



Department of Planning and Environment

Accelerated Infrastructure Fund – Round 3

Program guideline

August 2022

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Acknowledgement of Country

The Department of Planning and Environment acknowledges that it stands on Aboriginal land. We acknowledge the Traditional Custodians of the land and we show our respect for Elders past, present and emerging through thoughtful and collaborative approaches to our work, seeking to demonstrate our ongoing commitment to providing places in which Aboriginal people are included socially, culturally and economically.

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Overview

The Accelerated Infrastructure Fund (AIF) was first announced by the then Minister for Planning and Public Spaces on 3 April 2020 as part of the Planning System Acceleration Program. Its aim was to cut red tape and fast-track planning processes to keep people in jobs and keep the construction industry moving throughout the COVID-19 crisis.

Building on the success of 2 successful rounds for the financial years 2020–21 and 2022–22, Round 3 of the AIF was announced in the NSW Budget 2022–23. The program has now expanded to include both metropolitan and regional areas, beyond the Western Sydney councils eligible for AIF rounds 1 and 2. AIF Round 3 provides \$300 million to co-fund and accelerate the delivery of local infrastructure across the state of NSW.

The 2022–23 NSW Budget identified a group of initiatives for increasing housing supply. The AIF Program is one of the key initiatives that would contribute to the following core objectives:

- Intervene where there are unnecessary delays in planning decisions, to unlock land for new housing
- Accelerate the delivery of new housing through critical infrastructure projects
- Activate the liveability of precincts through open public spaces and community infrastructure projects.

AIF Round 1

Round 1 of the AIF gave Blacktown City Council and The Hills Shire Council a total of \$75.9 million to co-fund and accelerate the delivery of 14 local infrastructure projects worth \$145.99 million. These included local road upgrades, stormwater infrastructure and open public space projects. The funding also enabled councils to unlock \$70.038 million of revenue from local developer contributions.

All 14 projects funded under AIF 1 are now under construction and will support the development of up to 40,000 new homes, 115 hectares of employment land and have created up to 1,000 new jobs during construction.

AIF Round 2

Round 2 of the AIF was announced in the NSW Budget 2021–22. Building on the success of AIF Round 1, AIF Round 2 provides \$139 million to co-fund and accelerate the delivery of 24 local infrastructure projects worth \$521 million in council-led precincts in Western Sydney.

Round 2 of the AIF was expanded to include other high- growth councils, including Blacktown, The Hills, Hawkesbury, Penrith, Liverpool, Camden, Campbelltown, and Wollondilly.

It aimed to support construction activity and the release of new homes and employment lands in greenfield areas in the selected councils. The AIF Round 2 projects will support the development of 65,000 new homes, create up to 2,200 construction jobs and unlock 570 hectares of employment land dedicated to creating more jobs closer to home.

Purpose of the guideline

This document gives applicants a detailed overview of the AIF project nomination and selection process and the information needed to nominate projects for AIF Round 3 funding. This guideline outlines key program details, eligibility criteria, mandatory and selection criteria, assessment processes and timeframes for the implementation of AIF Round 3.

AIF Round 3

Round 3 of the AIF was announced as part of the new \$2.8 billion housing package within the 2022–23 NSW Budget. The 2022 Housing Package aims to use all available government levers to improve housing supply, fast-track critical infrastructure and offer financial relief for first-home buyers over the next 4 years.

The Accelerated Infrastructure Fund Round 3 (AIF 3) is providing \$300 million to support the delivery of local infrastructure in high-growth greenfield and brownfield areas of metropolitan and regional NSW. This includes funding for councils, state agencies and utilities to deliver roads, stormwater, electricity infrastructure, sewers and open public space projects that enable and support the construction of new homes.

AIF 3 provides stimulus funding to accelerate construction projects that will support new homes. These projects can be delivered by eligible councils, state agencies and state-owned utility authorities.

AIF Round 3 objectives

The objectives of AIF 3 are to:

- support housing growth in both metropolitan and regional NSW
- have all projects start construction within 2 years to accelerate housing delivery
- partner with councils and agencies to co-fund an expanded and accelerated infrastructure program
- deliver critical enabling infrastructure projects that will create new, serviced development land
- deliver local development infrastructure projects that can accelerate housing supply and construction activity
- deliver social infrastructure that supports emerging populations and responds to current service shortfalls.

