



Economic Development,
Jobs, Transport
and Resources

Low Emission Brown Coal Projects

Decision-Making Framework Guideline

August 2018

Foreword

Victoria is home to the world's second largest brown coal resource. This low cost and abundant resource has ensured the supply of affordable and reliable electricity that has supported Victoria's economic prosperity for nearly a century. However, there is a fundamental shift underway which will affect the way in which brown coal will be used in the future.

While brown coal power currently comprises around 75 per cent of Victoria's electricity generation capacity, this share will reduce over the coming decades with the retirement of existing generators, changing market conditions and the need to respond to climate change.

Alongside this change away from coal fired power generation, there is investor interest in using Victorian brown coal for other purposes. Project proponents are focussed on the potential to integrate projects with low emission technologies such as Carbon Capture and Storage and to convert brown coal into valuable, low emission products such as hydrogen and fertiliser for international and domestic markets.

Future alternative uses for brown coal have the potential to drive inclusive economic growth and increased trade in line with the Government's economic, social and environmental objectives, including the Victorian Government's legislated target of net zero greenhouse gas emissions by 2050.

The transition to low emissions sources of electricity presents significant economic and social challenges for the Latrobe Valley, which has traditionally relied upon electricity generation from brown coal as a key regional industry. Alternative, low emission uses of coal could aid the diversification of the Latrobe Valley economy by attracting new industries, business, research opportunities, and generating high-skill, high-wage employment opportunities.

The Victorian Government's *Statement on Future Uses of Brown Coal* sets out the Government's position in relation to future coal use, including:

- setting a greenhouse gas emissions intensity standard (emissions standard) for new coal projects by regulation under the *Environment Protection Act 1970*
- adopting an 'open for business' approach to supporting new opportunities in alternative, low emission brown coal applications
- assessing projects on a case-by-case basis through a transparent and robust Decision-Making Framework that considers economic, social and environmental factors
- Undertaking a staged decision-making process supported by an Independent Expert Advisory Panel comprising individuals with commercial, technical and environmental expertise. The framework will include strict probity and disclosure requirements.

This Decision-Making Framework Guideline (Guideline) outlines the staged approach to the Government's decision-making on support for applicable new brown coal projects. In addition, the Guideline provides clarity to project proponents on the assessment pathways, governance arrangements and assessment criteria that form the Decision-Making Framework, which has been developed to provide certainty of process for project proponents and government agencies assessing proposals.

This Guideline will assist project proponents in working with the Government to maximise the value of Victoria's brown coal resources in a manner that is consistent with the State's economic, social and environmental priorities.

The Victorian Government is open for business on alternative, low emission uses of the State's brown coal resources.

Coal project proponents seeking Government support should read the particulars of this Guideline and contact the Director, Coal Resources Victoria of the Department of Economic Development, Jobs, Transport and Resources on +61 (03) 9651 9999.

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1 Introduction

The Victorian Government's *Statement on Future Uses of Brown Coal* (Coal Statement) commits the Victorian Government to assessing new brown coal projects through a robust and transparent framework that is consistent with the Government's social, economic and environmental priorities. Assessments will be undertaken in a staged manner via a specifically developed Decision-Making Framework (Framework).

Only brown coal projects seeking Government support will be subject to the Framework. The Framework acknowledges that Government support comes in various forms, and that projects will approach the Government at different stages of project development. As such, the governance arrangements, submission requirements and assessment criteria for proponents under the Framework will vary according to these factors. Supporting the Framework is the advice of an Independent Expert Advisory Panel (IEAP), comprising individuals with technical, commercial and environmental expertise.

This Guideline outlines the staged approach and provides clarity on the assessment pathways, governance arrangements and assessment criteria that form the Framework.

The Framework has been developed to provide certainty of process for project proponents and government agencies assessing proposals. Underpinning the Framework is a 'relative net benefit' approach to assessing the merits of applicable brown coal projects for Government support. Under this approach, there is no standing funding allocation to support new projects and Government consideration will be given to the benefits and opportunity cost of supporting coal projects, against the potential benefits and costs of other economic development opportunities.

The Framework applies to projects on a commercial pathway that propose to use more than 27,000 tonnes of brown coal (run of mine) per annum¹. As such, the scope of the Framework does not extend to consideration of support for research and development or small-scale pilot projects² that would use less than 27,000 tonnes of brown coal.

Note: Projects seeking to use Victorian brown coal, but not seeking Government support of any nature will not be subject to the Framework. These projects would remain subject to all other regulatory approval processes, including the greenhouse gas emissions intensity standard (emission standard), which applies to all projects as stipulated in the Coal Statement. The emissions intensity standard will be set in regulations and administered by the Environment Protection Authority via the relevant approvals process.

For the purposes of the Framework, Government support includes one or all of:

- facilitation
- coal allocation
- funding

Under the Framework, submission requirements will be agreed according to the stage of project development and the scale of government support sought. Detailed proposal submission expectations will be set out in the pre-submission meeting(s) between the proponent and the Department of Economic Development, Jobs, Transport and Resources (DEDJTR). Proponents seeking funding must identify an existing funding source within Government and will need to consider the assessment criteria set out under the Decision-Making Framework, as well as any criteria specific to a respective funding source. DEDJTR will apply its 'relative net benefit' test to funding proposals according to the specific criteria related to the respective funding source identified by the proponent.

A simple proposal submission template is provided in Appendix 1, which sets out the submission expectations for a proposal seeking lower-value support (i.e. funding less than \$500,000 or simple facilitation). Proposals are expected to include more detail and information as the value of support sought increases or for projects in more advanced stages of development.

¹ The 27,000 tonne threshold reflects the scale of projects in which the Framework is designed to capture (those on a commercial pathway). In addition, 27,000 tonnes of brown coal is approximately equivalent to 25,000 tonnes of carbon dioxide equivalent when combusted. This figure forms the threshold for mandatory greenhouse gas emissions reporting under the National Greenhouse Energy Reporting System, and is consistent with the threshold for application of the emissions standard set out in the Coal Statement.

² Assessing individual projects at the research and/or pilot scale via a 'relative net benefit' approach is not appropriate and as such, proposals to utilise less than 27,000 tonnes of brown coal per annum will be considered via processes outside the scope of the Framework.

In some instances, project proponents may seek a combination of support streams from Government. In these instances, a project may take multiple assessment pathways. A pre-assessment meeting with DEDJTR will clarify the appropriate pathway/s for a project proponent. It also provides proponents with an opportunity to discuss the Guideline with DEDJTR prior to investing time and resources into developing a proposal for Government consideration.

1.1 Decision-Making Framework objectives

The objectives of the Framework are to assist the Victorian Government in:

- maximising the long-term value of Victoria's brown coal resources in a manner that is consistent with the State's economic, social, and environmental priorities as stipulated in the Coal Statement
- creating jobs, new skills and fostering inclusive economic growth in Victoria
- providing clarity and consistency for Government and project proponents on the assessment pathways and criteria for consideration of support for new brown coal development opportunities
- ensuring a process that is fair and transparent and maintains the highest level of probity and public accountability throughout the process
- ensuring the appropriate treatment of a project proponent's intellectual property.

