

Catalyst Infrastructure Program

Program guidelines

As at September 2015

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1. Program summary

The Catalyst Infrastructure Program (CIP) is a Queensland Government initiative to invest in urban infrastructure that unlocks development and creates construction and long-term employment. It will be administered by Economic Development Queensland (EDQ).

CIP is generally defined as transport infrastructure, water supply, wastewater and stormwater infrastructure however, other categories of infrastructure will be considered provided they meet the eligibility criteria.

To be eligible for CIP funding, the following assessment criteria will be applied:

- The proposed infrastructure must generate, facilitate or accelerate economic benefit, particularly job creation.
- The proponent(s) must be co-investing between 10 per cent and 50 per cent of the total cost of the infrastructure.
- The proponent(s) must undertake to repay the co-investment over a period of no greater than 15 years.
- Work on the proposed project can commence within twelve months of execution of funding agreements.
- Demonstrated financial capability to deliver the project and the repayment of the CIP investment.

Potential CIP projects will be identified:

- by EDQ's Infrastructure team in conjunction with local governments and/or proponents;
- via direct contact by a proponent with EDQ; or
- through the submission of a proposal using the preliminary information form on EDQ's CIP website.

To be eligible for assessment under the CIP, proponents' submissions must address the assessment criteria. Assessment of CIP projects is a continuous process and submissions may be made at any time.

Assessment of potential CIP projects will be undertaken in two stages:

- In stage one, eligible projects will be assessed and rated according to the assessment criteria.
- For projects that progress to stage two, EDQ will work with the proponent(s) and the relevant local government to undertake the detailed assessment of proposals to determine how the project will be managed and the risks to EDQ in co-investing. Based upon this assessment, EDQ will provide recommendations to the Deputy Premier and Minister for Economic Development Queensland (MEDQ) for consideration and approval.

Successful projects will receive a funding offer. If proponents accept the offer, they will be required to enter into a formal funding agreement with the MEDQ within three months of approval of the project.

2. Program outline

2.1 Background

On 16 September 2015, the Deputy Premier and Minister for Economic Development Queensland (MEDQ) announced the Catalyst Infrastructure Program (CIP) as a new Queensland Government initiative to assist in the facilitation of catalyst infrastructure to drive economic benefit for Queensland.

The Queensland Government is looking to partner with local governments, water distributor-retailers and select developers to co-invest in urban infrastructure that unlocks development and creates construction and long-term employment.

Economic Development Queensland's Infrastructure team will manage the program as the *Economic Development Act 2012* provides that the MEDQ's role includes 'providing or contributing to the provision of infrastructure'. MEDQ also has the ability to 'lend money, or enter into other financial arrangements as part of dealing in land or other property'.

2.2 Objectives

This program is an opportunity for EDQ, local governments, utility providers and the development sector to work together to identify and facilitate delivery of urban infrastructure that unlocks development and creates construction and long-term employment.

The key objectives of this program are to:

1. deliver infrastructure that facilitates economic development and job creation in local government or priority development areas (PDAs) and accelerates private sector investment
2. partner with local governments, water distributor-retailers and key developers to provide leveraged investment (through co-investment) that is repaid within specified timeframes to enable sustainable, ongoing program funding
3. facilitate the timely delivery of infrastructure to catalyse development and investment resulting in an economic benefit to Queensland.

2.3 Funding

A total of \$59.35 million is expected to be spent on the program over three years commencing in the 2015–16 financial year.

3. Eligibility

3.1 Eligible proponents

The following entities will be eligible for CIP funding:

- local governments
- water distributor-retailers
- developers.

EDQ will accept joint submissions from eligible proponents.

3.2 Eligible projects

Projects will generally take the form of transport infrastructure works, water supply reticulation, major sewerage transport and treatment or stormwater infrastructure however other categories of infrastructure will be considered provided they meet the eligibility criteria.

3.3 Eligibility criteria

To be eligible for co-investment, the proposed infrastructure project/proponent must meet all of the following criteria:

1. the proposed infrastructure must generate, facilitate or accelerate economic benefit and/or address an existing environmental problem
2. the proponent(s) must be co-investing between 10 per cent and 50 per cent of the total cost of the infrastructure
3. the proponent(s) must undertake to repay the PDI co-investment over a period of no greater than 15 years (per the schedule below)
4. work on the proposed project can commence within twelve months of execution of funding agreements
5. demonstrated financial capability to deliver the project and the repayment of the CIP investment.

