

PRL - NAIF Review Submission 2024

Introduction - Phosphate Resources Limited

Phosphate Resources Limited (PRL) is pleased to provide a submission to the 2024 NAIF Review. With the Indian Ocean Territories being included in the definition of Northern Australia there is a real opportunity to stimulate economic development in the region and create a prosperous future for our communities which is economically diverse and sustainable.

The PRL Group is a core subsidiary of PRL Global Ltd, a diversified industrial ASX-listed company, with business interests on Christmas and Cocos Keeling Islands, Western Australia, Malaysia, Singapore and Europe. The company has remained the reliable employer and major economic driver of the Christmas Island economy. It delivers half of the Island's Gross Regional Product (\$90M p.a.) and directly and indirectly provides half of the Island's jobs (440) and contributes to the Commonwealth approximately \$20M in taxes, royalties, and levies annually.

PRL is estimated to have generated \$2.45B in direct gross state product (GSP) between 2004 and 2023 (cumulative), including \$1.8B in operational expenditure and \$105M in capital expenditures on Christmas Island. (Hatch - PRL Economic Impact Assessment 2023)

Since 1990 PRL has contributed over \$40M to Parks Australia for the Christmas Island Mining to Rainforest Rehabilitation program (CIMRFR). We have also contributed \$1.3M to the Christmas Island Cat Eradication Plan.

PRL has grown from its humble beginnings when the community and the Union of Christmas Island Workers (UCIW) came together in a fight for its future, by investing \$3M of their life savings to create the company. They were motivated to create jobs and an economy which could support future generations of Christmas Islanders. Since those early days we have become a vertically integrated global fertiliser operation, and on Christmas Island have extended our businesses beyond phosphate mining into logistics, agri-business, energy, property, and asset management. We are also heavily invested in the economic future of the IOT with approximately half of our shareholder base having roots in Christmas Island.

PRL's diversification and investment strategy promises a new phase of development including eco and adventure tourism, renewable energy, and innovative agricultural projects. Our aim is to transition the Islands economy from its historical reliance on mining to one which is more diversified and sustainable.



Response to the NAIF Review

1. Whether the time limit of 30 June 2026 set out in section 8 of the NAIF Act for making decisions to provide financial assistance should be extended; and the appropriate governance arrangements for the NAIF after 30 June 2026.

PRL - Response:

Government has identified that as a nation our focus needs to shift to ensure northern Australia is at the forefront of a stronger and more resilient Australian economy. The recent Northern Australia Action Plan takes a holistic approach, acknowledging the need to foster economic development as well as deliver a broad range of Australian Government priorities to support the north's success. This includes pursuing government action on advancing First Nations outcomes in the north, undertaking transformational investment in partnership with communities, the north's role in the transition to net zero, the Government's Future Made in Australia agenda and delivering Australia's national security, and the ongoing need for investment in resilient infrastructure to protect the north's unique environment and cultural heritage.

The NAIF Act has been and will continue to be an important enabler and facilitator of these necessary developments. Therefore, we strongly support the extension of the NAIF Act for another eight years and the rolling over of the existing governance arrangements.

2. The need for, and effectiveness of, the NAIF in facilitating and supporting the development of economic infrastructure across northern Australia; including its value in supporting industry growth in northern Australia with publicly funded concessional finance, including assessing and determining the optimal level of concessionality.

PRL - Response:

NAIF plays a critical role as facilitator and enabler of investment in economic infrastructure across Northern Australia. There is no doubt that without NAIF's contribution, now and in the future in supporting and achieving government policy outcomes, including the Northern Australia Action Plan, the government's efforts would be compromised.

The effectiveness of NAIF is demonstrated through its achievements. Since it was established, the NAIF has committed more than \$4.4 billion to support 32 projects with a total project value of approximately \$18.5 billion across northern Australia. This includes investments in regional airports, university student accommodation, energy and renewables, agriculture and water, transport and logistics, critical minerals, fertilisers, and other resources. NAIF's investment in these projects, on behalf of the Australian Government, is forecast to generate \$33.3 billion in public benefit for the north and create more than 18,300 jobs, pre-investment pipeline which represents \$3.1 billion in potential future loans and demonstrates interest in NAIF finance remains strong. When the IOT were included within Northern Australia in 2022, NAIF officers visited the IOT to engage with local businesses, local government, and the community. PRL are currently considering potential investment projects on Christmas Island which can help develop a more sustainable and diversified economy and would benefit from NAIF's support.



3. The suitability and effectiveness of NAIF's products and services and finance delivery mechanisms beyond 30 June 2026:

PRL - Response:

Generally, the suitability and effectiveness of NAIF's products and services and finance delivery mechanisms are fit for purpose. However, in regions as remote as the Indian Ocean Territories (IOT) unique challenges apply. Access to investment capital is very difficult. Businesses tend to be micro, small or of a medium scale, economic infrastructure needs to be improved, and supply chains and logistics are expensive and challenged. The small populations and remoteness add dramatically to the high cost of living. However, there exists an enormous opportunity given, the IOT proximity to Southeast Asia, the strategic importance of the Indian Ocean region both economically and from a strategic defence perspective, the unique environmental values of the region and the proudly Australian multicultural communities. Taking all of these factors into account we believe that the review should consider more flexible NAIF investment financing arrangements for very remote communities such as the IOT and others. These are detailed below.

- A. More flexible investment loans to a lower minimum than the current \$10M, be made for businesses in the IOT and other very remote areas which reflect the scale of businesses operating there and the challenges with accessing traditional investment finance.
- B. Flexible investment financing be considered for integrated projects in remote areas, which create economic growth, but also to be viable must provide supporting public infrastructure such as housing, which is in short supply, renewable energy to support sustainability and the energy transition, and likely make upgrades to airport services & infrastructure so additional flights from the North can service the Island. For example, the Minister is currently working through an EOI process for the derelict CI resort. Reopening the resort would be a major win for the tourism industry and the economies of the IOT. However, it will require in addition to rebuilding the resort the upgrading of social infrastructure and supporting services and facilities to be successful. Flexible investment finance would make it more attractive to potential developers.
- C. Because multiple ministerial portfolios and agencies have a strategic interest in the IOT, Defence, Immigration, Border Force, Environment however the Minister for Regional Development, Local Government and the External Territories has to do the heavy lifting in terms of administration and budgets. PRL has successfully advocated for the establishment of a ministerial and agency working group which can provide a whole of government mindset to economic development in the IOT. This could possibly be applied to other remote areas in Northern Australia especially when you also have state ministers and agencies involved.
- D. That the Minister considers through NAIF the creation of economic development grants for small and medium businesses in Northern Australia for projects at the feasibility stage to improve their ability to attract NAIF investment finance.