1.2 Decision-making process overview

The Framework comprises a three-stage assessment process guiding Government decision-making on support for applicable brown coal projects. The initial assessment at Stage 1 will in all cases be conducted by the IEAP, who will recommend suitable proposals for more detailed assessment and consideration in Stage 2. Governance arrangements in Stages 2 and 3 depend on the nature and scale of support sought.

The Framework and the recommendations of the IEAP will not pre-empt other regulatory approval processes relevant to brown coal project development (e.g. Works Approval or Environment Effects Statement), nor will it serve a specific regulatory function. The Framework exists to facilitate a merit-based assessment of a project's suitability for Government support.

While the Government can decide to support a new coal project prior to the respective project receiving relevant regulatory approvals (e.g. Works Approval and/or Environment Effects Statement), the support is conditional on the project meeting these requirements.

Notwithstanding the intention of the Framework to provide certainty of process to proponents, the Decision-Making Framework does not guarantee support. The Government reserves the right to support brown coal projects at its discretion, and to grant access to the coal resource in accordance with the *Mineral Resources (Sustainable Development) Act 1990*. Costs incurred by proponents during the application process are to be met by the proponent.

The Framework is administered by DEDJTR. Figure 1 summarises the staged assessment and decision-making process under the Framework. Figure 2 provides a more detailed illustration of the assessment pathways under the Framework.

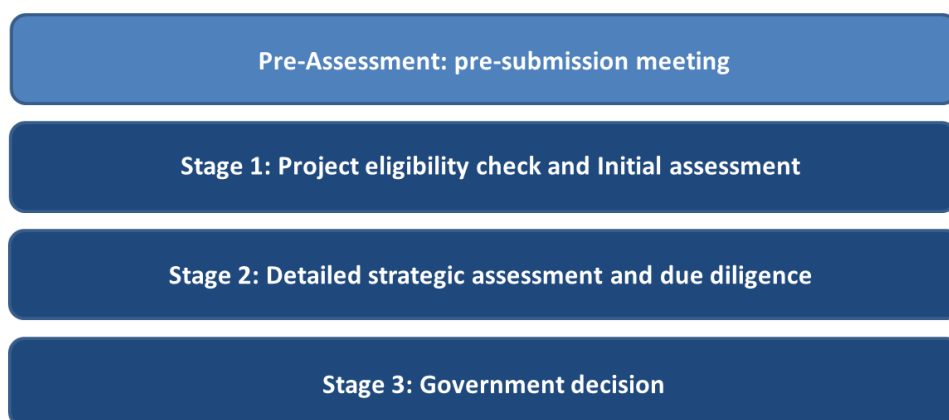


Figure 1. A high-level overview of the staged assessment and Decision-Making Framework for brown coal project proposals seeking Government support.

Pre-Assessment Meeting

The Pre-Assessment phase involves a pre-submission meeting between the proponent and DEDJTR, prior to the submission of a proposal. The meeting gives the proponent the opportunity to clarify the process, high-level eligibility and submission requirements and assessment criteria under the Framework. It also enables a proponent to seek guidance from DEDJTR in identifying an appropriate government funding source (Appendix 2 lists funding initiatives for the Latrobe Valley).

DEDJTR provides advice on the submission requirements during the Pre-Assessment phase. Appendix 1 sets out basic project submission requirements (i.e. for projects seeking less than \$500,000 or simple facilitation). Submission requirements for higher value projects will align with the stage of a respective project's development and the nature of support being sought. These requirements will be set out by DEDJTR on a case-by-case basis.

Stage 1: IEAP Initial Project Assessment

Stage 1 involves a high-level assessment by the IEAP of the proposal and proponent's merits to identify projects most likely to be successful and that warrant a more detailed assessment at Stage 2.

All project proposals will be subject to a Stage 1 IEAP Initial assessment if deemed suitable in the Pre-Assessment phase. Prior to the Assessment, DEDJTR and, where appropriate the, Department of Treasury and Finance (DTF) will advise the IEAP of a proposal's completeness and its eligibility for assessment via the Framework.

Stage 2: Detailed assessment and due diligence

Stage 2 involves a more detailed assessment of the proposal for support, and examines the Project's likelihood of success, rationale for government involvement and relative net benefits against other economic development support opportunities. All projects seeking more than \$500,000 from Government will undergo a Stage 2 assessment by the IEAP.

Depending on the type(s) of government support sought, proposals at Stage 2 will be assessed following one or more of the four assessment pathways (Figure 2).

For proponents seeking funding, IEAP recommendations of a project's technical and commercial merits will be considered by DEDJTR alongside the assessment criteria specific to an identified funding source.

Stage 3: Government decision and Funding Agreement negotiation

Projects recommended for support in Stage 2, progress to a government decision at Stage 3.

The Government's decision to support a project is based on the recommendations made during Stages 1 and 2 in accordance with the assessment arrangements outlined above. The Government will consider its various priorities and the relative merits of projects in making its decision whether to support a project and successful projects will be progressed to either a funding or coal allocation agreement.

