

Northern Australia Infrastructure Facility

**Entity resources and planned
performance**

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SECTION 1: ENTITY OVERVIEW AND RESOURCES.....	485
1.1 Strategic direction statement.....	485
1.2 Entity resource statement.....	487
1.3 Budget measures.....	487
SECTION 2: OUTCOMES AND PLANNED PERFORMANCE.....	488
2.1 Budgeted expenses and performance for Outcome 1.....	489
SECTION 3: BUDGETED FINANCIAL STATEMENTS.....	494
3.1 Budgeted financial statements.....	494
3.2 Budgeted financial statements tables.....	495

Northern Australia Infrastructure Facility

Section 1: Entity overview and resources

1.1 Strategic direction statement

The Northern Australia Infrastructure Facility (NAIF) was established on 1 July 2016 as a corporate Commonwealth entity under the *Northern Australia Infrastructure Facility Act 2016* (NAIF Act).

A commercially focused independent board oversees NAIF and is responsible for making Investment Decisions to provide financial assistance by way of loans or alternative financing mechanisms to projects that support the economic growth and stimulate population growth in northern Australia.

The NAIF Investment Mandate, effective 30 June 2021, outlines the mandatory criteria project proponents must meet for their project to be eligible for NAIF financial assistance. The infrastructure that NAIF is able to finance is wide ranging and includes assets that facilitate the establishment or enhancement of business activity or increase economic activity in a region. Examples of the sectors that NAIF can support include, but are not limited to, resources, airports, ports and rail, agriculture, water, energy, social infrastructure (including property, tourism, education and health), manufacturing and telecommunications. Eligible projects must bring new capacity online either through the construction of new infrastructure or by materially enhancing existing infrastructure.

NAIF projects must be of public benefit (being broad based and demonstrating benefits to the broader economy and community, beyond those captured by a project proponent). In offering any concession pricing or terms, NAIF must have regard to the extent of the forecast public benefit.

NAIF can provide up to 100 per cent of debt funding for an eligible project, provided there is appropriate risk sharing and subject to the Commonwealth Government not being a majority risk taker for the project.

In providing financing to support the development of a project, NAIF utilises several financing tools including longer loan tenor, deferral of interest and principal repayments, security and/or cash flow subordination and concessional pricing. The financing tools provided for a project are determined on a project specific basis. NAIF can accept a higher risk than commercial lenders particularly where the risk relates to factors that are unique to investing in northern Australia, including distance, remoteness and climate. NAIF is only able to offer the minimum concessions necessary for a project to proceed. NAIF moneys are not grant funds and in all cases the loan or other finance must be able to be repaid or refinanced.

NAIF requires each proponent to provide an Indigenous participation, procurement and employment strategy tailored for the Indigenous population in the region of the proposed project. NAIF works with project proponents to ensure these strategies contain sustainable and achievable actions to support

Indigenous advancement, including setting targets across employment, procurement, or other areas where suited to the circumstances of the project.

NAIF is able to achieve its primary objective, delivering economic and population growth in the north, through its strategic financing tools, its expansive definition of infrastructure (focus on financing development), and its commitment to delivering public benefit to Northern Australia.

NAIF is an initiative of the Australian Government's Our North, Our Future: White Paper on Developing Northern Australia. Policy responsibility rests with the Department of Infrastructure, Transport, Regional Development, Communications and the Arts.

On 17 July 2020, the then responsible Minister announced NAIF's extension for a further five years to 30 June 2026. Section 8(1) of the NAIF Act states that NAIF must not make a decision after 30 June 2026 to provide financial assistance.

More information about NAIF is available at: www.naif.gov.au.

1.2 Entity resource statement

Table 1.1 shows the total funding from all sources available to NAIF for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by departmental (for NAIF's operations) classification.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: NAIF — Budget estimates for 2023-24 as at Budget May 2023

	2022-23 Estimated actual \$'000	2023-24 Estimate \$'000
Opening balance/cash reserves at 1 July	11,166	11,313
Funds from Government		
Annual appropriations - ordinary annual services ^{(a)(b)}		
Outcome 1	20,681	21,295
Total annual appropriations	20,681	21,295
Total funds from Government	20,681	21,295
Funds from other sources		
Interest	230	250
Total funds from other sources	230	250
Total net resourcing for NAIF	32,077	32,858
	2022-23	2023-24
Average staffing level (number)^(c)	1	1

Prepared on a resourcing (that is, appropriations available) basis.

