

Our Ref: SD-EP: I241014-251896

23 October 2024

Review Committee
2024 Independent Review
Northern Australia Infrastructure Facility

Dear Review Committee,

**RE: SUBMISSION TO THE 2024 INDEPENDENT REVIEW OF THE NORTHERN AUSTRALIA
INFRASTRUCTURE FACILITY ACT 2016**

I am writing on behalf of the Shire of Broome in response to the 2024 Independent Review of the Northern Australia Infrastructure Facility (NAIF) Act 2016. The Shire welcomes the opportunity to provide feedback on the key issues raised in the Discussion Paper, particularly with regard to the Investment Mandate and the impact NAIF projects have on the Shire of Broome economy and community.

Please note that the comments provided below has been prepared by officer's and has not been endorsed by Council due to the short comment period.

Broader Community and Economic Impact

Under the Investment Mandate, it is noted that NAIF's goal is to ensure that funded projects provide benefits in two main areas:

1. Providing a basis for economic growth in the region or community such as by providing local employment opportunities (including employment opportunities for First Nations peoples), growing regional income, increasing sovereign capability, providing local procurement opportunities (including Indigenous procurement opportunities), or increasing business for local suppliers; or
2. Stimulating population growth by improving regional or community access to social infrastructure, for example social or affordable housing, or by increasing regional or community liveability or living standards.

Despite NAIF's mandate, there has been a distinct lack of investment in point 2 - social or housing infrastructure in Northern Western Australia and the Northern Territory. The absence of such investments has put further pressure on the Shire of Broome, where we are grappling with a severe shortage of affordable housing, lack of childcare services, and insufficient worker accommodation.

Missed Opportunities for Social Infrastructure

NAIF has only supported one housing project—Cairns’ \$140 million initiative—suggesting that NAIF has overlooked a crucial aspect of its mandate. The project pipeline has focused disproportionately on larger economic projects, neglecting the social infrastructure that is vital to the long-term sustainability and liveability of Northern Australia. This exacerbates socio-economic inequalities and places significant strain on our local communities, making it increasingly difficult to support population and economic growth sustainably.

For instance, while NAIF funded Kimberley Mineral Sands’ Thunderbird project in the Kimberley, the socio-economic impacts on Broome and the wider region were not adequately addressed. The project failed to consider two major challenges facing our community: affordable housing and worker accommodation. Without addressing these fundamental needs, local communities cannot fully benefit from the job creation and economic growth brought by large-scale projects, resulting in an unbalanced socio-economic outcome.

Project Changes and Community Impact

Additionally, it is worth noting that Kimberley Mineral Sands was originally supposed to ship through Derby, a plan that was widely welcomed by that community as it promised to bring local jobs and economic benefits. However, the decision was later changed, and shipping was rerouted through Broome instead, a move that has generated negative sentiment among some parts of the Broome community. There most certainly have been positive economic outcomes for Broome, but this raises an important question: when a social assessment of a NAIF-funded project commits to certain benefits, but the project later deviates from those commitments, how is this taken into consideration or assessed/re-assessed?

Consultation and Engagement with Local Stakeholders

Upon reviewing the terms of reference for this Independent Review, we noted the intention of the Panel to undertake targeted consultations with; *Australian, state and territory government agencies; and the NAIF itself*. However, it is crucial that all local governments and First Nations Native Title representatives affected by the investment (in the KMS example this would be Nyambu Buru Yawuru, Joombarn-buru Aboriginal Corporation, and Walalakoo Aboriginal Corporation) be identified, and respected as key stakeholders and are also engaged as a priority in these discussions. These stakeholders play a pivotal role in understanding the local needs and the broader community impacts of NAIF projects.

We must also highlight the insufficient notice provided to the Shire of Broome in the consultation process. The Shire of Broome was given only seven days’ notice to prepare this submission, and we strongly object to this process, as it fails to provide adequate time for thoughtful and meaningful input. We urge the Review Panel to ensure that ample time and opportunities for input are provided to local governments and key community representatives in future consultation rounds. These voices are essential to ensuring that NAIF projects meet the real needs of Northern Australian communities.