2 Staged assessment under the Decision-Making Framework

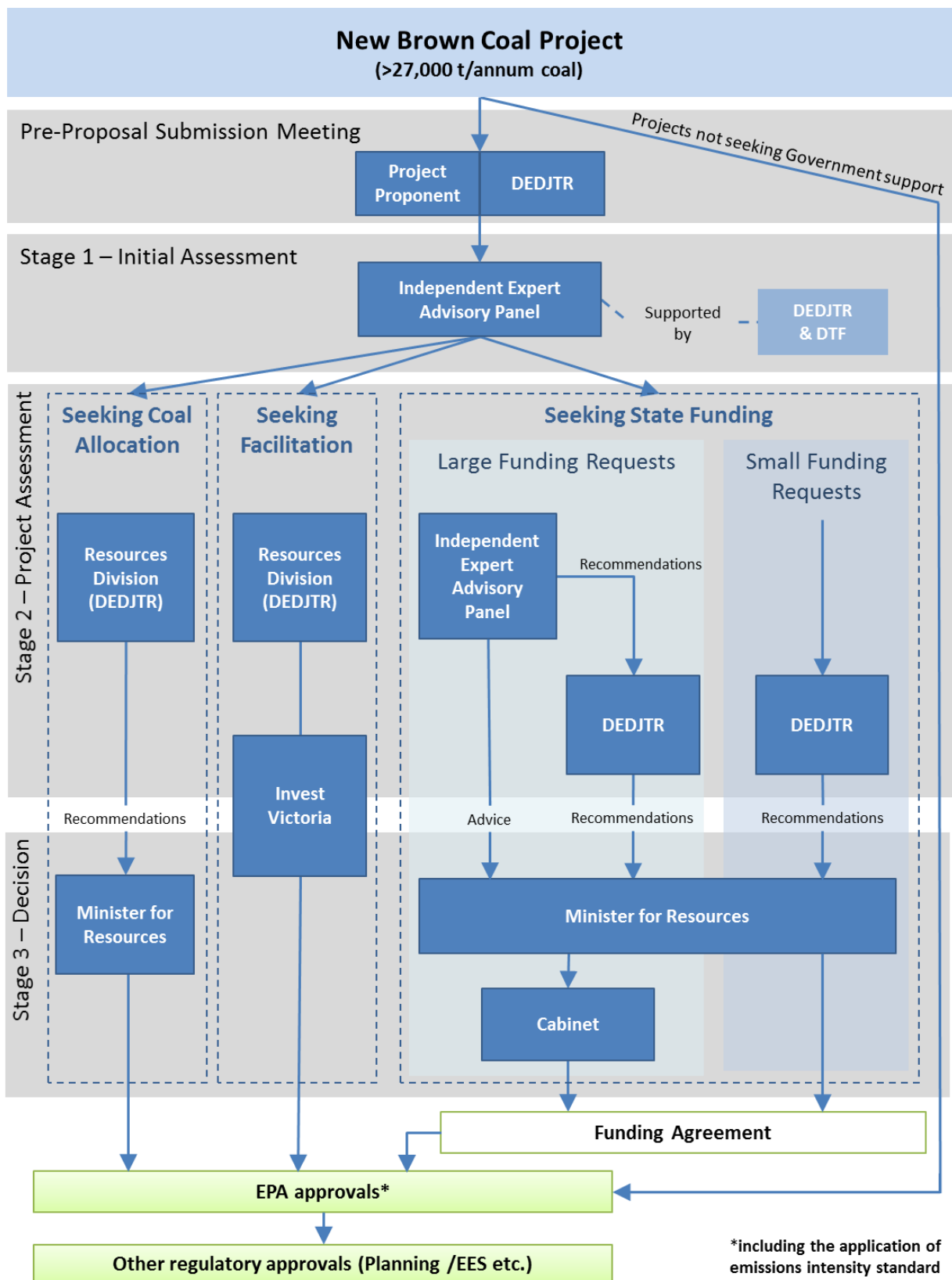


Figure 2. Potential assessment pathways for coal project proposals for different types of support

2.1 Eligibility and Scope of the Framework

The Framework defines a proposal as one made by the private sector to the Government, to implement a commercial project using brown coal in Victoria. The Framework provides a process to assess proposals from the private sector that are seeking support from the Government through facilitation, access to coal resources, and/or potential funding. The Framework applies to:

- New projects/facilities in Victoria using more than 27,000 tonnes of run of mine coal per annum
- New generation units at existing coal-fired power generation facilities.

2.2 Exclusions from the Framework

The following project proposals are considered out of scope of the Framework:

- Projects using less than 27,000 tonnes of (run of mine) coal per annum
- Existing coal-fired power generation assets, including general maintenance and refurbishments.

2.3 Pre-submission meeting and project categorisation

The pre-submission meeting allows project proponents to seek clarification from the Department on the Framework, consideration pathways, likely timelines and submission requirements.

Proposal submission requirements vary to ensure the level of detail required is appropriate for the type of support being sought, and the Project's level of development. The pre-submission meeting will clarify these requirements before proponents commit time and resources to the preparation of proposals.

The actions and responsibilities of the proponent and the Government during the pre-assessment phase are summarised in Table 1.

Table 1. Requirements of project proponents and Government during pre-assessment

Proponent	Government
<ul style="list-style-type: none">• Requests a meeting with DEDJTR officers to understand the requirements under the Framework.	<ul style="list-style-type: none">• DEDJTR arranges a meeting and provides information related to the Framework and submission requirements.• Proposals seeking less than \$500,000 will be required to satisfy basic submission requirements as set out in Appendix 1. Depending on the type of support sought or the funding source, additional information may be required.

2.4 Stage One: Initial Assessment

During Stage 1, the IEAP will conduct a high-level assessment of a project's overall merits against key assessment criteria set out in Section 3 of this document.

Prior to the high-level assessment by the IEAP, DEDJTR and DTF will advise the IEAP of the project's eligibility under the process and ensure the proposal is complete and meets the relevant submission checklist requirements. Incomplete proposals will be returned to the proponent for further work or to provide additional information prior to convening the IEAP.

Stage 1 will involve an initial assessment of the project and proponent's merits based on commercial, technical and environmental management factors.

Assessment of proposals will consider the following aspects that could reasonably be expected at that stage of a comparable project:

- the level of project development
- the feasibility of the project; and
- the capability of the proponent to deliver such a project.

When assessing a project's merits, the IEAP will also examine the likely market demand for the product being proposed and the resilience of the project to changes in markets and to policies.

The actions and responsibilities of the proponent, the Government and the IEAP during Stage 1 are summarised in Table 3.

Table 2. Requirements of project proponents and Government during Stage 1 Assessment

Nature of Support	Proponent	Government / IEAP
All	<ul style="list-style-type: none"> Submits a proposal for one or all of facilitation, a coal allocation or funding support. If requested, provides additional information, noting information requests will be limited to that required to determine a project's suitability for progressing to a detailed assessment under Stage Two. May be invited to present to the IEAP on their proposal and/or provide clarification on any outstanding issues. 	<ul style="list-style-type: none"> During Stage 1, the IEAP will be supported by DEDJTR and DTF, who check the proposal for eligibility under the Framework and, that the proposal satisfies the agreed submission requirements. All eligible proposals will then be referred directly to the IEAP for Stage 1 Initial Assessment. The IEAP reviews at a high-level, the information submitted in the proposal against the key assessment criteria outlined in Section 3.
Facilitation	<ul style="list-style-type: none"> Submits a proposal using Appendix 1 as a guideline and including all relevant information. Referral to the DEDJTR Resources Division. 	<ul style="list-style-type: none"> The IEAP makes recommendations to DEDJTR as to whether the project warrants government facilitation support. The DEDJTR Resources Division and Invest Victoria determine the nature of facilitation best suited to the proposal and stage of project development in consultation with the proponent.
Coal Allocations	<ul style="list-style-type: none"> As set out in the Coal Statement, proponents must first seek to secure access to coal resources on commercial terms prior to seeking Victorian Government assistance and if unsuccessful, provide evidence of this to DEDJTR. Proponents seeking a coal allocation from the Victorian Government submit a proposal addressing the key assessment criteria outlined in Section 3 of this document. The proposal will include documentation appropriate to its stage of development as set out by DEDJTR during the pre-assessment phase. 	<ul style="list-style-type: none"> The IEAP makes recommendations to DEDJTR Resources Division whether the project warrants government consideration of support in accessing coal resources. DEDJTR considers the advice of the IEAP and determines whether there is evidence that the proponent has been unable to secure a coal supply agreement with existing mine operators on reasonable terms. DEDJTR makes recommendations to the Minister for Resources regarding the proposal, and if appropriate, on an approach to allocating coal to ensure supply to the project, consistent with the Coal Statement.
Smaller value funding (<\$500,000)	<ul style="list-style-type: none"> Proponents submit a basic proposal satisfying the requirements as set out in Appendix 1 and any other requirements agreed with DEDJTR. 	<ul style="list-style-type: none"> The IEAP will determine whether the proposal meets the initial assessment requirements and should progress to Stage 2. Smaller value proposals will be recommended for detailed assessment by DEDJTR.
Larger value funding (>\$500,000)	<ul style="list-style-type: none"> Proponents submit a proposal addressing the key assessment criteria outlined in Section 3 of this document. The proposal will include documentation appropriate to its stage of development as agreed with DEDJTR during the pre-assessment phase. Should the proponent wish to make amendments to these deliverables or not address some or all of the listed deliverables, they must submit a clear rationale for doing so. 	<ul style="list-style-type: none"> The IEAP will determine whether the proposal meets the initial assessment requirements and should progress to Stage 2. Higher value proposals will be recommended for a detailed assessment by the IEAP to commence Stage 2 Assessment.