The above are the assessment criteria for eligibility for CIP investment. In addition to these criteria, if the proponent is not the ultimate asset owner, evidence that the ultimate asset owner will accept the completed asset.

3.4 Repayment of co-investment and security

EDQ will be seeking repayment of its co-investment so that the funds can be recycled and act as an ongoing source for further investment. Generally, this is achieved through 100 per cent return on the CIP co-investment.

EDQ's co-investment in CIP is interest-free. The term for repayment of co-investment by proponents will generally be as follows:

- 10 years for \$5 million to \$10 million
- 15 years for greater than \$10 million.

4. CIP identification

4.1 Project identification and local prioritisation

Potential CIP projects will be identified:

- by EDQ's Infrastructure team in conjunction with local governments and/or proponents;
- via direct contact by a proponent with EDQ; or
- through the submission of a proposal using the preliminary information form on EDQ's CIP website.

To be eligible for assessment under the CIP, all proponents must submit written proposals that address the assessment criteria. Assessment of CIP projects is a continuous process and submissions can be made at any time.

In identifying potential projects, local governments may identify strategic infrastructure priorities through regional/infrastructure planning documents and processes such as community or regional plans, priority infrastructure plans and social impact management plans. Local governments are also encouraged to engage with development proponents and other relevant organisations as part of this process. Further information may be requested during the assessment process.

4.2 Proposals

Proposals must be provided in writing, demonstrate how the project meets the assessment criteria and include:

- a brief description of the infrastructure, estimated cost, the status of design, approvals, access, delivery entity/mechanism and program
- how the project will result in quantifiable economic benefit (i.e. creation of jobs, economic growth, environmental benefit) to the region, local government or PDA
- how the CIP co-investment will catalyse development
- that the project will be ready to commence construction within twelve months of signing the funding agreement
- evidence that ongoing operation, maintenance and replacement costs of the project have been considered
- demonstration of financial capability undertake the project and to repay the CIP investment.

Proposals should also include relevant locality and layout plans.

Eligible project costs may include the purchase of land, contingencies (up to 15 per cent), and expenses incurred for technical, professional and/or administrative staff for time directly related to managing the project (excluding any executive duties and general overhead charges) as a reasonable proportion of overall project costs. If there is any doubt about eligible projects or costs, please contact EDQ's Infrastructure team on 3452 7404 or alternatively, on by email

cip@dilqp.qld.gov.au

EDQ's CIP co-investment is a capped maximum. As a result, variations in excess of the project budget are the responsibility of the proponent(s). In addition, proponents' co-investment contributions, in general, are to be expended prior to any drawdown on CIP funding.

5. Assessment criteria

Proposals will only be deemed eligible if all eligibility criteria are met.

The purpose of the criteria is to determine how the project will be managed and the risks to EDQ, including return on its investment. They will also assist in demonstrating how the project maximises economic benefit to the community.

Eligible proposals will be assessed and prioritised according to the extent that they meet the following criteria.

- 1. The proposed infrastructure will generate, facilitate or accelerate economic benefit and/or address an existing environmental problem.**
 - a. There is demonstrated need for the infrastructure to catalyse development as identified through market analysis and/or commitment from developer(s).
 - b. To clarify, for example:
 - Eligible infrastructure – sewerage infrastructure linking existing with future development for which there is market demand, which would facilitate that development commencing, where otherwise it would not.
 - Ineligible infrastructure – road upgrade to address existing under capacity, which does not also facilitate development for which there is market demand commencing, where otherwise it would not.
- 2. The proponent(s) must be co-investing between 10 per cent and 50 per cent of the total cost of the infrastructure.**
 - a. The level of co-investment will be a consideration in the prioritisation of projects.
- 3. Work on the proposed project can commence within twelve months of execution of funding agreements.**
 - a. The proponent has the capability to deliver the project within the twelve months of execution of the funding agreement. Examples of how this may be achieved are through project plans, scheduling in planning documentation (e.g. a local government infrastructure plan) obtaining the relevant approvals for the project.
- 4. The project is financially sound.**
 - a. The project is financially sound, including demonstrated value-for-money and a plan for the viability of the project (such as local government capacity to manage, operate and maintain the infrastructure following construction).
 - b. The proponent has the capability to deliver the project including appropriate staff, expertise and capacity to manage the project.
 - c. Where CIP co-investment is with local authorities, advice will be sought from the Department of Infrastructure, Local Government and Planning regarding financial capability.
 - d. Where CIP co-investment is with private enterprise, independent financial checks will be undertaken regarding financial capability.

