

Summary of NAIF response – ANAO: Governance and Integrity of the NAIF

NAIF agrees to ANAO Recommendations 1-4 and 6 agrees in principle to Recommendation 5. NAIF's full response is at Appendix 1 and in responses to those Recommendations provided in the report.

NAIF agrees with the ANAO that principles of accountability and transparency are essential to maintaining public confidence in the quality of public administration. NAIF disagrees with the ANAO finding that NAIF's arrangements to support the integrity of NAIF decision making were not fully effective in terms of either transparency or evidence of consistent treatment of projects.

NAIF's decision making criteria are transparent being comprehensively set out in a list of five mandatory criterion and at least 27 requirements in the NAIF Act and Investment Mandate that the Board must consider in making an Investment Decision.

NAIF publishes information, at all times balancing transparency with its best practice statutory obligations to maintain commercial in confidence information, in order to deliver on its mandate.

Documentary evidence exists for all NAIF decisions to progress projects through NAIF's various stages. NAIF does not accept that the examples provided at paragraphs 3.46 – 3.52 are evidence of a lack of clarity as to why particular projects were presented to the Board and not others.

The NAIF process has been designed to deliver on its objective of accelerating infrastructure development. It involves a test (applied at the strategic assessment stage) requiring that a project demonstrates potential to meet all criteria. There is a separate test which requires the NAIF CEO to have formed a view that a project if it were presented to the Board, the Board would be likely to exercise its discretion to decline an Investment Proposal.

NAIF also disputes the ANAO's statements at paragraph 3.51. There were no instances where a project that did not have the potential to meet the criteria was recommended to be moved to due diligence.

All decisions have been made against consistent and correct criteria. NAIF accepts and has acted to ensure there is more consistency in documentation by different executives for the strategic assessment stage (in being clear the analysis at that stage relates to a potential to meet criteria). A lack of decisions by the NAIF Board to refuse financial

assistance for the applications presented to it is also not reflective of any issue with NAIF's process.

The ANAO analysis (at paragraphs 3.41-3.42) focussing on the time projects are in the NAIF system is not evidence of any inconsistency or lack of integrity of NAIF's decision making process and is not determinative of an outcome. As a result of both the unique project and proponent characteristics and the overlay of commercial judgement, projects progress at different rates which creates variability in timing to progress. That is not evidence of a lack of consistency of approach or process. NAIF applies the same process consistently to the differing parameters of each project to assess against the NAIF requirements.

ANAO (at paragraph 3.43) asserts that NAIF should ensure it makes a decision to grant or refuse all projects expeditiously and to a 30 June 2021 deadline. NAIF's response is that projects may not be ready to be managed by NAIF to such an outcome. NAIF is actively seeking to progress projects quickly where feasible but it does not discount any opportunity peremptorily and it does not control project timelines.