2.5 Stage Two: detailed assessment, due diligence and recommendations

Projects assessed by the IEAP as warranting more detailed assessment and consideration proceed to Stage 2. Assessment recommendations and Government consideration of support will be based on an assessment of factors against key assessment criteria set out in Section 3 of the Guideline. Depending on the value of the proposal and nature of support being sought, Stage 2 assessments and subsequent recommendations will be made by the IEAP, and relevant areas of DEDJTR (Table 3).

Table 3. Primary Assessment bodies and Decision makers for project proposals

Support	Primary Assessment body	Decision Maker
Facilitation	DEDJTR Resources Division	DEDJTR Resources Division / Invest Victoria
Coal allocation	DEDJTR Resources Division	Minister for Resources
Funding (<\$500,000)	DEDJTR (supported by Stage 1 Assessment of the IEAP)	Minister for Resources
Funding (>\$500,000)	IEAP and DEDJTR	Cabinet

Note: If necessary, the proponent may be requested to present to the assessment body or decision maker on their proposal and/or provide clarification on any outstanding issues.

Table 4 summarises the actions and responsibilities of the proponent, the Government and the IEAP during Stage 2.

Table 4. Requirements of project proponents and Government during Stage 2 Assessment

Nature of support	Proponent	Government / IEAP
Facilitation	Provide additional information as required.	<ul style="list-style-type: none"> • DEDJTR Resources Division and Invest Victoria will make an informed decision on the level and type of facilitation appropriate to support a project, based on the recommendations from the Stage 1 Assessment of the IEAP.
Coal allocation	Provide additional information as required.	<ul style="list-style-type: none"> • DEDJTR Resources Division will consider the recommendations from the Stage 1 Assessment of the IEAP before making recommendations to the Minister for Resources.
Funding (<\$500,000)	Provide additional information as required.	<ul style="list-style-type: none"> • DEDJTR conducts a strategic assessment of the relative net benefit and opportunity cost of the proposal according to the criteria specific to an identified funding source. DEDJTR will consider the IEAP's recommendations from the Stage 1 assessment in making its final recommendations to the Government.
Funding (>\$500,000)	Provide additional information as required.	<ul style="list-style-type: none"> • The IEAP conducts a detailed assessment of the proposal against the key assessment criteria in Section 4, and makes its final recommendations to the Government and DEDJTR. • DEDJTR conducts a strategic assessment of the relative net benefit and opportunity costs of the proposal against the additional key assessment criteria set out in Section 4 and the assessment criteria from the relevant funding source.

2.6 Stage Three: Victorian Government Decision and Next Steps

Projects progress to Stage 3 upon a recommendation by the relevant assessment body that Government should consider supporting the project. Decision-making during Stage 3 will be made by either the Minister or Cabinet, except for projects seeking facilitation, which will be provided appropriate facilitation support from DEDJTR Resources Division and Invest Victoria as agreed in Stage 2.

Decision-making is based on the information provided by the relevant body according to the respective proposal Category. If Government support is approved, a proponent commences negotiation of a funding or coal allocation agreement (where applicable) with the Government.

A proposal that successfully passes through Stages 1 and 2 is not guaranteed approval at Stage 3. In addition, any proposal that successfully passes all three assessment stages is then subject to relevant regulatory approval processes associated with brown coal project development.

Proposals not supported by the Government will be advised of the decision and provided with feedback. The decision to not support the project proposal in its current form is the final assessment by Government, and the outcome will be communicated to relevant government agencies.

Table 5 summarises the actions and responsibilities of the Government during Stage 3.

Table 5. Requirements of project proponents and Government during Stage 3 Assessment

Nature of support	Government
Facilitation	<ul style="list-style-type: none"> Projects seeking facilitation that are deemed to have merit, but that require facilitation support to increase their likelihood of success will be provided facilitation support as deemed appropriate by DEDJTR Resources Division or Invest Victoria. This may be set out in a facilitation plan or other agreement as appropriate for the level of facilitation and in-kind support offered.
Coal allocations	<ul style="list-style-type: none"> The Minister for Resources will consider the advice of DEDJTR Resources Division in considering whether to approve the proposed allocation that would secure a coal supply for the project, subject to any separate regulatory requirements and approvals. DEDJTR will engage with the relevant mine operator to clarify arrangements for coal supply and investigate alternative means to provide access to the coal resource, including new allocation processes that align with the principles outlined in the Coal Statement. Where the Minister for Resources grants a new coal allocation (in accordance with the MRSD Act and the Coal Statement), DEDJTR will continue to engage with the relevant mine operators and the proponent to ensure access to the resource.
Funding (<\$500,000)	<ul style="list-style-type: none"> The Minister for Resources makes a final assessment based on the recommendations of DEDJTR and IEAP. Where the project is supported by the Government, DEDJTR will engage with the proponent to commence negotiations for a funding agreement on mutually agreeable terms and conditions. Any funding is dependent on reaching terms that are agreeable to the Government. Funding is also contingent on the Project securing funding from other sources and obtaining all required regulatory approvals.
Funding (>\$500,000)	<ul style="list-style-type: none"> The Minister for Resources makes a final assessment based on the recommendations of DEDJTR and IEAP. Cabinet considers funding support for the project. Subject to Cabinet's endorsement, DEDJTR will meet with the proponent and commence negotiations for a funding agreement on mutually agreeable terms and conditions. The funding is dependent on reaching terms that are agreeable by the Government.

