



Australian Government

Department of Infrastructure, Transport,
Regional Development, Communications, Sport and the Arts

Notes on Administration for Land Transport Infrastructure Projects 2024–2029

June 2025



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Table of contents

Introduction	7
Preamble	7
Purpose	7
Scope and operation of the Notes	9
Transition to the FFA Schedule	9
Revision of the Notes	9
Commonwealth legislative environment and governance arrangements	10
Legislative authority	11
Role of Infrastructure Australia and the Commonwealth department	12
Role of Infrastructure Australia	12
Role of the department	12
Chapter 1: Submission of annual infrastructure plans (10-year plans) to the Commonwealth	14
Purpose	14
Content to include in 10-year plans	15
Overview	15
Strategic context	15
Strategy for infrastructure	15
Review of 10-year plans	15
Chapter 2: Investment phase	16
Alignment to 10-year plans	18
Alignment to the Infrastructure Policy Statement	18
Road design standards	18
Chapter 3: Planning and delivery processes	19
Purpose	19
Commonwealth project proposal submission requirements	19
Project thresholds	19
Planning proposals (first pass)	19
Delivery proposals (second pass)	20
Commonwealth review process	22
Planning proposals	22
Delivery proposals	22
Confidence index	23
Purpose of the CI	23
Who applies the CI?	24
When is the CI applied?	24
How will the CI be used?	24
Further development of delivery proposals assessed as high risk	24

Chapter 4: Funding	26
Cost sharing	26
Alternative funding	26
Permitted use of funds	27
Proper use of funds and value for money	27
Chapter 5: Commonwealth consideration of project proposals	28
Transition arrangements	28
Timing for submissions	28
Planning proposals – indicative timing	29
Delivery proposals – indicative timing	29
Summary of Commonwealth considerations	29
Agreeing to the funding tables	29
Project approval and notification of approval	30
Chapter 6: Delivery phase	32
Transition arrangements	32
Risk tier framework	32
Continued application of the confidence index	33
Positive obligation reporting	34
Project governance	34
Steering committees and project boards	34
Gateway and assurance processes	34
Purpose	34
What are gateway and assurance processes?	35
Principles – ways of working	35
Process	35
Risk-based governance and reporting	36
Additional independent assurance reviews	36
Triggers	36
Cost, process and recommendations	37
Cost estimates	37
Requests for tender exemptions	38
Cost escalation	38
Project cost updates	38
Milestones and payments	39
Milestone variations	39
Project scope variations	40
Management of underspends and overspends	40
Addressing cost pressures for existing projects	40
Project withdrawals and cancellations	41

Interest earned on payments in advance	41
Inactive projects	41
Cash flow projections	42
Action plan for complementary policy outcomes	42
Chapter 7: Project completion	43
Transition arrangements	43
Post completion	43
Project savings	43
Contract defect period	44
Project closure	44
Asset disposal	44
Reporting on bilateral performance indicators	44
Post-completion evaluation of nationally significant projects	45
Chapter 8: First Nations framework	47
Transition arrangements	47
New framework	47
Chapter 9: Public recognition	48
Rights of the Commonwealth	48
Funding recipient obligations	48
Commonwealth and state jointly funded projects	48
Where the Commonwealth is the major investor	49
Recognising the contribution of First Nations communities	49
Chapter 10: National Land Transport Network maintenance (roads only)	50
Transition arrangements	50
Allocation	50
Approval	50
Maintenance standard	50
Road maintenance reporting	51
Road maintenance formula data	51
Road Performance Data Report	51
A. Provision of data	51
B. Road characteristics data	52
C. Road use data	52
D. Maintenance expenditure	52
E. Maintenance indicators	52
Milestone maintenance	52
Milestone variations	53
Unclaimed milestones	53
Road safety data	53

Attachment A: Definitions	54
Attachment B: Guidelines for 10-year plans	60
Attachment C: Annual Financial Statement and Audit Report	62
Financial statement	62
Statement of disposals of interests in land acquired with Commonwealth funds	62
Signed written statement by the appropriate auditor	63
Signed statement from the chief executive officer	63
Attachment D: Maintenance indicator formulas	64
Preventative Maintenance Indicator	64
Definition	64
Purpose	64
Reporting method	64
Riding Quality Indicator	64
Definition	64
Purpose	65
Calculation	65
Reporting method	65

Introduction

Preamble

The Commonwealth's Infrastructure Investment Program (IIP) is implemented through the Federation Funding Agreement Schedule on Land Transport Infrastructure Projects (FFA Schedule). The IIP adopts a co-investment model whereby the Commonwealth partners with the states and territories (the states) to deliver land transport infrastructure projects.

These Notes on Administration for Land Infrastructure Projects 2024–2029 (the Notes) have been developed in accordance with FFA Schedule principles and based on the recommendations of the independent review of the superseded National Partnership Agreement on Land Transport Infrastructure Projects (the [Halton Review](#)) and the [Independent Strategic Review of the Infrastructure Investment Program](#), both conducted in 2023.

All parties acknowledge the establishment of a more streamlined administration framework based on the following principles:

- A partnership approach that provides funding certainty and joint ownership of risks and opportunities in the management of project and program delivery
- Open and transparent information sharing to help set priorities and enable informed investment to achieve outcomes
- Streamlined and proportionate processes that utilise existing best practice and provide confidence, transparency and timely decision-making
- Greater levels of flexibility to manage projects and programs to deliver broader benefits, including through the use of innovative procurement processes that prioritise workforce participation, local content and skills development
- Continuous improvement, with incremental improvements to be agreed between the parties over time to improve the operation of the Notes.

Purpose

The purpose of the Notes is to provide administrative detail on the implementation of the FFA Schedule. The Notes ensure all eligible funding recipients, proponents and decision-makers have visibility of the legal, regulatory, financial and policy frameworks that guide land transport infrastructure investments.

These Notes replace previous versions and form part of the agreed arrangements between the Commonwealth and the states.

The Notes operationalise and detail the administrative arrangements for the FFA Schedule, and are to be read in conjunction with the FFA Schedule and the [Infrastructure Policy Statement](#) (IPS). The Notes describe the roles and requirements for relevant administrative processes, including the involvement of Infrastructure Australia (IA) throughout the project lifecycle.

It is intended that the Notes facilitate a partnership approach to co-investment, and foster effective working relationships between the Commonwealth and the states, built on mutual trust and respect. This approach will leverage existing state-based risk and assurance processes where possible. The Notes should provide clear guidance to all parties and promote streamlined administrative processes and timely decision-making.

If any inconsistencies arise between the terms and conditions contained in the FFA Schedule and the Notes, the terms and conditions in the FFA Schedule will prevail.

If any inconsistencies arise between the *National Land Transport Act 2014* (NLT Act) and the Notes, the NLT Act will prevail.

A project lifecycle is provided in Table 1.

A comprehensive list of definitions is provided in Attachment A.

The Notes on Administration for Land Transport Infrastructure Projects 2024–2029 were agreed by senior officials in June 2025.

Scope and operation of the Notes

The Notes apply to projects funded through the FFA Schedule and approved under Part 3 (Investment Projects) of the NLT Act.

The IIP includes a range of sub-programs. This document covers all major road and rail projects and National Land Transport Network road maintenance funding. Other sub-programs of the IIP, such as Roads to Recovery, are not covered by these Notes and operate under their own guidelines.

The Notes cover all aspects of the project lifecycle, which has been characterised as having 3 distinct phases:

- Investment phase, which includes the 2-pass process and the due diligence that is expected to be undertaken before a delivery investment decision is made
- Delivery phase, where a project moves into construction and delivery (the Notes outline expectations for project management through to completion)
- Post-completion phase, where funding acquittals are completed, post-completion reporting and benefits realisation are undertaken, and Commonwealth funding is finalised.

Transition to the FFA Schedule

The following principles will guide the approach to transitioning projects that commenced under a previous agreement:

- all parties working together in good faith and taking a pragmatic approach to transition
- high-risk and high-value projects being prioritised in settling transition arrangements, and parties seeking to minimise administrative change burden in such arrangements on a bilateral basis
- ensuring projects have the appropriate oversight, governance and reporting arrangements to ensure the Commonwealth is an informed investor.

Transition arrangements for each phase are outlined in the relevant chapters of the Notes.

Revision of the Notes

In accordance with Term 3 of the FFA Schedule, the Notes will be agreed by senior officials from each state and may be updated from time to time. Material changes to the Notes and accompanying templates must be agreed by senior officials from each state. A material change is defined as a change to policy or processes affecting how all parties work together.

It is expected there will be incremental improvements to the Notes over time to improve the operational aspects of the FFA Schedule.

Before seeking senior officials' agreement, discussions will occur through the Land Transport Infrastructure Governance Working Group (LTIG).

The Commonwealth maintains the Notes and relevant templates. The Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts (the department) is responsible for making minor editorial changes – for example, correcting typing mistakes, formatting, or punctuation errors. The department also performs a secretariat function for the LTIG.

In accordance with Term 5 of the FFA Schedule, there will be a formal post-implementation review of the Notes within approximately 18 months after they take effect. Changes may be made earlier in consultation and agreement with the LTIG.

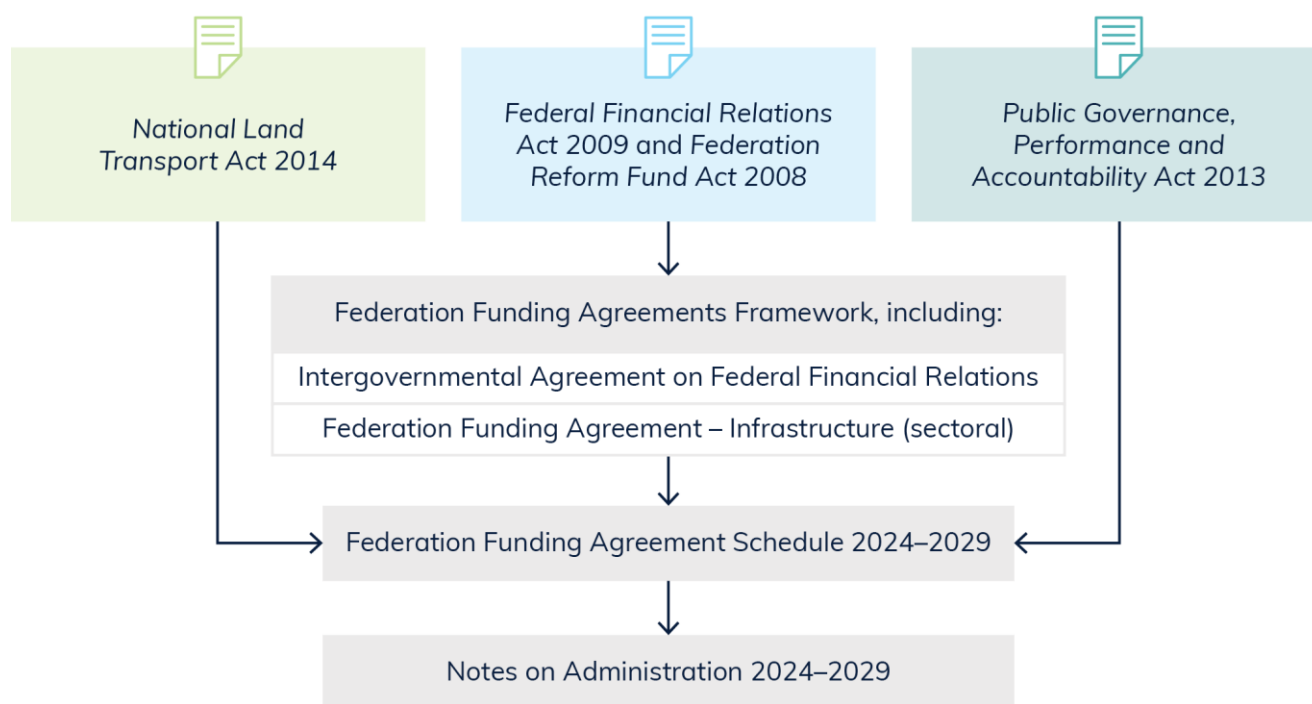
Commonwealth legislative environment and governance arrangements

The Commonwealth's investment in land transport infrastructure under the FFA Schedule draws on 3 distinct Commonwealth legislative and governance frameworks:

- the federal financial relations framework (which comprises the [Federal Financial Relations Act 2009](#), the [Federation Reform Fund Act 2008](#), and the Commonwealth–state agreements that form part of the [Federation Funding Agreements Framework](#))
- the [National Land Transport Act 2014](#) (NLT Act) and its subordinate Regulations
- the [Public Governance, Performance and Accountability Act 2013](#) (PGPA Act).

Collectively these frameworks enable, govern and support the Commonwealth's investment in land transport infrastructure projects as outlined in Figure 1.

Figure 1. Legislative and governance arrangements for the FFA Schedule



Note: Clause 13 of the FFA-Infrastructure (sectoral) states that the FFA Schedule takes precedence over the FFA-Infrastructure (sectoral) in the event of any inconsistency.

The Intergovernmental Agreement on Federal Financial Relations (IGA FFR) is a key document forming part of the FFA Framework for federal financial relations. Under the IGA FFR sits the FFA–Infrastructure (sectoral). The FFA Schedule forms part of the FFA-Infrastructure (sectoral).

The legislative framework for federal financial relations consists of the *Federal Financial Relations Act 2009* and the *Federation Reform Fund Act 2008*. Changes to the FFA Schedule, including changes

to the state tables (see definition in **Attachment A**), are agreed between the parties under these arrangements.

