The National Rail Program: Investing in rail networks for our cities and surrounding regions

PROGRAM CRITERIA
## Contents

**FOREWORD** ...............................................................................................................................................1

1. **INTRODUCTION** ........................................................................................................................................2
   1.1 Overview – New Investment in Rail ........................................................................................................2
   1.2 Objectives and Outcomes .......................................................................................................................2
   1.3 Informed Investment ..............................................................................................................................3

2. **GOVERNANCE** .........................................................................................................................................4
   2.1 Standard Conditions ...............................................................................................................................4

3. **ELIGIBILITY CRITERIA** ...........................................................................................................................6
   3.1 Eligible Proponents ................................................................................................................................6
   3.2 Eligible Projects .....................................................................................................................................6

4. **ASSESSMENT PROCESS** .........................................................................................................................8
   4.1 Required Assessment Criteria ..............................................................................................................8
   4.2 Additional Assessment Criteria ...........................................................................................................9

5. **FUNDING DECISIONS** ............................................................................................................................10
   5.1 Value for Money ...................................................................................................................................10
   5.2 Funding and Financing .........................................................................................................................10
   5.3 Funding Decisions ................................................................................................................................10

6. **DEVELOPMENT OF PROPOSALS** .......................................................................................................11
   6.1 Engagement with State and Territory Government ..............................................................................11

7. **CONTACT DETAILS** ................................................................................................................................12
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In the 2017 Budget, the Australian Government established the National Rail Program, a major, long-term commitment to investment in passenger rail networks in our big cities, and between our cities and their surrounding regional centres.

The $10 billion National Rail Program is designed to help make our cities more liveable and efficient as they grow, reduce the burden on our roads, provide more reliable transport networks and support our efforts to decentralise our economy and grow regional Australia.

These criteria set out how we will work with state and territory governments and the private sector to determine the priorities for investment under this program.

The Hon Darren Chester MP  
Minister for Infrastructure and Transport,  
A/g Minister for Regional Development,  
A/g Minister for Local Government and Territories

The Hon Paul Fletcher MP  
Minister for Urban Infrastructure
1. INTRODUCTION

1.1 Overview – New Investment in Rail

Through the National Rail Program (the NRP), the Australian Government will invest $10 billion over a 10 year period to improve rail connections in our cities and between our cities and their surrounding regional centres. The aim of the NRP is to help make major cities and regions more liveable and efficient as they grow, reduce the burden on our roads, provide more reliable transport networks, and support our efforts to decentralise our economy and grow regional Australia.

The Australian Government’s funding contributions to these projects will be provided as part of an overall package of support, in addition to other funding, which may be provided by state or local governments, the private sector and the direct beneficiaries of the project. Australian Government funding decisions will be informed by state and territory plans, the Urban Rail Plans and priority projects that Infrastructure Australia (IA) has identified as nationally significant.

The NRP criteria outline the objectives and desired outcomes of the program, governance, eligibility, assessment criteria and the funding and financing arrangements.

1.2 Objectives and Outcomes

The objective of the NRP is to improve our transport networks and connectivity within, and between our cities and regional centres. Better transport networks will reduce travel times, connect people to jobs and opportunity and provide families and businesses with affordable options on where to live and invest.

The NRP aims to support the delivery of transformational improvements to rail services by funding:

- the development of business cases for rail infrastructure projects; and
- the construction of upgraded and new rail infrastructure, including complementary requirements such as land acquisition and signalling systems.
By improving passenger services in cities and regional centres, the NRP will deliver on a number of policy outcomes, such as improving access to employment and affordable housing, and promoting regional development. The outcomes of the NRP also support the Australian Government’s Smart Cities Agenda.

1.3 Informed Investment

The Australian Government is committed to being a responsible and informed investor in nationally significant economic land transport infrastructure. This includes ensuring that the Australian Government invests funding into projects which:

- address an identified deficiency;
- deliver economic benefits for Australians;
- form part of a network strategy; and
- have fully explored, and where appropriate, pursued opportunities for innovative funding and financing solutions.

Projects should be robustly planned and developed before major construction funding commitments are made. The Australian Government is taking a more direct role in funding project business cases, urban rail network planning and scoping works on new corridors to ensure that its investments deliver best value for money for the Government and the community.

In this context, our 10 year NRP commitment allows for the long lead times typical of major rail investments. Significant planning work is required before construction can commence. This program has been designed so that the Australian Government can target its investment in transformational rail projects over the next decade, which will deliver the greatest economic and social benefits.
2. GOVERNANCE

The NRP will be administered under the provisions of the National Land Transport Act 2014 (the Act) and the National Partnership Agreement on Land Transport Infrastructure Projects (NPA).

The Australian Government may impose conditions on approved projects to reflect desired policy outcomes in accordance with its powers under the Act.

Successful projects and payments to councils will be managed through state and territory governments under the NPA.

2.1 Standard Conditions

Separate to the governance arrangements set out in the Act and NPA, the Australian Government has also specified that the following conditions must be met prior to or during the development of rail infrastructure proposals:

- the Commonwealth (represented by the Department of Infrastructure and Regional Development) is represented on project governance committees;
- the Infrastructure and Project Financing Agency (IPFA) is involved in the assessment of the proposal on innovative financing arrangements, including value capture opportunities; and
- where proposals are seeking $100 million or more in Commonwealth funding, the proposal has received a positive assessment of the business case from IA.

