

Senate Economic References Committee Inquiry into the Northern Australia Infrastructure Facility

1/3/2018

The Northern RDA Alliance welcomes the opportunity to provide supplementary information by way of Questions on Notice from the public hearing to the inquiry, held in Cairns on 1st February.

1. Going to the latter half of your submission, can you provide more detail on your proposals for:

a. Infrastructure Planning Processes

i. Why is this a problem currently?

An effective strategy for the development of Northern Australia needs to be underpinned by robust planning across the full Northern Australia region to clearly identify needs, plan for delivery and to capture cross-jurisdictional opportunities including harnessing private sector capacity. Currently there is no strategic view or priorities in relation to infrastructure needs across the North. Planning tends to be specific to jurisdictions and not cohesive or even effectively cross-referenced. Infrastructure Australia released the Northern Australia Infrastructure Audit in 2015, prior to the Northern Australia White Paper being released, which made recommendations but did not progress a platform for strategic long-term planning, prioritization and investment. The Northern Australia Pipeline of Projects (NAPOP) list is yet to be finalized which we understand will be essentially a collation of individual jurisdictions priorities, rather than a Northern Australia regional infrastructure analysis underpinned by an evidence-based approach, with strong stakeholder engagement.

A Northern Australia approach to infrastructure planning with strong Federal leadership, in effective partnership with the State and Territory jurisdictions is needed to 'lift' the focus to the entire Northern Australia region to holistically consider key issues around connectivity. A well thought out and developed infrastructure plan to benefit the North is preferential to State and Territory generated lists of unconnected projects. A strong evidence base to inform priorities need to be based on maximum benefit to communities – socially and economically – is vital to changing our thinking and delivery of effectively performing infrastructure in Northern Australia. We anticipate positive outcomes from the upcoming Northern Australia Ministerial Forum with its focus on infrastructure.

ii. You mention that there are issues about understanding what is going on at each of the Federal, State and Local levels? Can you elaborate?

There is no central portal or location that cross references relevant infrastructure plans, processes and the various pipelines and lists of projects. State and Territory level infrastructure planning is variable in its ability to identify and meet regional needs, tending to focus on the population centres which, in Qld and WA, are well out of Northern Australia. In some jurisdictions there is an unclear planning hierarchy and non-binding lists and plans further confusing the matter. There is not, therefore, a considered infrastructure focus at the regional level in Northern Qld and Northern WA to inform Northern Australia priorities and there is no mechanism

Federally to capture and deliver on these priorities to improve connectivity across the north to facilitate development outcomes.

The challenge is in capturing Northern Australia regional priorities that are more than local government priorities, are unlikely to rank as national priorities due to low population impact and may or may not feature in State or Territory infrastructure plans. We need strong linkages between effective infrastructure planning hierarchies to deliver efficiencies in investment – at local, regional, State/Territory, Northern Australia and National levels – providing clarity and appropriate signals to the private sector to leverage their investment. We need to develop a definition of “Northern Australia significant infrastructure” and appropriate methodology to inform a *Northern Australia Infrastructure Plan* sitting under the Australia Infrastructure Plan to address this gap.

iii. And similarly, that opportunities for private investment need to be identified? Can you elaborate?

Government infrastructure planning focuses on government priorities rather than private sector opportunities or projects. Planning clarity is required to enable private sector to better identify opportunities – whether through Private Public Partnerships for essential infrastructure or to prospects for purely private project ventures. This clarity is currently not provided, obscuring the investment landscape, which makes the role of the NAIF harder to fulfil.

The risk averse nature of government in identifying long term strategic infrastructure needs as well as providing even tacit support to private sector projects, inhibits the collation and sharing of private sector project investment opportunities and development. The Northern RDA Alliance acknowledges the need to balance government investment in economically enabling critical infrastructure (through a *Northern Australia Infrastructure Plan* for example) and market led private sector investment, which will drive and inform infrastructure needs.