Constraints on Small Loans and Due Diligence

NAIF acknowledges that the complexity of due diligence and public benefit assessments often leads to a de facto minimum loan size of \$10 million. This is inhibiting smaller, socially-focused projects from accessing NAIF financing, particularly those that would directly address the pressing issues of housing, accommodation, and childcare in Northern Western Australia.

Regarding NAIF's ongoing role, we would argue that small loans must be a more central part of NAIF's operations. However, if NAIF is unable to reduce the complexity and resource requirements involved in due diligence for smaller-scale projects, then it may not be the most suitable vehicle for this type of financing. In such cases, alternative funding streams with more flexible terms and a clearer focus on regional social infrastructure must be prioritized to meet the critical housing and liveability needs of Northern Australian communities.

Additional insights or comments

A whole-of-government approach, with both federal, state and local governments working together in a coordinated manner, is essential to address the broader implications of NAIF-funded projects. A mature and holistic approach would recognize that while major resource development projects contribute to economic growth, they also create additional pressures on local communities in terms of housing, infrastructure, and essential services. To fully realize the benefits of these economic investments, corresponding social investments must also be made to ensure communities can sustainably support the increased demand generated by these developments.

If NAIF were to establish a smaller loan facility—one accessible to local developers for critical projects such as worker accommodation, childcare, and other social infrastructure—it would create the necessary balance between economic and social investments. This would enable regional areas to better absorb the impacts of large-scale development while maintaining the quality of life and liveability for the local population.

Ultimately, by adopting this dual investment approach, where social infrastructure receives equal consideration alongside major economic projects, a more sustainable and inclusive model of development could be achieved. We believe that NAIF, in collaboration with state and federal governments, has the ability to play a leading role in creating this balance and fostering the long-term prosperity of Northern Australian communities.

In regions where major resource investments have been made, consideration could be made for non-repayable grants to local communities for social improvements, particularly when local governments do not receive royalties from these projects. For example, the Shire of Broome does not receive any royalties and minimal rates from the Kimberley Mineral Sands (KMS) project, despite the impact on local infrastructure and services.

By providing targeted social grants alongside economic investments, NAIF could realise the broader community benefits from these projects, not just the industries involved. This approach helps maintain social cohesion, addresses local concerns, and supports the long-term well-being of residents and workers in affected regions like Broome.

There could also be consideration of requiring developers to implement a Community Engagement Plan similar to the Indigenous Engagement Plans. Just as Indigenous Engagement Plans outline

commitments to First Nations employment, training, and procurement, a Community Engagement Plan could set out how the developer will actively contribute to the broader community's well-being. Such a plan would include commitments to support local infrastructure, affordable housing, and community services, ensuring that the developer takes responsibility for mitigating any social impacts their project may create. This would not only foster better relations between the company and the community but also ensure that economic growth from resource developments is more inclusive, benefiting the local population in meaningful ways. By formalizing this into the development process, similar to Indigenous Engagement Plans, developers would be required to demonstrate how their projects provide broader benefits to the communities in which they operate.

Conclusion

The Shire of Broome strongly advocates for a rebalancing of NAIF's investment priorities to ensure that the broader economic and social benefits mandated by the Act are fully realized.

Social infrastructure, particularly in areas such as housing, worker accommodation, and childcare, is critical to the sustainability and resilience of our regional communities. Without greater attention to these issues, the economic growth spurred by NAIF investments will continue to be undermined by the strain placed on already overstretched local resources.

We appreciate the opportunity to contribute to this review and hope that future iterations of NAIF's Investment Mandate will place greater emphasis on addressing the social infrastructure needs of Northern Australia.

Thank you for your consideration.

Yours sincerely,



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CHIEF EXECUTIVE OFFICER