As the FFA Schedule references the NLT Act, Commonwealth funding commitments made under the FFA Schedule also need to be approved under the NLT Act. Decisions under the NLT Act are made by the Commonwealth Infrastructure Minister and/or their delegate(s).

The NLT Act's subordinate legislation includes:

- [National Land Transport Regulations 2022](#)
- [National Land Transport Network Determination 2020](#)
- [National Land Transport \(Exemption from Public Tenders for State Projects\) Determination 2014](#).

The PGPA Act establishes a governance, performance and accountability framework across Commonwealth entities. It sets out the Commonwealth's requirements for the use and management of public resources, as well as duties applicable to Commonwealth ministers and public officials. The PGPA Act and the duties it outlines apply to all Commonwealth funding decisions under the NLT Act and the FFA Framework.

States also have specific government-sector finance and governance obligations to comply with under respective state legislative and policy frameworks.

Legislative authority

Legislative authority for Commonwealth spending on land transport infrastructure projects is sourced from both the legislative framework for federal financial relations and the NLT Act. This means that authorised Commonwealth expenditure under the FFA Schedule needs to comply with *both* sets of legislation:

- Payments made by the Commonwealth to states under the FFA Schedule are national partnership payments under the *Federal Financial Relations Act 2009*, and made as grants of financial assistance to the states, so the requirements of the *Federation Reform Fund Act 2008* and the *Federal Financial Relations Act 2009* need to be met in order for the Commonwealth to make payments to states under the FFA Schedule.
- The payments made by the Commonwealth to states under the FFA Schedule must also be authorised by and approved under the NLT Act.
- In addition to complying with both legislative frameworks, Commonwealth ministers and officials must also comply with the PGPA Act in making infrastructure investment decisions. This includes the duty of ministers and officials to only use Commonwealth funds for proper (meaning efficient, effective, economical and ethical) purposes.

Generally, payments under the FFA Schedule are classified as 'other' payments by the Commonwealth Grant Rules and Guidelines 2017 (CGRGs), meaning they are not subject to the requirements of the CGRGs or to those of the Commonwealth Procurement Rules.

In some instances, the Commonwealth relies on states to make payments to local councils or other entities on behalf of the Commonwealth Government.

Role of Infrastructure Australia and the Commonwealth department

IA and the department are key Commonwealth parties that fulfil complementary but distinct functions throughout the project lifecycle.

The functions are set out at Terms 9 and 10 of the FFA Schedule and summarised in Table 1.

Role of Infrastructure Australia

IA was established under the [Infrastructure Australia Act 2008](#) (IA Act). It is the Commonwealth's independent adviser on nationally significant infrastructure planning and project prioritisation.¹

IA's functions are legislated and outlined in the IA Statement of Expectations.

IA's functions include providing specialist advice on infrastructure proposals to inform Commonwealth investment decisions, undertaking post-completion evaluations of a selection of infrastructure projects and preparing the Infrastructure Priority List (IPL).

See the [Infrastructure Australia](#) website for more information.

Role of the department

The department is responsible for the operation of the FFA Schedule in partnership with the states, and is subject to duties as a non-corporate Commonwealth entity under the PGPA Act.

In the investment phase, the department provides general and strategic advice to inform Commonwealth investment decisions. This investment advice is based on the strategic requirements outlined at Terms 13 to 16 of the FFA Schedule, including considering annual infrastructure plans (see Chapter 1). The department may also identify future investment priorities.

During the delivery phase, the department is responsible for representing the interests of the Commonwealth in project governance and assurance, based on the risk management framework and financial arrangements.

The department is responsible for evaluating post-completion investment outcomes, to ensure that projects are achieving their intended purpose, and may request information to support evaluation activities in consultation with states (see FFA Schedule, Term 25).

Table 1: Roles of the department and Infrastructure Australia during the project lifecycle

Phase	Infrastructure Australia	Department
Investment phase	<ul style="list-style-type: none"> Evaluating or endorsing evaluations of nationally significant proposals Annual Budget and Performance Statements IPL 	<ul style="list-style-type: none"> Assessment of NLT Act eligibility Targeted advice to the Commonwealth regarding potential investment priorities and gaps Alignment to IPS Alignment to 10-year plan

¹ *Infrastructure Australia Act 2008*, section 2A.

Phase	Infrastructure Australia	Department
	<ul style="list-style-type: none"> • Strategic advice to the Commonwealth regarding investment priorities 	<ul style="list-style-type: none"> • Review of business case under delivery requirements
Delivery phase	<ul style="list-style-type: none"> • Strategic advice to the Commonwealth 	<ul style="list-style-type: none"> • Oversight of governance and assurance • Financial arrangements
Completion phase	<ul style="list-style-type: none"> • Post-completion evaluations for significant projects • Annual Budget and Performance Statements 	<ul style="list-style-type: none"> • Evaluation of investment outcomes

Chapter 1: Submission of annual infrastructure plans (10-year plans) to the Commonwealth

Purpose

An annual infrastructure plan is a plan developed by a state and provided to the Commonwealth, which provides a long-term (10-year) strategic view of a state's land transport infrastructure priorities. The plans enable the Commonwealth to understand the strategic context for the states' project proposals and identify issues of national importance.

Project proposals submitted by the states will be assessed by the department and IA with reference to their alignment to their plan.

States are required to submit an updated annual infrastructure plan to the Commonwealth no later than 30 September each year, to inform the Commonwealth Budget process.

The plans should

- where possible, build on the state's existing planning work
- be written in plain English
- provide information about road and rail as an integrated network system as context for states' infrastructure priorities
- provide the Commonwealth with information about infrastructure investment, including priority projects, funding status and the proposed sequencing of projects
- include evidence, where available, to reinforce planning priorities, including data (this may include geographic information such as maps)
- where relevant, reflect local government priorities within their state.

Refer to Attachment B: Guidelines for 10-year plans.

The Commonwealth

- recognises states' plans as in-confidence documents. Plans may be shared with other Commonwealth Government agencies and bodies as is relevant to support government consideration and decision-making, in particular with IA
- recognises that the content in plans is at a point in time and is subject to change
- will be flexible, provide feedback and support ongoing co-design and iteration as all parties work together to support effective investment decisions
- will, in consultation with states and IA, consider if there are any opportunities to improve best practice in the plans across states.

A guide for total length of the plans is a maximum of 20 pages, plus attachments.

Content to include in 10-year plans

Overview

The plans demonstrate how a state's infrastructure and identified improvement opportunities can or will contribute to its economy and wellbeing, including where it has a multi-jurisdictional or broader focus. Plans should address 2 key aspects: strategic context, and a strategy for land transport infrastructure.

Strategic context

Plans should reference the state's strategic context and broader policy objectives for land transport infrastructure development. This may include describing demand drivers and opportunities, as well as the state's broader economic, social and environmental context.

This should reference the IA Market Capacity tool (available on IA's website) in relation to workforce and materials demand and constraints, as well as how these will be addressed in the context of identified priorities.

Strategy for infrastructure

Plans should provide detail about how land transport infrastructure investment will address the state's strategic context and broader policy objectives. This may include:

- the status of the land transport network in the state, including projects yet to be built or under construction, and existing works not currently co-funded by the Commonwealth where appropriate
- an assessment of the current and projected maintenance requirements and costs, asset condition and capability to meet service levels, asset resilience and adaptation, or risks related to possible severe weather events
- information about where risks and opportunities are, including indicative expected or potential cost pressures
- where relevant, cross-border information related to the broader network
- a broad outline of proposed works, the level to which these works have been developed (business case etc), their planned sequencing and priority, and where the Commonwealth could co-invest
- indicative financial and geographical information.

Review of 10-year plans

If the department or IA identifies major gaps and/or there are significant concerns about the plan's adequacy to inform decision-making, the department will, within 15 business days of receiving the plan:

- discuss it with the relevant state
- if necessary, request that the relevant state provide additional information, or, as a last resort, provide feedback on what is required and seek a resubmitted plan.

Chapter 2: Investment phase

Box 1 and Figure 2 outline the stages that a project will go through from the investment phase through to the delivery phase and finally the post-completion phase.

Box 1: Project lifecycle phases

Investment phase

All new requests for Commonwealth funding (via a project proposal) should demonstrate alignment to strategic priorities before they are considered for funding.

Strategic priorities are included in the following:

- states' 10-year plans
- Commonwealth Infrastructure Policy Statement
- Infrastructure Australia's Infrastructure Priority List
- other state and Commonwealth strategies, priorities and commitments.

The Commonwealth will consider 2 types of project proposals for funding, as per the requirements for the 2-pass process.

The 2 types of proposals are:

- planning (first pass)
- delivery (second pass).

This means that planning requests and delivery funding requests are considered separately. A business case is expected before the Commonwealth will commit delivery funding.

Projects seeking delivery funding will also need to apply a confidence index which rates the project's delivery risk. This rating is provided by the state at the time it submits its request for funding. The confidence index is used to guide Commonwealth governance and oversight arrangements and determines the project's progress reporting frequency as outlined in [Risk tier framework](#) in Chapter 6.

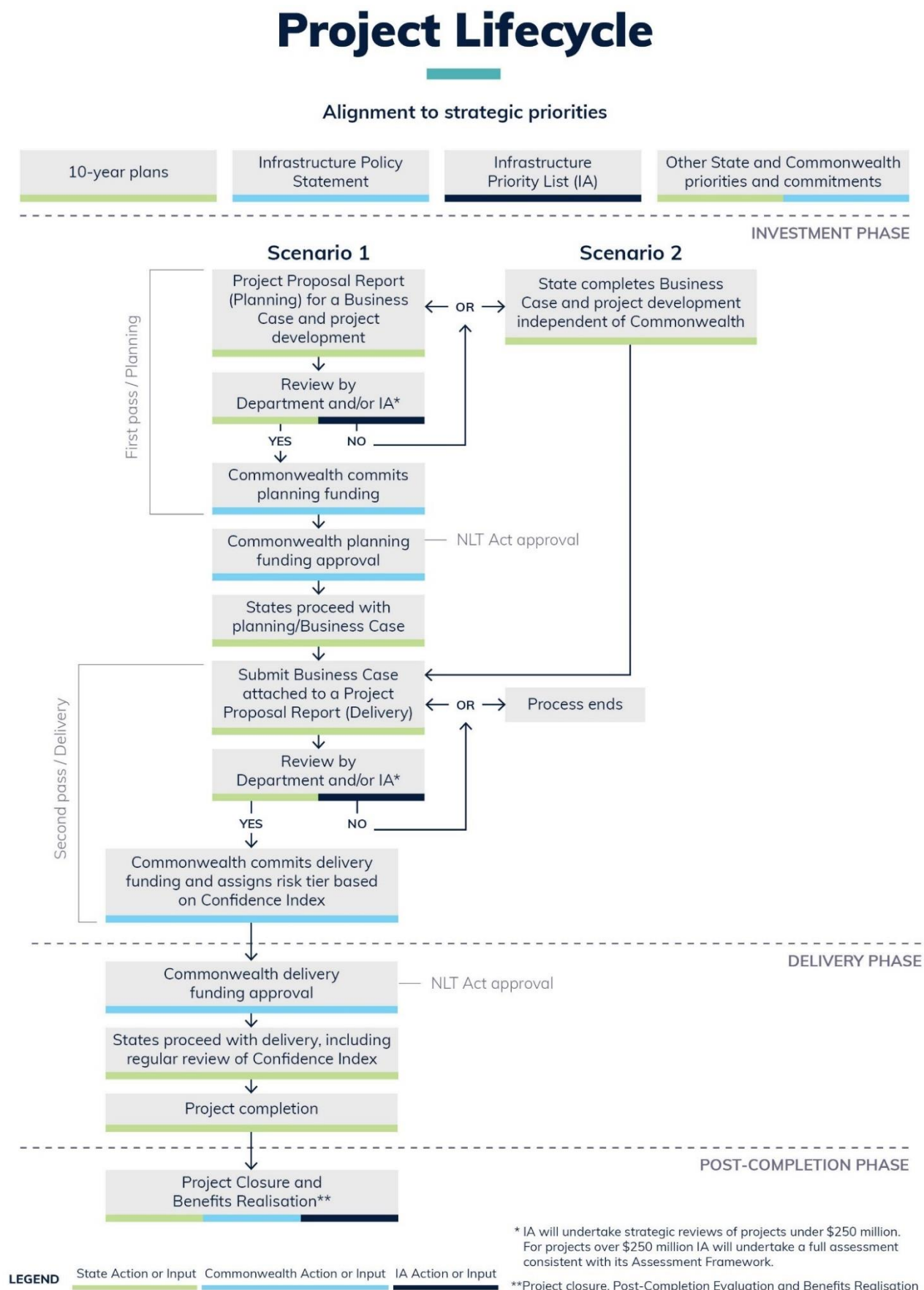
Delivery phase

Projects continue to be assessed for confidence/delivery risk aligning with expectations for positive obligation reporting and gateways.

Post-completion phase

This phase starts once delivery and construction is complete.

Figure 2: Project lifecycle and alignment to strategic priorities



Alignment to 10-year plans

All project proposals should contain sufficient information, based on evidence or metrics, to demonstrate alignment to the state's 10-year plans relative to their scale and complexity. The department and IA will review project proposals to determine the extent of this alignment and inform advice to the Commonwealth.

States should note that IA will also consider 10-year plans when developing the IPL and consult with the state before adding proposals to the IPL.

