



Australian Government



Northern Australia Infrastructure Facility

Public Benefit Guideline

September 2021

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1. Purpose of this Guideline

Under Mandatory Criterion 2 of the Investment Mandate NAIF can only approve Projects that will produce benefits to the broader economy and community beyond an economic return to the Project Proponent.

This Guideline provides guidance to Project Proponents and other stakeholders on:

- how to assess and demonstrate the public benefit of a Project
- how NAIF will consider the assessment

Section 4 provides examples of impacts to be considered.

Section 5.3 provides an outline of the information and reports that Project Proponents (or their consultants) must provide to NAIF.

2. Definitions

Economic Impact Assessment is quantitative study of the effect of an event on the economy in a specified area.

Investment Mandate refers to the *Northern Australia Infrastructure Facility Investment Mandate Direction 2021*.

Mandatory Criterion 2 refers to mandatory criterion 2 in Schedule 1 of the Investment Mandate, as shown in section 3 below.

Mandatory Criteria refers to the mandatory criteria in in Schedule 1 of the Investment Mandate.

NAIF refers to the Northern Australia Infrastructure Facility.

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

Public benefit refers to net benefits (arising from a Project) to the broader economy and community, beyond an economic return to the Project Proponent.

Northern Australia has the meaning given in the NAIF Act.

The following terms are defined in the Investment Mandate:

- **Investment Decision**
- **Investment Proposal**
- **Project**
- **Project Proponent**

3. Mandatory Criterion 2

Before making an Investment Decision NAIF must be satisfied that the applicable Investment Proposal has met all relevant Mandatory Criteria. The source of this requirement is Mandatory Criterion 2, which states:

The Facility must be satisfied that the Project will produce benefits to the broader economy and community beyond those able to be captured by Project Proponent.

Such benefit could include but is not limited to employment opportunities, regional income, business for local suppliers, and Indigenous employment opportunities.

The quantifiable value of the public benefit must exceed the value of any concessions offered.

4. Examples of impacts

The NAIF Investment Mandate specifically calls for an analysis of employment opportunities, regional income and business for local suppliers. The table below provides examples of both positive and adverse impacts to be included in the public benefit analysis, where relevant. The list is not exhaustive.

Type of impact	Analysis
Employment	<p>The expected employment outcome for the local region during construction and operations must be quantified. A qualitative assessment of the opportunities for the region could also be included including opportunities for upskilling, and training or courses that may be offered, traineeships that may be available.</p> <p>Specifically highlight any Indigenous employment opportunities (as outlined in the Indigenous Engagement Strategy).</p>
Regional Income	This should be quantified through an Economic Impact Assessment where applicable. Where this quantification is not required, a qualitative assessment of likely benefits to regional income should be provided.
Local suppliers	An analysis of opportunities for and strategies to engage local suppliers should be provided.
Sector impacts	An analysis of the impact of this project to competition in the specific sector of the project, both in northern Australia and more broadly.
Environmental impacts	An assessment of positive / negative environmental impacts of the Project.
Land use changes	The potential impact to value of land due to a project enabling more valuable use of lands.
Reliability impacts	Where a project may result in improvements in reliability for local business and/or government users.
Travel time impacts	Travel time benefits to community members and/or persons travelling to or from the region in which the Project is located.
Capacity increase	Capacity increase that enables greater opportunity/access to infrastructure services.
Resilience	Value of improved economic resilience to adverse events. For example, a lower probability, or frequency, or impact of adverse events.
Accessibility and connectivity benefits	Value of accessibility and connectivity improvements, including any induced demand (i.e., arising from price/quality improvements).
Service improvements	An assessment of greater amenity from improved services to the community, or the impact of disruptions to services, as a result of the project.
Health, safety and security	The value of an increase / reduction in the number of accidents, deaths and/or security incidents.

5. Methodology

5.1 General

Geography: a northern Australia focus is preferred.

Economic return to the Project Proponent is not considered public benefit but will be considered by NAIF as part of its financial due diligence. In quantifying the public benefit of a Project, only those benefits outside of economic return to the Project Proponent should be estimated.

Future public benefits should be appropriately discounted. It is preferable that the benefits are quantified in present value terms at a 7% discount rate.

Qualitative assessments are important where quantification is not possible. In some cases, not all benefits of a Project can be quantified. In these circumstances, qualitative assessments on how certain benefits of a Project will be realised can be included. It is also important to assess any potential adverse impacts to the broader economy and community. Where there are no quantified benefits, it may impact the concessions available to the Project.

Jobs must be quantified. All Projects are required to estimate and quantify the jobs that will be generated or supported by the Project. All jobs that would not exist but for the Project going ahead can be included.

Independent expertise may be required. Forecasting or estimating public benefits requires judgement and expertise. NAIF may require Project Proponents to engage independent experts to prepare the analysis and reports required, see section 5.3 for guidance.

5.2 Extent of public benefit and NAIF concessions

NAIF must have regard to the extent of the Project's public benefit when determining any concessional terms to be offered to a Project Proponent.

5.3 Requirements

The table in this section is a guide to the information and reports that Project Proponents (or their consultants) must provide to NAIF, aligned to the size of financial assistance requested. The estimated cost of any concessions requested is also a relevant factor.

NAIF retains the right to vary these requirements in circumstances where it is determined that a different approach would be better suited to satisfy the public benefit mandatory criterion.

Size of financial assistance	Assessment method
< \$50m	At a minimum the Project Proponent must provide a qualitative analysis of the benefits and any potential adverse effects to the region of the proposed project. The assessment must include an outline of employment opportunities, regional income, business for local suppliers and Indigenous employment opportunities where applicable. If concessional terms will be offered the analysis must show that the quantified benefits exceed value of the concessions.
> \$50m	As above, however in addition to the qualitative analysis the public benefit must be quantified and clearly demonstrated by an independent expert using an economic impact assessment methodology.

Size of financial assistance	Assessment method
> \$250m	As for financings >\$50m, however in addition the economic impact 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.
Equity	A proposed approach should be outlined for NAIF Board consideration at the strategic assessment phase, and requirements will be confirmed after consideration.

6. 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. NAIF will also work with the Project Proponent to monitor and annually report on public benefit that is realised. All Projects are required to report on the actual jobs that have been generated or supported by the Project at the end of each financial year.

When NAIF conducts the annual reviews of each facility, reporting on public benefit outcomes is required and information to assist this analysis may be requested.