All figures shown above are GST exclusive - these may not match figures in the cash flow statement.

(a) Appropriation Bill (No. 1) 2023-24.

(b) A reduction of \$0.258m for NAIF's share of Whole of Government (WoG) savings measure applied at the 2022-23 October Budget has also been reflected in 2022-23.

(c) The average staffing level (ASL) estimate represents the Chief Executive Officer of NAIF. Total staffing for NAIF is 43.8 full time equivalents as at April 2023. The additional staff for NAIF include specialist staff engaged under contract. Refer to Section 3.1.1 for further information.

NAIF is not directly appropriated as it is a Corporate Commonwealth Entity. Appropriations are made to the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (a Non-Corporate Commonwealth Entity), which are then paid to the NAIF and are considered 'departmental' for all purposes.

1.3 Budget measures

There are no measures relating to NAIF for the 2023-24 Budget.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance measure described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide a complete picture of an entity's planned and actual performance.

The most recent corporate plan for NAIF can be found at:

<https://naif.gov.au/wp-content/uploads/2022/08/NAIF-FY2022-23-Corporate-Plan-Final.pdf>

The most recent annual performance statement can be found at:

https://naif.gov.au/wp-content/uploads/2022/10/NAIF_AnnualReport_2021_22_Final-web-single.pdf

2.1 Budgeted expenses and performance for Outcome 1

Outcome 1: 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

Linked programs

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

Programs

- Program 3.4 – Growing innovative and competitive businesses, industries and regions

Contribution to Outcome 1 made by linked program

The Department of Infrastructure, Transport, Regional Development, Communications and the Arts contributes through its policies to increase economic growth and investment in northern Australia. The Department of Infrastructure, Transport, Regional Development and Communications has policy responsibility for NAIF.

Infrastructure Australia

Programs

- Program 1.1 – Infrastructure Australia

Contribution to Outcome 1 made by linked programs

Infrastructure Australia contributes to Outcome 1 through feedback on matters relating to infrastructure and public benefit analysis to support NAIF's assessment of its mandatory criterion in regards to a project being of public benefit. NAIF must consult Infrastructure Australia where NAIF's Investment Decision is for an amount more than \$250 million.

National Indigenous Australians Agency

Programs

- Program 1.1 – Jobs, Land and the Economy
- Program 1.2 – Children and Schooling
- Program 1.3 – Safety and Wellbeing
- Program 1.4 – Culture and Capability
- Program 1.5 – Remote Australia Strategies
- Program 1.6 – Evaluation and Research

Contribution to Outcome 1 made by linked programs

The National Indigenous Australians Agency contributes to Outcome 1 through engagement with Indigenous-led proponents or those partnering with Indigenous communities on projects related to areas like social infrastructure, ecotourism, agriculture and horticulture, resources and innovative energy solutions for remote communities. NAIF engages with Indigenous stakeholders including for example the Indigenous Reference Group. Furthermore, all NAIF project proponents must develop strategies for Indigenous participation, procurement and employment that is tailored for Indigenous population in the region of the project.

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program.

Table 2.1.1: Budgeted expenses for Outcome 1

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
Program 1.1: Northern Australia Infrastructure Facility					
Revenue from Government					
Ordinary annual services (Appropriation Bill No. 1)	20,681	21,295	21,814	22,308	22,841
Revenues from other independent sources	230	250	-	-	-
Total expenses for Program 1.1	20,911	21,545	21,814	22,308	22,841
Outcome 1 totals by resource type					
Revenue from Government					
Ordinary annual services (Appropriation Bill No. 1)	20,681	21,295	21,814	22,308	22,841
Revenues from other independent sources	230	250	-	-	-
Total expenses for Outcome 1	20,911	21,545	21,814	22,308	22,841
	2022-23	2023-24			
Average staffing level (number)^(a)	1	1			

(a) The ASL estimate represents the Chief Executive Officer of NAIF. Total staffing for NAIF is 43.8 full time equivalents as at April 2023. The additional staff for NAIF include specialist staff engaged under contract. Refer to Section 3.1.1 for further information.