3 Key assessment criteria

Key assessment criteria will be used at each stage of the Framework to assess proposals and guide recommendations for government support. Proposal submissions should be prepared with a view to demonstrating that the proposal, project and proponent satisfy the assessment criteria and align with government priorities. The criteria are tailored to the Framework stage, and to the relevant body undertaking the assessment according to the type of support sought. For projects seeking funding support, DEDJTR will also consider specific assessment criteria associated with the identified Government funding source.

3.1 Stage 1: Project Readiness Assessment Criteria

Proposals will be assessed in Stage 1 by the IEAP against the key assessment criteria related to value of the proposal and the nature of support being sought. The assessment criteria to be followed by the IEAP are as follows:

1. There is a demonstrated or forecast market demand for the product continuing over the proposed asset life.
2. The project is technically and commercially feasible and capable of being delivered by the proponent.
3. The Project has an environmental management plan appropriate for the level of project development and has considered environmental management regulatory requirements including the emissions standard set out in the Coal Statement and in Environment Protection Regulations (if established).
4. The proposal demonstrates the proponent has achieved what would be expected for its stage of development (adjusted to the type and scale of proposal).

During Stage 1 Assessment, DEDJTR and, where appropriate DTF, will support the IEAP by conducting the initial eligibility check and ensure that the project meets the submission requirements agreed in the pre-submission stage.

3.2 Stage 2: Detailed Assessment Criteria

The assessment criteria for proposals proceeding to Stage 2 Assessment depend upon the value of the proposal and the nature of support being sought.

Proposals seeking facilitation

Proposals seeking facilitation will be assessed by DEDJTR Resources Division, drawing upon the recommendations of the IEAP made during Stage 1 Assessments to determine whether supporting respective proposals via facilitation is justified.

Where project facilitation is supported, DEDJTR Resources Division will work with Invest Victoria to determine the appropriate facilitation means.

Proposals seeking a coal allocation

In Stage 2 for proposals seeking access to coal, DEDJTR Resources Division will draw upon the recommendations of the IEAP made during Stage 1 Assessment to consider support for respective proposals via a coal allocation against the following criteria:

1. Evidence that a proponent has been unable to secure coal from an existing mine operator on reasonable terms
2. The project's alignment with the objectives of the MRSD Act; and
3. The project's alignment with the objectives of the Coal Statement.

Where coal allocations are supported, DEDJTR Resources Division will make recommendations to the Minister.

Projects seeking funding

During Stage 2, projects seeking less than \$500,000 in Government funding from an identified source will be subject to a 'relative net benefit' test, conducted by DEDJTR against the specific criteria linked to the identified funding source and drawing upon the recommendations of the IEAP made during Stage 1 Assessment.

Projects seeking funding greater than \$500,000 will be subject to a detailed assessment by the IEAP in Stage 2, conducted against the following additional criteria:

1. Whether a project can demonstrate that appropriate pre-feasibility and feasibility studies have been undertaken, including:
 - The identification of a potential beneficial business opportunity with a clearly defined market and objectives
 - Evidence of a sound technical basis for the project
 - Whether the project has considered the ability to utilise existing coal-supply infrastructure
 - The existence of a well-articulated plan that demonstrates commercial viability and that is resilient to policy and environmental changes (including future carbon accounting and pricing requirements)
2. Whether a project is requesting a justifiable amount of funding from the Victorian Government that is appropriate to progress the project towards viable commercial operation.
3. A project's capability of achieving the initial emissions standard of a net greenhouse gas intensity of 0.3 tonnes CO₂-e/t coal (run of mine) for non-power generation projects, or 0.45 t CO₂-e /MWh for power projects (or the emissions standard set out in Regulations once established)
4. A project's capability of demonstrating commercial viability under sensitivity analyses using broad criteria, including, but not limited to, commodity market forecasts, future national and Victorian carbon policy scenarios and the Victorian Government's long-term economy-wide target of net zero greenhouse gas emissions by 2050
5. A project's capability of complying with applicable regulatory requirements, including water use, health considerations, and any other requirements under the *Planning and Environment Act 1987* and the *Environment Protection Act 1970*.

4 Governance and administering guidelines

The Minister for Resources is the responsible Minister for the Framework.

The development of this Framework Guideline is overseen by a Whole of Victorian Government Steering Committee. Progress of project proposals will be reported to the Steering Committee on a quarterly basis.

Government approval is required at various decision points throughout the Framework, as illustrated in Figure 2 in Section 2.

For all proposals except those seeking facilitation, Government Ministers will decide whether to proceed or not proceed with a proposal at Stage Three of the Framework. Cabinet is explicitly involved in decisions relating to support in the form of new or high-value funding. Depending upon the nature of support sought, the Minister will consult with DEDJTR, the IEAP, and Cabinet.

The Framework is for Victorian Government consideration of support for projects seeking to use brown coal. It does not pre-empt or replace statutory or regulatory assessments or decision-making processes (e.g. Environment Protection Authority approvals or Environment Effects Statement). All Government support considered under the Framework is subject to the project obtaining regulatory approvals.

4.1 Governance

DEDJTR is responsible for receiving all proposals and managing the assessment process of the Framework. DEDJTR Resources Division is the primary contact for the Framework.

In accordance with the decision-making pathways illustrated in Figure 2, the IEAP provides expert advice to the DEDJTR and the Minister on the commercial, environmental and technical merits of coal projects seeking Victorian Government support via the Framework.

The IEAP is responsible for reviewing all project proposals in Stage One, assessing smaller funding proposals in Stage 2, and making recommendations to DEDJTR and the Minister.

For smaller funding proposals, DEDJTR is responsible for reviewing the IEAP's recommendations in Stage 1 and in Stage 2, and making additional recommendations to the Minister.

All IEAP members will be experienced in the strategic assessment of proposals, and have expertise in one or more of the following fields: coal utilisation for value-added products including electricity generation; large-scale project management; commercial and finance, logistics, infrastructure development, environmental planning and approvals; and commercial.

4.2 Intellectual Property and cost allocation

Intellectual Property (IP) is defined as inventions, original designs and practical applications of good ideas protected by statute law through copyright, patents, registered designs, circuit layout rights and trademarks, also trade secrets, proprietary know-how and other confidential information protected against unlawful disclosure by common law and through additional contractual obligations such as confidentiality agreements.

The proponent is responsible for the cost of developing proposals and responding to information requests.

DEDJTR is responsible for its costs in assessing the proposals as submitted.

4.3 Disclosure

Information about proposals that proceed to Stage Two will be published on the DEDJTR website. The proponent will be notified and consulted when information is disclosed. DEDJTR is responsible for co-ordinating disclosure and advising the Minister when information is disclosed. Commercial-in-confidence information will be treated with the appropriate discretion throughout the assessment process.

4.3.1 Disclosure at Stage Two

Proponents should be aware that as a condition of submitting a proposal, the title of the proposal, the name of proponent and the stage of assessment will be disclosed publicly on the DEDJTR website at the end of Stage Two. The stage of assessment will be updated as the proposal progresses through the Framework.

