



Australian Government

**NAIF**

Northern Australia Infrastructure Facility

# Public Benefit Guideline

JUNE 2025

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## 1. Purpose of this Guideline

Under Mandatory Criteria 2 of the NAIF Investment Mandate, only projects that will produce benefits to the broader northern Australian economy and community beyond an economic return to the Project Proponent, can be considered.

This Guideline aims to:

- detail NAIF's Public Benefit criteria;
- assist Project Proponents in providing appropriate evidence for NAIF's Board consideration to support meeting NAIF's Public Benefit criteria; and
- outline ongoing reporting requirements if an Investment Decision is made.

Guidance on Mandatory Criteria 5 of the Investment Mandate in relation to Indigenous Engagement Strategy is provided in the NAIF Indigenous Engagement Strategy Guideline which can be found on NAIF's website. There are certain elements of an Indigenous Engagement Strategy that are also considered in public benefit, including those that relate to Indigenous jobs and procurement from Indigenous suppliers.

NAIF retains the right to vary Public Benefit requirements in circumstances where it is determined that a different approach would be better suited to satisfy the Public Benefit mandatory criteria.

## 2. Definitions

**Economic Impact Assessment** means a quantitative study of the effect of an event on the economy in a specified area (includes input / output, computer equilibrium modelling methodologies).

**Full Time Equivalent (FTE)** means the measurement used to measure jobs generated and should be estimated using 8 hours a day and five days a week or a total of 40 hours a week. Two part-time jobs, one that is two days a week, and another that is three days a week would be reported as one FTE.

**Generated** means benefits or jobs directly generated by the Project which would not have existed had the Project not gone ahead.

**Greenhouse Gases (GHG) Emissions** means the seven gases mandated under the Kyoto Protocol and to be included in national inventories under the United Nations Framework Convention on Climate Change and should be measured as kilotonnes of carbon dioxide equivalents (CO<sub>2</sub>-e).

**Indigenous** means Aboriginal and Torres Strait Islander peoples of Australia.

**Investment Decision** means a decision by the NAIF Board to offer finance to a Project.

**Investment Mandate** means the *Northern Australia Infrastructure Facility Investment Mandate Direction 2023*.

**Investment Proposal** means an application for financial assistance submitted by the Project Proponent to NAIF.

**Local** means local to the Project and within NAIF's legislative Northern Australia area.

**Mandatory Criteria 2** means the mandatory criteria 2 in Schedule 1 of the Investment Mandate, as provided in section 3 below.

**Mandatory Criteria** means the mandatory criteria in Schedule 1 of the Investment Mandate.

**NAIF** means the Northern Australia Infrastructure Facility.

**NAIF Act** means the *Northern Australia Infrastructure Facility Act 2016 (Cth)*.

**Northern Australia**, as defined in section 5 of the NAIF Act, means the area that broadly covers the Northern Territory, and those parts of Queensland and Western Australia above the Tropic of Capricorn. It also covers the regional centres of Gladstone, the Gladstone Hinterland, Carnarvon, Exmouth, and the Local Government Areas of Meekatharra and Wiluna in Western Australia, as well as the Indian Ocean Territories of Christmas Island and Cocos (Keeling) Islands.

**Northern Australian Suppliers** means a person, company or organisation that sells or supplies goods or services to the Project from a business or premise located in Northern Australia.

**Project** means a project the subject of an Investment Proposal or an Investment Decision.

**Project Proponent** means the entity responsible for a Project.

**Public Benefit** means the net benefits (enabled by a Project) to the broader economy and community, beyond an economic return to the Project Proponent.

**Public Benefit Assessment** refers to a report commissioned by the Project Proponent from an independent economics consultant that assesses the net benefits of the Project in line with NAIF's requirements.

### 3. Mandatory Criteria 2

Before making an Investment Decision, the NAIF Board must be satisfied that the applicable Investment Proposal has met all relevant Mandatory Criteria. Mandatory Criterion 2 relates to Public Benefit and states:

*The Facility must be satisfied the Project will produce benefits to the broader economy and community beyond an economic return to the Project Proponent. Such benefit could include, but it is not limited to:*

- *providing a basis for economic growth in the region or community such as by providing local employment opportunities (especially employment opportunities for Indigenous people), growing regional income, increasing sovereign capability, providing local procurement opportunities (including Indigenous procurement opportunities), or increasing business for local suppliers; or*
- *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.*

*The expected value of the public benefit must exceed the estimated value of any concessions offered.*

### 4. General Requirements

NAIF is interested in the effect of Projects on economic activity (growth) indicators and net community welfare impacts in northern Australia.

Evidence of a Project's economic contribution to northern Australia (i.e. gross regional production and employment effects) together with evidence of a Project's net welfare benefit (quantified or qualitatively described) must be presented in a Public Benefit Assessment prepared by an appropriately qualified independent economist.

The independently prepared Public Benefit Assessment will be at the cost of the Project Proponent.

Where financial assistance required is greater than \$250 million, the Public Benefit Assessment will be provided to Infrastructure Australia for consultation. The Project Proponent and independent expert must consider any feedback provided by Infrastructure Australia and update the assessment as appropriate.

