

**Submission to the Senate Economics References Committee
inquiry into Governance and operation of the Northern Australia Infrastructure
Facility (NAIF)**

Senate Standing Committees on Economics
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Sent by email only to: economics.sen@aph.gov.au

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Dear Chair

Thank you for the opportunity to make this submission.

As a North Queensland resident for over 40 years I have grave concerns regarding the Northern Australia Infrastructure Facility (NAIF) as follows:

The adequacy and transparency of the NAIF's governance framework, including its project assessment and approval processes:

- There is no transparency over how the fund is being spent and it seems all decisions and applications are kept secret until after they've been approved. Information is not available to the public and NAIF has declined to make available information about specific projects or who project proponents are. Surely in a democracy a body administering public funds must be accountable for their spending to the public taxpayers whose money they are distributing.
- Why has NAIF refused to disclose any schedules of board meetings? NAIF's refusal of a Freedom of Information request for the dates and locations of its board meetings is completely inappropriate because of the huge amounts of public funds involved. The public has a right to know and this amount of secrecy is unjustifiable¹.

The adequacy of the NAIF's Investment Mandate, risk appetite statement and public interest test in guiding decisions of the NAIF Board:

- I note the Investment Mandate states *"the Board will give preference to those projects that will:*
 1. *serve or have the capacity to serve multiple users; and*
 2. *produce benefits to the broader economy and community beyond those able to be captured by Project Proponents."*

Given this criteria it is impossible to see how Adani's Galilee basin railway project could possibly meet these standards as the benefit of this project is only to the mining company and of no conceivable benefit to the broader community. In fact it is highly detrimental to our water, air, Great Barrier Reef and communities - so it would seem to directly contravene the public interest test and therefore be ineligible for funding.

- The Investment Mandate offers very little protection for our environment. The track record of recipients of NAIF funding in environmental compliance, both in Australia and overseas, should be

1 [http://www.abc.net.au/news/2017-02-13/agency-assessing-\\$1b-loan-to-adani-rejects-foi-request/8259342](http://www.abc.net.au/news/2017-02-13/agency-assessing-$1b-loan-to-adani-rejects-foi-request/8259342)

2 <https://adanifiles.com.au/#env-destruction>

3 <http://www.climatechangenews.com/2016/09/22/carbon-in-existing-coal-oil-and-gas-fields-enough-to-breach-climate-limits-study/>

4 <https://www.theguardian.com/environment/2016/dec/07/climate-change-threatens-ability-insurers-manage-risk>

5 <http://ieefa.org/stranded-coal-asset-australia/>

thoroughly investigated. Again, if this criteria were applied then the Adani railway line proposal would be ineligible given their proven track record of breaking environmental laws in India ². To meet our obligations under the Paris agreement we cannot allow investment in new coal projects – or infrastructure associated with these projects³. We need to decarbonize our energy systems and prevent financial loss through increased insurance claims⁴.

- There is no requirement for NAIF to ensure a return on investment, merely that the investment be "repaid". This would seem ludicrous and completely inappropriate. Of course huge sums of taxpayer funds must receive a return – its basic financial principal to get a return on monies loaned to prevent financial loss through stranded assets. There are plenty of studies available to the public which state a clear risk of Adani's Carmichael project becoming a stranded asset so again it would seem this project is ineligible for NAIF funding⁵.

Processes used to appoint NAIF Board members, including assessment of potential conflicts of interest:

- It's very apparent that the majority of NAIF directors have a history in mining and fossil fuels. This would seem to offer a biased board lacking in diversity of opinion and necessary skills in other areas including agriculture, education, health, transport and other vital industries central to making good decisions for northern Australian communities. It is not clear how board members conflicts of interest in relation to applications is to be handled and this is another completely unacceptable outcome for members of the public and needs to be changed.

The adequacy of the Northern Australia Infrastructure Facility Act 2016 and Investment Mandate to provide for and maintain the independence of decisions of the Board:

- A major concern is that the Minister for Resources and is responsible for NAIF. Only one man. This includes selecting the board, setting the Investment Mandate and rejecting a board recommendation for a loan. As the minister we have now is a man who openly supports, and is one of coal's most outspoken advocates, how is it possible that he can offer an unbiased opinion on proposals when he is openly in favour of supporting new coal projects? Surely giving one openly biased minister the final say on investment projects is thoroughly and absolutely inappropriate and this is a clear indication that the governance framework is insufficient and needs to be changed and strengthened to diversify opinions in the decision making process.

Thank you for considering my submission.

Yours sincerely

Sandra Williams

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