In its review of the project proposal against the 10-year plan, the department will consider factors such as:

- whether the project would contribute to or support the state's economic, social or environmental objectives as laid out in the 10-year plan
- how the project fits into the state's pipeline, including deliverability and sequencing.

Alignment to the Infrastructure Policy Statement

The [IPS](#) articulates the Commonwealth's priorities for land transport infrastructure. The IPS is published on the department's website and may be updated from time to time.

Project proposals, including planning and delivery stage proposals, will be assessed for alignment to the IPS. The IPS defines the Commonwealth's objectives and expectations for its investment in land transport projects, which supports informed decision-making by the Commonwealth.

The department and IA (when relevant) will consider a proposal's alignment to the IPS at each stage of the 2-pass process and upon any request for additional funding for existing projects.

There may be circumstances where a state's proposal responds to unexpected and/or emerging priorities that do not align with the strategic themes guided by the IPS. In such cases, states should articulate why the Commonwealth should invest in a particular project that sits outside the strategic framework of the IPS.

There are 2 relevant definitions of 'national significance' with regard to infrastructure investment that are complementary but distinct:

- the IPS definition
- the definition prescribed by the IA Act and associated IA guidance.

Project proposals are required to demonstrate alignment to the IPS definition. IA applies its definition of nationally significant infrastructure to all sectors within its remit. This is part of a range of assessment criteria used to determine eligibility of proposals for inclusion on the IPL.

Road design standards

Term 31 of the FFA Schedule states that road projects must be designed in accordance with relevant design guidelines as a minimum – for example, the [Austroads Guide to Road Design](#). Evidence-based, innovative designs above the minimum design standard are also encouraged, to maximise the safety, productivity and efficiency, and reduce embodied emissions of the road network and to allow fit-for-purpose solutions to be delivered.

Chapter 3: Planning and delivery processes

Purpose

As recommended by the 2023 [Independent Review of the National Partnership Agreement on Land Transport Infrastructure Projects](#) (known as the Halton Review), Commonwealth decisions on larger projects with more complex planning requirements will generally be separated into 2 distinct phases (a 2-pass process): planning (first pass) and delivery (second pass).

The purpose of the 2-pass process is to ensure that a Commonwealth decision to commit funding to the delivery of a project is based on assurance that the relevant planning required for successful outcomes has been undertaken.

Commonwealth project proposal submission requirements

Project thresholds

Funding thresholds determine submission requirements for project proposals. These are outlined in Table 2.

Table 2: Cost thresholds for project proposal submission requirements

Project threshold	Submission requirements
<u>Less than \$100 million total project cost</u>	States <i>may</i> submit a proposal seeking <i>planning and delivery</i> funding at the same time, noting that the release of delivery funding will generally be conditional on planning outcomes.
<u>\$100 million or more total project cost</u>	A 2-pass process will generally apply to proposals. A separate project proposal submission is required for planning (first pass) and delivery (second pass) proposals.
<u>For projects seeking \$250 million or more of Commonwealth funding</u>	The 2-pass process applies, noting that states will need to also work with IA as they develop the business case.

*States will also need to submit their options analysis to IA for consideration. Early involvement of IA will assist with timely consideration by IA of the business case at the second pass. The business case must also meet the requirements of IA’s Stage 3 business case as per IA’s [assessment framework](#) or equivalent as approved by IA. Refer to Term 10(b) of the FFA Schedule. Supplementary information may be required to ensure that the business case meets the department’s minimum requirements.

Planning proposals (first pass)

The first pass is the decision to invest in the development of a project business case and/or a delivery proposal. Receiving planning funding for a proposal is not a guarantee that delivery funding will be supported.

States may either seek Commonwealth co-funding for a business case (first pass) or develop their own business case and go straight to the second pass. In either scenario, a business case must be completed before submitting a proposal for delivery funding (second pass), unless the project is beneath the \$100 million threshold.

First-pass project proposals can be for:

- a preliminary business case
- a detailed business case
- both of the above combined in a single proposal.

The intent is to undertake the most appropriate planning activities for the project in question, rather than prolong planning activities unnecessarily.

A planning proposal must provide sufficient information to allow the department (and IA) to assess the proposal, and must address the criteria listed in Table 3.

Table 3: Criteria to address in a planning proposal (first pass)

No.	Requirements
1.	Description of the problems or opportunities that the proposal is addressing, including why funding is needed now for business case development
2.	Anticipated benefits and risks for this proposal
3.	An explanation (500 words or less) of how the proposal aligns to their 10-year plan
4.	An explanation (500 words or less) of how the proposal aligns to the Infrastructure Policy Statement
5.	Proposed scope of planning activities and the type of business case that will be prepared (strategic or detailed)
6.	Funding requested for the business case, with an itemised breakdown of costs, by financial year
7.	Timing for completion of the business case
8.	High-level strategic estimate of total cost of the project, if available
9.	Outputs of any state gateway assessments

Delivery proposals (second pass)

The second pass is the decision to invest in project delivery or construction, and requires the submission of a business case.

For proposals going through a 2-pass process that are seeking less than \$250 million in total Commonwealth funding, the delivery proposal must contain the criteria listed in Table 4, most of which is expected to be in a business case.

In addition to the criteria in Table 4, for projects seeking \$250 million or more in total Commonwealth funding, states will need to also work with IA as they develop the business case per Table 2.

Table 4: Criteria to address in a delivery proposal (second pass)

No.	Requirements
1.	A detailed scope of the preferred option, as well as a summary of the options that were considered, the key findings of the options analysis, and the rationale for selecting the preferred option
2.	Benefits, including a cost-benefit analysis (CBA) including underpinning economic methodology and details of assumptions and demand inputs adopted From 1 January 2025, or as soon as practicable, for project proposals over the threshold of \$100 million, the CBA should include consideration of enabled and upfront embodied carbon emissions using the National Carbon Values (or higher). Refer to Infrastructure Australia's guide to assessing greenhouse gas emissions .
3.	An explanation (500 words or less) of how the proposal aligns to the state's 10-year plan
4.	An explanation (500 words or less) of how the proposal aligns to the Infrastructure Policy Statement
5.	Costings, which must be prepared using the cost estimation guidance provided on the department's website, including cost estimates and the P50 and P90* outturn costs in the department's project cost breakdown template. A state's detailed estimate is part of this requirement, which includes the project cost breakdown, underpinning rates and data, and class/category of estimate
6.	Project delivery schedule
7.	The level of project design completed to date (e.g. preliminary or detailed design)
8.	Evidence that the business case has been reviewed as part of a recent gateway assessment conducted under the state's own processes. This can be evidenced by providing the outputs or outcomes of the recent gateway assessments as an attachment
9.	Proposed approach to procurement, including how procurement will be optimised to deliver the wider socio-economic outcomes identified in the Infrastructure Policy Statement and listed in Term 20 of the FFA Schedule.
10.	A description of site investigations completed, including geotechnical surveys and how these have been considered in the project scope/design and risk assessment and mitigation
11.	Risk assessment (including application of the confidence index and provision of a delivery risk rating – see Confidence index) and mitigation strategies. Include an explanation of the delivery risk rating in plain English, consistent with positive obligation reporting
12.	Details of any community and stakeholder engagement completed to date
13.	Any planning and environmental approvals pathway and current status
14.	Compliance with any other relevant Commonwealth or state legislation relevant to project delivery

*P50 = 50% probability of the project being delivered; P90 = 90% probability of the project being delivered.

Note: An updated project proposal template will be provided to reflect these requirements.

Commonwealth review process

Planning proposals

The department will review the proposal for quality and completeness against the requirements listed in Table 3.

If the proposal is incomplete, the department will endeavour to notify the state within 5 business days of receiving the proposal.

The state will then endeavour to resubmit the proposal within 10 business days, unless otherwise negotiated between the 2 parties. Otherwise the proposal may not be able to be considered in the Budget / Mid-Year Economic and Fiscal Outlook (MYEFO) cycle.

These indicative timeframes may be affected by the volume and complexity of proposals, and any changes to the usual timings for Budget and MYEFO processes.

The department may also share the proposal with IA, which will conduct a targeted and strategic review of the proposal's merit.

The Commonwealth minister will consider both the department's and IA's recommendations as separate pieces of advice during the decision-making process.

Delivery proposals

For projects requiring less than \$250 million of Commonwealth funding

The department will review the proposal for quality and completeness against the requirements listed in Table 4.

If the proposal is incomplete, the department will endeavour to notify the state within 15 business days of receiving the proposal.

The state will then endeavour to resubmit the proposal within 15 business days. Otherwise the proposal may not be able to be considered in the Budget/MYEFO cycle.

These indicative timeframes may be affected by the volume and complexity of proposals, and any changes to the usual timings for Budget and MYEFO processes.

Where agreed between the department and IA, IA will conduct a targeted and strategic assessment of the proposal. IA's advice will be considered separately to the department's advice and put to the Commonwealth minister for consideration.

For projects requiring close to or above \$250 million of Commonwealth funding

All states have gateway and assurance processes that lead to the development of a business case for projects of this scale. A gateway is an independent review of a program or project undertaken at key decision points within each stage of a program/project's lifecycle.

Recognising states' systems, the department will accept a business case if it has been determined as ready to proceed by the state's gateway review, so long as evidence has been provided.

The department's review will focus on understanding the general solution being proposed, financial considerations and whether the business case meets the requirements set out in this chapter.

If the proposal is incomplete, the department will endeavour to notify the state within 20 business days of receiving the proposal.

The state will then endeavour to resubmit the proposal within 20 business days. Otherwise the proposal may not be able to be considered in the Budget/MYEFO cycle.

These indicative timeframes may be affected by the volume and complexity of proposals, and any changes to the usual timings for Budget and MYEFO processes.

The department will not assess the business case against IA's assessment framework, as that is the role of IA.

States are encouraged to submit the business case to IA with sufficient time (based on the size and complexity of the project) for IA to complete the evaluation before consideration ahead of the Budget or MYEFO. States must engage with IA in advance to understand IA's submission requirements and evaluation timeframes.

Commonwealth-initiated projects

If a Commonwealth-initiated commitment does not meet the requirements for delivery, then this advice is to be provided by the Commonwealth department to the Commonwealth minister with a recommendation that further planning work be undertaken. This will assist with determining the likely cost of delivery, ensuring that a decision regarding deliverability and value for money can be made.

Confidence index

A recommendation of the Halton Review was to implement a risk framework that is underpinned by a confidence index (CI) and gateway and assurance reviews. These have been developed to ensure investment risks are borne by the party that has the ability to manage them effectively.

The CI and gateway and assurance reviews apply throughout the project lifecycle, beginning with the investment phase (except for planning proposals). This gives all investors insight into the maturity of a project's planning, costings and timeline for delivery.

Purpose of the CI

The CI rates a proposal based on the maturity of the proposal in respect of its planning, costing and level of available detail, including any anticipated barriers to delivery. It provides the Commonwealth with an understanding of the level of delivery risk associated with a project. The CI should be applied in the delivery phase and will be used to streamline administration. See [Risk tier framework](#).

The CI will be a qualitative rating (supplemented with appropriate supporting evidence provided by the state) that expresses the level of delivery risk associated with the project. The CI will be expressed as one of the following tiers:

- Tier 1 (project assessed as currently being at a high level of delivery risk)
- Tier 2 (project assessed as currently being at a moderate level of delivery risk)
- Tier 3 (project assessed as currently being at a low level of delivery risk).

The CI will be reviewed and updated as part of regular project reporting and will assist the Commonwealth to determine the governance and reporting arrangements it applies to the project, in consultation with the relevant state.

This will allow risk-sensitive governance arrangements to be adopted, better targeting the oversight of investment risks, and will improve understanding of the overall health of the infrastructure pipeline.

Who applies the CI?

A CI will be applied by the relevant state, leveraging its existing project assurance activities. This recognises that states are best placed to apply a CI because they have access to all relevant information and appropriate capability.

When is the CI applied?

The CI will be provided with delivery proposals and all subsequent proposals requesting scope variations or additional funding.

The CI will complement the information provided in the state's delivery proposal, including cost estimates at P50 and P90. Information provided at the delivery stage will assist the Commonwealth in understanding the likelihood of delivery within the project funding commitment and delivery schedule.

Where delivery proposals are made before the business case or assurance process is completed (such as for projects with a cost of under \$100 million seeking planning and delivery funding), the proposal's CI would likely be determined as Tier 1 (high level of delivery risk) due to the proposal's maturity at the investment decision point.

The CI risk tier will be updated by the state throughout the project's lifecycle and provided to the Commonwealth as part of each progress report.

This provides ongoing risk reporting to the Commonwealth that is informed by the state's existing risk management and assurance processes.

How will the CI be used?

The Commonwealth will use the CI to help determine the governance and reporting arrangements it applies to the project, in consultation with the relevant state. See [Risk tier framework](#).

The Commonwealth will work collaboratively with the relevant state if there is a disagreement on the CI risk tier applied to a project. The decision on the appropriate level of governance and reporting arrangements applied to the project is made by the Commonwealth to ensure it remains an informed investor throughout the duration of the project. The CI will be considered as sensitive information and treated with appropriate confidence by the Commonwealth.

Further development of delivery proposals assessed as high risk

Some delivery proposals assessed as Tier 1 (high risk) may require further development to mitigate delivery risk to an acceptable level. In these instances, both parties may agree to one of the following approaches:

- Commit additional funding to complete further planning activities as appropriate (such as geotechnical investigations or other site investigations, community consultation or further design work). Following completion of the additional work, the project can be reconsidered for a delivery funding decision (note that receiving funding for additional work is no guarantee of delivery funding).