These objectives recognise the expansion of the program to apply to both metropolitan and regional areas, as well as supporting a mix of infrastructure categories that all contribute to housing supply. They directly inform the way in which project nominations will be assessed.

Key dates and consultation

Key dates

Table 1 shows program milestones and indicative key dates.

Table 1. Key dates

Milestone	Date
AIF 3 launch – nominations period opens	19 August 2022
NSW Department of Planning and Environment completes briefings for all applicants	26 August 2022
Nomination period closes	30 September 2022
Assessment stage begins	4 October 2022
Assessment stage complete – department endorses investment recommendations (project list)	December 2022
Minister for Planning and Homes approves recommended investments	January 2023
Funding agreement stage begins	January 2023
All funding agreements completed	April 2023
All projects receive first tranche of funding	April - May 2023
All projects must begin construction by or before	1 July 2025
All projects must be completed	30 June 2026

Consultation

After formally launching AIF 3, the NSW Department of Planning and Environment will engage with eligible applicants to brief them on the program and nomination process. The consultation will happen through multiple briefings, starting with a webinar to introduce and formally open the nomination round to the eligible applicants.

The department will engage and work with the applicants to identify and discuss potential projects and give advice on any aspects of the project nomination and selection process during the project nomination period.

Funding and eligibility

Funding allocations

AIF 3 expands the program to include both metropolitan and regional areas of NSW. The respective funding reservations for these regions are shown in Table 2 below.

Table 2. Funding allocations

Area	Allocation
Metropolitan	Up to \$180 million
Regional NSW	Up to \$120 million

Eligible applicants

The department has selected the eligible applicants based on analysis of the 2022 NSW population and housing projections. We are inviting 41 councils in total to submit nominations for this funding round, as shown in Table 3. These LGAs are experiencing and are forecast to experience some of the highest rates of housing growth and housing pressure over the next 10 years. Eligible state agencies and utility providers are shown in Table 5.

Table 3. Eligible councils

Area	Councils A to L	Councils to M to Z
Metropolitan	<ul style="list-style-type: none">• Bayside Council• Blacktown City Council• Camden Council• Campbelltown City Council• Canterbury–Bankstown Council• Central Coast Council• Cumberland City Council• Fairfield City Council• The Hills Shire Council• Liverpool City Council	<ul style="list-style-type: none">• City of Newcastle Council• City of Parramatta Council• Penrith City Council• City of Ryde Council• City of Sydney Council• Sutherland Shire Council• Wollondilly Shire Council• Wollongong City Council

Area	Councils A to L	Councils to M to Z
Regional NSW	<ul style="list-style-type: none"> • Albury City Council • Ballina Shire Council • Bathurst Regional Council • Byron Shire Council • Cessnock City Council • Coffs Harbour City Council • Dubbo Regional Council • Eurobodalla Shire Council • Goulburn-Mulwaree Council • Kiama Council • Lake Macquarie City Council 	<ul style="list-style-type: none"> • Maitland City Council • Mid-Coast Council • Orange City Council • Port Macquarie–Hastings Council • Port Stephens Council • Queanbeyan–Palerang Regional Council • Shellharbour City Council • Shoalhaven City Council • Tamworth Regional Council • Tweed Shire Council • Wagga Wagga City Council • Wingecarribee Shire Council

Table 4. Eligible state agencies and utility providers

Delivery agencies	Public utility providers
Transport for NSW	NSW state-owned corporations providing potable water (drinking water), wastewater (sewer), electricity

Eligible infrastructure

Applicants should nominate critical enabling, development or social infrastructure projects that demonstrate the ability to unlock, accelerate or support new housing.

The department will consider a mix of projects from each category in Table 5 when selecting the final set of investment recommendations for the Minister for Planning and Homes' approval.

Table 5. Categories of eligible infrastructure

Category	Description	Sub-category
Critical enabling	Trunk infrastructure that when delivered, will produce fully serviced development land	<ul style="list-style-type: none">• Water and wastewater• State-owned power
Development	Local infrastructure projects typically funded through contribution plans that can be accelerated with AIF funding	<ul style="list-style-type: none">• Stormwater and drainage• Public and active transport• Roads and traffic
Social	Community infrastructure that responds to growing populations and demonstrated service shortfalls	<ul style="list-style-type: none">• Open public space• Community facilities

Number of project nominations

Councils and other applicants may submit more than one application for different projects. Before submitting applications, applicants should prioritise project nominations through any internal governance processes for committing to project delivery.

