



Australian Government



Northern Australia Infrastructure Facility

15 August 2022

Mr Mike Mrdak AO
Secretary
Department of Infrastructure, Transport, Regional Development, Communications and the Arts
GPO Box 594

CANBERRA ACT 2601

IA.Review@infrastructure.gov.au

Dear Mr Mrdak

RE: Independent review of Infrastructure Australia

Thank you for the opportunity to provide a submission to the inquiry. Please take this letter as our submission to the independent review.

Noting the breadth of this review, NAIF will only talk to areas it feels it can contribute to, specifically in this case Question number 3.

3. IA is required to review infrastructure proposals where more than \$250 million in Australian Government funding has been committed.

Do you think this is the right threshold? Why or why not?

Once a NAIF project reaches the \$250 million threshold, NAIF requires project Proponents to provide a more fulsome Public Benefits Assessment. This aligns with the IA Infrastructure Assessment framework. As this is a larger loan, NAIF appreciates the extra rigor this requires, and IA are generous in helping NAIF Proponents and their advisors understand the requirements.

However, NAIF looks at benefit with a broader lens than IA, given a Mandate to generate economic growth that leads to population growth, so in addition to the Cost Benefit Analysis (CBA) required for IA, NAIF looks at the forecast Economic Impact to the region.

NAIF believes that this threshold is sufficient for our lens of work.

What other considerations do you think are appropriate for IA to evaluate a business case?

For remote projects using loan capital that will be paid back, the strict Infrastructure Australia Assessment framework does not pick up the benefits to Gross Regional Product (GRP). In remote Australia it is hard to get positive 'outside of Proponent' benefits using the strict CBA methodology, and an Economic impact assessment can better estimate the GRP benefits to the regional economy.

If you had the choice of seeking advice from IA on infrastructure proposals where more than \$250 million in Australian Government funding has been committed, would request a review? Why or why not?

NAIF has found that there is a rigor to Infrastructure Australia reviews which have been helpful to the NAIF process.



Australian Government



Northern Australia Infrastructure Facility

Where do you find the most value in an IA assessment?

NAIF is not capital constrained, and the money requested for projects is loan capital (will be paid back) – therefore NAIF assess benefits in a broader way than the strict IA assessment framework. NAIF believes Infrastructure Australia is a respected organization with thorough methodology which is continuously improved. Noting their experience in the Infrastructure space, NAIF values the relationship with Infrastructure Australia and their willingness to collaborate with us openly and effectively.

General Comments

NAIF recognizes that as an organization we have, occasionally, differing definitions on Infrastructure terminology including Investment ready projects noting that NAIF will find *'bankability'* and *'timing'* challenges with certain IA projects. As well, NAIF at times is unaware of the overall coordination of IA's legislative review of NAIF's large scale projects and how those feed into IA's broader work.

Infrastructure Australia has over the life of NAIF become a strong partner. They consistently give updates to the NAIF team and have been supportive of our investment Mandate assisting with trying to generate projects in the North.

Once again thank you for the opportunity to provide a submission to the inquiry.

Kind regards
Craig Doyle, CEO
Northern Australia Infrastructure Facility