## 4.1. Economic Impact Assessment

The Public Benefit Assessment must demonstrate the likely short-term and long-term economic contribution of the Project to northern Australia.

The Public Benefit Assessment must demonstrate the impact of the Project on Gross Regional Product and FTE employment (direct and indirect) in northern Australia.

Methods used to estimate these indicators can include Input-Output (IO) analysis or Computerised General Equilibrium (CGE) modelling.

The Public Benefit Assessment must provide a description of the model used, any labour resourcing assumptions used, changes made to the model to represent the Project and a clear interpretation of results with qualifications. Model inputs (including source of goods and services) must align with assumptions in the Project's Base Case Financial Model.

Direct impacts and flow on impacts (production and household consumption effects) should be clearly identified and separately reported. Gross operating surplus accruing to the Proponent should not be included in the calculation of direct impacts.

Future benefits **must** be quantified in present value terms at a 7% discount rate. The impact to Gross Regional Product during the Project's operational life should be discounted to year of construction commencement.

Refer to sections 4.4 Assumptions and 4.5 Quantitative Output for further details.

## 4.2. Local Labour Market Profile

The Public Benefit Assessment must include an analysis of local and regional workforce availability and capability relevant to the Project including:

- Available workforce in Local area;
- Unemployment rate of that workforce;
- Available Indigenous workforce in Local area; and
- Indigenous unemployment rate.

## 4.3. Additional Welfare Impacts

The Public Benefit Assessment should assess the welfare impact (both positive and negative) of the project to northern Australia.

Methods used to estimate welfare impacts can include a quantitative estimate (such as a Social Cost Benefit Analysis (SCBA)) or a qualitative description of net benefits.

Net production benefits (net benefits to the Proponent) must not be included in the SCBA. Costs may include externalities (such as Greenhouse Gas Emissions and loss of cultural heritage). Benefits can include liveability improvements (travel time savings) and alleviation of economic or social disadvantages. Tax paid by the Proponent must not be included in the SCBA.

A description of any methods and assumptions used to estimate non-monetary costs and benefits used in the SCBA should be outlined. All costs and benefits should be discounted to the year construction is scheduled to commence (7 per cent discount rate).

The SCBA must describe the potential range of net welfare outcomes of the Project by inclusion of a sensitivity analysis. The Public Benefit Assessment should indicate the range of key assumptions and parameters used in the sensitivity analysis and provide a clear interpretation of results.

Refer to sections 4.4 Assumptions and 4.5 Quantitative Output for further information.

## 4.4. Assumptions

The Public Benefit Assessment should outline all assumptions, a template outlining minimum expectations is included at Appendix 1.

## 4.5. Quantitative Output

The Public Benefit Assessment should include the following quantitative forecasts including assumptions made to derive the outcome and sensitivities where applicable:

Construction period:
Direct jobs (FTEs)
Direct jobs forecast by Proponent (including forecast FIFO v local)
Indirect jobs (where available) (FTEs)
Impact to GRP (\$)
GHG Emissions (abated or generated) in kilotonnes of carbon dioxide equivalents (CO <sub>2</sub> -e) (\$)

**Construction jobs** – annual FTE added together over construction period to give total FTE generated.

Ongoing Operational period:
Direct jobs (FTEs)
Direct jobs forecast by Proponent (including forecast FIFO v local)
Indirect jobs (where available) (FTEs)
Impact to GRP (discounted to first year of construction) (\$)
Impact to GRP in first 2 years of operations (\$)
GHG Emissions (abated or generated) in kilotonnes of carbon dioxide equivalents (CO <sub>2</sub> -e) (\$)

**Operational jobs** – average annual FTEs stimulated, can be measured either at the point the project reaches full operational capacity or annual average FTE over the operational life.

Other Quantified Impacts (where applicable)
Royalties (\$)
Traditional Owner payments (\$)
Regional/local procurement (\$)
Social / Housing considerations (\$)
Cultural considerations (\$) <sup>1</sup>

<sup>1</sup> This might be complex to quantify. If unable to measure it, this can be reported qualitatively.

Given the unique nature of each project, there may be additional quantification requirements specific to the project requesting finance. NAIF will outline these additional requirements when the project enters the due diligence phase.

## 4.6. Qualitative Output

The Investment Mandate specifically calls for analysis of local employment opportunities, growing regional income, increasing sovereign capability, local supplier opportunities and the extent to which a Project contributes to improving infrastructure in a region. In addition, the below impacts should be considered and analysed where applicable.

Mandatory Qualitative Items:	
<b>Alignment with Government priorities</b>	
<b>Strategies to increase local employment</b>	An analysis of local job opportunities and strategies to engage local residents or encourage employees to live locally.
<b>Strategies to increase local procurement</b>	An analysis of opportunities for local suppliers and strategies to increase local content in a Project.
<b>Social / Housing considerations</b>	An analysis of the impact of the project on local housing and other social considerations both positive and negative.
<b>Cultural considerations</b>	

Other Qualitative Items (where applicable):	
<b>Environmental impacts</b>	An analysis of the change to the natural environment whether adverse or beneficial resulting from the Projects development, product or services.
<b>Reliability / Resilience impacts</b>	Where a Project may lead to improvement in reliability for Australian business or improved economic resilience to adverse events.
<b>Improving infrastructure in the region</b>	The extent to which the Project contributes to the material improvement of the infrastructure of a region.
<b>Liveability improvements</b>	Impacts to regional community liveability.

