

We are the only global law firm with a presence in both the Northern Territory and Western Australia. We can help companies take advantage of significant funding opportunities in Northern Australia for infrastructure and project development.

The Australian Government recently announced the introduction of the Northern Australia Infrastructure Facility (NAIF). Legislation to establish the NAIF has now passed parliament, which will enable the NAIF to be established from 1 July 2016 onwards. The Export Finance and Insurance Corporation (EFIC), Australia's export credit agency, will assist operation of the NAIF.

The NAIF will provide up to AU\$5 billion of concessional financing to promote private sector economic infrastructure projects located in Australia's north. Northern Australia is considered to include the Northern Territory, and the parts of Queensland and Western Australia above the Tropic of Capricorn. Economic infrastructure is considered to include, but not limited to water, transport, energy and communication projects that facilitate and increase economic activity. Financing made pursuant to the NAIF will be subject to the same level of financial analysis and due diligence currently conducted by commercial lenders. The NAIF will also be flexible and open to negotiations with proponents on loan terms, such as repayment conditions.

NAIF is a key initiative arising out of the white paper titled *"Developing Northern Australia"*, issued by the government in June last year. The white paper recognises that Northern Australia is an extraordinary region with untapped potential. The NAIF therefore hopes to enhance economic development in an area rich in resources and people. In the longer term, it is envisaged that NAIF will unlock an abundance of industry and population growth opportunities.

The NAIF will be based in Cairns, Queensland, which is intended to advance the region-specific motivations underpinning this facility. An independent board, led by Sharon Warburton, will be comprised of members from government, infrastructure, commerce and the law. The board will be responsible for making investment decisions relating to the NAIF, and bound by an investment mandate that will guide any decision made on project financing. Specifically, the investment mandate governing the NAIF specifies both mandatory and non-mandatory criteria that the board will be required to consider.

Notably, preference for NAIF funding will be given to projects satisfying the non-mandatory elements prescribed in the mandate, namely that the:

- NAIF financing component is valued at \$50 million or more.
- Project meets an infrastructure need previously identified through a Commonwealth, State or Territory assessment process, pipeline or priority list.

Mandatory criteria for proponents that seek funding from NAIF are that the project:

- Involves construction or enhancement of economic infrastructure for the public benefit.
- Without NAIF assistance is either:
 - unlikely to proceed
 - will proceed after significant delay delays or
 - will proceed with a limited scope.
- Is located in, or considerably beneficial for, the region of Northern Australia.
- Should not be primarily funded by the NAIF (this effectively means that the project must require a minimum loan of AU\$100 million to be given preferential consideration, in light of non-mandatory criteria).
- Has the ability to repay or refinance the loan from NAIF.
- Has an Indigenous engagement strategy.

Proponents interested in utilising the NAIF for project funding can make an expression of interest by contacting naifenquiries@efic.gov.au

We have leading expertise in the infrastructure and construction space in Northern Australia, and can assist you with accessing the NAIF, including:

- Drafting expressions of interest to obtain loans from NAIF.
- Engaging with governments on determining infrastructure priorities.
- Providing legal and strategic advice on investment mandate criteria governing NAIF, including the development of Indigenous engagement strategies.
- Negotiating the conditions of NAIF financing to best suit your business.

Please contact us if you have any queries about the imminent introduction of the NAIF.

Contacts



Margie Tannock

Partner

T +61 8 9429 7456

E margie.tannock@squirepb.com



Fabio Fior

Partner

T +61 8 9429 7537

E fabio.fior@squirepb.com



Cris Cureton

Partner

T +61 8 9429 7460

E cris.cureton@squirepb.com

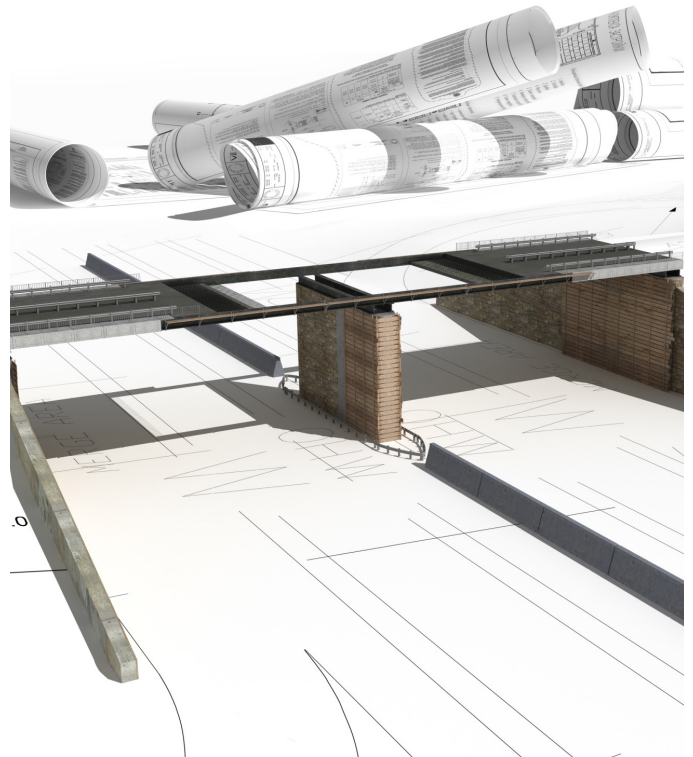


Tina Zhou

Senior Counsel

T +61 8 9429 7498

E tina.zhou@squirepb.com



The contents of this update are not intended to serve as legal advice related to individual situations or as legal opinions concerning such situations nor should they be considered a substitute for taking legal advice.

© Squire Patton Boggs.

All Rights Reserved 2016