The proponent should consult the Department prior to the submission of the proposal in order to identify whether the proposal should be assessed by IA and IPFA.
Additionally, where appropriate, the following three conditions must be met:

- where the project is within Queensland, New South Wales or Victoria, intergovernmental agreements on the Inland Rail project are signed by the relevant state government;
- where the project is within Sydney, Melbourne, Brisbane, Perth or Adelaide, the relevant state government has completed, or agreed to working with the Commonwealth on its respective Urban Rail Plan; and
- relevant state, territory and local governments have made a commitment to support the delivery of any proposed City Deals within the area of the project.

Proponents must address these conditions in the proposal documentation with evidence provided where possible.
3. ELIGIBILITY CRITERIA

All proposals must meet the following eligibility criteria. Proposals for projects outside the eligibility criteria will not be assessed.

3.1 Eligible Proponents

Proponents eligible to receive Australian Government funding under the Act include:

- state or territory government;
- local government;
- a body corporate.

3.2 Eligible Projects

All eligible projects must meet the requirements for funding under the Act (see Part 3). In particular, the matters to which the Minister may have regard in deciding whether it is appropriate to approve a project as an Investment Project include, but are not limited to, the following matters:

- the extent to which the project is likely to improve the ability of industries and communities to compete in international, inter state or inter regional trade and commerce;
- the extent to which the project will improve the efficiency, integration, security or safety of transport operations;
- the results of any assessment of the economic, environmental or social costs or benefits of the project;
- the extent to which the project is likely to improve access for communities to services and employment;
- any transport or land use plans that might be relevant to the project; and
- the extent to which persons other than the Commonwealth propose to contribute funding to the project.
Within this scope, eligible projects include:

- the development and completion of a rail transport plan;
- the development and completion of business cases for a passenger rail infrastructure project; and
- the construction of a rail line in a major city or linking a major city to a regional area.

Business cases developed under the Australian Government’s Faster Rail Initiative may also be eligible for construction funding.
4. ASSESSMENT PROCESS

All eligible projects will be subject to an assessment process.

4.1 Required Assessment Criteria

As a minimum, projects must meet the following assessment criteria. The Department, with advice from IA and the IPFA, as appropriate, will make recommendations to the Minister. At their discretion, these bodies may seek further advice from proponents on the proposal. Any additional advice or document supplied is considered part of the proposal documentation.

• The proposal must:
  - identify sources of funding, including an evaluation of innovative financing arrangements such as value capture;
  - clearly identify the affected transport corridor;
  - include a consultation plan with affected stakeholders and communities; and
  - identify any consultation completed with affected stakeholders and communities.

• The proposal must include sufficient information to support an assessment which:
  - demonstrates that the proposal will deliver a passenger rail transport plan or business case for a sustainable rail service; or
  - demonstrates that the proposal will deliver a sustainable rail service.
4.2 Additional Assessment Criteria

In addition to the minimum requirements, the Minister may also consider the following factors:

- the scale and city transforming nature of the project;
- the extent of state and territory government and third party funding provided;
- whether land around the railway stations is zoned for higher value use, such as apartments and urban living;
- whether the project has a positive impact on housing affordability;
- the extent to which the project is consistent with the recommendations of the Urban Rail Plans being developed by the Australian and state governments, if appropriate; and
- value for money for Commonwealth investment.
5. FUNDING DECISIONS

5.1 Value for Money
The Australian Government seeks to secure value for money by selecting projects that:
- involve a reasonable (rather than excessive) cost having regard to the quality and quantity of deliverables that are proposed; and
- present a risk profile that is acceptable to the Australian Government, with any identified risks able to be efficiently and effectively managed.

The value for money assessment and decisions by the Australian Government may take account of the overall mix of projects being considered under the program.

5.2 Funding and Financing
The Australian Government’s funding contributions to projects will be provided as part of an overall package of support, alongside funding provided by the relevant state and territory government and the direct beneficiaries of the project.

Projects will be assessed to determine the appropriate funding mix between grants, financial assets such as loans and equity, and beneficiary charges.

The responsible Minister may choose to make funding available on the establishment of specific funding and financing structures, negotiated prior to approval with the proponent and/or the relevant state and territory government.

5.3 Funding Decisions
The Minister has responsibility for approving funding under the Act, including setting conditions of funding. The Minister will advise proponents when they have been successful in receiving funding approval and of the specific project conditions that will apply.

Funding is available from 2019-20 to 2026-27 or when the $10 billion is expended.
6 DEVELOPMENT OF PROPOSALS

6.1 Engagement with State and Territory Government

It is anticipated that the majority of proposals will be provided by state and territory governments. At its discretion, the Australian Government may also accept or invite proposals from third parties eligible for funding under the Act.

In the case that a proposal is submitted by a third party, the proponent is fully responsible for having engaged with and obtained formal endorsement from the relevant state or territory government, including agreement for any legislative or planning changes required to deliver the proposal. It is expected that this agreement is formal and is obtained prior to the submission of the proposal.

Generally, the Australian Government will only accept or invite third party proposals where the third party is proposing to provide funding or financing contributions to the project.
7 CONTACT DETAILS

General enquiries can be either emailed to nationalrailprogram@infrastructure.gov.au or written enquiries can be directed to:

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