Building Queensland is an independent statutory body providing the Queensland Government with expert advice on major infrastructure.

Building Queensland has two key roles: first to add rigour to infrastructure proposal development and second to recommend priority infrastructure proposals. This document is focused on the latter—outlining Building Queensland’s methodology for prioritising proposals.

PRIORITISATION

The Prioritisation Framework is the methodology Building Queensland has developed to separate higher priority and lower priority infrastructure proposals.

Building Queensland’s approach articulates proposals across different infrastructure sectors to generate a government-wide pipeline of priority proposals, known as the Infrastructure Pipeline.

The Infrastructure Pipeline presents Building Queensland’s independent, expert view of priority infrastructure proposals under development. The Queensland Government will use the Infrastructure Pipeline to inform decisions around further proposal development and, ultimately, investment in procurement/delivery.

PROPOSALS IN SCOPE

For a proposal to be initially considered for inclusion in the Building Queensland Infrastructure Pipeline it must:

- have a minimum capital value of $50 million
- be aligned to the sectors and asset classes in the State Infrastructure Plan—arts, culture and recreation, digital, education and training, energy, health, justice and public safety, social housing, transport and water
- be unfunded (i.e. does not have partial or full funding for procurement or delivery).

Market Led Proposals are not considered for inclusion in the Infrastructure Pipeline as they are appraised by Queensland Treasury under a separate framework.
METHODOLOGY

Building Queensland’s prioritisation methodology comprises four key criteria:

1. STRATEGIC APPRAISAL

The Strategic appraisal is the first crucial step for priority evaluation. It examines how a proposal aligns with State and Federal Government goals and objectives. It also considers if a proposal is ingrained in long-term planning such as infrastructure strategies and sectoral plans. A proposal should make an important contribution to, and progress towards, achieving policy objectives such as the government’s objectives for the community.

This appraisal considers whether a proposal has developed, analysed and communicated present and future problems and needs. Depending on a proposal’s development stage, the Strategic appraisal considers what other options have been assessed to clearly justify any preferred option.

The Strategic appraisal is a threshold test. If this test is not satisfied a proposal will not appear in the Infrastructure Pipeline.

2. ECONOMIC AND FINANCIAL APPRAISAL

The Economic and Financial appraisal considers whether a proposal’s monetised benefits outweigh its costs — that is, considering if a proposal provides a net benefit to the community as a whole. Proposals should identify the full range of potential costs and benefits, including quantifying impacts with a dollar value.

The benefit cost ratio is a key indicator for this appraisal. Building Queensland looks for a ratio greater than one to confirm a proposal generates a net benefit. Where it is difficult to monetise benefits (as can be the case for social infrastructure) a qualitative judgement of value may be substituted for a quantitative estimate.

The Economic appraisal is based on Building Queensland’s Cost Benefit Analysis Guide which outlines the approach to quantifying the economic benefit and cost of a proposal.

Other key considerations of this appraisal include financial indicators such as capital and whole of life costs, net present cost and internal rate of return.

3. SOCIAL AND ENVIRONMENTAL APPRAISAL

The Social and Environmental appraisal assesses a proposal’s impacts to the community and environment. Proposals must demonstrate an extensive understanding across key social factors including local and regional settings; impacts on elements of the human and natural environment; and social issues. They must also provide an analysis of all reasonable alternatives.

Proposals must ensure that social impacts are identified and appropriately considered where they cannot be incorporated in the cost benefit analysis. This includes consideration of hard-to-monetise but socially significant impacts associated with infrastructure development and operation.

This appraisal also considers the environmental impact of a proposal, including any associated environmental studies and approvals.

The Social and Environmental appraisal is based on Building Queensland’s Social Impact Evaluation Guide which outlines the approach to the social assessment of benefits and/or impact of a proposal.

4. DELIVERABILITY APPRAISAL

The Deliverability appraisal evaluates whether the proposal’s delivery will realise and preserve the strategic intent and estimated benefits during the later stages of implementation and operation.

The proposal’s development and proposed risk management are examined from many perspectives, including design and technical aspects, procurement, construction and operational risks.

Proposals appraised by Building Queensland are likely to need major investment, so the Deliverability appraisal considers whether public sector funding is appropriate or private sector participation is needed.
A PROPOSAL’S INCLUSION IN THE INFRASTRUCTURE PIPELINE IS A CLEAR RECOMMENDATION BY BUILDING QUEENSLAND TO GOVERNMENT TO PROGRESS THE PROPOSAL.

INFRASTRUCTURE PIPELINE

The Infrastructure Pipeline contains priority proposals that perform strongly against the appraisal criteria. Proposals are categorised by development stage, in line with the Queensland Government Project Assessment Framework (PAF) and the Building Queensland Business Case Development Framework:

1. Strategic Assessment of Service Requirement (identify the need): Defines the service need or opportunity to determine the outcome required and then validate it as a priority, relative to other needs.

2. Preliminary Evaluation (assess the options): Assesses the financial, economic, social and environmental viability of options. At this point the state government decides whether to invest in fully developing a Business Case.

3. Business Case (undertake detailed analysis): Analyses the preferred option and delivery models identified during the Preliminary Evaluation stage in more detail, including a full cost benefit analysis and social impacts evaluation. This stage identifies the delivery model most likely to achieve the service requirement and provide the best value for money.

MOVING THROUGH THE INFRASTRUCTURE PIPELINE

A proposal’s inclusion in the Infrastructure Pipeline is a clear recommendation by Building Queensland to progress the proposal. Proposals in the Pipeline are at various stages of development—not all are ready for government investment consideration.

As proposal development progresses, those that demonstrate value to Queensland will continue to be eligible for progression through the Infrastructure Pipeline. Only proposals with completed robust business cases are recommended to government for funding for procurement and delivery. The ultimate decision about which proposals to fund appropriately rests with the state government.

Once a proposal moves through and receives approval to commence procurement, Building Queensland recognises a funding decision has been made and no further advice on prioritisation is needed. The proposal is then removed from the Pipeline and reflected in annual updates to the short-term program (1–4 years) within the State Infrastructure Plan and Queensland Treasury Budget Papers (See Figure 1. The Infrastructure Pipeline).
Some proposals may drop out at earlier stages of the Pipeline and new proposals may be added at the Infrastructure Pipeline’s six-monthly review. Proposals taken out of the Pipeline may be delayed indefinitely if demand/need assessment is revised and the need for the proposal changes.

Other proposals may be removed if alternative non-build solutions or lower capital value solutions are identified.

**SIX-MONTHLY PIPELINE PROCESS**

The Infrastructure Pipeline will be updated every six months to reflect current infrastructure priorities. Figure 2 outlines this six-monthly review process.

Visit buildingqueensland.qld.gov.au/pipeline