- Commit delivery funding with conditions (e.g. that the full funding will only be released after the state has provided evidence that it has completed community consultation or other appropriate activity).
- Commit delivery funding but note that certain issues need to be monitored and should be specifically considered in subsequent gateway reviews (see Chapter 6).
- Do not commit further funding at this stage. This does not restrict the state from seeking a further commitment at a later stage. The department may work with the state to support subsequent consideration of the project and ensure issues identified are addressed.

Chapter 4: Funding

Cost sharing

In the spirit of partnership, cost sharing ensures more proportional risk sharing and allows the Commonwealth to contribute to a greater number of projects across states.

The Commonwealth's Infrastructure Policy Statement states that Commonwealth funding for nationally significant land transport infrastructure projects will be provided on a 50:50 basis with state delivery partners. The IPS also states that the Commonwealth may consider funding a greater share for projects that are "on the National Land Transport Network in jurisdictions with less capacity to raise revenue on a case-by-case basis".

Clause 39 of the FFA Schedule states that project funding splits will be determined at the time of funding commitment. The Commonwealth and states will maintain a consistent funding split on projects as cost pressures arise, where appropriate governance, assurance and reporting has been clearly demonstrated and factors such as scope changes have been mutually agreed.

Alternative funding

Section 11(f) of the NLT Act permits the Commonwealth minister to consider the extent to which a state has considered alternative funding options in addition to or in lieu of the proposed Commonwealth contribution, when considering whether it is appropriate to approve a project.

Alternative funding and financing strategies may include, but are not limited to:

- commercial or concessional loans
- equity injection
- guarantee
- value capture/creation
- phased grants and availability payments
- wider application of user charging.

States must consider and advise the department whether an alternative funding arrangement is a feasible option to fund all or part of the project. States are encouraged to engage with the department on this at the earliest opportunity, particularly where a viable option has been identified.

In cases where states are seeking Commonwealth contributions for complex or sensitive projects, the department will require information on:

- assessment of alternative funding and financing opportunities and the outcome of consideration of these opportunities
- assessment of any risks to the parties and/or perceived conflicts of interest
- full details of the proposed alternative funding and financing approach.

Depending on the level of complexity, sensitivity or national significance, the department may also require evaluations undertaken by the state's financial or infrastructure advisory bodies in accordance with pertinent state gateway processes.

Permitted use of funds

All Commonwealth funding must be expended on approved purposes permitted by the [NLT Act](#) and the [NLT Regulations](#).

If there is any uncertainty as to whether a proposal meets the requirements of the NLT Act or the NLT Regulations, the department will seek legal advice before the proposal is considered for funding.

Proper use of funds and value for money

The department is required to prepare advice to inform the Commonwealth minister's decision on approving payments for an investment project. An investment project is a project for which an approval by the Commonwealth minister under section 9(1) of the NLT Act is in force or, for the purposes of this document, a project where the Commonwealth has approved a commitment to co-contribute funding for the planning or delivery of a project.

Project payments approved by the Commonwealth minister must satisfy section 71 of the PGPA Act, under which a minister can only approve proposed expenditure if they are satisfied the expenditure is a 'proper' use of relevant money. The PGPA Act indicates that proper use of relevant money requires consideration of whether the expenditure would be an efficient, effective, economical and ethical use of public resources.

Chapter 5: Commonwealth consideration of project proposals

Transition arrangements

Box 2 outlines the arrangements for treatment of projects that were committed to under the previous agreement but for which funding under the [NLT Act](#) has yet to be approved.

Box 2: Transition arrangements – investment phase

- Project proposal reports (PPRs) for planning projects that are well progressed and known to the Commonwealth by the time the FFA Schedule is in place will not be expected to demonstrate alignment with 10-year plans and the IPS.
- Any final (or close to final) PPRs for delivery projects submitted on or before the date the FFA Schedule commenced will be subject to previous administrative arrangements. States may choose to apply the CI risk-tier rating either upon submission of the PPR or once the project is approved.
- For existing projects where there is a funding commitment but a PPR has not been submitted by the date the FFA Schedule commenced, all parties will agree on whether these projects will be subject to the new requirements, taking a pragmatic approach.
- If states would prefer an existing project to be assessed under the new arrangements, they will need to withdraw the PPR and resubmit the proposal, consistent with the new requirements.

Where significant additional funding is sought for an existing project agreed under the previous agreement, it will be managed in a streamlined and pragmatic manner. Parties should bilaterally agree on whether the request for additional funding should be in the form of a new PPR, a simplified PPR, or an attachment to the current PPR. 'Significant' is defined as seeking new funds that are either 20% or more of the total project cost, or greater than \$50 million in Commonwealth contribution.

Timing for submissions

In the event of changed circumstances (such as a Budget being scheduled for a month other than May), the Commonwealth will advise states in writing of changes to required submission dates and will consult at the earliest opportunity.

States may submit new proposals, or requests for additional project funding, at any time throughout the year to consider for inclusion in the Commonwealth Budget or MYEFO. The Commonwealth will generally provide more funding for projects in the Budget than in the MYEFO.

To consider a proposal for inclusion in the upcoming Budget or MYEFO, the Commonwealth will need full and completed proposals to be submitted.

Planning proposals – indicative timing

- By 31 January for a proposal to be submitted for consideration for a May Budget
- By 15 August for consideration for a MYEFO

Delivery proposals – indicative timing

- By 15 November of the previous year for a business case to be submitted for consideration for a May Budget
- By 30 June for consideration for a MYEFO

Summary of Commonwealth considerations

The Commonwealth will consider all project proposals for funding (planning, delivery and any additional funding required for existing projects) as part of the biannual Budget process.

Once a proposal is submitted, the department considers a range of factors including:

- whether the proposal is eligible under the NLT Act
- whether the proposal aligns with the relevant state's 10-year plan
- the extent of the proposal's alignment to the IPS
- whether the relevant requirements for planning or delivery proposals have been met
- the CI rating for the proposal and the reason for the rating
- whether the proposal represents value for money and a proper use of funds as per the Commonwealth obligations under the PGPA Act.

The department will summarise this assessment and provide advice to the Commonwealth minister and/or the Commonwealth Government regarding project proposal recommendations, including IA's advice, at the time of Budget and MYEFO considerations.

Decisions to commit funding to projects are decisions taken by the Commonwealth Government.

Project funding decisions will be set out in the FFA Schedule funding tables 2A to 2H and provided to the relevant state ministers for agreement.

Agreeing to the funding tables

For proposals that secure a Commonwealth commitment for funding in the Budget/MYEFO, written agreement to the FFA Schedule funding tables (formerly schedules) is necessary to enable funding to be released under the federal financial relations framework. Funding tables are typically updated and released biannually ahead of the Budget and MYEFO and sent to the respective state minister by the Commonwealth minister. Any conditions attached to a project will be included in the funding table.

The relevant state minister must confirm in writing if they agree to the content of the funding table and any associated documents. Only once this is received and deemed to constitute agreement will the funding table be valid and published. Once agreed, the latest funding table will supersede all previous funding tables.

It is important for the avoidance of doubt that the relevant state's written confirmation directly states their agreement to the funding table and the other attachments. Less direct language or references to caveats may be assessed as insufficient to indicate formal agreement. The letter may

note issues for further discussion or provide additional pertinent information. Where this occurs, the Commonwealth will work collaboratively with the state to resolve these issues as swiftly as possible. However, it must be clear in the letter that any issues raised do not preclude agreement to the funding table and attachments.

If a state minister wishes to caveat or amend the funding table, they should communicate this explicitly in writing. The Commonwealth minister will consider this on a case by case basis. If the Commonwealth minister agrees to the requested change, this will be advised in writing along with a revised funding table for the state minister to agree to in full.

Failure to agree to the funding table and associated attachments may put at risk funding for projects that have changed from previously agreed funding tables (e.g. where additional funding is provided). Funding for any newly agreed projects can only be released once a funding table has been agreed which lists the project and its funding allocation.

Project approval and notification of approval

The process of approval of an investment project is governed by the NLT Act and the PGPA Act, and approved under section 9(1) of the NLT Act. Project approval is supported by the department undertaking an assessment of the project information provided as outlined in Tables 3 and 4.

The submission of a business case to inform Commonwealth funding commitments is expected to create efficiencies in project approvals once a commitment has been made. The key enabling element of this change is aligning the information supplied in a business case as closely as practicable with the information required to support project approvals. The development of a business case and delivery proposal is a significant piece of work that is to be required once during the project lifecycle. All parties will work collaboratively to deliver the expected benefits and efficiencies.

Note: The instrument approving a project is not a legislative instrument.

Following the Commonwealth Budget or MYEFO, and once the relevant state has agreed to its FFA Schedule funding table, the department will endeavour to progress project approval instruments to the decision-maker:

- within 15 business days for planning (first-pass) proposals
- within 30 business days for delivery (second pass) proposals.

These indicative timeframes may be affected by the volume and complexity of proposals, and whether the department has all the information required from the state in order to progress the project approval instrument. If there are a number of project approvals and prioritisation is necessary to reflect proposed delivery timeframes, the department will work collaboratively with the relevant state to prioritise the project approvals.

Once approved by the Commonwealth minister, an approval instrument will be provided by the department under section 17 of the NLT Act. Under section 13 of the NLT Act, the approval instrument for an investment project must:

- identify the project
- specify the maximum funding amount the Commonwealth may contribute to the project
- identify the eligible funding recipient to which the funding may be paid
- if the approval is conditional on a funding agreement being entered into with the eligible funding recipient, contain a statement to that effect.

Under section 14 of the NLT Act, if the approval instrument for an investment project states that the approval is conditional on a funding agreement being entered into with the approved funding recipient:

- the total amount of funding that the agreement provides for must not exceed the maximum funding amount specified in the project approval instrument
- the agreement must comply with any other requirements (e.g. requirements relating to the inclusion of conditions) specified in the project approval instrument.

The Commonwealth minister may delegate any of their powers of decision-making under the NLT Act to senior officials in the department. These delegations are made under section 93 of the NLT Act.

Chapter 6: Delivery phase

Transition arrangements

Box 3 outlines how projects that are currently in delivery will be transitioned to the new requirements for delivery projects.

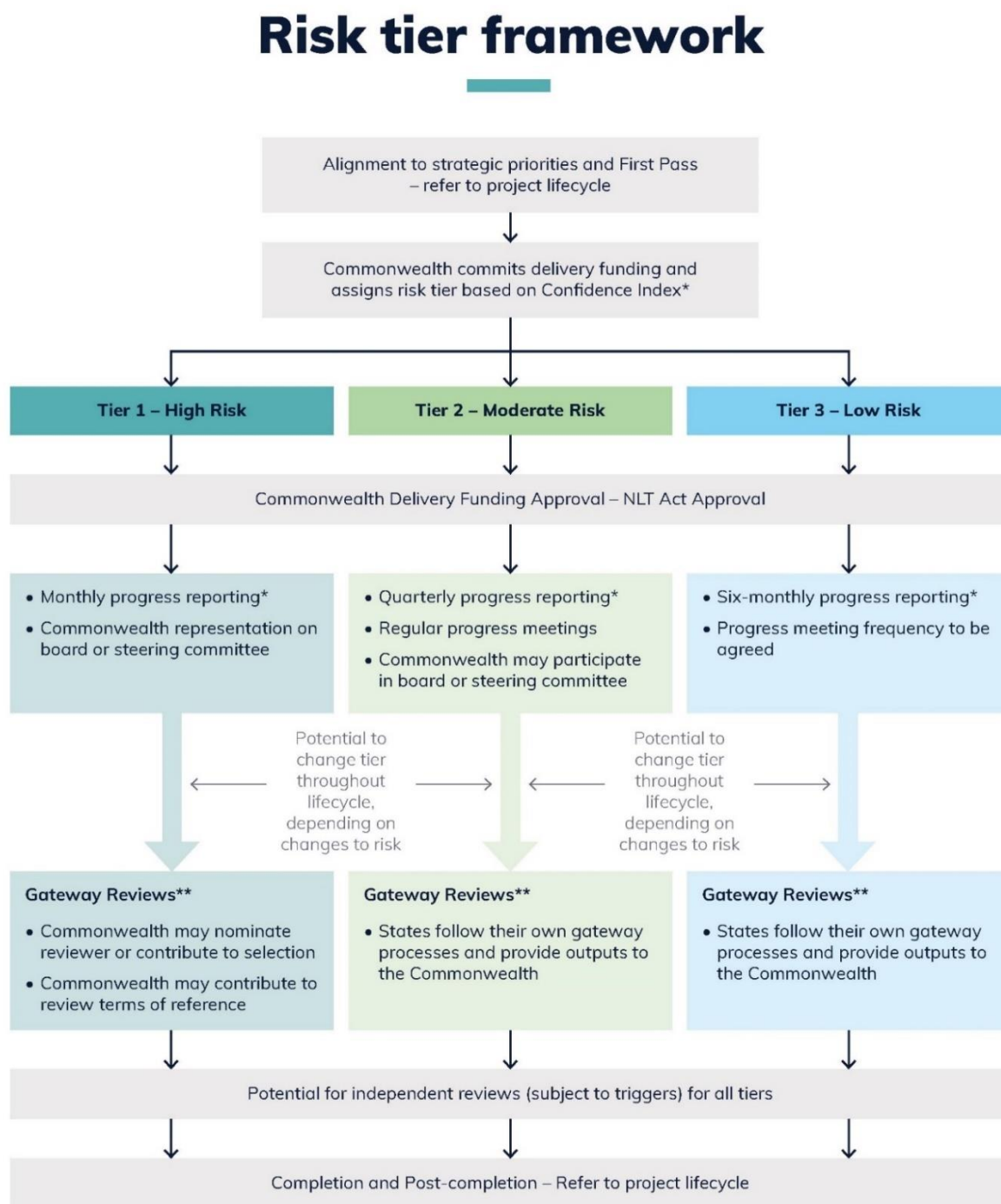
Box 3: Transition arrangements – delivery phase

- All projects in delivery will need to have a confidence index risk-tier rating assigned to them.
- Projects that states deem to be high risk and high value should be prioritised for transition. CI risk-tier rating assessments for these projects are to be completed and provided to the department by no later than 31 March 2025.
- Lower value, lower risk projects should have a confidence index risk-tier rating assigned to them. CI risk-tier rating assessments for these projects are to be provided to the department by no later than 31 May 2025. When this rating is assigned and agreed by the Commonwealth in writing, reduced monthly reporting arrangements can be applied.
- Once a CI risk-tier rating has been assigned (including if this is before the date agreed for transition) the project will then be subject to the new arrangements for progress reporting and gateway and assurance purposes.

