



DAVID LOVELL ... 'OUR CHARTER IS TO INVEST IN PROJECTS THAT CONTRIBUTE POSITIVELY TO THE TERRITORY'S ECONOMIC GROWTH'

# POWERING THE ECONOMY

PHOTOS: HELEN ORR.



CALLAN HARDING ... A GREAT DEAL OF EXPERIENCE IN PROJECT FINANCE AND DEVELOPMENT

**“WE OBVIOUSLY WORK CLOSELY AND LIAISE WITH GOVERNMENT DEPARTMENTS TO IDENTIFY PROJECT OPPORTUNITIES AND ASSIST PROJECT PROPONENTS, BUT INVESTMENT DECISIONS ARE MADE INDEPENDENTLY.”**

***A \$200 million investment fund is shaping up as the catalyst for many Northern Territory development projects – big and not so big.***

The Northern Territory Infrastructure Development Fund (NTIDF) believes that its support for well-grounded enterprises could attract further investment from private and Federal

Government sources.

The fund was set up by the Territory Government in 2015 with a portion of the proceeds from the sale of the Territory Insurance Office and is managed by an independent board of directors.

Board chairman Les Fallick, who spent more than 25 years in superannuation and fund management, and has a masters in economics, says the NTIDF

is a “major public policy initiative” with bipartisan political support.

The fund was set up by the previous CLP Government but Labor leader Michael Gunner promised before his election victory to carry on supporting it.

“He has stuck to his word.”

Mr Fallick says the bipartisan support allowed him to put together a high-profile board made up of:

- Bill Moss, the former head of Macquarie Real Estate and Banking Group who established a global funds management business in charge of \$30 billion;
- James Paspaley, a Territorian and head of the Paspaley Group of Companies, whose investments include pearling, property, agribusiness and marine engineering;
- Mark Burgess, former head of the Future Fund in Australia, which managed more than \$115 billion; and
- Jodie Ryan, former NT Under-Treasurer who is now Chief Executive of the Chief Minister’s Department.

Mr Fallick says: “These are heavy hitters by anybody’s standards.”

He says no other Australian jurisdiction has used revenue from privatisation of public assets, such as TIO, to fund projects aimed at stimulating the economy “for 10 years and beyond”.

The fund is managed by highly-regarded boutique fund manager Infrastructure Capital Group (ICG), which has \$1.7 billion in its portfolio and is responsible for assessing potential NTIDF investments.

ICG is the first private equity firm to establish an office in Darwin.

It is staffed by two resident investment experts, David Lovell and Callan Harding, who focus solely on the NTIDF.

“We see ourselves as a partner as well as an investor,” says Mr Lovell, an ICG director and NTIDF fund manager.

The NTIDF has recently made public its first investment – about \$10 million in Darwin-based NT Beverages, which produces high-quality bottled water for domestic and export markets.

Several more investments are expected to be announced this year.

“We obviously work closely and liaise with Government departments to identify project opportunities and assist project proponents, but investment decisions are made independently,” says Mr Lovell.

NTIDF is not connected to the \$5 billion Federal Northern Australia Infrastructure Facility (NAIF), but works cooperatively with it to identify NT projects where the two funds can work alongside each other.

The NTIDF pipeline includes more

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than 40 potential investments – 5-10 are under active review.

Within the pipeline, project values range from about \$5 million up to \$250 million with the NTIDF considering potential to invest equity.

The sectoral coverage includes agriculture, transport, such as airports and ports, renewable energy, power generation and social infrastructure, as well as resources, oil and gas.

The stage of development of the investments ranges from pre-bankable feasibility study, which therefore require additional work before commencing construction, through to existing assets, operations or businesses that are looking to expand or introduce a high-quality financial partner.

All investments in the pipeline support the economic development of the Northern Territory.

NTIDF does not provide grants or concessional finance. It invests in equity or similar instruments for the long term. The fund’s objective is to build a diversified portfolio of investments that generate an appropriate return.

It is required to make a commercial risk adjusted rate of return commensurate with the characteristics of each individual project. It invests in projects, takes an ownership share of the enterprise proportionate to the investment and requires a commercial rate of return on the money.

“Our charter is to invest in projects that contribute positively to the Territory’s economic growth,” Mr Lovell says.

NTIDF is keen to invest in projects with good social and economic outcomes throughout the Territory, including in remote areas.

