

Catalyst Infrastructure Program

Program guidelines

As at October 2017

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Version Control

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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, generates construction activity and creates long-term employment. The program is administered by Economic Development Queensland (EDQ).

The Catalyst Infrastructure Program

- Co-investment of up to 90 per cent of the cost of an eligible project.
- Funding in the form of an interest-free loan, generally repaid in full over a period of up to 15 years, secured through legal agreement and other securities.
- Available for “Catalyst” Infrastructure which will unlock development, generate construction activity and create long-term employment.
- Catalyst infrastructure includes new transport, water, wastewater, stormwater and public realm infrastructure (but other categories may be considered).

How to Apply

- Apply at any time.
- Submit a project proposal using the **Catalyst Infrastructure Program Application Form** and **Catalyst Infrastructure Program Application Reporting Input Sheet** available on EDQ’s CIP website.
- Ensure applications are complete and address the assessment criteria.

Two Stage Assessment

- **Stage One** – Eligible projects will be assessed and prioritised per the assessment criteria. Only projects which are successful in Stage One will progress to Stage Two.
- **Stage Two** – Projects will be assessed per the co-investment funding risk to EDQ. Based on this assessment, EDQ will develop a Term Sheet as the basis of a CIP funding agreement between the MEDQ and the proponent(s). If the Term Sheet is agreed by all parties, EDQ will submit CIP funding recommendations to the Deputy Premier and Minister for Economic Development Queensland (MEDQ) for consideration and approval.

Critical Timeframes

- Applications may be made at any time.
- Stage One Assessment - Forty-five (45) days
- Stage Two Assessment – Three (3) months.
- Formal Funding Agreement – Three (3) months from funding offer.
- Construction commencement – Within nine (9) months of funding offer.

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, utility providers and developers to co-invest in urban infrastructure that unlocks development and generates construction and long-term employment.

Catalyst Infrastructure is defined as the construction of physical networks, or 'hard' infrastructure, which is necessary to unlock development, generate construction activity and create long-term employment. The CIP will provide co-investment funds to facilitate and accelerate projects which would not otherwise proceed or be delayed. Projects include new transport, water, wastewater, stormwater and public realm infrastructure. However other categories of infrastructure will be considered, provided they meet the program criteria.

Economic Development Queensland's Infrastructure team manages 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 can '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 generates 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 catalyses or accelerates private sector investment
2. partner with local governments, private utility providers and 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

Under the program, EDQ offers co-investment funding towards successful projects in the form of an interest-free loan. Repayment of EDQ's co-investment enables the funds to be recycled for future projects.

A total of \$90.10 million was allocated to the program over three years commencing in the 2016–17 financial year.

3. Eligibility

3.1 Eligible proponents

The following entities will be eligible for CIP funding:

- local governments
- utility providers
- developers.

EDQ will accept joint submissions from eligible proponents.

3.2 Eligible projects

Projects include the construction of new transport, water, wastewater, stormwater and public realm infrastructure. However other categories of infrastructure will be considered, provided they meet the program criteria.

3.3 Eligibility criteria

To be eligible for CIP co-investment funding, the proposed infrastructure project and the proponent(s) must meet all the following mandatory criteria:

1. the project must generate, facilitate or accelerate economic benefit and job creation
2. the proponent(s) must co-invest between 10 and 50 per cent of the total cost of the infrastructure project
3. the proponent(s) must have the capability to deliver the proposed infrastructure project, including appropriate staff, expertise and financial capacity.
4. the proponent(s) must have the financial capacity to repay the CIP co-investment funding, EDQ may verify this through independent financial checks.
5. if the project is successful in being approved for CIP co-investment funding, the proponent(s) must comply with the timeframes set out below:
 - a) the proponent(s) must execute a CIP funding agreement within three months of the date the project was approved for CIP co-investment funding
 - b) the proposed infrastructure project must commence construction within nine months of the date the project was approved for CIP co-investment funding
 - c) the proponent(s) must repay the CIP co-investment funding, in instalments with a frequency of no longer than a year, over a period of no more than 15 years from the date the CIP funding agreement was executed.

4. Project 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 proponent(s);
- via direct contact by the proponent(s) with EDQ; or
- through the submission of a proposal using the Catalyst Infrastructure Program Application Form available on EDQ's CIP website.

Only submissions which meet all Eligibility Criteria will progress to Stage One assessment. Assessment of CIP projects is a continuous process and submissions can be made at any time.

