

SCHEDULE

BAF EVALUATION CRITERIA

In accordance with the provisions of the *Nation-building Funds Act 2008*, Infrastructure Australia is asked to provide advice to Government on transport, communications, energy and water proposals (which relate to the creation or development of infrastructure) for funding from the Building Australia Fund against the following evaluation criteria.

Projects that do not meet the criteria in full may still be assessed as conditionally meeting the criteria if Infrastructure Australia considers the criteria will be met prior to funding commencing.

Principle 1: Projects should address national infrastructure priorities

Evaluation Criterion 1: Extent to which projects address national infrastructure priorities:

- a) Project proposal should demonstrate a positive impact on national productivity and economic growth.
- b) Where applicable, project is expected to assist in: developing Australia's cities or regions; and/or enhancing international competitiveness; and/or improving Australia's ability to address climate change and adaptation effects.
- c) Project should fit with broader Commonwealth, State or Territory policies and/or plans.
- d) Project addresses a need that is not provided for through existing infrastructure.

Principle 2: Projects should demonstrate high benefits and effective use of resources

Evaluation Criterion 2: Extent to which proposals are well justified with evidence and data.

- a) Proposal should demonstrate through a cost-benefit analysis that the proposal represents good value for money.
- b) Project should indicate an expectation of long term public benefits, taking into account economic, environmental and social aspects of the project.

Principle 3: Projects should efficiently address infrastructure needs

Evaluation Criterion 3: Extent of efficiency and co-investment.

- a) Funding of the project by the Commonwealth may leverage other forms of funding including from the private sector and other levels of government.
- b) Projects should take account of relevant market structures and pricing mechanisms.
- c) Project delivers an effective and efficient response to addressing an identified infrastructure need.

Principle 4: Projects should demonstrate they achieve established standards in implementation and management

Evaluation Criterion 4: Extent to which efficient planning and implementation has occurred.

- a) Project risks have been analysed.
- b) Consideration has been given to, where relevant, the requirements that will need to be addressed prior to construction of the project including relevant approvals, land acquisition and planning.

Explanatory Statement: BAF Evaluation Criteria

Section 120(1) of the *Nation-Building Funds Act 2008* (the Act) provides that the Minister for Infrastructure, Transport, Regional Development and Local Government (the Infrastructure Minister) may, by legislative instrument, formulate criteria (*BAF evaluation criteria*) to be applied by Infrastructure Australia in giving advice under subsections 116(1), 117(1), 118(1) or 119(1) of the Act.

Under s. 52(1) of the Act, the Infrastructure Minister can recommend to the Finance Minister the authorisation of payments from the Building Australia Fund (BAF) for the creation or development of transport infrastructure. Pursuant to s. 52(2), the Infrastructure Minister must not recommend payments from the BAF unless Infrastructure Australia has advised the Infrastructure Minister that the payment satisfies the BAF Evaluation Criteria.

Similar arrangements apply under s. 52 to advice from Infrastructure Australia in relation to communications, energy and water infrastructure, where Infrastructure Australia provides advice, through the Infrastructure Minister, to the Minister for Broadband, Communications and the Digital Economy (the Communications Minister), the Minister for Resources and Energy (the Energy Minister), and the Minister for Climate Change and Water (the Water Minister).

In accordance with s. 120(3), prior to formulating the criteria the Minister consulted the Communications, Water, Energy Ministers and the responsible Ministers (the Finance Minister and the Treasurer).

The BAF Evaluation Criteria reflect the Government's overarching principles that projects financed from the Funds should:

- address national infrastructure priorities;
- demonstrate high benefits and effective use of resources;
- efficiently address infrastructure needs; and
- demonstrate they achieve established standards in implementation and management.