number of key management personnel at 30 June 2023 are 12 positions comprising the Chief Executive Officer, 6 Board Members, Chief Investment Officer, Chief Investment Risk Officer, Chief Operating Officer, Chief Strategic Policy and Engagement Officer, and Chief Legal Officer. The numbers that hold this positions vary depending on how many positions had departures and new starters within the year.

Short-term employee benefits include salary, annual leave, other benefits and allowances. Post-employment benefits relates to superannuation. Other long-term benefits principally relates to long service leave.

This table has been based on the requirements stipulated in the Resource Management Guide No. 138 Commonwealth entities Executive Remuneration Reporting Guide for Annual Reports.

The Board and CEO remuneration and other benefits are set by the Remuneration Tribunal. The Board members and CEO are not paid performance awards.

Notes to and forming part of the Financial Statements(continued)

For the period ended 30 June 2023

3.3 RELATED PARTY RELATIONSHIPS

NAIF is an Australian Government controlled entity. Related parties to the entity are the key management personnel as defined above and other Australian Government entities.

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens.

Significant transactions with related parties can include provision of corporate and administration services to NAIF, the provision of insurance, the provision of leases and the purchases of goods and services.

Where a NAIF Board member has an actual, apparent or potential conflict of interest in relation to a potential investment decision, that member does not receive papers or participate in discussions on that transaction. A conflicts of interest register is maintained to record Board members' disclosed interests. Minutes from Board meetings record recusals as and when they occur.

NAIF is supported through an SLA with Export Finance Australia allowing access to resources across ITC and Finance functions. The SLA arrangement ensures an efficient use of existing Commonwealth resources, reducing the duplication of resourcing requirements across government entities. The SLA allowed NAIF to transition from its start-up phase to operational phase more effectively and faster than it would have otherwise.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the entity, it has been determined that there are no other material related party transactions to be separately disclosed.

Notes to and forming part of the Financial Statements(continued)

For the period ended 30 June 2023

	2023 \$'000	2022 \$'000
NOTE 4: REMUNERATION OF EXTERNAL AUDITORS		
Other services	-	-
An audit or review of the annual report	72	67
Total audit remuneration	72	67

Northern Australia Infrastructure Facility's auditor is the Australian National Audit Office (ANAO).

Notes to and forming part of the Financial Statements (continued)

For the period ended 30 June 2023

Other Information

	2023 \$'000	2022 \$'000
NOTE 5: CURRENT/NON-CURRENT DISTINCTION FOR ASSETS AND LIABILITIES		
Assets expected to be recovered in:		
No more than 12 months		
Cash	17,999	11,166
Other receivables	104	184
Other non-financial assets	76	28
Right Of Use Assets	523	519
Plant and Equipment	36	32
Total no more than 12 months	18,738	11,929
No more than 12 months		
Right Of Use Assets	1,097	1,608
Plant and Equipment	163	185
Total more than 12 months	1,260	1,793
Total assets	19,998	13,722
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	2,363	3,613
Other payables	245	175
Lease liabilities	458	442
Employee provisions	460	487
Total no more than 12 months	3,526	4,717
More than 12 months		
Lease liabilities	1,027	1,462
Employee provisions	428	241
Other provisions	275	275
Total more than 12 months	1,730	1,978
Total liabilities	5,256	6,695
Total aggregated assets and liabilities	14,742	7,027

Index of Statutory Reporting Requirements

The Board of NAIF is obligated under section 46 of PGPA Act to prepare an annual report and section 17BE(u) of the PGPA Rule sets out the mandatory content requirements.

Part A – Public Governance, Performance and Accountability Act 2013

Section	Subject	Location within Report	Page
Public Governance, Performance and Accountability Rule Sec 17BE			
s 17BE(a)	Details of the legislation establishing the body.	Corporate Governance	40
s.17BE(b)(i)	A summary of the objects and functions of the entity as set out in legislation.	Annual Performance Statement	34
s17BE(b)(ii)	The purposes of the entity as included in the entity's corporate plan for the reporting period.	Annual Performance Statement	34
s.17BE(c) – (f)	The annual report must provide details of: <ul style="list-style-type: none"> • The name and title of the responsible Ministers of NAIF. • Any directions given by the responsible Minister. • Any policy orders that applied to NAIF; and • Details of any non-compliance with the above. 	Corporate Governance <ul style="list-style-type: none"> - Accountability - Accountability / Ministerial Directions - Not applicable - Not applicable 	40 40
s.17BE(g)	The annual report must include NAIF's Annual Performance Statements.	Annual Performance Statement	34
s.17BE(h) – (i)	The annual report must detail any significant issues reported to the Minister.	Corporate Governance <ul style="list-style-type: none"> - Legislative Reporting 	N/A
s.17BE(j)	The annual report must detail particulars of the Board.	Board <ul style="list-style-type: none"> - Board Profiles and Photos 	52
s.17BE(k) – (l)	The annual report must detail particulars of NAIF's organisational structure and outline the location of the NAIF's major activities or facilities. Statistics on NAIF's employees including the following: <ul style="list-style-type: none"> • Full-time employees; • Part-time employees; • Gender; and • Staff location. 	People <ul style="list-style-type: none"> - Organisational structure and location - Workforce demographics 	60 60 61