Other matters requiring further consideration to better identify private sector opportunities include:

- The need for more specific information and data to better articulate the opportunities for investment, building on Austrade’s *Northern Australia: emerging opportunities in an advanced economy* and the Northern Australia Investment Forum 2017 – where are the opportunities?
- Development of a Northern Australia private projects list and web portal (*Northern Australia Investment Prospectus*) – what projects can I invest in?
- Stronger coordination between facilitation agencies including Austrade, State/Territory departments (eg. Trade and Investment Qld), local government and regional networks including the Northern RDA Alliance. – who can help my project through the processes?
- Investment in funds to build a strong pipeline of viable and investment ready projects – how do I develop my concept into a feasible project?

iv. How big is this problem?

The lack of effective regional infrastructure planning for Northern Australia is a significant problem in progressing the sustainable development of Northern Australia and the effective delivery of programs such as the NAIF, as a key part of that agenda.

In respect to the overarching aim of the Northern Australia agenda and the NAIF program in particular, the Northern Australia economy will not be developed on the back of government projects and the challenges in securing significant private sector investment impacts the effectiveness of the whole Northern Australia agenda. The key pathway for the sustainable development of Northern Australia is for private industry driving wealth creation projects supported by government investment in enabling infrastructure.

v. *What are the causes behind this problem?*

The absence of informed, coherent infrastructure planning across Northern Australia is a key cause, perpetuated by the absence of regional level infrastructure planning focus by jurisdictions. This fails to clarify the fundamental infrastructure for connectivity – across transport, telecommunications and uncertainty around energy and water supplies – further limiting the identification of opportunities for private sector to participate in this space.

vi. *What solutions do you have in mind? Who would be responsible? What resources are needed to achieve this?*

1. *You suggest consideration of Regional Infrastructure Plans, a Northern Australia Infrastructure Plan and an integrated Private Sector Project List?*

a. *Who would be responsible for developing these?*

Regional Infrastructure Plans should be developed by the relevant State and Territory jurisdictions on a 3- 5 year basis, driven by regionally based staff and effective engagement and consultation processes. Content would be evidence based to identify regional priorities, and allow for elevation of appropriate priorities to:

- a) the relevant State or Territory wide infrastructure plans; and
- b) the Northern Australia Infrastructure Plan.

The *Northern Australia Infrastructure Plan* should be developed by Infrastructure Australia – informed by a preceding audit, every 5 years, (on the same planning cycle as the Australian Infrastructure Plan). Content should include a transparent methodology and evidence base, clear definition of ‘Northern Australia significant infrastructure’ to identify priorities that are agreed across the four jurisdictions, ground truthed and informed by regional engagement with stakeholders including local government, industry and community and delivered through an agreed, long term, bipartisan investment program.

A *Northern Australia Investment Prospectus* (incorporating an *Integrated Private Sector Project List*) would focus on the private sector opportunities across industries and project at a range of stages (including conceptual, pre-feasible, feasible, investment ready and shovel ready). There is currently no publicly available information tracking private sector project investment and activity across the North. The *Northern Australia Investment Prospectus* would inform and attract investment from key stakeholders in the public and private sectors from across Australia and potentially from overseas including institutional investors such as superannuation funds, venture capital and

private equity investors. Such investments would aim to be both strategic in importance and enhance economic diversification.

The Northern Australia Investment Prospectus would be driven by a team of staff with broad skills and networks across sectors, jurisdictions and all tiers of government to proactively pursue information to maintain an up-to-date, accurate list on a web portal and produce a regular hard copy version (6 mthly/annually).

The Northern RDA Alliance is aware that the production of project lists and prospectuses can be problematic for governments as the commercial project space is competitive, there is frequently a high risk of failure of projects getting off the ground, there can be political sensitivities from mixed views of projects and confidentiality issues can affect currency and accuracy of available information. It is therefore challenging for a government agency, such as the Office of Northern Australia, to take on this piece of work. The Northern RDA Alliance would therefore be a useful vehicle, as an effective network of independent, not-for-profit, incorporated associations supported by, but not representing the Federal Government, for the delivery of this initiative (if appropriately resourced).

b. At what frequency?

On an ongoing basis – refer above.

c. Can you elaborate on the envisaged content in them? How would they help NAIF?