4.3.2 Disclosure at Stage Three

A project summary will be prepared by DEDJTR and published on the DEDJTR website within 90 days of contractual close summarising key aspects of the proposal.

It will include the Government's rationale for progressing the project through the Framework, what options were considered, how the proposal was assessed, the financial impact to the Government and what value-for-money will be achieved by the project.

4.4 Due diligence when assessing proposals

DEDJTR will conduct due diligence of the proposal at each assessment stage, seeking support from other relevant Departments as appropriate.

Due diligence will verify or confirm key aspects of the proposal and seek additional information from the proponent or independent third parties as required to support Government decision-making. External assistance and advice will be engaged as appropriate, including seeking the advice of the IEAP.

The detailed due diligence and assessment material together with the proposal and additional information from the proponent and independent third parties will form an evidence base to support decision-making.

4.5 Probity

One of the objectives of the Framework is to ensure a transparent process maintaining the highest level of probity and public accountability throughout the process. DEDJTR has in place a probity plan for administering the Framework, engaging with proponents and conducting assessments of proposals.

Responsible officers are accountable for ensuring that systems, policies and procedures are in place to ensure the integrity of the decision-making process and that any specific probity plan is applied.

Engaging a probity auditor may be useful where the proposal, following a probity risk assessment, is considered to be complex or high risk, contentious and/or politically sensitive.

Engaging a probity advisor does not diminish the responsibility for ensuring sound probity processes are adhered to by officials involved in the process. This Framework seeks to ensure the highest standards of ethical behaviour in the procurement process. The aims of a probity plan are to:

- ensure prescribed processes have been followed and are adhered to
- ensure the processes are equitable and conducted with integrity
- ensure conformity to processes designed to achieve value-for-money
- provide accountability
- preserve public and proponent confidence in government processes
- ensure defensibility of decisions to potential legal challenge or other external scrutiny.

The probity plan is required to set out the Framework governance, decision-making and auditing processes (where a probity auditor is appointed) and will ensure:

- compliance with legal and policy requirements
- fairness and impartiality
- consistency and transparency of process
- security and confidentiality
- identification and declaration of conflicts of interest
- how compliance with the probity plan will be reviewed and assessed.

5 Contact details

All queries relating to this Guideline and proposals should be addressed to the Director, Coal Resources Victoria.

Phone queries can be directed to: +61 (03) 9651 9999

Electronic submissions should be sent to: coalframework@ecodev.vic.gov.au

Hard copy submissions should be sent to:

Coal Project Decision-Making Framework
Director
Coal Resources Victoria
Department of Economic Development, Jobs, Transport and Resources
1 Spring Street
MELBOURNE VIC 3000

6 Glossary of terms

Term	Explanation
Applicable coal project	A brown coal project seeking government support will be referred to as 'applicable brown coal projects'.
Carbon Capture and Storage	The process of capturing waste carbon dioxide (CO ₂) from large point sources (e.g. coal-fired power stations) transporting it to a storage site and depositing it in deep geological formations where it cannot enter the earth's atmosphere.
Coal Statement	Refers to the <i>Statement on Future Uses of Brown Coal</i> .
Decision-Making Framework	Refers to the <i>Low Emission Brown Coal Projects: Decision-Making Framework</i> .
DEDJTR	Refers to the Department of Economic Development, Jobs, Transport and Resources
DTF	Refers to the Department of Treasury and Finance.
Government	Government, in the context of the Decision-Making Framework, refers to the State Government of Victoria.
Independent Expert Advisory Panel (IEAP)	An independent panel of experts convened to provide expert advice to the Minister and DEDJTR regarding the commercial, environmental and technical merits of brown coal projects seeking Victorian Government support via the Decision-Making Framework.
Invest Victoria	The Victorian Government's investment promotion agency, providing practical support to international investors such as free confidential services, project facilitation and expert professional advice.
Minister	Refers to the Minister for Resources.
National Greenhouse and Energy Reporting System	The single national framework for reporting and disseminating company information about greenhouse gas emissions, energy production, energy consumption and other information specified under the enabling Commonwealth <i>National Greenhouse and Energy Reporting Act 2007</i> .
Project Management System	Typically, a software package with the capacity to assist in the planning, organisation and resource management of a project. A well-developed system can manage estimation and planning, scheduling, cost control and budget management, among other project facets.
Proponent	A proponent, in the context of the Decision-Making Framework, refers to any individual or organisation seeking to establish a commercial project using greater than 27,000 tonnes of Victorian brown coal.
Proposal	A proposal, in the context of the Decision-Making Framework, refers to an individual or organisation's intention to develop a commercial project using greater than 27,000 tonnes of Victorian brown coal.
Relative net benefit	Relative net benefit, in the context of the Decision-Making Framework, is the overall assessed economic benefit to the State of Victoria after analysis of all the costs associated with Government support for a project are accounted for.
Run of mine	A term used to describe ore or coal that is crude, unprocessed or ungraded etc.

Appendix 1 – Simple Proposal Submission Template

PART A: Executive Summary

Title of the project.

Location. Where the project will be conducted including host organisation and physical address.

Total Budget (from all sources - including requested funding, in-kind and cash contributions).

Duration of the project.

Identified Victorian Government funding source and its eligibility criteria (if applicable).

Abstract of proposal. (maximum 300 words)

Provide a brief description of the objectives and methodology of the project, in addition to the immediate and longer term expected outcomes and impacts from the project and the timeframes in which they will be achieved.

Participating organisation(s). List the names of participating and/or collaborating organisations and their ABNs.

Private Sector / Industry Participants

(Entities whose majority of revenue is not derived from government appropriations)

Public Sector Participants

(Universities, Public Research Organisations, Government Agencies)

Lead Organisation* and Principal contact.

(Provide details of the organisation leading the proposal and details for the principal contact.)

Organisation		
ABN		
Contact Name		
Position		
Postal address		
Email address		
Phone numbers	B/H	Mobile

* Note that a Departmental finance risk assessment will be conducted on the lead organisation.

PART B: Details of Proposal: (Up to approx. ten A4 pages)

Project personnel for both lead and collaborating organisation

Include for each person the following:

title name and expected role in project;

current position /appointments;

postal address;

telephone / fax and email;

qualifications and track record in similar projects;

percentage of working time to be devoted to this project.

Describe the project management structure and provide your assessment of the soundness of the project governance e.g. consider a steering committee, peer review, a reference group or other governance process.

Relevance and importance of the project. Demonstrate the need for the proposed project including its importance and relevance of the issue to the State's policy for coal and existing or future industries.

Work done to-date. A brief description of relevant work done by the proponent to-date, and evidence summarised in a way that explains and justifies the rationale for the project.

Objectives. Clearly describe the objectives of the project compared against the Victorian Government policy for coal, and the (identified) Government funding source.