Section	Subject	Location within Report	Page
s.17BE(m)	The annual report must outline the main corporate governance practices of NAIF.	Corporate Governance	41
s.17BE(q) – (s)	The annual report must detail any judicial and administrative decisions or reviews or reports having a significant effect on NAIF.	Corporate Governance - Corporate Reporting	42
s.17BE(t)	The annual report must detail any indemnity applied during the financial year.	Corporate Governance - Corporate Reporting	42
s. 17BE(taa)	The following information about NAIF's audit committee (BARC):		
	(a) Reference to the BARC charter;	Corporate Governance	41
	(b) Name of each member of the BARC;	Board	51
	(c) Qualifications of each member of the BARC;	Board	53/54
	(d) Information about each member's attendance at BARC meetings; and	Board	51
	(e) Remuneration of each member of the BARC.	People	67
s.17BE(ta)	Information about executive remuneration.	People	64

Part B - Other legislation

Section	Subject	Location within Report	Page
Northern Australia Infrastructure Facility Act 2016			
s. 42	NAIF's annual report must include:	Corporate Governance	
	(a) Particulars of any changes to the Investment Mandate during the period and their impact on the operations of the Facility;	- Legislative Reporting	42
	(b) A summary of the proposal notices given by the Facility to the Minister during the period;		42
	(c) A summary of any rejection notices given by the Minister during the period and the Minister's reasons for giving the notices;		42
	(d) For financial assistance provided by the Facility during the period, a summary of:		42
	(i) the amounts of financial assistance and kinds of Northern Australia economic infrastructure concerned;		
	(ii) the kinds of loan contracts used, and their impact features; and		
	(iii) the risks and returns to the Commonwealth.		
	(e) A summary of any adjustments or concessions made by the Facility during the period in relation to the Northern Australia economic infrastructure projects that have not progressed as planned.		43
Environment Protection and Biodiversity Conservation Act 1999			
s.516A (3)(6)	Ecologically sustainable development and environmental performance.	Corporate Governance - Environmental Reporting	44
Work Health and Safety Act 2011			
Sch2, Pt 4, Clause 4(2)	Work health and safety initiatives, outcomes, statistics and investigations.	People - Work, Health and Safety	64

Abbreviations and Acronyms

Abbreviation / Acronyms	Description
BARC	Board Audit and Risk Committee
CEO	Chief Executive Officer
CO₂-e	Carbon Dioxide Emissions
EFA	Export Finance Australia
EMG	Executive Management Group
EPBC Act	Environment Protection and Biodiversity Conservation Act 1999 (Cth)
ESD	Ecologically Sustainable Development
ESG	Environmental, Social and Governance
ESR Policy	Environmental and Social Review of Projects Policy
FAR	Fixed Annual Remuneration
FC	Financial Close
FTE	Full Time Equivalent
FY	Financial Year
GHG	Greenhouse Gas
ICT	Information & Communications Technology
ID	Investment Decision (to offer finance)
IES	Indigenous Engagement Strategy
Investment Mandate	Northern Australia Infrastructure Facility Investment Mandate Direction 2018
KER	Key Enterprise Risks
KMP	Key Management Personnel
MOU	Memorandum of Understanding
NAIF Act	Northern Australia Infrastructure Facility Act 2016
PBS	Portfolio Budget Statement
PGPA Act	Public Governance, Performance and Accountability Act 2013
PRemCo	People & Remuneration Committee
RAS	Risk Appetite Statement
RDA	Regional Development Australia
RMAC	Risk Management and Compliance
SIV	Specialist Investment Vehicle
SLA	Service Level Agreement
STI	Short Term Incentive
WHS Act	Work Health and Safety Act 2011
WHS	Work, Health and Safety



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