A good analysis of regional development enabling infrastructure would mean that NAIF not only had a framework to base its decision-making on but could also more proactively pursue opportunities that would legitimately result in the development of the region.

Delivery of the initiatives above would provide clarity to the NAIF on private sector opportunities, as well as regional and Northern Australia infrastructure needs, so they can focus efforts on the eligible projects that are a priority for funding.

b. Assessment and approvals processes

vii. Can you elaborate on your recommendation here?

Clarifying how projects fit within a regional, State and Territory, and broader Northern Australia agenda appears an ongoing challenge for the NAIF, in the absence of the planning and project initiatives identified above. The lack of solid integrated planning process across the North is at the heart of this lack of clarity.

Improvements to the alignment of State and Territory and Federal assessment and approval processes will facilitate greater investment and more speedy delivery of projects. There is a need to simplify the process with a coordinated and aligned approach providing effective, targeted project facilitation – not to focus on simplify the requirements.

Boosting Northern Australia Project Facilitation would be delivered by increased investment in the Major Projects Facilitation Agency to enable resourcing of staff across the North (in addition to current Darwin based staff) to

provide in situ advice and support to project proponents, side by side with Territory and State assessment and approval agencies, creating efficiency gains through aligned and coordinated processes.

To address the deficient project development pipeline, the Northern RDA Alliance propose an *Advancing Northern Australia Project Development Fund* to support the development of quality prefeasibility, feasibility and or business cases for potential private sector projects that meet a set of specific guidelines. This fund could be co-contributed by the four jurisdictions and could be managed and delivered by the Office of Northern Australia, with additional resources for a team of 3 – 5 staff, or delivered through an expert, independent, private consulting firm. Providing a stronger pipeline of viable projects will assist the sustainable development agenda for Northern Australia, noting that some of these projects would be of relevance and eligible for NAIF support and others would source private sector investment or support from other areas.

c. Communication

viii. Can you elaborate on the problems of perception of the NAIF in the community e.g. expectations?

Key messages around the NAIF's role and responsibilities have not had strong cut through with the community for example:

- What a concessional loan facility actually means – is this free money? Etc
- What is the real nature of the viability of projects that can be funded by the NAIF? If they are viable then they can secure finance from elsewhere and if they are unviable then why should they be publicly subsidized?
- What are the benefits from NAIF funded projects? How will these be measured, evaluated and importantly communicated?
- Realities of timeframes to progress projects through financing and assessment processes including the roles of the proponent and government in ensuring project progress.

These are complex messages that need to be carefully crafted and repeatedly delivered across a range of stakeholders including the general public.

Due to the sensitive nature of NAIF processes, there needs to be more public information, such as an investment portfolio for private projects, where the intent of the project can be provided to a wider audience whether they are applying for NAIF funds or not. This will allow for greater public exposure of projects seeking support. If the proponent publicly declares they are applying for NAIF funds then there will be material publicly available.

A Northern Australia Investment Prospectus would provide the public with this information.

ix. What recommendations would you make?

In relation to the operation of the NAIF:

- 1) Clarify and promote the flexibility of the NAIF in supporting smaller scale and higher risk projects which may have more complex economic and social benefits.

- 2) Support communication efforts targeted across a range of stakeholders including prospective proponents and investors, industry sector and utilize existing networks and invest in building these across the North.
- 3) Broaden the mandate of the NAIF to include, for example ,processing plants that allows growers to diversify into complementary and alternative crops benefitting growers, processors and supply chains and drive the demand for economic infrastructure such as roads, ports, rail, airports, energy and water.

x. *What resources are needed to achieve this?*

Indicative resources required for proposals above include:

1. *Northern Australia Infrastructure Plan* – to be led by Infrastructure Australia- team of 5 plus engagement funding, in collaboration with the Northern RDA Alliance;
2. *Northern Australia Investment Prospectus* – delivered by the Northern RDA Alliance, in partnership with the Office of Northern Australia - \$450,000 initial investment;
3. *Boosting Northern Australia Project Facilitation* – led by Major Projects Facilitation Agency – 3 – 5 staff per jurisdiction, in partnership with the Northern RDA Alliance;
4. *Advancing Northern Australia Project Development* – led by an expert, independent, private consulting firm or the Office of Northern Australia - \$100 - 200m fund plus additional 3-5 staff.

xi. *Who would be responsible?*

NAIF and other agencies as indicated.

xii. *What would the benefits be?*

More diverse, more supported and more beneficial regional development outcomes across Northern Australia delivering economic and social outcomes.