Risk tier framework

The risk tier framework shown in Figure 3 outlines the processes that occur before a funding commitment is made and how the risk rating affects the governance of a project during its delivery phase. This includes the application of the CI, positive obligation reporting, and the gateways and assurance requirements that apply to projects. Once funding is committed, the risk rating affects the level of governance required for the project and whether the CI needs to be reapplied throughout the project lifecycle. This approach to risk should be used to streamline administration and governance arrangements.

Figure 3: Risk tier framework



* Confidence Index reviewed regularly throughout project life

**Frequency and number of gateway reviews to align with State's own processes

Continued application of the confidence index

The CI applies post investment once the project has been established. Any significant change during the delivery phase may result in a change to the governance and reporting framework for that project.

Positive obligation reporting

Positive obligation reporting places the onus on the state to disclose risks to project delivery timeframes and costs in a timely manner to the Commonwealth. Timely disclosure may occur as part of agreed project governance arrangements, and may be reported in the next progress report (provided this results in timely disclosure) or in an additional progress report that is submitted earlier than the next scheduled report. Disclosures should be written in plain English and should not be unreasonably delayed by a state's authorising environment.

When the department receives a positive obligation risk disclosure, it will work collaboratively with the relevant state to respond to the disclosure. The department will work to understand the issues and determine whether a change to the current risk-based governance arrangements is required. The department will respond to the disclosure of these risks in a timely manner.

Project governance

The initial [confidence index](#) assessment (see Chapter 3) will be used to guide governance arrangements.

Project governance arrangements are agreed between the Commonwealth and the state once the project is approved. Governance arrangements may include steering committees, project-specific agreements, or a combination of project meetings and/or steering committees, depending on the level of funding and risk involved.

Larger or more complex projects may have a steering committee supported by a project working group.

For local government projects, it may be appropriate for the Commonwealth to organise more frequent meetings to support efficient delivery of the IIP in that state. It is also appropriate to agree on the level of engagement with the state infrastructure body on any issues such as reporting, milestones and cash-flow updates, project variations and cost risks.

Steering committees and project boards

Where a state implements governance arrangements such as steering committees or project boards for a project with a Commonwealth funding contribution, the Commonwealth should be given the opportunity to participate in these for Tier 1 (high risk) and Tier 2 (moderate risk) projects.

The role of Commonwealth representation will be agreed between all parties on a case by case basis at the commencement of the project and throughout the project lifecycle.

The Commonwealth may also request that steering committees or project boards be established.

Gateway and assurance processes

Purpose

The purpose of Commonwealth gateway and assurance processes is to use the learnings and outputs from **states' own gateway and assurance processes** to improve project governance and provide opportunities for independent reviews to assess how well a project is going.

A gateway and assurance process will work with existing state gateway and assurance frameworks, where these are fit for purpose, and provide the Commonwealth with greater awareness of project risks, allowing resources to be allocated to project governance based on risk.

What are gateway and assurance processes?

Gateway and assurance processes are reviews of a package or project undertaken at key points throughout the project lifecycle. Gateway and assurance reviews are usually undertaken by independent experts. They examine the progress and likelihood of successful delivery of project or program outcomes.

Gateway and assurance processes vary nationally, but typically cover any or all of the following questions:

- What is the issue?
- Is the project ready to progress to the next stage?
- Are there opportunities to improve?
- What is the plan to implement any changes or address issues required before progressing, and how can this be facilitated?

The following sections outline how gateway and assurance processes can be applied to IIP projects.

Principles – ways of working

The following principles apply to gateway and assurance processes:

- The Commonwealth will work with existing state frameworks where practical.
- States and the Commonwealth commit to a culture of continuous improvement and development of collaborative relationships.
- Gateway and assurance processes should facilitate early warning and faster decision-making.
- Sharing of gateway and assurance reviews is done as part of a partnership based on greater engagement, trust and confidence.
- Separately to assurance reviews and outputs, the Commonwealth will still require short project progress reports on an agreed frequency (see Figure 3).
- Project assurance reviews shared with the Commonwealth will be provided in confidence and cannot be shared without prior agreement.

Process

The Commonwealth expects states to have gateway reviews and other assurance processes with the characteristics outlined in Term 36 of the FFA Schedule. Once a funding commitment has been made, the agreed risk-based governance requirements will apply to any subsequent gateway reviews. States will also provide the outputs of all subsequent gateway reviews to the Commonwealth in a timely manner.

Projects that are below states' own thresholds for their own gateway processes will still be required to be assigned a CI and provide regular progress reporting (see Table 5) but will not be required to provide gateway review outputs.

The Commonwealth will also work with states to determine how the outputs of a state's other, broader, assurance processes can be used to facilitate greater understanding of risk, risk-based governance, and states' own processes.

Risk-based governance and reporting

Each project will be assigned a risk tier based on the CI (see Chapter 3). This will be used to help determine the governance and reporting arrangements applied to the project, in consultation with all parties. The Commonwealth and states will work together to determine appropriate requirements for each project, aligning to states' processes where practical.

Table 5: Risk-based governance and reporting arrangements

Tier	Description	Example of progress reporting frequency	Example of governance requirements
Tier 1	High risk	Monthly	<p>Commonwealth representation on project board or steering committee.</p> <p>Commonwealth ability to nominate an independent person to be part of gateway reviews.</p> <p>Commonwealth given the opportunity to contribute to the selection of reviewers.</p> <p>Commonwealth given the opportunity for input to the terms of reference for gateway reviews or other assurance reviews.</p>
Tier 2	Moderate risk	Quarterly	<p>Commonwealth and States have regular project progress meetings (frequency to be agreed).</p> <p>Commonwealth may choose to participate in project board or steering committee (if applicable).</p> <p>States follow their own gateway processes and provide outputs to the Commonwealth.</p>
Tier 3	Low risk	Six-monthly	<p>Commonwealth and states have less frequent regular project progress meetings (frequency to be agreed in writing), or states provide progress updates on achievement of key milestones, at intervals no greater than 6 months.</p> <p>States follow their own gateway and assurance processes and provide outputs to the Commonwealth.</p>

Planning projects that have secured Commonwealth co-funding to complete a business case will automatically be assigned to Tier 3 (low risk).

The Commonwealth may request additional information to help inform decision-making.

Additional independent assurance reviews

Triggers

In response to certain triggers, the Commonwealth may request an independent assurance review (in addition to a state's own processes) to consider the project and develop recommendations for

the Commonwealth and the state as to how the project should proceed. The Commonwealth will first discuss project issues with states and attempt to resolve these collaboratively before requesting an independent assurance review.

Triggers may include:

- A state does not have gateway reviews or other assurance processes with the characteristics outlined in Term 36 of the FFA Schedule.
- A project has identified substantial cost pressures that warrant further investigation.
- A project has been delayed by more than 12 months.
- A project appears likely to exhaust its contingency funding well in advance of completion.
- Tender prices received for project delivery are above the project's committed funding.
- No tenders are received.
- There is a significant change in project scope.
- The Commonwealth deems that information flow arising from governance representation is unsatisfactory or that project governance is not functioning well.
- Other unforeseen circumstances arise that have an impact on project risk, including likely impacts on project cost, timeline or outcomes.

Cost, process and recommendations

Once a trigger has occurred and other attempts to resolve the issue(s) have been unsuccessful, the Commonwealth and the state will jointly prepare terms of reference for the review and appoint independent reviewers. Reviewers will be skilled people with relevant knowledge. They will require access to project products and the opportunity to interview project staff. The Commonwealth may request input from IA to support the independent assurance review.

The cost of conducting the additional independent assurance review will be covered using that project's funding and shared between the Commonwealth and the state as per the project's agreed funding split.

The process should not unreasonably delay progress on the project. The benefits lie in the review team bringing a fresh perspective to identify risks and issues facing the project. A review could assess project preparation, clarity of scope, risk identification, and management and deliverability, and identify strategies to resolve barriers to successful project delivery.

Recommendations may include options to modify the project scope or delivery processes to achieve the required outcome. Recommendations may also relate to project governance and risk management. The Commonwealth and the state will review any recommendations and agree in writing on the required next steps to address them in a timely manner.

Cost estimates

Summary cost estimates for delivery project proposals are submitted in the applicable project cost breakdown (PCB) template. The department will send each state their PCB template annually via email.

For projects over \$25 million (total project cost, including contingency), the state provides the department with a detailed cost estimate developed using appropriate probabilistic cost estimation techniques to generate P50 and P90 outturn costs, unless otherwise approved by the Commonwealth. The state also provides access to data, such as a detailed breakdown of cost items.

This enables the department to assess the proposed costs and ensure they represent value for money under the PGPA Act.

The department may request supplementary information to enable specific project elements (such as cost estimate reports, technical site investigation reports, project designs and forecast annual allocations) to be reviewed before making a recommendation to the Commonwealth minister or their delegate.

Projects under \$25 million do not require a PCB to be submitted. These projects must use the departmental escalation rates as per the department's cost estimation guidance notes (see [Cost escalation](#)).

Requests for tender exemptions

States must call for public tenders for construction (as defined by the NLT Act) in accordance with section 24(1) of the NLT Act.

Project proposals seeking an exemption from the requirement to use a public tender process must seek approval. The request for tender exemption must detail the:

- category under which the exemption is being sought (see section 24(1)(c) (i) to (vi) of the NLT Act)
- scope of works for which the exemption is being sought
- value of these works
- intended entity to undertake these works
- supporting reasons for the exemption, if any.

If the exemption is being sought under section 24(1)(c)(vi) of the NLT Act, the request must confirm that the cost of the work is \$100,000 or less, in line with the [National Land Transport \(Exemption from Public Tenders for State Projects\) Determination 2014](#).

The department will review and assess the request, including the estimated value, before making a recommendation to the Commonwealth minister.

The department may act under delegation if the Commonwealth minister has delegated their decision-making powers accordingly, which may change from time to time.

Cost escalation

A cost escalation model allows project costs to be adjusted for changes in costs or prices in technical, economic and market conditions over time. Escalation is used to forecast future costs or prices and/or to adjust past costs or prices to be accurate in present terms.

The process for setting proposed escalation rates to be used in business cases and project funding will be approved by the secretary of the department or their delegate, in consultation with IA and state agencies. The department's escalation rates are explained further in the [cost estimation guidance](#) notes published on the department's website.

Project cost updates

The department requires up-to-date information on estimated project costs and proposed project delivery schedules. When a major component of the work is awarded to a contractor, the state must

inform the department of the agreed contract price, including contingency and escalation factors, and provide an updated overall project cost estimate (including base estimate, P50 and P90 project estimates, and P50 and P90 outturn costs). Milestones may be varied to reflect the contractor's delivery schedule.

Funding recipients must inform the department of any changes to the agreed contract price, including changes to contingency funding and escalation costs, and provide an updated overall project cost estimate.

Milestones and payments

Under Term 42 of the FFA Schedule, the department releases funding on the achievement of project milestones. The department will check that satisfactory evidence has been submitted to confirm the milestone payment and confirm that the project is listed in FFA Schedule Tables 2A to 2H.

For each project, states are required to identify up to 4 milestone payments per annum, noting that the number of payments will vary from project to project. For example, a small, low-risk project may only require one milestone payment, while larger, high-risk projects may require more.

States must verify that the milestone has been achieved by providing the department with acceptable evidence accompanied by a statement signed by a senior official. Acceptable evidence that a milestone has been reached may include:

- photographs that clearly show the nature and location of works undertaken, with geographical identifiers and date stamps
- documents such as signed contracts (or extracts of documents where privacy or commercial-in-confidence restrictions apply)
- media releases or news articles
- engineering or technical reports
- an environmental approval notice, environmental impact statement (or similar), or public notice of community consultation on an environmental impact statement
- gazettal of a property acquisition
- a certificate of practical completion
- any other relevant information gathered by or provided to the department.

The evidence provided should be proportional to the complexity of the deliverables for the payment and associated risks. Where significant milestone payments are requested, the evidence provided should be more extensive to reflect the size of the payment.

Milestone claims are submitted and approved via the department's online portal. Funding will be paid in the month after the claim for payment is accepted and approved by the department. If the department does not approve a milestone claim, due to insufficient evidence of the milestone being met, a milestone variation will be triggered.

Milestone variations

Requests for milestone variations must involve written communication and agreement between both parties. Once the variation is agreed, the milestone will be updated via the department's online portal.