## 5. Reviewing Public Benefit Outcomes

As NAIF is a corporate Commonwealth entity, there is increased focus on realised benefits derived from Commonwealth funding. NAIF is required to adhere to certain reporting requirements and publish information regarding the benefits derived from NAIF funding for each Project that has commenced drawing on its NAIF facility.

### 5.1. Public Benefit Project Outcome Report

Project Proponents (and/or managing contractors) must complete and submit a Public Benefit Project Outcome Report to NAIF annually (Appendix 2: Sample Project Outcome Report).



Where the Proponent has appointed a managing contractor to complete the Project, the Public Benefit Project Outcome Report must be completed by the managing contractor. To ensure managing contractors are aware of Public Benefit reporting requirements a clause detailing this requirement should be added to contracts.

## **5.2. Two Year Post Completion Review**

Within two years of the Project completion, NAIF will conduct a review of Project public benefit outcomes. Data obtained from annual Public Benefit Project Outcome Report's will form the basis of this review. NAIF retains the right to request additionally data to complete the two-year post completion review as required.

## **5.3. Publishing Public Benefit Outcomes**

Following an Investment Decision, NAIF will work with the Project Proponent to publish information regarding the forecast Public Benefit of the Project.

Public benefit outcomes may be published and reported by NAIF on an individual Project basis and/or consolidated with other NAIF funded projects.

## Appendix 1: Assumptions template

Public Benefit Assessments should document all assumptions, including the following table at a minimum:

Category	Assumption
<b>Base case vs Project case</b>	In most instances the Project case encompasses the benefits of the whole Project which is enabled as a result of NAIF financing.
<b>Construction life / Operational life</b>	The length of construction and operational life assessed should be outlined. Assumptions should be justified with supporting evidence, sensitivities over different lengths of operational life may be useful in some instances. NAIF rarely assesses an operational life beyond 20 years.
<b>Area of Northern Australian measured</b>	NAIF is focused on the benefit to its Northern Australia region - the LGA's included in calculations should be outlined. If a Project is forecast to have a material impact outside NAIF's region this should also be assessed for information purposes.
<b>Labour market assumptions</b>	All labour market availability assumptions should be outlined (FIFO v local).
<b>Source of goods and services</b>	Assumptions on key components of spend and location of that spend being either: <ul style="list-style-type: none"> <li>• local (northern Australia specified LGA's)</li> <li>• rest of Australia or</li> <li>• international.</li> </ul>

Assumed Source of Materials		
	For each item please indicate <b>estimated percentage of expenditure in northern Australia</b>	
	<b>Materials</b>	
<b>Component</b>	<b>Production / Manufacturing</b>	<b>Wholesale / Retail Trade</b>
<b>Equipment</b>	0%	0%
<b>Non-process infrastructure</b>	0%	50%

Assumed Source of Labour			
	For each component, please indicate by percentage <b>estimated source of labour</b>		
<b>Component</b>	<b>Employees Residing in northern Australia</b>	<b>FIFO Employees not Residing in northern Australia</b>	<b>Employees not Residing in northern Australia</b>
<b>Equipment Install</b>			100%
<b>Building construction</b>	50%	50%	
<b>Civil works</b>	100%		
<b>Professional services</b>			100%

# Appendix 2: SAMPLE: Public Benefit Project Outcome Report

## Public Benefit Assessment Project Outcome Report



As a corporate Commonwealth entity there is increased focus on benefits derived from Commonwealth funding, NAIF is required to adhere to certain reporting requirements and publish information regarding the benefits derived from NAIF funding for each project that has commenced drawing on its NAIF facility. Accordingly, please provide us with the following information for the year ending **30 June 2025**.

- Information provided will be:
- a. published and reported on an individual basis in relation to the Project; and/or
  - b. consolidated with other NAIF projects and a total number will be published and reported.

If you require any further information or guidance on this report, please contact Portfolio Management ([portfolio.management@naif.gov.au](mailto:portfolio.management@naif.gov.au)).

		For each input please indicate <b>percentage of expenditure in northern Australia</b> .			Estimated Labour Hours This Reporting Period (Non - Indigenous)			Estimated Labour Hours This Reporting Period (Indigenous)		
Description of Goods and Services	Expenditure on <b>Materials</b> This Reporting Period ex GST (\$AUD)	Production / Manufacturing	Wholesale / Retail Trade	Expenditure on <b>Labour</b> This Reporting Period ex GST (\$AUD)	Employees Residing in northern Australia (hours)	FIFO Employees not Residing in northern Australia (hours)	Employees not Residing in northern Australia (hours)	Employees Residing in northern Australia (hours)	FIFO Employees not Residing in northern Australia (hours)	Employees not Residing in northern Australia (hours)



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