2. Are there any other shortcomings in developing Northern Australia that the committee should be mindful of when thinking about ways that NAIF can better support that goal?

The bulk of our commentary has focused on initiatives and needs outside the operation of the NAIF to assist it in the delivery of its objectives, as well as to support the effective delivery of the agenda for the sustainable development of Northern Australia.

The Northern RDA Alliance seeks the support of the Committee for additional investment in critical initiatives to support the NAIF in its work and drive the broader Northern Australia development agenda including:

- 1) *Northern Australia Infrastructure Plan* – to be led by Infrastructure Australia, in collaboration with the Northern RDA Alliance;
- 2) *Northern Australia Investment Prospectus* – delivered by the Northern RDA Alliance, in partnership with the Office of Northern Australia;
- 3) *Boosting Northern Australia Project Facilitation* – led by Major Projects Facilitation Agency, in partnership with the Northern RDA Alliance;
- 4) *Advancing Northern Australia Project Development Fund* – led by an expert, independent, private consulting firm or the Office of Northern Australia;

- 5) *Northern Australia Infrastructure Facility* – broadening the mandate to include processing plants and other manufacturing facilities; investing in aggregating smaller projects; investing in higher risk profile projects where demonstrated economic and social outcomes; and providing a greater emphasis on communication through utilisation of networks and effective messaging.

In addition to the range of matters identified above, we further suggest a focus on strategies to make Northern Australia more liveable and connected and to develop a strategy around energy demand and supply across the North.

NORTHERN RDA ALLIANCE



The Northern RDA Alliance (NRDAA) comprises eight RDAs whose regions make up Northern Australia. This network, representing the Gascoyne in Western Australia to Gladstone in Central Queensland, has been collaborating and providing input to the Australian Government on the development and delivery of the White Paper on Developing Northern Australia. Our aim is to inform and support policy development and its implementation, and to prioritise investment opportunities to ensure the sustainable development of Northern Australia.

Key points about RDAs in the Alliance:

- Independent, apolitical, not for profit organisations.
- Funded by the Australian Government to deliver regional economic development activities and outcomes.
- Facilitate activities across government boundaries and portfolios.
- Flexible, adaptive, efficient and effective at delivering new initiatives.
- Committee members and staff have been appointed on the basis of their extensive networks across governments, industry and communities.
- RDAs regularly contribute to regional planning in partnership with key stakeholders.
- On-the-ground knowledge of how to facilitate and advocate for outcomes in Northern Australia.

The NRDAA continues to assist the Australian Government's policy delivery on Northern Australia. Our focus is to drive the key reforms and investments needed to secure our future through the implementation of initiatives in the White Paper on Developing Northern Australia, catalysing innovative ideas and solutions.

In collaboration, the NRDAA are already delivering:

The Inland Queensland Roads Action Plan (IQ-RAP)

This is a bipartisan project funded by 49 organisations including 33 local governments and five RDA Committees to drive economic development across regional Queensland.

The IQ-RAP is a planning and decision-making tool for investment into the strategic road network that supports all rural industries and communities to achieve benefits such as better safety outcomes, job creation, productivity gains, more resilient connectivity and investment attraction.

This project is led by RDA Townsville and North West Queensland and supported by RDA Far North Queensland and Torres Strait, RDA Fitzroy and Central West and RDA Mackay-Isaac-Whitsunday.

Mid and North Western Australia Investment Portfolio 2016

This project has delivered an investment prospectus for projects across mid and north Western Australia. The approach and format used in developing the prospectus could be used as a model for Northern Australian investment attraction.

The project was led by RDA Pilbara and supported by RDA Kimberley and RDA Midwest Gascoyne.