The following conditions apply:

- A milestone variation request cannot be made in the same month as the due date of the milestone. For example, a request for variation to milestones due in January 2025 cannot be made in January 2025.
- The sum of all milestone payments within a financial year cannot exceed the amount allocated for that financial year, without consultation with the department.
- The sum of all funding paid and all future milestone payments cannot exceed the committed or the approved funding for the project.

Project scope variations

The scope of a project may be varied in accordance with Terms 46 and 47 of the FFA Schedule. In most instances a scope variation will require a decision of the Commonwealth. Any significant variations to a project's scope which result in material changes to the project's cost or anticipated benefits, respective funding contributions or timelines, must be agreed in writing by the parties before a decision is taken.

Funding recipients must discuss the potential variation with the department as early as possible, then submit a formal request for the variation to the department with supporting information including (but not limited to) cost estimates, scope and timelines.

The department may seek to review and validate cost estimates used to justify any request for changes to the amount of either approved or committed funding before requesting a Commonwealth decision to agree to the variation.

Management of underspends and overspends

The Commonwealth and the funding recipient may agree to reallocate funding between projects to manage cost pressures and changing priorities. All parties must agree that the funding allocation for the state is not exceeded (see FFA Schedule, Term 45).

In seeking approval to reallocate overspends and underspends, funding recipients must provide:

- the rationale for the underspend or overspend
- the quantum of funds to be reallocated and the timing of the movement of funding
- the implications of the movement of funds for other projects and the state's overall program funding
- any other relevant information.

The Commonwealth will consider the application for the proposed reallocation of funding on a case by case basis and advise the funding recipient of the outcome of the application.

Addressing cost pressures for existing projects

Projects experiencing cost pressures beyond the existing total committed amount will need to submit a revised project proposal or an addendum to the existing project proposal for the Commonwealth's consideration. Any such proposals should meet the same timing and other requirements as a relevant planning or delivery stage proposal.

Consistent with Term 39 of the FFA Schedule, the Commonwealth will maintain a consistent funding split on projects as cost pressures arise, where the proponent has demonstrated appropriate governance, assurance and reporting and where factors such as scope changes have been mutually

agreed. The Commonwealth will consider requests for additional funds in preparing the Budget or MYEFO.

Project withdrawals and cancellations

If the Commonwealth or a state chooses to withdraw funding from a project, they must notify the other party in writing to seek agreement. In general, any expenditure made before project approval is at the proponent's own risk.

Where a project has been approved and the withdrawal of funding from a project is agreed, the Commonwealth will work with the state to ensure that any costs incurred to date are paid in line with the agreed project cost sharing arrangements.

Any projects in this category will need to be reviewed on a case by case basis to determine appropriate next steps (see FFA Schedule, Terms 48 to 50).

Terms 51 to 56 of the FFA Schedule set out specific provisions relating to project cancellations. Term 55 states that "in the event of a Project cancellation, the Commonwealth's share of any remaining funding will be moved to State Unallocated for future distribution to priorities in that State. In the case of a State, the State may choose to reallocate its share of any remaining funding to other Projects".

Interest earned on payments in advance

Payments by the Commonwealth to states are made in accordance with milestones. However, in the event that the Commonwealth makes an advance payment and the state agrees to accept the advance payment, the requirement to calculate the interest earned by the state will be dealt with in an exchange of letters between the relevant ministers.

Inactive projects

An inactive project is defined in Term 65(f) of the FFA Schedule as:

- a project where funds have been committed by the Commonwealth, regardless of whether a project approval instrument is in place or not, and:
 - i. has been inactive for three years from the time the funding commitment was first made; and
 - ii. is not under construction, is not out for tender, and there are no plans to go out to tender; and
 - iii. neither Party objects to the Project's removal.

Where neither party objects to the project's removal from Tables 2A to 2H of the FFA Schedule, the project will be removed at the next Budget or MYEFO process.

Inactive projects that have been removed from Tables 2A to 2H of the FFA Schedule will have their funding moved to state unallocated funding (see FFA Schedule, Term 18).

Where either party would like the project to remain listed in Tables 2A to 2H of the FFA Schedule, they must notify the other party in writing 3 months before Term 18 of the FFA Schedule would be expected to take effect, outlining the reasons why the project should remain in the pipeline.

Cash flow projections

Funding recipients must provide the department with cash-flow projection reports by 15 February and 15 August each year to meet Budget and MYEFO timeframes. States are to provide cash-flow projections that best reflect their market capacity and delivery schedules.

Funding recipients are to use the template provided by the department that sets out milestone payment profiles for projects listed in Tables 2A to 2H of the FFA Schedule.

The sum of the milestone payments must match project funding allocations for that year (as set out in the most recently agreed Tables 2A to 2H of the FFA Schedule. Note that funding requirements will change for some projects due to a range of factors, such as new alternative financing arrangements, cost escalations, project timeframe delays and/or a change of priority projects.

Funding recipients are to provide milestone payment profiles for the period of the forward estimates based on the total annual state funding allocation in the most recent Budget or MYEFO.

Any changes to cash-flow profiles between financial years require approval by the Commonwealth.

Action plan for complementary policy outcomes

An action plan for optimising the achievement of complementary policy outcomes through infrastructure delivery should be submitted by each state to the Commonwealth by 31 December each year for projects in delivery, or seeking delivery, for the following calendar year.

The action plan may include identification of specific projects that present an opportunity for achieving a complementary policy outcome listed in Term 20 of the FFA Schedule.

This could include specific commercial provisions or requirements of suppliers (e.g. positive obligations, minimum standards, targets, incentives, reporting requirements), as well as pilots, government investments, or programs that are relevant to co-invested projects that are in delivery or seeking to commence delivery.

Chapter 7: Project completion

Transition arrangements

As detailed in Box 4, there is no change to previous processes for project completion.

Box 4: Transition arrangements – project completion

- The project completion report (PCR) is being retained.
- Projects that were agreed under previous arrangements and are to be completed under new arrangements are still required to submit a PCR.
- For any existing planning project that is subject to a second-pass delivery investment decision, a PCR is only required following completion of delivery and construction.

Post completion

Once a project has reached physical completion, it enters the post-completion phase. The post-completion phase should not take longer than 12 months unless the department receives and accepts a request for extension.

During the post-completion phase, the state submits to the department:

- a project completion report (PCR)
- final total project costs
- a statement from the chief executive officer (CEO), or their delegate, that amounts expended from funding payments have been or will be wholly expended on approved purposes in relation to funded projects
- a payment request for the final milestone.

The final milestone may be adjusted to include the Commonwealth's unpaid share of funding for approved purposes on the project to date, and the Commonwealth's agreed estimated share of outstanding approved purposes funding that may extend beyond the date of payment of the final milestone (e.g. noise-monitoring contracts, final landscaping contracts, land acquisition settlements).

A final milestone payment should be tied to the submission and acceptance of the PCR.

Note: The **total project cost** for the whole project at the end of the post-completion phase is calculated using the actual costs – noting that some residual property-related costs may have to be handled separately.

Project savings

Term 45 of the FFA Schedule outlines what happens when the final project cost is less than the committed amount:

- a. for Projects to which only the Commonwealth has committed a specified funding contribution, the Commonwealth funding will be moved to State Unallocated; or

- b. for Projects which both the Commonwealth and a State have committed a specified funding contribution, the savings will be divided on a pro-rata basis and be redistributed:
 - i. in the case of the Commonwealth, funding will be moved to State Unallocated; and
 - ii. in the case of a State, the State may choose to reallocate its share of the funding to other Projects.

The approach taken should be confirmed in writing by both parties.

Contract defect period

Both parties recognise that an extended contract defect period can result in delays to project finalisation and assessment of project outcomes.

In cases where there is more than a 12-month defect period, the department will request that a *draft* PCR be submitted within one year of practical completion, with a *final* PCR to be submitted once the contract defect period has concluded.

Project closure

On payment of the final milestone and completion and acceptance of the PCR, the project is deemed to be closed. Funding recipients must report the final milestone payment in their next Annual Financial Statement and Audit Report (**Attachment D**).

Once the project is closed, funding recipients can no longer claim funding from the Commonwealth for the project.

Asset disposal

The funding recipient is still required to abide by the project evaluation requirements as set out in the FFA Schedule. The state must notify the Commonwealth by way of the Annual Financial Statement and Audit Report if it sells or disposes of an interest in land that was acquired using all or part of a funding payment.

States are required to adhere to the obligations set out in section 25 of the NLT Act in regard to any reimbursement paid to the Commonwealth as a result of the disposal.

The funding recipient must, as soon as practicable after selling or disposing of an interest in land that was acquired using all or part of the funding payment, notify the Commonwealth minister of the sale or disposal.

Reporting on bilateral performance indicators

Performance reporting has changed from the previous agreement. Box 5 outlines the transition arrangements for reporting on bilateral performance indicators.

Box 5: Transition arrangements – performance reporting

- Initial arrangements will enable each state to tailor its reporting according to its existing data collection and state reporting arrangements.
- It is expected that all new projects under the FFA Schedule will be within scope for performance reporting.
- States are required to include transitioning projects in their performance reporting only where data is available.

Bilateral performance reporting aims to recognise state diversity and promote continuous improvement. States must submit an annual bilateral performance report on progress against bilateral indicators relating to the shared complementary policy priorities set out in Term 20 of the FFA Schedule. The agreed bilateral indicators are set out in Tables 3A to 3H of the FFA Schedule.

States may also use the bilateral performance report to report progress on state targets, policies, frameworks, initiatives or other actions to support achievement of the complementary policy priorities as articulated in their action plan for complementary policy outcomes. This may include evaluations, key learnings, and recommendations for national harmonisation or coordination, including for setting new or stretch targets for performance milestones.

The bilateral performance report is to be submitted annually by 30 August and cover progress over the previous financial year. The report should include contextual information on reporting scope, methodology and definitions, to ensure transparency and assist with interpretation.

Where a state's bilateral performance report refers to 'Tier 1' contractors, the definition in Attachment A to this document should be used.

Bilateral indicators may be revised, by agreement of the parties, following reviews after years 1 and 3 of the FFA Schedule. The review and revision of bilateral indicators will allow for greater ambition as policy approaches mature. It will also be an opportunity to improve consistency in reporting across states, where practical.

Bilateral performance reports will be provided to Commonwealth and state Infrastructure and Transport Ministers to enable assessment of progress and outcomes achieved (FFA Schedule, Term 26), with public reporting commencing in year 3 of the FFA Schedule.

Post-completion evaluation of nationally significant projects

As part of the reporting requirements of the FFA Schedule, states are committed to providing data, where available, to support the monitoring, evaluation and operation of the IIP. To support post-completion evaluations, the department and/or IA may in some cases request project-level data from a state, where the state has already collected this data (FFA Schedule, Term 25).

Performance reporting and benefits realisation reporting will often occur after project closure.

To better understand the objectives and outcomes of the FFA Schedule, the Commonwealth may decide to conduct an evaluation. This may include evaluating a number of projects in a particular area or along a corridor. Any decisions regarding which projects to evaluate will be agreed in partnership with all parties.

In addition, IA will undertake post-completion evaluations of a selection of significant projects each year. A post-completion evaluation may include evaluating a number of projects in a particular area or program or along a corridor.

The selection of projects to be evaluated will be agreed in partnership with the funding recipients and IA.

To enable IA to complete post-completion evaluations of the selected projects:

- the department will provide to IA any relevant project and program information it already holds
- funding recipients will provide to IA relevant delivery data and the outputs of internal audits, assurance reports and gateway reviews (in particular 'ready for service' and/or 'benefits realisation' reviews).

IA is currently developing a framework in consultation with governments that outlines roles and responsibilities for post-completion activities and how IA will manage and use data. A collaborative approach will facilitate the sharing of lessons learned across states and identify potential enhancements to project selection and assessment methodologies.

Chapter 8: First Nations framework

Transition arrangements

Box 6: Transition arrangements – First Nations participation plans

- Funding recipients are still required to submit an Indigenous participation plan at the time of providing their delivery project proposal to the department (where the project value threshold requires submission of the plan).
- The format and details provided on the department's website for Indigenous participation plans remain the same.
- There is no change to the current reporting requirements until after the proposed new First Nations Employment and Procurement Framework is in place and states have been advised in writing.

New framework

A new First Nations Employment and Procurement Framework will be co-designed with the states and First Nations stakeholders during 2025. The revised framework may include revised and/or additional performance targets related to First Nations outcomes, negotiated on a bilateral basis and tailored to states' circumstances.

All current reporting arrangements under the existing Indigenous Employment and Supplier-use Infrastructure Framework are preserved until the new framework is in place.

Chapter 9: Public recognition

Rights of the Commonwealth

The Commonwealth reserves the right to publicise and report on the funding it commits or approves. This can include publicising the name of the project, the amount of the funds, a description of the project, maps of the project's location, or any other information the Commonwealth deems appropriate. The Commonwealth may do this:

- by including information about the funding in traditional and social media
- in general announcements and speeches
- in annual reports and Budget documents
- on the department's website or on websites belonging to any Commonwealth minister
- by any other method.

Funding recipient obligations

The funding recipient must acknowledge the financial support they have received from the Commonwealth and must consult with the Commonwealth before releasing any public recognition – that is, promotional and advertising materials, public announcements and media activities – in relation to a project.

In any public recognition of a project that involves funding provided by the Commonwealth, a full acknowledgement of the Commonwealth's funding contribution in total and in respect of individual projects must be made.