Methodology and project design. Describe how the proposed project will address the specific objectives.

Evaluation. In order to assess the potential impact of the project outcomes, a detailed and valid evaluation plan is required. Describe how the proponent intend to evaluate the impact of the project with regard to the objectives and short and long term expected outcomes.

Project Plan. Include a project plan and timelines that include a breakdown of all critical milestones and targets. Progress reports will be required at agreed intervals and should be linked to project milestones.

Barriers to implementation. Describe key issues and contingencies that may impact upon the successful implementation of the project including any potential bias or conflict. Include strategies to mitigate the barriers identified.

Financial

Project funding summary using the following table.

		\$ Total
Total funding required for the project	Salaries	
	Operating	
	Equipment	
Funding sought from Victorian Government	Salaries	
	Operating	
	Equipment	

Funding Commitments by participants. Detail the relative contributions of each participating organisation. In-kind support means dedication of existing support staff, facilities & administrative services to the project. A letter of support from each organisation should be provided.

Participating Organisations	Cash \$	In-Kind \$	Total \$

What other funding is presently being sought and/or negotiated but not yet committed for this project? List the funding sources, amounts and timelines for resolution. Briefly outline the intended approach to making up any shortfall in total project funding.

Budget. All elements of the project budget should be clearly identified and justified. A clear statement should be provided that demonstrates the capacity for the project to be completed within the proposed timelines and budget including the extent of contribution from the lead or other organisations.

Implementation readiness of identified resources.

Organisational endorsement.

Organisation

Title of CEO / DVC (or delegate)

Name of CEO / DVC (or delegate)

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I certify that the information included in this application is correct at the time of submission including:
the appropriate general facilities will be available if the application is successful; that, if successful, the lead organisation is prepared to have the grant carried out in accordance with any Funding Agreement entered into; and a commitment to utilise funds for the purposes intended and agree to audit processes, if requested.

Signature of CEO / DVC (or delegate)

Date

/ /

Appendix 2 – Latrobe Valley Funding Initiatives

NAME OF FUND	TOTAL VALUE	WHO IS ELIGIBLE AND APPLICATION ASSESSMENT CRITERIA	FURTHER DETAILS (incl. any examples)
Latrobe Valley Economic Facilitation Fund	\$10 Million	<p>Applications will be considered from:</p> <ul style="list-style-type: none"> • private sector businesses and agencies • small and medium sized enterprises: <ul style="list-style-type: none"> ○ small businesses (employing less than 20 people) ○ medium enterprises (with 20-199 employees). • business and industry groups, including: <ul style="list-style-type: none"> ○ chambers of commerce and business associations ○ industry peak bodies ○ business and industry clusters and networks • local government authorities • not-for-profit organisations and community groups that; <ul style="list-style-type: none"> ○ are an incorporated body, cooperative or association ○ have an Australian Business Number (ABN) or can provide written advice from the Australian Tax Office that no withholding tax is required from the grant payment • higher education and private training institutions • regional organisations e.g. regional planning alliances. <p>Applicants will be required to demonstrate the project's ability to address each of the following criteria:</p> <ul style="list-style-type: none"> • direct economic development benefits • additional economic development benefits • maximising value to the state • social and environmental benefits • alignment with state and regional/Latrobe Valley priorities and demonstrated project need • demonstrated project feasibility and delivery • financial viability. 	<p>Regional Development Victoria is responsible for the assessment of applications and administration of grants under the Latrobe Valley Economic Facilitation Fund.</p> <p>Projects funded under the Latrobe Valley Economic Facilitation Fund to date include:</p> <ul style="list-style-type: none"> • a \$1.2 Million expansion to Victoria Valley meat exports in Trafalgar for an expansion of its meat processing facility. • Funding to Onsite Machinery and Pipeline Services and Dynamic Industries to create a total of 34 new jobs and support in the order of \$1.5 million in investment.

NAME OF FUND	TOTAL VALUE	WHO IS ELIGIBLE AND APPLICATION ASSESSMENT CRITERIA	FURTHER DETAILS (incl. any examples)
<p>Latrobe Valley Economic Growth Zone</p>	<p>Reimbursement Scheme only. Total value of the scheme is \$50 million.</p>	<p>The Latrobe Valley Authority will reimburse land transfer duty on property purchases made by new or expanding commercial and industrial businesses in the Latrobe Valley, Baw Baw and Wellington Shire council areas.</p> <p>Eligible businesses are expected to remain in the region for an extended period of time, supporting economic activity in the Latrobe Valley not just now, but for years to come.</p> <p>To obtain the reimbursement, businesses must demonstrate:</p> <ul style="list-style-type: none"> • the property is located within the Latrobe Valley, Baw Baw or Wellington Council areas, is for commercial or industrial purposes and is to be used as an input to every day, ongoing operations. • the business has formed within 12 months of the property purchase. • new jobs will be created and regional productivity and competitiveness increased. • the contract of purchase for the property must have been entered into after 4 November 2016 • where a new business is being established, half of the stamp duty cost will be reimbursed up front, following payment to the State Revenue Office. The other half will be paid after six months, assuming the property is still held by the new business. In the event the property has been on sold within six months, the first instalment of the reimbursement is to be returned to the Latrobe Valley Authority. <p>Furthermore, the fee or charge for which reimbursement is sought must:</p> <ul style="list-style-type: none"> • Relate to business activity located within the Latrobe Valley, Baw Baw, or Wellington Council areas. • Have been paid by a business to either the Latrobe City, Baw Baw or Wellington Councils, or a Victorian Government agency. • Be on the list of fees and charges that are eligible for reimbursement or be approved on a case-by-case basis by the Latrobe Valley Authority (with some specific exclusions such as gaming costs and WorkSafe premiums). • Have been incurred on or after 4 November 2016. • Ongoing fees and charges are not eligible for reimbursement. 	<p>The Latrobe Valley Economic Growth Zone is administered by the Latrobe Valley Authority.</p>