Investigation of Alternative Solutions to Shortfalls in Regional Telecommunications

This initiative has delivered a High-Speed Wireless Technology Pilot project to test the potential of long-distance point-to-point microwave links as a low-cost strategy to expand the benefits of existing fibre infrastructure.

This project has been led by RDA Northern Territory and supported by RDA Kimberley.

Other priorities for the NRDAA include:

Development of a Northern Australian Energy Strategy

This project seeks to formulate effective pathways to smooth the transition to a low carbon energy future in collaboration with industry and community across Northern Australia. It strives to deliver secure, reliable and affordable energy across the whole of Northern Australia.

The project is being led by RDA Far North Queensland and Torres Strait.

Development of a Northern Australian Water Security Program

This initiative would involve working with stakeholders to deliver secure, quality water supplies across Northern Australian regional centres and communities.

Improving productivity and growing key industries across the North

This initiative recommends developing a framework for creating incentives and reducing barriers for private capital investment in Northern Australia.

The NRDAA remains committed to working with communities and industry to deliver sustainable economic development outcomes in Northern Australia.

Northern RDA Alliance

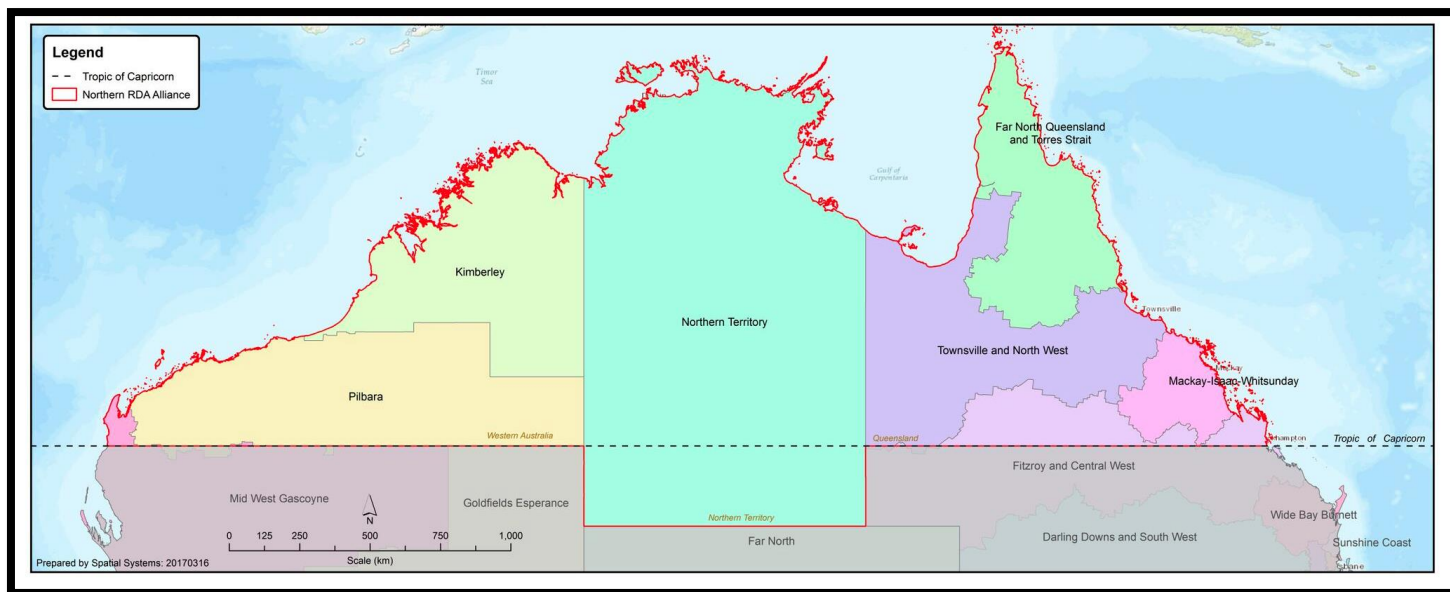
Infrastructure

Industry

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NORTHERN RDA ALLIANCE



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