

## Governance and operations the Northern Australia Infrastructure Facility (NAIF)

Submission by Clare Smith to the Senate Economics Reference Committee inquiry into the Governance and operation of the Northern Australia Infrastructure Facility (NAIF)

25/07/2017

Thank you for the opportunity to make a submission to this senate enquiry.

I have watched with growing alarm the contemplated proposal to supposedly further the interests of Northern Australia by stepping in to fund a railway to service coal mines in the Galilee Basin. To me, this project exemplifies the problems with the current formulation of the NAIF.

Firstly, to address point a, there is no transparency from the NAIF over this or indeed anything much. It has been impossible for me to find out exactly what is proposed and in what way it represents good value to the people of Australia who contributed the tax dollars. As to the public interest test alluded to in point b, there simply has not been a coherent argument presented. I am an interested member of the public, and I know that these mines to be serviced by the proposed railway are not going to be dug with picks and shovels. They are - as their proponents agree - going to be highly mechanised, using machines not likely to be made in Australia, requiring few workers to run and service them. There may be a few more jobs in the initial construction phase and we only have to look at Western Australia to see how quickly that flash of income disappears. There are also significant stresses to existing local communities with these brief floods of workers. Meanwhile where are the tests that take into account the jobs lost above ground when unlimited groundwater has been used, the Reef further jeopardised and jobs in tourism and farming are gone? There may well be 'make good' or mitigation clauses in the contracts, but there is no way to 'make good' environmental difficulties related to the currently unknown consequences of removing so much ground water, and enforcing mitigation is not easy.

I have further grave concerns over the results of whatever the appointment processes are for the board of the NAIF as the result seems to be a board heavily biased towards mining and surprisingly lacking in environmental, tourism, ecological, historical or non-mining economic expertise. I understand that no less than five of the board have established links to mining. To an outsider like myself, it appears a set-up at risk for accusations of vested interests or even corruption. As there is no transparency, there is no way to know how conflicts of interest are being dealt with, or even if they are at all.

Five billion dollars is a large amount of money and Australia should expect something really good from it. The whole point of tax is that we all chip in to fund the things we need and want - schools, roads, health services, a legal framework, cultural activities and so on. Projects chosen should be ones that enrich our country in manifold ways without undue risk.

As an investment fund, there should be the same due diligence exerted for a loan in terms of capacity to repay or recover costs as any other commercial loan. In the case of Adani, a company already seen to be of poor repute in other parts of the world, based apparently in the Cayman Islands, the prospects of loan recovery seem frankly dismal. I understand that Adani has a satisfactory business case on its own terms as it also owns the power stations in India that will consume the coal, once it can get it there, but that doesn't mean it is a business case that is safe for the NAIF to invest in. There does not seem to be any commentary on this other than concerns raised by environmental groups. But what is apparent is that Adani is finding it hard to attract private funding even for its mine, let alone this infrastructure. I find it hard to understand that providing expensive infrastructure to a project without demonstrated viability and investment fits in with any guidelines. **I would ask this senate committee to assess whether there is either a lack of prudence in the guidelines or a lack of compliance with such guidelines.**

The public interest test that I believe most Australians would want met even beyond financial viability is safety for us all. Our most substantial threat is global warming, and the idea that somehow this coal doesn't matter in its contribution to greenhouse emissions because it is being

burnt somewhere else is simply wrong. There is no clean coal and climate change is upon us. At the very least we should adopt a policy of least regret and do everything we can to mitigate it. Digging up coal to be burnt is bad enough, paying miners to come and do it is even worse and that effectively is what any NAIF investment in a coal railway looks like.

My observation is that it is governments who are enamoured of coal and coal mining, not the populace in general. Governments are renown for short term thinking related to election cycles and political donations but ordinary citizens with children and grandchildren want action on climate change and that means these matters should be taken into consideration in making investment decisions for any part of Australia. It is very hard to tell what the relationships between governments state and federal are with the NAIF, but it does not appear that the intended 'arms-length' decision making is indeed that. Or very short arms, maybe.

I am writing as an individual, working as a general practitioner in Tasmania, with children and grandchildren and only one planet to live on. I am very concerned about the social determinants of health and there are many infrastructure projects that would serve the purposes of addressing some of those in Northern Australia with far more benefit than spending one fifth of the pool on a railway that will benefit a few already wealthy people greatly and most of us less than not at all.

I urge the Senate Committee to recommend much greater transparency for the NAIF at every point of its operations, including appointment of board members, management of conflicts of interest, reporting of environmental, cultural and job impacts including both proposed gains and losses, assessment of beneficiaries of funded infrastructure including their credentials in financial probity and environmental stewardship, and much greater opportunity for public comment.

Yours sincerely

Clare Smith

Dr Clare Smith