Applicants must give information that is appropriate for the funding amount sought, total estimated cost of the project, scope of works, project milestones and risk profile of the project.

Mandatory criteria assessment

To be eligible for funding under AIF 3, the projects must meet the following mandatory criteria:

- Project must deliver a piece of infrastructure¹
- Project must demonstrate how it supports housing
- Applicant must finance (co-fund) a minimum of 25% of the total project cost
- Project construction must begin by 1 July 2025
- Projects must be completed by 30 June 2026
- Project sites must already be owned or committed for acquisition* before provision of AIF funding
- Project funding requests must fall within the range of \$0.5m - \$25m
- Projects must have executive approval to be co-funded (letter provided) through the AIF 3 program

1. *Committed as a minimum requires the applicant to have issued a Notice to Acquire (that is, first step under Just Terms legislation).

Exclusions

The following are **out of scope** and not eligible for funding under the AIF Program:

- Operational expenditure associated with the project once delivered
- Infrastructure already fully funded by local government
- Infrastructure already fully funded by the Australian Government
- Infrastructure located outside the eligible local government areas
- Expenditure for community consultation
- Costs associated with legal matters for the project
- Any expenses not expressly identified within the scope of the funding agreement
- Expenditure above the agreed funding amount
- Expenditure incurred before the announcement that the project has been funded
- Soft infrastructure, including computers, software or hardware that is not an integral part of the project
- Payment of salaries for existing staff or staff not involved in the project
- Administrative overhead items – that is, office equipment, vehicles – or mobile capital equipment – for example, earthmoving equipment, trucks etc.
- Ancillary projects identified after funding was approved.

¹ Infrastructure means a facility or structure that is designed for the purpose or use by the public.

Nomination guidance

Eligible applicants must nominate projects for AIF funding through an online project nomination portal available at the link below. The portal guides applicants through every step of the nomination process.

Smartygrants portal: <https://aif.smartygrants.com.au/round3>

The department can help applicants in preparing their submissions and give clear guidance on the information we need to assess projects for AIF 3 funding.

Deadlines

The department will advise eligible applicants of the launch of AIF 3 and the opening of the nomination period.

We encourage applicants to meet the deadlines as outlined in Table 1 on page 8. The department will not accept project nominations received after the nomination period closes. If you are facing significant challenges in meeting the nomination period deadline, please contact the department as soon as possible.

Completeness

The department will review each project nomination as we receive it to ensure it includes the information necessary for the assessment team to consider the proposal.

The project nomination form must:

- be supported and approved by an appropriate delegate
- meet all the information requirements
- meet all mandatory criteria.

Where the department requires more information, we will work with and support the delivery agency as it prepares the information. If we do not receive more information, we may identify the project as incomplete.

How to prepare a project submission

To be eligible, a project nomination must include the documents listed in Table 6 and these must be complete. The nomination may be ineligible if any of the documents are not submitted.

Table 6. Project nomination documents

Document	Description
Draft project plan	Complete the project plan template provided. The department will use this document, along with other supporting attachments, in the technical assessment. It will also support the development of contract documentation if the project is supported for investment through AIF 3.
Online nomination form	This is the submission that: <ul style="list-style-type: none"> • confirms project/applicant eligibility • addresses all mandatory criteria • gives information to support the assessment and prioritisation stage • includes a declaration that all information given is accurate.
Project extents and project service catchment	GIS (geographic information system) files for mapping all projects. The department will use these to evaluate and validate the stated housing supply benefits included in the nomination form. Please advise if GIS files are not available before submissions close.
Funding agreement	The department provides the draft funding agreement for delivery agencies' consideration during the project nomination period. By submitting the project nomination, the applicant has satisfied itself that it can enter into the funding agreement (if successful). Note applicants must accept the terms identified in the funding agreement as part of the project nomination through the online portal. If the project is identified for investment through the AIF 3, the department will use these agreements to finalise the agreed scope of funding and define how the grant funding will be administered to the agency or council.
Supporting attachments	Other documents that will support the technical assessment of projects would include project cost estimates, economic appraisals, risk register, project program/schedule, planning approvals.

We advise applicants to begin with the preparation of the draft project plan. This template will capture the applicant's detailed plan for delivering the project, including identification of the scope of works, benefits, costs, project team, governance, risks, deliverables, program and milestones. In developing the project plan, the GIS shape file, project catchment and AIF Program benefits can be calculated.