Table 2.1.2: Performance measure for Outcome 1

Table 2.1.2 details the performance measures for each program associated with Outcome 1. It also provides the related key activities as expressed in the current corporate plan where further detail is provided about the delivery of the activities related to the program, the context in which these activities are delivered and how the performance of these activities will be measured. Where relevant, details of 2023-24 Budget measures that have created new programs or materially changed existing programs are provided.

Outcome 1 – Enable economic growth in Northern Australia, by facilitating private sector investment in economic infrastructure, primarily through the provision of concessional financing delivered through State and Territory Governments.		
Program 1.1 – Northern Australia Infrastructure Facility (NAIF) This program contributes to the outcome by accelerating and encouraging development of infrastructure that provides a basis for economic growth and stimulates population growth in northern Australia.		
Key Activities ^(a)	NAIF delivers Program 1.1 by the making of Investment Decisions for financial assistance, which may be concessional. The financial assistance may be provided to state and territory governments in Queensland, Western Australia, and the Northern Territory to on-lend in their jurisdictions for the benefit of their jurisdictions or may be provided directly to the development entity. The assistance is for the construction or material enhancement of infrastructure to enable long term economic and population growth to benefit northern Australia.	
Year	Performance measures	Expected Performance Results
Current year 2022-23	Public benefit ratio (public benefit /NAIF loan)	Target: On an annual cumulative basis for new ID's in the financial year quantified public benefit is > 10x NAIF loan value. Target not expected to be met - ratio impacted by forecast public benefit being recognised in prior year, with further commitment to existing transformational projects.
	Job creation	Target: Annual cumulative calculation for new ID's: total job numbers divided by total NAIF loan value >5 Target expected to be met.
	Dollar value of Investment Decisions	Target: Investment decisions approved of between \$1bn-\$1.25bn. Target not expected to be met – projects delayed due to material increase in construction costs, supply chain and logistic issues, in addition to a tight labour market.

Year	Performance measures	Planned Performance Results
Current year 2022-23 cont.	Indigenous Strategies	Target: >1 new ID supporting a majority Indigenous owned business or project. Target not expected to be met— exploring opportunities to support smaller organisations through project and structured finance model and enhance outcomes through financing partnerships.
	Indigenous Employment Opportunities	Target: Annual average percentage of Indigenous specific jobs for new Investment decision is > 3% Target expected to be met.
Year	Performance measures	Planned Performance Results
Budget year 2023-24	Public benefit ratio (public benefit /NAIF loan)	Annual cumulative calculation for new Investment Decisions (ID's) in the financial year quantified public benefit is > 10x NAIF loan value.
	Job creation	Annual cumulative calculation for new ID's: total job numbers divided by total NAIF loan value >5.
	Dollar value of Investment Decisions	Investment decisions approved of between \$1bn-\$1.25bn.
	Indigenous Strategies ^(a)	> 2 new Investments (small loan and/or ID) supporting a business or project with significant indigenous ownership.
	Indigenous Employment Opportunities	Annual average percentage of Indigenous specific jobs for new Investment decision is > 3%
Forward Estimates 2024-27	As per 2023-24	As per 2023-24.

(a) Refers to modified performance measures that will be reflected in the 2023-24 Corporate Plan.

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of NAIF finances for the 2023-24 Budget year, including the impact of budget measures and resourcing on financial statements.

3.1 Budgeted financial statements

3.1.1 Explanatory notes and analysis of budgeted financial statements

The income statement shows the estimated net cost of services for NAIF.

Total budgeted expenses for NAIF in 2023-24 is \$21.5 million, largely represented by \$14.9 million in employee benefits, and \$6.1 million in suppliers. Suppliers include specialist staff engaged under contract; board, travel and overhead costs as well as expenses relating to Export Finance Australia, which provides services to NAIF through a service level agreement across corporate and administrative services (including financial management and reporting, human resources, information technology and communications and property management). Section 8(1) of the NAIF Act provides that NAIF must not make a decision after 30 June 2026 to provide financial assistance.