The Commonwealth expects equal access to products that states obtain in the development of promotional material, including but not limited to project data and benefits, and all raw project footage and images. The funding recipient must also provide reasonable access to project sites to enable the Commonwealth to capture footage and imagery (to be shared with the funding recipient).

Commonwealth and state jointly funded projects

Public recognition for a project stating, requesting, or implying a funding commitment by the Commonwealth must not be finalised without first securing agreement from the department.

Where any public recognition is proposed for jointly funded projects, the funding recipient must provide reasonable opportunity for the Commonwealth to contribute to all communication strategies and announcements, and have equal representation at events. The funding recipient must work cooperatively with the department to provide adequate notice of the proposed public recognition (particularly with events), and opportunity for attendance by Commonwealth representatives. Adequate notice is defined as:

- 5 to 7 business days' notice for media releases or statements
- 5 to 7 business days' notice for approval of signage, plaques and promotional collateral
- 10 to 14 business days' notice for proposed events, ceremonies, site visits and media stand-ups
- 5 to 7 business days to ensure that the proposed public recognition meets Commonwealth expectations.

The Commonwealth must have access to all products obtained for use in the development of promotional material, including but not limited to project data and benefits, and all raw project footage and images.

When installing project signage, including commemorative plaques, funding recipients must comply with the department's [Building Australia Signage Guidelines](#), unless otherwise agreed by the department. This applies to all projects funded under the FFA Schedule. The signage must be in place at project commencement, including at any sod-turn ceremony or similar opening event.

Operational announcements (excluding media releases/statements) related to the project, such as notices relating to night works, do not require departmental approval.

Where the Commonwealth is the major investor

Where the Commonwealth is the major investor, funding recipients must ensure the Commonwealth's contribution is prominently acknowledged on all promotional and public recognition materials, as set out in the [Building Australia Brand Guidelines](#). This applies to all promotional material, announcements, launches and events in connection with a project. All such materials and activities require approval from the department.

Recognising the contribution of First Nations communities

Where a local First Nations community, particularly in remote Australia, has made a significant contribution to delivery of a project funded under the FFA Schedule, the funding recipient may consider highlighting the community's contribution on project signage, where appropriate. They must consult with relevant First Nations stakeholders and the department on this. Such signage is considered an approved purpose for funding.

Chapter 10: National Land Transport Network maintenance (roads only)

Transition arrangements

Where data is requested that is not currently collected by the state, there may be a transition period in the provision of reporting.

Allocation

The Commonwealth contribution to maintenance of the road component of the National Land Transport Network (NLTN) will be provided as an annual allocation to each state. Clause 58 of the FFAS notes that the Commonwealth's annual road maintenance funding for the NLTN will increase from \$350 million in 2023-24 to \$460 million in 2024-25 (and thereafter indexed by 2.5 per cent annually).

The Commonwealth minister approves maintenance allocations annually under sections 9(1) and 17(1) of the NLT Act. The annual allocation to each state will be determined by a formula applied to roads that form part of the NLTN. NLTN maintenance milestone payments are dependent on the successful supply to the Commonwealth of road performance data (see Table 6).

The formula is based on 3 components of non-tolled NLTN roads in each state, which are given equal weighting for:

- lane length
- total average daily vehicle distance travelled
- total average daily heavy vehicle distance travelled (using equivalent standard axles as the measure).

Each state's allocation from the Commonwealth's maintenance budget will be determined by its proportion of each component relative to the total for all non-tolled roads in the NLTN.

Each state is to provide the data necessary to enable the Commonwealth to allocate this funding according to the formula, by the due dates set out in Table 6.

Annual road maintenance funding is only to be spent on non-tolled roads on the NLTN.

Approval

Each state's maintenance allocation is approved by the Commonwealth minister, as a project eligible under section 10(b) and appropriate for approval under section 11 of the NLT Act.

The conditions in Part 3, Division 3 of the NLT Act apply.

Maintenance standard

Commonwealth road maintenance funding is provided as part of a partnership with the states to assist in maintaining the NLTN to a standard consistent with each state's maintenance policies and practices and in consideration of the appropriate level of service for each road based on its function.

Road maintenance reporting

Each year, the states must provide the road maintenance reports shown in Table 6.

Table 6: Annual road maintenance reports

Report	Guidance	Period covered	Due date
Road Maintenance Formula Data Report	See Table 7 : Road maintenance formula data	1 January – 31 December	28 February the following year
Annual Financial Statement and Audit Report (requirement under NLT Act)	See Attachment C	1 July – 30 June	30 November the following financial year
Road Performance Data Report	See Road Performance Data Report	1 January – 31 December	31 March the following year

Road maintenance formula data

Table 7 sets out the data required for the road maintenance allocation formula.

Table 7: Road maintenance formula data

Corridor name						
Link	Link length (km)	Lane length (km)	Annual average daily traffic (AADT) (average over link)	Equivalent standard axle (ESA)* Show % by each Austroads class and ESA per class	Veh.kmt	ESA.kmt
Total						

*A traffic section based value of ESA per vehicle class is to be used in accordance with Austroads recommendations.

Road Performance Data Report

These are the Commonwealth's requirements for the annual Road Performance Data Report.

A. Provision of data

- The data will be provided in an electronic and spatially enabled format.
- The most up-to-date data available to the state agency will be provided, including the year recorded or derived.
- The data will be accompanied by the relevant data dictionary and information on relevant collection methodology and assumptions.

- Road characteristics and road use data should be provided for 100 m segments, or the most detailed level held by the state agency.
- On dual carriageways, condition data is required for both carriageways, with each carriageway individually referenced.

B. Road characteristics data

The following road characteristics data is required:

- Roughness – International Roughness Index (IRI)
- Surface type and age or n/a if not applicable (with reason supplied – e.g. concrete pavements)
- Target surfacing age or n/a if not applicable
- Seal width and shoulder width
- Speed limit
- Road inventory including lanes and barriers
- Road condition including strength, rutting and cracking
- Road risk rating.

C. Road use data

The following road use data is required:

- Annual average daily traffic (AADT)
- Percentage of heavy vehicles as defined in Austroads classification 3–12
- Pedestrians, cyclists and other active travel.

D. Maintenance expenditure

The following maintenance cost data is required:

- Total annual maintenance expenditure, indicating Commonwealth and state contributions (including rehabilitation and/or reconstruction) for each road link for the previous financial year, showing pavement and off-pavement expenditure
- Planned pavement maintenance budget (including rehabilitation and/or reconstruction) in the current financial year for each link to achieve proposed condition outcomes, together with the estimated cost of off-pavement maintenance (i.e. the estimated total maintenance expenditure).

E. Maintenance indicators

The Commonwealth uses 2 indicators – the Preventative Maintenance Indicator (PMI) and the Riding Quality Indicator (RQI) – to monitor road conditions.

The Commonwealth uses the data provided in the Maintenance Performance Report to calculate the PMI and the RQI and assess the overall condition of each link. See **Attachment D**.

Milestone maintenance

The maintenance allocation will be paid on milestones. There will be 2 maintenance milestones per financial year.

Table 8: Annual maintenance milestones

Milestone	Activity	Payment
Milestone 1*	Acceptance by the department of the state's Road Maintenance Formula Data Report	25% of the allocation
Milestone 2**	Acceptance by the department of the state's Road Performance Data Report	75% of the allocation

*Milestone 1 will be raised in the department's online portal for August.

**Milestone 2 will be raised in the department's online portal for each state upon acceptance of their Road Performance Data Report.

Milestone variations

Maintenance milestone variations will follow the milestone variation process outlined in Chapter 6.

Unclaimed milestones

Maintenance milestones not paid within a financial year due to reporting not being provided by a state will not be carried over into the next financial year.

Road safety data

The following road safety data is required:

- Road deaths including location, age, gender, licence status, seating position
- Hospitalised road injuries including location, hospital admission, severity, type, age, gender, seating position
- Risky behaviour associated with serious crashes, including drugs and alcohol, restraint and helmet usage, experience, speeding, fatigue, distraction
- Crash factors including crash type, location, date and time, speed limit, conditions, vehicles involved, registration status.

Note: The Northern Territory may need a longer lead time to commence reporting on some data, given remoteness and resourcing challenges.

The intent and purpose of providing road safety data is outlined in Terms 27 to 30 of the FFA Schedule.

Note that the Road Safety Data Sharing Agreement (DSA) has been agreed by all states and territories and will govern the reporting of road safety data (as required under Terms 27 to 30 of the FFA Schedule).

Attachment A: Definitions

The definitions in section 4 of the NLT Act and Term 65 of the FFA Schedule apply to these Notes.

Term	Definition
10-year plan	See Annual infrastructure plan.
Annual Financial Statement and Audit Report	Requirement under the NLT Act. A report required under section 21 or section 82 of the NLT Act to be submitted by the chief executive officer (CEO), or their delegate, to the department regarding matters relating to the project. The report is to be submitted no later than 31 December after the end of the relevant financial year.
Annual infrastructure plan	Also known as a 10-year plan, the annual infrastructure plan is a plan developed by a state and provided to the Commonwealth annually which provides a long-term (10-year) strategic view of a state's land transport infrastructure priorities, including priority projects that have or are seeking a Commonwealth funding contribution over the next 10 years and how they will be sequenced.
Approved funding	The amount of Commonwealth funding approved as stipulated under the project approval instrument issued under the NLT Act.
Approved funding recipient	The eligible funding recipient identified in the project approval instrument.
Approval instrument	A project approval instrument as defined in section 4 of the NLT Act.
Approved purpose(s)	As defined in the NLT Act, approved purposes are the purposes forming part of the project, other than any purposes that are excluded by the project approval instrument from being purposes on which funding may be expended.
Business case	A document, detailed or strategic, that sets the scope of a proposed project and costings.
Project closure / closed project	The end of Commonwealth obligations and liabilities for the project. A closed project is one for which Commonwealth obligations and liabilities have ended.
Committed funding	The total funding available to a project published in the FFA Schedule tables, agreed to by the Commonwealth Government.
Completion of project / completed project	The point at which a project has achieved its primary purpose – e.g. a new road is opened to traffic; a rail passing loop becomes operational; an acquired technology begins operation. A completed project is one that has achieved its primary purpose.
Confidence index (CI)	A rating of a project's delivery risk.

Term	Definition
Corridor	A grouping of land transport infrastructure projects within the IIP, one of which is usually a rolling program, that share geographic and/or thematic links and an overall funding envelope.
Cost-benefit ratio	An indicator showing the relationship between the relative costs and benefits of a proposed project, expressed in monetary or qualitative terms.
Cost escalation	Annual index measuring actual and forecast price movements in construction components such as wages, material costs and equipment hire rates. Projects funded under the IIP are required to include an agreed escalation allowance in the calculation of total project cost.
Delegate	The delegated official with authority to make decisions in relation to the NLT Act or financial decisions.
Department	The Commonwealth department which manages the IIP, currently the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts.
Eligible funding recipient	<p>The NLT Act defines ‘eligible funding recipient’ as:</p> <ul style="list-style-type: none"> (a) a State; or (b) an authority of a State; or (c) a local government authority; or (d) any other body corporate. <p>The definition includes a partnership under certain conditions in the NLT Act.</p>
Federation Funding Agreement Schedule (FFA Schedule)	Governs Commonwealth funding provided for land transport infrastructure that the Commonwealth jointly invests in with the states.
<i>Federation Reform Fund Act 2008</i>	Enables the Commonwealth to provide grants of financial assistance to state and territory governments.
Final milestone	The point in time when the last payment of approved funding is scheduled, following acceptance by the department of the post-completion report (where applicable) and a statement from the CEO of the funding recipient, or their delegate, that amounts expended from funding payments have been and are wholly expended on approved purposes in relation to the funded project.
First Nations framework	A new framework being developed for First Nations employment and procurement.
First-pass decision	The decision to invest in the development of a project business case and other planning work that can later be used to support a second pass proposal. See Second pass decision.
Funding agreement	When used under Part 3, 4 or 7 of the NLT Act – a written agreement between the Commonwealth and an eligible funding recipient relating to the provision of Commonwealth funding under that Part for a particular project.

Term	Definition
	When used in Part 5 of the NLT Act – a written agreement between the Commonwealth and a land transport research entity (within the meaning of that Part) for the provision of Commonwealth funding for the entity under that Part.
Funding approval	A project approval instrument issued by the Commonwealth under the NLT Act which specifies the maximum Commonwealth contribution to the project.
Funding commitment	The commitment of Commonwealth funds for a project through a Commonwealth Budget process. It does not constitute approval under the NLT Act.
Funding tables	See Tables 2A to 2H (funding tables).
Gateway review	An independent expert review of a program or project, typically undertaken at key decision points ('gates') in each stage of a program/project's lifecycle. The design and application of gateway processes vary from state to state and project to project.
Inactive project	<p>A project is inactive if:</p> <ul style="list-style-type: none"> • funds have been committed for it by the Commonwealth, regardless of whether a formal project approval instrument is in place • it has been inactive for 3 years from the time the funding commitment was first made • it is not under construction, it is not out for tender, and there are no plans to go out for tender • neither party objects to the project's removal.
Indigenous participation plans	Part of the planning and reporting requirements under the previous National Partnership Agreement on Land Transport Infrastructure Projects.
Infrastructure Australia (IA)	<p>The body established by section 4 of the <i>Infrastructure Australia Act 2008</i>. IA is the Commonwealth's independent expert adviser on nationally significant land transport infrastructure investments. Its role includes:</p> <ul style="list-style-type: none"> • providing strategic advice, throughout the project lifecycle, as determined by the minister • evaluating and endorsing evaluations of nationally significant infrastructure proposals (i.e. business cases), including those seeking a Commonwealth contribution greater than or equal to the threshold set out in IA's Statement of Expectations • undertaking periodic post-completion evaluations of select projects against targets set before or during delivery.
Infrastructure Australia Assessment Framework	Provides a national standard for best-practice infrastructure development and explains Infrastructure Australia's requirements and process for assessing infrastructure proposals.