Once applicants have prepared these 2 attachments, they can prepare the online submission form. To help, the pages in the online nomination form identify what information will be used for each assessment activity.

Delivering benefits

Applicants must demonstrate how their projects can contribute to the objectives of AIF 3. The primary focus is on supporting planned housing supply in both metropolitan and regional NSW. The delivery of housing is the primary performance measure for the AIF.

Project applicants will need to estimate the number of houses served by the project. This includes giving a project catchment map in GIS format.

The department invites applicants to document their method of calculating these benefits. We will use this in the multi-criteria analysis stage to support the shortlisting process. We will also use this as a measure of project performance if the project is successful in receiving AIF 3 funding.

We also invite applicants to identify other benefits that would be realised through the project, including time savings from the co-funding of AIF 3 compared to funding the project from a single source of revenue.

In the project plan, the applicant will need to identify:

- a method
- budget
- resources available
- data used to monitor benefits realised from the project.

Guiding principles for assessment

The department will review and evaluate projects using the guiding principles in Table 7.

Table 7. Assessment principles

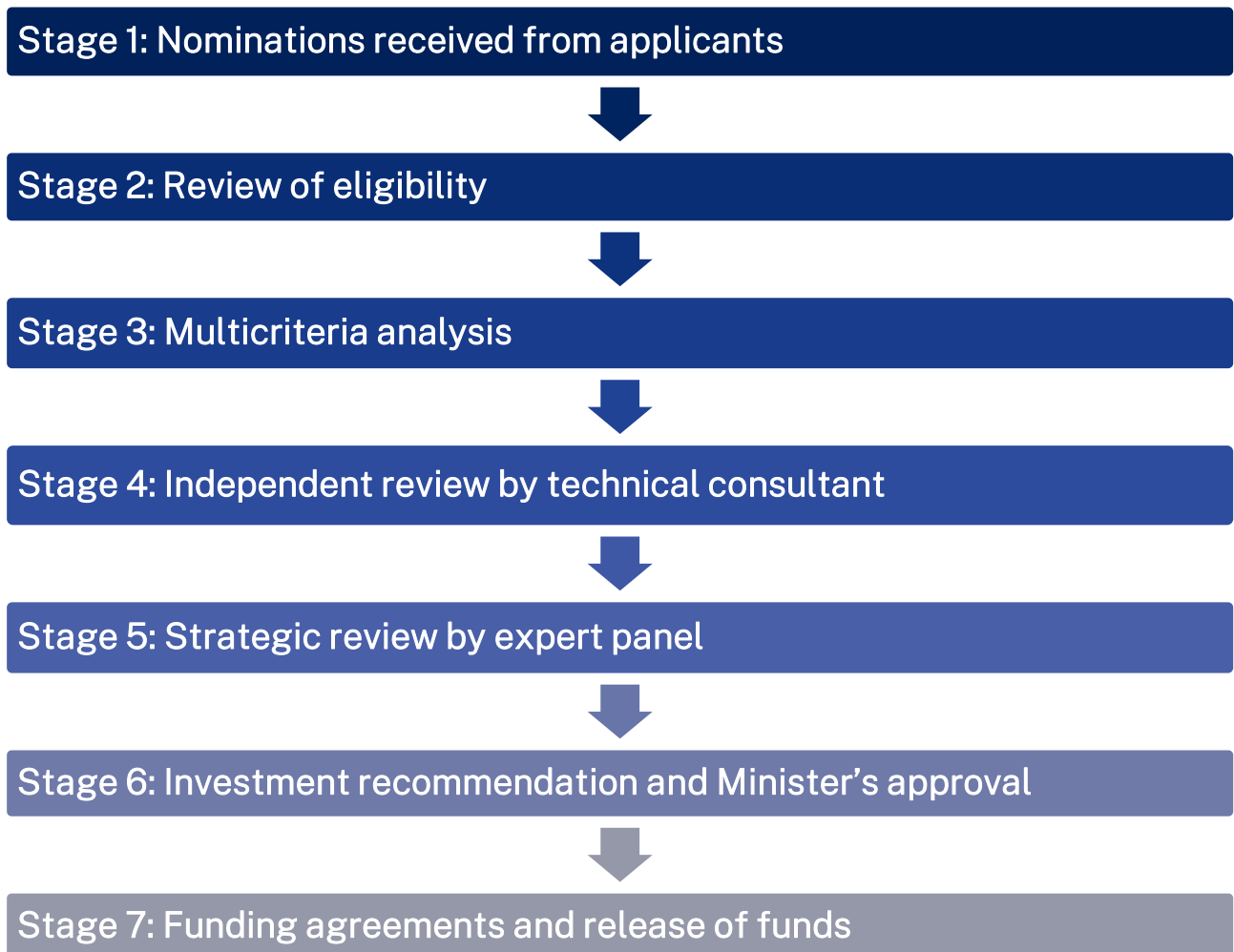
Principle	Description
Strategic	We adopt a place-based approach that acknowledges the different needs of each community and sequences infrastructure delivery to support forecast demand.
Evidence-based	We base our decisions on the quality and depth of relevant information and the ability to demonstrate a net social benefit.
Transparent	We evaluate projects against clearly articulated criteria and informational requirements, and ensure our decisions are shared and open to scrutiny.
Responsible	We consider risk and assurance in making our decisions.
Inclusive	We take an open, collaborative approach that allows opportunities for independent reviews to support decision-making.
Integrated	We coordinate our efforts with other infrastructure and planning programs and ensure our processes are aligned with capital planning activities and the budget cycle.