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:

- detailed information regarding the type of infrastructure and works to be constructed
- detailed information regarding the extent, location and sizing of the infrastructure
- cost estimate for the design and construction of the infrastructure
- current status of the project
- confirmation of all required approvals, including a summary of approvals that have been granted and approvals that are yet to be gained to commence the project
- programme detailing timeframes for design, approvals and construction
- legal name of the entity who will be party to the co-investment funding agreement
- Lot on Plan description of the land on which the infrastructure will be constructed
- legal name of the entity who owns the land on which the infrastructure will be constructed
- details of the proposed delivery method, and the entity responsible for the delivery
- legal name of the entity who will ultimately own, operate, maintain the infrastructure (after construction is complete), and take responsibility for ongoing operation, maintenance and replacement costs associated with the infrastructure. If the proponent(s) is not the ultimate asset owner, the proposal must evidence that the ultimate asset owner will accept the completed asset.
- demonstrate that the project will generate, facilitate or accelerate economic benefit and job creation
- demonstrate that the CIP co-investment will catalyse the project and the associated outcomes (economic benefit and job creation)
- demonstrate commitment to co-invest 10 to 50 per cent of the total project cost
- demonstrate capability to deliver the proposed infrastructure project
- demonstrate financial capacity to repay the CIP co-investment funding
- demonstrate commitment to the timeframes to:
 - a) execute a CIP funding agreement within three months of the date the project was approved for CIP co-investment funding
 - b) commence construction within nine months of the date the project was approved for CIP co-investment funding
 - c) repay the CIP co-investment funding, in annual instalments, over a period of no more than 15 years from the date the CIP funding agreement was executed.

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, or by email cip@dilgp.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

5.1 Assessment criteria

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

Further to the eligibility criteria, proposed infrastructure projects will be assessed and prioritised according to the extent to which they meet a range of program benchmarks, as follows:

1. The project involves the construction of new transport, water, wastewater, stormwater and public realm infrastructure. However, other categories of infrastructure will be considered, provided they meet the program criteria.
2. There is demonstrated need for the infrastructure to catalyse development as identified through market analysis.
3. The project maximises economic benefit and job creation for the community or region.
4. The project is financially sound, including demonstrated value-for-money and long-term viability.
5. The project is shovel-ready, with approvals in place.
6. The CIP co-investment being sought is \$15 million or less.
7. The CIP co-investment is strictly capped and variations in excess of the project budget are the responsibility of the proponent(s).
8. The proponent(s) commits to expending their contribution prior to any drawdown on CIP funding.
9. The project will be constructed within eighteen months of the funding agreement being executed, unless there are exceptional circumstances.
10. Repayments must commence within twenty-four months of the funding agreement execution.
11. The repayment term will be determined in proportion to the CIP co-investment amount, and will generally be as follows:
 - a) 10 years for \$5 million to \$10 million
 - b) 15 years for greater than \$10 million
12. The proponent(s) must provide security for the loan in the form of a bank guarantee, the value of which will be determined in proportion to the level of risk the project represents to EDQ, including return on its investment
13. The proponent(s) repays 100% of the CIP co-investment.
14. The proponent(s) demonstrates that the ultimate asset owner will accept, maintain and upkeep use of the infrastructure asset.

This assessment process will determine project prioritisation and which projects are successful in attaining CIP co-investment funding. Though these assessment criteria are not mandatory criteria, a successful project would meet all or several key assessment criteria.

5.2 Repayment of co-investment and security

EDQ's CIP co-investment is interest-free. 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 requires security over the repayments, in the form of a bank guarantee. The value of this security will be determined during the assessment process with consideration of risks the project represents to EDQ.

6. Assessment Process

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

6.1 Stage 1 – Preliminary Assessment

Eligible projects will be assessed and prioritised 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 to determine whether the project will proceed to Stage 2 - Detailed Assessment.

6.2 Stage 2 – Detailed Assessment

EDQ will work with the proponent(s) to undertake the detailed assessment of proposals. The risks the project represents to EDQ will be assessed to determine the terms of a potential CIP funding arrangement.

If EDQ and the proponent(s) reach an agreement on the Term Sheet, EDQ will determine if the project will be prioritised for CIP funding, based on available funding, adherence to the assessment criteria, the project risk profile, and the economic benefit to Queensland.

EDQ will provide recommendations to the MEDQ for consideration and approval. Responsibility for approving project proposals for CIP 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 the proponent(s) 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. If the proponent(s) have not executed the formal funding agreement within three months of the offer, the offer will be lapsed.

EDQ will provide the formal funding agreement, which provides details on general and specific conditions of funding associated with delivery of the CIP project. These conditions will correspond to the terms agreed between EDQ and the proponent(s) in the Stage 2 – Detailed Assessment.

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

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
- forecast claim dates
- accountability, governance and acquittal processes
- reporting requirements
- procurement policies
- media guidelines
- acknowledgment of government funding.

Once the agreements are executed, the proponent(s) 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(s) to rectify any breach of the procurement process as identified by the probity auditor (if relevant).

The proponent(s) 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(s) 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 proponents' 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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