NAME OF FUND	TOTAL VALUE	WHO IS ELIGIBLE AND APPLICATION ASSESSMENT CRITERIA	FURTHER DETAILS (incl. any examples)
Hazelwood Supply Chain Transition Program	\$5 million capped at \$71,000 per supply chain company.	<p>Supply chain companies must meet all the following criteria to be eligible for assistance under the Hazelwood Supply Chain Transition Program:</p> <ul style="list-style-type: none"> • Have an Australian Business Number (ABN) • Be incorporated in Victoria • Have been trading continuously for the past four years • Be a Victorian based business, with at least 20 per cent of revenue* derived from the Hazelwood Power Station and Mine and their supply chain <i>*Applicants must provide a statement from their accountant that confirms their revenue sources)</i> • Be based in Latrobe Valley (Latrobe, Wellington, Baw Baw) <p>The following are not eligible to be a Hazelwood Supply Chain Transition Program participant:</p> <ul style="list-style-type: none"> • Individuals, partnerships, or trusts, however an incorporated trustee can apply on behalf of a trust provided that the State is satisfied that the incorporated trustee will remain sufficiently liable for the performance or any agreement it signs • Commonwealth, State and Local Government agencies and bodies • Publicly funded research institutions • Not-for-profit organisations • Community-based organisations. 	<p>The Hazelwood Supply Chain Transition Program is administered by the Latrobe Valley Authority and offers two separate stages of assistance:</p> <p>1. Business Transition Plan Independent Business Specialists will provide intensive support to participating companies, including the completion of a business diagnostic to help identify future opportunities and assistance required. The diagnostic outcomes will then form the basis of a Business Transition Plan, which will be developed by a Business Specialist and the participant. The Business Transition Plan (up to \$16,00 support provided) will identify target sectors and markets for diversification as well as the strategies and capabilities the company needs to pursue in order to transition.</p> <p>Where a supply chain company has an established transition plan that was developed independently of the Hazelwood Supply Chain Transition Program after November 2016, a Business Specialist may be engaged to undertake a review of the existing plan (up to \$5,000 provided to undertake review). The review will determine if appropriate strategies are in place to assist the supply chain company through the transition period, and make recommendations for change where appropriate. A supply chain company may be eligible for assistance to develop a revised Business Transition Plan if necessary.</p> <p>2. Business Transition Services and Merger Advisory Services Business Transition Services (up to \$55,000) At the completion of the Business Transition Plan stage, participating supply chain companies may be eligible to receive assistance towards business transition activities identified in their plan.</p> <p>The nature of support will depend on the outcomes identified in the Business Transition Plan.</p> <p>Where common needs are identified across a number of program participants, group delivery of specialist services may be appropriate and cost effective.</p> <p>Merger Advisory Services (up to \$10,000) Where a business merger has been identified in the Business Transition Plan as the appropriate course of action, support for Merger Advisory Services may be provided to maximise retention of industry capability and jobs.</p> <p>Merger Advisory Services are designed to provide advice on the strategies required for a business merger.</p>

NAME OF FUND	TOTAL VALUE	WHO IS ELIGIBLE AND APPLICATION ASSESSMENT CRITERIA	FURTHER DETAILS (incl. any examples)
Latrobe Valley Community Facility Fund	Liveable Latrobe Valley Stream 1 – Up to \$5,000 for community events* <i>* Funding may be provided at this level for up to 3 years to a total of \$15,000.</i>	<p>Who can apply:</p> <ul style="list-style-type: none"> • Local governments; • Not for profit organisations and community groups that: <ul style="list-style-type: none"> ○ Are an incorporated body, cooperative or association; ○ Have an Australian Business Number (ABN) or can provide written advice from the Australian Tax Office that no withholding tax is required from the grant payment; and • Consortia including local government, not for profit groups and private businesses. <p>Please note that all projects will be required to be endorsed/supported by the relevant Local Government Authority.</p> <p>Who cannot apply:</p> <ul style="list-style-type: none"> • Private businesses as sole applicants; and • Individuals. <p>Applicants can apply for more than one grant stream where relevant.</p> <p>Eligible applications will be assessed against their response to the questions and criteria listed below, as well as supporting documents. Weightings are provided as a guide to the relative importance of different criterion in the assessment process.</p> <p>30% - What will the project achieve?</p>	<p>The Latrobe Valley Community Facility Fund is administered by the Latrobe Valley Authority.</p> <p>These three program streams will support projects that will make the Latrobe Valley a better place to live, attracting new businesses and residents and helping people to make a difference in their own community. Supported projects may include (but are not limited to):</p> <ul style="list-style-type: none"> • Town beautification and streetscape projects; • Infrastructure that connects communities, links recreation to retail precincts, and attracts visitors; • Heritage and cultural initiatives of economic significance to the local community such as renewal of historic buildings and sites, arts and cultural centres or resource facilities; • Public hall upgrades; • Development of shared community spaces; • Upgrades of community spaces that enhance wellbeing and social connectedness; • Visitor attractions; and • Community events that bring people together to celebrate the place where they live and/or to work together to achieve community goals.
	Liveable Latrobe Valley Stream 2 – Up to \$50,000 for community space upgrades	<p>Applications will need to demonstrate how the project will:</p> <ul style="list-style-type: none"> • Improve the liveability, resilience and competitiveness of the Latrobe Valley. • Improve the attractiveness of the Latrobe Valley to businesses and families seeking to move to rural Victoria. • Deliver beneficial economic impact. 	

NAME OF FUND	TOTAL VALUE	WHO IS ELIGIBLE AND APPLICATION ASSESSMENT CRITERIA	FURTHER DETAILS (incl. any examples)
<p>Latrobe Valley Community Facility Fund</p>	<p>Liveable Latrobe Valley Stream 3 – Between \$50,000 and \$999,999 for town infrastructure developments and major upgrades** <i>** It is anticipated that projects of this size would be managed by organisations with a strong track record of similar projects, or are led by Local Government.</i></p>	<p>30% - Why is the project needed? The application demonstrates the extent to which the project:</p> <ul style="list-style-type: none"> • Is supported by the local government authority, by the community and is consistent with local plans, shared priorities and the directions of regional strategic plans. • Addresses an existing identified gap or issue. • Has an identified need for the project or strategic planning supported by evidence of previous investigations undertaken. • Is supported by local knowledge and information demonstrating the challenges being faced by the Latrobe Valley. <p>20% - How will the project be delivered? The application demonstrates the extent to which the project:</p> <ul style="list-style-type: none"> • Is investment ready, supported by a clear approach and realistic timeframes. • Is financially viable, based on sound cost estimates and represents value for money. • Incorporates principles of environmental sustainability and addresses Universal Design while complying with relevant anti-discrimination legislation (for infrastructure projects). • Uses materials and resources to deliver the project which strengthen the Latrobe Valley community and economy. <p>20% - Who is involved? The application demonstrates the extent to which the project:</p> <ul style="list-style-type: none"> • Employs a collaborative approach with a range of partners and indicates how they will contribute to the project; • Is capable of being implemented or can draw upon personnel with expertise to manage the project; and • Is proposed by a financially viable applicant who is capable of managing and completing the project. 	

NAME OF FUND	TOTAL VALUE	WHO IS ELIGIBLE AND APPLICATION ASSESSMENT CRITERIA	FURTHER DETAILS (incl. any examples)
Latrobe Valley Community Facility Fund	Active Latrobe Valley Stream 4 – up to \$1 million		<p>This program stream will support projects designed to make communities a healthier place to live, concentrating on sport and recreation, including open space improvements for families, residents and visitors to enjoy. Supported projects may include (but are not limited to):</p> <ul style="list-style-type: none"> • Parks, playgrounds and passive recreational area development; • Recreational precinct upgrades; • Sporting facilities and precincts; • Rail trails and walking tracks; and • Bicycle paths.