5. The proponent(s) must undertake to repay the CIP co-investment over a period of no greater than 15 years (per the schedule below).

- a. The amount, period and certainty of the repayment of investment will be considerations in the prioritisation of projects.

6. Assessment

Only eligible proposals will proceed to assessment, which will be made in two stages.

6.1 Stage 1 – preliminary assessment – eligibility and prioritisation

Eligible projects will be assessed and rated according to the assessment criteria. These reviews will also include assessment of strategic fit against Queensland Government infrastructure priorities and the availability and relevance of alternative funding sources.

From these reviews, recommendations will be developed for the MEDQ who will determine whether to proceed to the detailed assessment stage.

6.2 Stage 2 – detailed assessment

EDQ will work with the proponent(s) and the relevant local governments to undertake the detailed assessment of proposals to determine how the project will be managed and the risks to EDQ in co-investing.

The detailed assessment will address the following:

- detailed scoping of infrastructure project, including:
 - type and extent
 - cost estimates
 - delivery mechanism
 - delivery program
- repayment of Investment – timing, quantum, security
- term sheet or memoranda of understanding for subsequent agreements – issue and agreement between parties
- economic benefit – confirmation of nexus between co-investment and economic benefit, quantification and timing.

EDQ's Infrastructure team will assess submissions against the assessment criteria and prioritise according to the economic benefit to Queensland.

Based upon this assessment, EDQ will provide recommendations to the MEDQ for consideration and approval.

Responsibility for approving applications for funding will rest with the MEDQ, currently the Deputy Premier and Minister for Infrastructure, Local Government and Planning.

7. Successful applications

Proponents with successful projects will receive an offer of financial assistance. If they choose to accept the offer, they will be required to enter into a formal funding agreement with the MEDQ on behalf of the State of Queensland within three months of funding approval of the project.

The agreement provides details on general and specific conditions of funding associated with delivery of the CIP.

An agreement is valid for the duration of the approved project and once signed by both parties forms a legally binding agreement.

Key features of the agreements include:

- information about the funding recipient
- details of the approved project
- conditions of funding such as timeframes for project completion
- how funds will be spent
- accountability, governance and acquittal processes
- forecast claim dates
- reporting requirements
- acknowledgment of government funding.

Once the agreements are executed, the proponent and EDQ establish a project control group (PCG) to:

- a) confirm and agree on the delivery program for the works
- b) review and approve the designs for the works and the progress
- c) review and provide recommendations in relation to the quotes and tenders for the design of the works (including but not limited to reviewing and evaluating the tender evaluation report and recommendation)
- d) provide directions to the proponent to rectify any breach of the procurement process as identified by the probity auditor (if relevant).

The proponent and EDQ will each nominate two representatives for the PCG.

Once the agreements have been entered into the funds will be drawn-down as the proponent incurs expenses for the contractor(s) or to an agreed schedule of milestones.

All procurement will be required to comply with local government and State procurement policies.

8. Confidentiality and privacy

8.1 Confidentiality

The Department of Infrastructure, Local Government and Planning is collecting information for the purpose of evaluating projects for the CIP co-investment program. By agreeing to the conditions in these program guidelines, the information that you supply may be shared with program stakeholders (including the Local Government Association of Queensland, Queensland Resource Council, APPEA and others) for the purpose of ensuring the emerging package of projects is consistent with the overall direction and development of the industry and communities.

The Department may also disclose information to promote the incentive through the release of the recipient's name, the amount of financial assistance and general details of the project. The Queensland Government is committed to maintaining the confidentiality of information of a commercially sensitive nature.

8.2 Privacy statement

Information collected is also subject to the *Right to Information Act 2009* and the *Information Privacy Act 2009*. The information provided may be publicly released and or provided to third parties (including Local Government Association of Queensland, Queensland Resource Council, APPEA and others) and other government agencies—but only for the purposes for which the information is being collected. The proponent's personal information will be stored on departmental files and may be disclosed for purposes relating to the CIP or as authorised or required by law.

9. More information

Further information can be obtained from EDQ via:

- website: www.edq.qld.gov.au/cip
- email: cip@dilgp.qld.gov.au
- phone: (07) 3452 7404

The contact person for this program is:

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