Assessment stages

The department will rigorously assess and prioritise projects that are nominated for funding under the third round of the AIF to ensure funding goes to projects that support new housing outcomes.

In practice, the assessment will involve the following stages (Figure 1).

Figure 1. Key assessment stages



Stage 1: Nominations received from applicants

The department will notify eligible councils and state agencies identified in this guideline that nominations are open and define the duration of the nomination period.

The department will give advice on how to submit the nomination form.

We encourage applicants to submit nominations within the nominations period. We will not accept nominations after the deadline.

Stage 2: Review of eligibility

In this stage, the department will assess each nomination against the eligibility and mandatory criteria outlined above. We will review nominations to ensure the information given is accurate and complete.

If a nomination does not meet the eligibility and mandatory criteria, the department will not consider it further. We will notify the applicant in these cases.

Stage 3: Multi-criteria analysis

We will assess and rank nominations that progress to the third stage under a multi-criteria analysis, using the selection criteria outlined in Table 8 below.

We will use the multi-criteria analysis to create a shortlist of projects that will go through more detailed assessment. Projects that are not shortlisted will not progress.

Table 8. Selection criteria

Dimension	Criteria	Scoring framework	Weight*
Criticality	Supports new housing	Metric – Number of homes served per \$1 million Score linearly, normalised to the following scale: <ul style="list-style-type: none">Min (0) = 0 homes per \$1 millionMax (100) = 1,500 homes or more per \$1 million	50%
Commitment	Is a priority for the applicant	Metric – Relative size of co-contribution provided by applicant Score linearly, normalised to the following scale: <ul style="list-style-type: none">Min (0) = 15% of the total estimated costMax (100) = 75% or more of the total estimated cost	25%

Dimension	Criteria	Scoring framework	Weight*
Urgency	Should start construction as soon as possible	Metric – Days from 1 April 2023 Score linearly, normalised to the following scale: <ul style="list-style-type: none"> ▪ Min (0) = 822 days (1 July 2025) ▪ Max (100) = 0 (1 April 2023 or before) 	25%

* Weight: Multi-criteria decision analysis normalises criteria scores between 0 and 100 and applies the prescribed weights across the 3 selection criteria to generate a final score.

Stage 4: Independent review by technical consultant

In the fourth stage of the assessment process, a third-party technical consultant will independently review the short list of projects identified under the multi-criteria analysis.

The review will consider the plan to deliver each project and focus on assuring:

- cost estimates
- schedules
- risks and interdependencies
- delivery capability
- benefits realisation.

Stage 5: Strategic review by expert panel

In the fifth stage of the assessment process, an independent panel of departmental subject matter experts will review the short list of projects. The panels will include representatives from:

- Housing Supply & Infrastructure teams
- Planning and Land Use Strategy team
- Planning Delivery Unit
- Regional NSW
- Economics Land Use and Population Forecasting team
- Chief Engineer.

The panel will be asked to review the following components of the shortlisted projects:

- Problem definition and service need
- Scope of works
- Benefits
- Funding strategy
- Risk and dependencies.

Stage 6: Investment recommendation and minister's approval

The department will prepare an investment recommendation report based on the results of the:

- project evaluation
- independent technical assessment by a third-party consultant
- findings from the strategic review panel.

