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Driving business success for consulting firms in the built and natural environment

13 Dec 19

NAIF Review Team
Major Projects Policy Section
Northern Australian and Major Projects Division
Federal Department of Industry, Innovation and Science

Dear NAIF Review Team,

Submission – Review of the Northern Australia Infrastructure Facility (NAIF)

I write on behalf of Consult Australia regarding the Federal Department of Industry, Innovation and Science's (the Department) review of the operation of the NAIF Act. This letter outlines our submission, which focuses on the project pipeline and eligibility criteria, market demand, and the role of state and territory governments.

Consult Australia is the industry association that represents the business interests of consulting firms who provide design, advisory and engineering services for the built and natural environment. We represent an industry comprising some 48,000 firms across Australia, ranging from sole practitioners through to some of Australia's top 500 firms, with a combined revenue exceeding \$40 billion per year.

Project pipeline and eligibility criteria

- The ongoing success of the NAIF should be measured by the programme's ability to get infrastructure investments flowing into northern Australia to unlock additional social and economic opportunities. We believe that the Department's role in supporting applicants should be increased. This will assist applicants to meet the NAIF eligibility criteria and demonstrate alignment with its objectives.

First, we recommend a phase-gate process to developing/assessing applications where potential opportunities are identified early. The Department is can then provide additional support to help applications come to fruition and ensure alignment to broader policy objectives.

Second, the Department should adopt a consistent best practice business case assessment process, which will assist applicants to demonstrate alignment with the NAIF eligibility criteria. The Department should also provide detailed guidance on the business case application and assessment process to include the Department's methodology for measuring public benefit from an economic and social perspective.

- We do not believe the NAIF should actively target specific sectors or categories of infrastructure, however the programme could be broadened to include social infrastructure. A targeted approach is likely better handled through the Australian Government's other infrastructure programmes. We do support the Department exploring opportunities to increase the project pipeline by permitting equity investment by the NAIF, however constitutional limitations should be considered as well as which Commonwealth agency has the best capabilities to manage such an approach.

Market demand

- Feedback from our member firms suggests that potential project proponents have a limited awareness of the NAIF, and its role. We therefore believe the Department could do more to

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promote the programme, potentially in partnership with relevant state and territory governments.

- Capacity and capability limitations of industry to design and deliver projects may inhibit the goals of the programme, particularly in northern Australia. The ability to respond to skill demands may be more challenging in northern Australia, due to the unprecedented demand for infrastructure investments in other areas of Australia such as Melbourne, Sydney and South-East Queensland.

As such, opportunities to develop skills and expand northern Australia's capabilities and capacity to deliver infrastructure means that public benefits from small-scale infrastructure projects are significant. We believe the Department should investigate how the NAIF could be better structured to support these smaller projects. Two examples of potential structural improvements could include:

- A partnership approach to expand the project pipeline by providing additional support for proposals through the assessment and approval process, and
- mechanisms for providing equity or grant funding for projects.

The role of state and territory governments

- There are significant opportunities to increase the role of state and territory governments to help increase the pipeline of NAIF supported projects. One option could include delegating the approval process to the relevant state or territory government. Another option could be to increase the appetite of relevant state and territory governments in the programme by ringfencing a proportion of NAIF financial assistance that is exclusively available in their jurisdiction. Alternatively, link additional grant funding incentives for jurisdictions based on the uptake of NAIF support (similar to the 15 per cent 'bonus' incentive for state and territory governments under the Commonwealth's previous asset recycling initiative).

Consult Australia thanks you for the opportunity to contribute to this review. I invite you to contact me directly at nicola@consultaaustralia.com.au for more information or to discuss our input further.

Yours sincerely,

Nicola Grayson
Chief Executive