Investment applications are considered by ICG’s highly-experienced Investment Committee in the same rigorous way as any commercial venture.

Recommendations then go to the fund’s board for consideration.

## NTIDF

Projects are put forward at various stages of development – some are what the industry calls “mature”, but many are in the pre-feasibility phase.

“If someone comes to us with a fully-developed bankable feasibility we can have an investment decision within six weeks,” says Mr Lovell.

“People are welcome to come in here and show us their ideas and plans. Our doors are wide open, as open as can be.”

But he warned that projects would not be supported just because they seemed to be a good idea. Every project will be assessed through extensive due diligence, and commercial and financial analysis.

“We are investing public money and the process has to be rigorous. The project must be robust, sustainable and economically sensible.”

Mr Lovell and Mr Harding, work together with project developers to help in structuring the best possible investment case to be put to the Investment Committee.

“It’s like going for a loan from the bank – you have to have the documentation to support the credit-worthiness and economic credentials of the project,” says Mr Harding.

“Forget the emotion; it’s very clinical. And it has to be like that when you’re investing taxpayers’ money.”

Mr Lovell says the Territory is still the “land of opportunity”.

“There are Territorians with fantastic development ideas. Everyone wants to see increased investment in the Territory and the NTIDF has a key role to play in achieving that outcome.”

Mr Lovell is an experienced investment banker who moved to Darwin from interstate to work on the NTIDF, while Mr Harding was recruited in Darwin.

They have a great deal of experience in project finance and development between them.

For further information and contact details, visit [ntidf.com.au](http://ntidf.com.au) and [infrastructurecapital.com.au](http://infrastructurecapital.com.au)



THE NTIDF BOARD (FROM LEFT): JAMES PASPALEY, LES FALICK, BILL MOSS, JODIE RYAN AND MARK BURGESS

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### THE BOARD

#### LES FALICK

##### Chair

Les is an experienced non-executive director and has sat on over 30 boards, in a wide range of industries. Les spent over 25 years in superannuation and funds management, specialising in private equity and infrastructure. In addition to his role at NTIDF, Les is currently on the board of The Fred Hollows Foundation, Indigenous Business Australia Asset Management and Continuity Capital. Les holds an MA and an MLitt economics and is a fellow of the Australian Institute of Directors.

#### JODIE RYAN

Jodie was appointed Chief Executive Officer of the Department of the Chief Minister on 12 December 2016. Jodie had been acting in the position since the change of government in August 2016. Prior to that, Jodie was the Under Treasurer. Jodie began her career with the Northern Territory Government in 1992 as a graduate. Since then, she has worked mainly in the Treasury, becoming Under Treasurer in July 2013 following a five month placement as Deputy CEO of the Department of the

Chief Minister. Jodie has a Bachelor of Business (Accounting) from the Northern Territory University (now Charles Darwin University) and is a Certified Practising Accountant. Jodie is a member of the Charles Darwin University Council.

#### BILL MOSS AO

Bill has over 35 years experience in business, funds management and finance. As the head of the Macquarie Real Estate and Banking Group he managed the establishment of a global funds management business for real estate that managed over \$ 30 billion of assets in Australia, Europe, USA, Mexico, China and South East Asia. He has been a director of 8 listed fund management entities and over 50 unlisted trusts with assets located throughout the world. He is the Chairman and Founder of FSHD Global Research Foundation and Elanor Investors Group.

#### JAMES PASPALEY

James is the CEO and Executive Director of the Paspaley Group of Companies, a family owned business that has been operating for over 75 years, which includes pearl production and wholesale, aviation, diversified property holdings and development,

jewellery retail, agribusiness, viticulture and marine engineering. James holds a Bachelor of Economics from Sydney University, and has experience in board management and broad business experience in the Northern Territory and across Northern Australia, as well as Europe, Asia, the United Arab Emirates and the USA. In 2012, James was appointed the Honorary General-Consul of Japan in Darwin.

#### MARK BURGESS

Mark has extensive global investment experience leading major asset managers and owners. He was most recently the Managing Director of the Future Fund in Australia, managing over \$ 115 billion in assets across a global and local portfolio. The Future Fund is a major investor in Australian infrastructure assets. Prior to this he was Executive Vice Chairman and CEO for Credit Suisse Asset Management (EMEA), based in London. For much of his career Mark has been a Global Chief Investment Officer managing investment teams across all markets and asset classes. He holds a degree from University of Melbourne and has worked in London, New York and Australia.