3.2 Budgeted financial statements tables

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
EXPENSES					
Employee benefits	13,551	14,943	16,152	17,230	17,553
Suppliers	6,846	6,088	5,148	4,564	4,952
Depreciation and amortisation	493	493	493	493	315
Finance costs	21	21	21	21	21
Total expenses	20,911	21,545	21,814	22,308	22,841
OWN-SOURCE INCOME					
Own-source revenue					
Interest	230	250	-	-	-
Total own-source revenue	230	250	-	-	-
Net (cost of)/contribution by services	(20,681)	(21,295)	(21,814)	(22,308)	(22,841)
Revenue from Government	20,681	21,295	21,814	22,308	22,841
Surplus/(deficit) attributable to the Australian Government	-	-	-	-	-
Total comprehensive income/(loss)	-	-	-	-	-
Total comprehensive income/(loss) attributable to the Australian Government	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	11,313	11,392	11,450	11,536	11,341
Trade and other receivables	184	184	184	184	184
Total financial assets	11,497	11,576	11,634	11,720	11,525
Non-financial assets					
Property, plant and equipment	1,851	1,358	865	372	57
Other non-financial assets	28	28	28	28	28
Total non-financial assets	1,879	1,386	893	400	85
Total assets	13,376	12,962	12,527	12,120	11,610
LIABILITIES					
Payables					
Suppliers	3,622	3,626	3,691	3,685	3,147
Total payables	3,622	3,626	3,691	3,685	3,147
Interest bearing liabilities					
Leases	1,483	999	499	32	-
Total interest bearing liabilities	1,483	999	499	32	-
Provisions					
Employee provisions	969	1035	1035	1101	1161
Other provisions	275	275	275	275	275
Total provisions	1,244	1,310	1,310	1,376	1,436
Total liabilities	6,349	5,935	5,500	5,093	4,583
Net assets	7,027	7,027	7,027	7,027	7,027
EQUITY					
Parent entity interest					
Retained surplus (accumulated deficit)	7027	7027	7027	7027	7027
Total parent entity interest	7,027	7,027	7,027	7,027	7,027
Total equity	7,027	7,027	7,027	7,027	7,027

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2023-24)

	Retained earnings \$'000	Total equity \$'000
Opening balance as at 1 July 2023		
Balance carried forward from previous period	7,027	7,027
Adjusted opening balance	7,027	7,027
Estimated closing balance as at 30 June 2024	7,027	7,027
Closing balance attributable to the Australian Government	7,027	7,027

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Receipts from Government	20,681	21,295	21,814	22,308	22,841
Interest	230	250	-	-	-
Total cash received	20,911	21,545	21,814	22,308	22,841
Cash used					
Employees	13,485	14,877	16,152	17,164	17,493
Suppliers	6,837	6,084	5,083	4,570	5,490
Borrowing costs	21	21	21	21	21
Total cash used	20,343	20,982	21,256	21,755	23,004
Net cash from/(used by) operating activities	568	563	558	553	(163)
FINANCING ACTIVITIES					
Cash used					
Principal payments on lease liability	421	484	500	467	32
Total cash used	421	484	500	467	32
Net cash from/(used by) financing activities	(421)	(484)	(500)	(467)	(32)
Net increase/(decrease) in cash held	147	79	58	86	(195)
Cash and cash equivalents at the beginning of the reporting period	11,166	11,313	11,392	11,450	11,536
Cash and cash equivalents at the end of the reporting period	11,313	11,392	11,450	11,536	11,341

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

This table is not presented as NAIF does not currently have any capital budget.

Table 3.6: Statement of departmental asset movements (Budget year 2023-24)

	Asset Category	
	Other property, plant and equipment \$'000	Total \$'000
As at 1 July 2023		
Gross book value	232	232
Gross book value - ROU assets	2,430	2,430
Accumulated depreciation/amortisation and impairment	(47)	(47)
Accumulated depreciation/amortisation and impairment - ROU assets	(764)	(764)
Opening net book balance	1,851	1,851
Other movements		
Depreciation/amortisation expense	(32)	(32)
Depreciation/amortisation on ROU assets	(461)	(461)
Total other movements	(493)	(493)
As at 30 June 2024		
Gross book value	232	232
Gross book value - ROU assets	2,430	2,430
Accumulated depreciation/ amortisation and impairment	(79)	(79)
Accumulated depreciation/ amortisation and impairment - ROU assets	(1,225)	(1,225)
Closing net book balance	1,358	1,358

Prepared on Australian Accounting Standards basis.