Term	Definition
Infrastructure Australia Statement of Expectations	Statement issued by the responsible Commonwealth minister that outlines their expectations of the operations and performance of Infrastructure Australia.
Infrastructure Investment Program (IIP)	The program of funds allocated to projects for the Commonwealth's investment in land transport infrastructure under the NLT Act.
Infrastructure Policy Statement (IPS)	Statement of Australian Government intent focusing on delivering significant land transport projects in partnership with stakeholders and taking a strategic view of the Commonwealth's investments and the infrastructure pipeline.
Inter-modal	Using multiple modes of transport (e.g. rail, ship, aircraft and truck) without any handling of the freight itself when changing modes.
Inter-modal transfer facility	A facility for the transfer of cargo or passengers from one mode of transport to another. At least one of the modes of transport must be road or rail.
Investment project	A project for which an approval by the Commonwealth minister under NLT Act section 9(1) is in force.
Maintenance	In relation to a road, railway or inter-modal transfer facility – works and repairs to keep the road, railway or facility in a safe and useable condition.
Material change	A change to policy, processes or systems affecting how all parties work together.
Milestone	A scheduled point in time at which funding recipients are expected to have accomplished agreed activities.
Minister	The Commonwealth minister responsible for the Infrastructure Investment Program.
Mid-Year Economic and Fiscal Outlook (MYEFO)	Part of the Budget decision-making process to provide an update on the economic environment and for allocating public resources to the Commonwealth's policy priorities, usually occurring in the middle of a financial year or end of the calendar year.
National Land Transport Act 2014 (NLT Act)	An Act to provide for the funding of projects related to land transport matters, and for related purposes.
National Land Transport Network (NLTN)	The national network for land transport that is in force, as determined by the Commonwealth minister under Part 2 of the NLT Act, as amended from time to time.
National Land Transport Network Determination 2020	Lists the existing and proposed roads and railways that form the National Land Transport Network.

Term	Definition
Nationally significant infrastructure project(s)	Projects defined as nationally significant for the purposes of Commonwealth funding. Two relevant definitions exist (IA and IPS) – see Chapter 1.
National Land Transport Regulations 2022	A legislative instrument that expands on the definition of road, rail and inter-modal transfer facility under the NLT Act.
Outturn cost	The sum of the price-escalated costs for each year of a project's duration. Outturn cost calculation requires the non-escalated or real project cost to be presented as cash flow and the identification, justification and application of an appropriate escalation index for each project year to derive the price-escalated cost for each year. The project cost breakdown template (see Chapter 6) can be used to calculate outturn costs.
Overspend	Funding expended on a project outside the committed amount.
P50	The project cost with sufficient contingency to provide a 50% likelihood that this cost will not be exceeded.
P90	The project cost with sufficient contingency to provide a 90% likelihood that this cost will not be exceeded.
Pipeline	The Commonwealth's commitment to a 10-year infrastructure pipeline while ensuring land transport infrastructure projects it delivers are nationally significant and nation-shaping projects.
Physical completion	See Completion of project.
Post-completion phase	The final phase of a project, after project delivery.
Program	A rolling program of projects targeted to strategic outcomes or corridors, or a rolling program of low-risk projects.
Project	A project approved under the NLT Act, including a program (as defined in FFA Schedule, Term 65(i)).
Project approval instrument	The formal document signed by the Commonwealth minister to approve a project under the NLT Act. It identifies the project and the eligible funding recipient and specifies the maximum funding the Commonwealth may contribute to the project.
Project completion report (PCR)	Report that the funding recipient must prepare and submit to the department during the post-completion phase.
Project cost breakdown (PCB) template	Cost estimate template submitted with a delivery project proposal.
Post-completion evaluation	Project and program evaluations the department and IA may conduct to determine the extent to which land transport outcomes have been achieved and to review the accuracy of demand forecasts and cost estimates in the business case.

Term	Definition
Project lifecycle	The process of a project from proposal to completion.
Proponent	A state; an authority of a state; a local government authority; or any other body corporate that submits a project proposal for Commonwealth funding under the NLT Act.
<i>Public Governance, Performance and Accountability Act 2013 (PGPA Act)</i>	The Act that establishes a governance, performance and accountability framework across Commonwealth entities, and sets out the Commonwealth's requirements for the use and management of public resources.
Second-pass decision	The decision to invest in project delivery.
Significant variation	A variation that impacts funding or delivery timeframes.
State	A state or territory of Australia (i.e. includes the Northern Territory and the Australian Capital Territory).
State and territory tables	See Tables 2A to 2H (funding tables).
State unallocated	The remainder of the Commonwealth's total committed allocation to a state, less its total committed allocation for projects. State unallocated can include savings from closed projects or from projects that have been withdrawn or cancelled. This unallocated funding will be used to contribute towards future priorities for that state (i.e. to fund new projects and/or mitigate cost pressures). State unallocated funding is listed in Tables 2A to 2H in the FFA Schedule
Tables 2A to 2H (funding tables)	Tables in the FFA Schedule showing active infrastructure projects and sub-programs indicating total project cost and estimated Commonwealth, state and other financial contributions, and state unallocated funding, as agreed between the Commonwealth and the state and agreed under the FFA Schedule.
Tier 1 contractor	Large contractors capable of delivering mega-projects over \$1 billion without partnering.
Two-pass process	Process for Commonwealth decisions to fund project planning and project delivery, which is separated into 2 distinct passes.
Underspend	Residual funds or savings from a project.

Attachment B: Guidelines for 10-year plans

No.	Topic	Information to include
1.	Integrated economic and population planning	Expected population growth and distribution (urban and regional) Economic growth areas / demand drivers (e.g. industries supporting the energy transition) and expected budget opportunities and challenges
2.	Integrated transport and land-use plans	Spatial plans that support state and national priorities, including details such as housing supply/demand, employment locations, freight routes, and driver/passenger behaviours – including expected freight needs, road safety issues, general/statewide risks to the achievement of priorities (e.g. climate risks)
3.	Links to existing state plans and strategies – transport and other priorities	Links to corridor strategies, freight strategies and policies and how they align or overlap with the Infrastructure Policy Statement and support these priorities Other plans/strategies developed that have not already been covered, e.g. regional/rural plans, social infrastructure needs, workforce planning, resilience and adaptation, cross-border issues.
4.	Market capacity and supply chain	Current and anticipated market capacity data, any supply chain issues and impact of mega-projects
5.	Projects seeking Commonwealth funding over the next 10 years Include proposed planning and delivery projects	Tables and graphs listing current and proposed projects, including anticipated requests for Commonwealth funding over 10-years Comparison of proposed projects to market capacity (including projects the state is funding on its own, to demonstrate market demand) Aggregate cashflows, cost pressures, existing and proposed projects to show a full picture of the Infrastructure Investment Program (IIP) for the state over the next 10 years Explanation of delays and changes to sequencing since last 10-year plan was submitted Linkages to strategic priorities – what is driving the proposed investments? Proposed new corridors What alternative and complementary funding options have been considered and will be used over the life of the project? Potential mega-projects?
6.	Management of cost pressures	Details of known cost pressures and mitigation/management strategies, including cost-shifting where appropriate
7.	Local government priorities where appropriate	Priorities that states have received from local governments through existing channels (such as stakeholder engagement, state grant programs, taskforces) Any overlaps between state government and local government priorities Commentary on specific local government projects / funding requests (if possible)

No.	Topic	Information to include
8.	Cross-jurisdictional or national priorities where there is a role for the Commonwealth	Major events or commitments expected to require IIP support (e.g. Olympic and Paralympic Games) Cross-border proposals (e.g. major rail projects)

Attachment C: Annual Financial Statement and Audit Report

In accordance with NLT Act section 21 (Funding Recipient must give Minister audited financial statements), the CEO or their delegate is required to submit the Annual Financial Statement and Audit Report to the department no later than 31 December after the end of the financial year.

The information in this report is to be submitted at project level. The report comprises 4 components:

- financial statement
- statement of disposals of interests in land
- signed written statement by the appropriate auditor
- signed statement from the CEO.

Financial statement

The financial statement should be in the format shown in Table C.1.

Table C.1: Format for financial statement

Project name	Amount brought forward from previous financial year	Amount received year ended 30 June	Total amount available for expenditure year ended 30 June (total of previous 2 columns)	Amount expended year ended 30 June	Amount carried forward
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Note: Amount refers to the amount of Commonwealth funding.

Statement of disposals of interests in land acquired with Commonwealth funds

The statement must detail the sale or disposal of interests in land acquired with the use of Commonwealth funds in accordance with NLT Act section 25 (State or State authority using funding payment to acquire interest in land – obligation if the interest is sold or disposed of).

Table C.2: Format for statement of disposals of interests in land

Project name	AG land interest contribution proportion %	AG land interest contribution amount \$	Land interest sale value \$	Amount owed to AG \$
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Note: AG is Australian Government.

Provide details of disposed land (such as title reference numbers and subdivisions) as an attachment.

Signed written statement by the appropriate auditor

The signed written statement by the appropriate auditor should certify that the:

- financial statement is based on proper accounts and records
- financial statement agrees with the accounts and records
- amount expended by the funding recipient during the year, as shown in the financial statement, has been spent on the funded project(s).

The definition of an appropriate auditor is listed in NLT Act section 4 (Definitions).

Signed statement from the chief executive officer

The CEO signs a statement certifying that:

- amounts expended from funding payments have been wholly expended on approved purposes in relation to funded projects
- all tenders invited and contracts awarded for Commonwealth-funded projects for which there is a tendering requirement have been dealt with in accordance with NLT Act section 24 (State or State authority must call for public tenders for certain work)
- signs have been erected in accordance with the agreed signage plan
- conditions outlined in the FFA Schedule have been met.

Attachment D: Maintenance indicator formulas

The Commonwealth uses 2 indicators – the Preventative Maintenance Indicator (PMI) and the Riding Quality Indicator (RQI) – to monitor road conditions under the FFA Schedule.

Preventative Maintenance Indicator

Definition

The age of the pavement's surface compared to the target optimum surfacing age for the section of road as determined by road agency specialists.

Purpose

To indicate the extent to which preventative or proactive maintenance of road pavements is being adequately undertaken.

Reporting method

Target age (TA) is the optimum surfacing age as determined by road agency specialists, generally the time when the road should be resealed to minimise whole-of-life costs. The PMI is categorised as being:

Good: actual age < TA

Mediocre: $TA \leq \text{actual} < 1.3 \times TA$

Poor: $1.3 \times TA \leq \text{actual} < 1.6 \times TA$

Very poor: $\text{actual} \geq 1.6 \times TA$

n/a (e.g. if concrete pavement)

The report should show the length in each category for each link. To facilitate comparisons, PMI will also be reported as a single percentage, known as PMhealth – between 0% (for a very poor seal $\geq 1.6 \times TA$) and 100% (for a new seal).

$$\text{PMhealth} = 100 * [1 - (\text{actual age} / (1.6 \times TA))]$$

Riding Quality Indicator

Definition

The riding quality of the road, considering its traffic volume, percentage of heavy vehicles and speed environment.

Purpose

To indicate the adequacy of a road's riding quality to meet its transport objectives based on the road's roughness.

Calculation

Heavy vehicles are weighted by a factor of 4 compared to light vehicles. The weighted average annual daily traffic (modAADT) becomes:

$$\text{modAADT} = \text{AADT} * (1 + 3 * \text{HV} / 100)$$

Where AADT is the average annual daily traffic and HV the percentage of heavy vehicles

The 'good' roughness limit for a high-speed road varies according to its traffic volume (modAADT) and is between a minimum of 500 and a maximum of 8,000 using this formula:

$$\text{IRI}_{\text{gb}} = 7.1 * (\text{modAADT})^{(-0.11)} + 0.05 \text{ (for a 110km/h road)}$$

The 'good' roughness limit is then modified to take account of speed using this equation:

$$\text{IRI}_{\text{good}} = \text{IRI}_{\text{gb}} * (110 / \text{SL})^{0.5}$$

Where SL is the speed limit with a maximum value of 110 km/h

Reporting method

The RQI can be categorised as:

Good: actual roughness < IRI_{good}; Mediocre: IRI_{good} ≤ actual < 1.3 x IRI_{good}; Poor: 1.3 x IRI_{good} ≤ actual < 1.6 x IRI_{good}; Very poor: actual ≥ 1.6 x IRI_{good}

The report should show the length in each category for each link.

To facilitate direct comparisons, the RQI will also be reported as a single percentage, known as RQhealth, between 0% (for a pavement with roughness greater or equal to the maximum for its function) and 100% (for a newly constructed pavement).

The roughness of a newly constructed pavement shall be taken as 1.558 IRI (40 NRM).

Maximum roughness (RufMax) shall be calculated according to the formula:

$$\text{RufMax} = 1.558 + [2 * (\text{IRI}_{\text{good}} - 1.558)]$$

$$\text{RQhealth} = 100 * [1 - ((\text{IRI}_{\text{actual}} - 1.558) / (\text{RufMax} - 1.558))]$$

Where IRI_{actual} = measured roughness between a roughness value of 1.558 IRI and RufMax