The investment recommendation report will require endorsement from the Housing Coordination Committee (HCC) before the department seeks formal approval from the Minister for Planning and Minister for Homes (minister). The HCC consists of representatives from the Department of Planning and Environment, Department of Premier and Cabinet, NSW Treasury and Regional NSW.

The minister's approval of the investment recommendations will trigger the start of the funding agreement stage.

Stage 7: Funding agreements and release of funds

Once the investment recommendations are approved by the minister, the department will finalise a draft funding agreement for the recipient agency to consider.

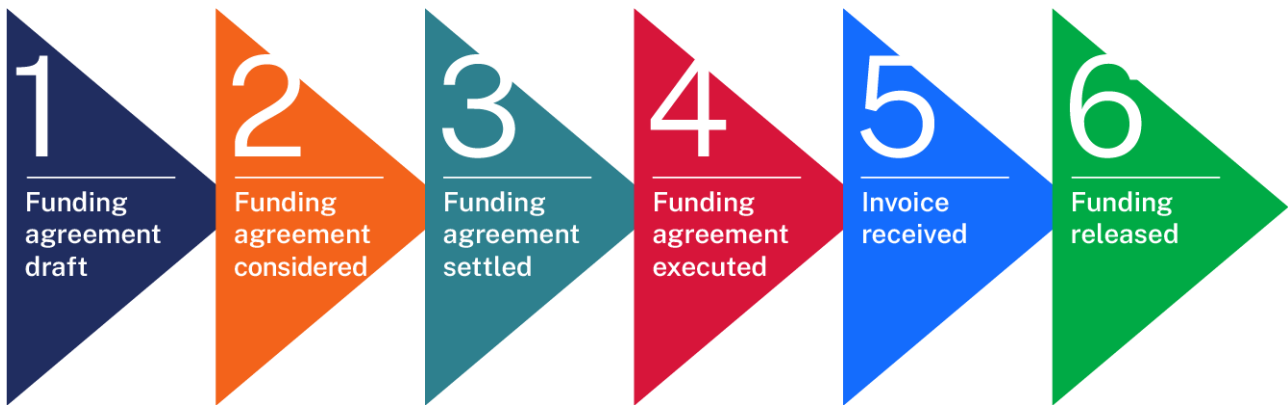
Applicants must accept the terms identified in the draft funding agreement as part of the project nomination through the online portal.

Settling the funding agreement will require engagement and collaboration between the department and the applicant. The funding agreement is a legally binding contract between the department and a recipient agency. The agreement details the project being funded, manages the allocation of grant funding, and details the recipient agency's performance obligations, as well as the project completion date.

The project plan will underpin the agreement. It sets out the works and deliverables that must be completed by the recipient agency within agreed timeframes. The project plan includes a high-level scope of works and costs schedule for each component of the project, together with delivery milestones.

Figure 2 outlines the milestones from drafting the funding agreement to releasing the funds.

Figure 2. Funding process



Governance

The department will lead the administration of the AIF 3. The Infrastructure team will work closely with the place-based planning teams at the department. The team will manage the receipt and assessment of applications, entry into funding agreements, grants administration and delivery of benefits.

A Housing Coordination Committee, comprising senior executives of the NSW Public Service, has been established to oversee the AIF 3. This committee will recommend projects for funding to the minister, based on an assessment of eligible applications against the relevant assessment criteria.

The minister will approve the investment recommendation of projects to be funded under the program that best meet program objectives.

Probity

The program will be subject to strict governance and probity with fair and transparent assessment processes. The department will make all decisions under this program in accordance with the relevant program guidelines and the associated assessment criteria.

An independent probity advisor will provide guidance on issues concerning integrity, fairness and accountability that may arise throughout the submission, assessment, and decision processes. This will help ensure decisions are made with integrity, fairness, and accountability, while delivering value for money for NSW.

Feedback

Following the minister's approval of the investment recommendation report, the department will notify all applicants of the outcome of each of their project nominations. We will offer feedback sessions to applicants.

We may also ask applicants to give their feedback on the process to support continuous improvement for future funding rounds. This is normally done through an online survey.

More information

For more information on these guidelines or any related matter, please email the department at accelerated.infrastructurefund3@dpie.nsw.gov.au

Visit website: <https://www.planning.nsw.gov.au/Plans-for-your-area/Infrastructure-funding/Accelerated-Infrastructure-Fund>