

Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry, Innovation and Science Portfolio
2016 - 2017 Additional Estimates
2 March 2017

AGENCY: NORTHERN AUSTRALIA INFRASTRUCTURE FACILITY

TOPIC: Public Benefits Test

REFERENCE: Written Question – Senator Waters

QUESTION No.: AI-80

Schedule 1 of NAIF Investment Mandate Direction:

The proposed Project will be of public benefit. In considering public benefit, the Board will give preference to those Projects that will: serve or have the capacity to serve multiple users; and produce benefits to the broader economy and community beyond those able to be captured by Project Proponents.

1. Will NAIF develop policies, procedures or guidelines for determining ‘public benefit’?
2. Will NAIF determine policies, procedures or guidelines for assessing whether a project will “serve or have the capacity to serve multiple users”?
3. Have any such been developed? Can they be provided?
4. What metrics and economic models will be used to assess the level of public benefit or benefits to the broader economy and community?
5. What level of public benefit, as assessed by these metrics and models, will be required to be viewed as consistent with these mandatory criteria?

ANSWER

1. Yes.
2. This will be assessed as part of the NAIF due diligence process.
3. There may be different ways in which a project can serve multiple users for example it may be dealt with under an open access regime or via contracts. The actual method proposed will be assessed on a case by case basis.
4. Public benefits are benefits of a project not captured by the Project Proponent. A cost benefit analysis (CBA) may be one metric to be used.
5. The estimated public benefit will be considered by the NAIF Board when determining whether to provide financial assistance to a project (refer to Mandatory Criteria 2 in Schedule 1 of the Investment Mandate), having regard to the level of any financing concession to be granted (refer to Section 9(1) of the Investment Mandate).