Project Assessment Framework

Business case development

July 2015

Queensland Government

Component of the Project Assessment Framework (PAF)

This document forms part of the Project Assessment Framework, as outlined below.

Overarching policy document	
	Policy overview
Guidance material	
	Strategic assessment of service requirement
	Preliminary evaluation
✓	**Business case development**
	Supply strategy development
	Source supplier/s
	Establish service capability
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	Queensland public private partnership supporting guidelines
	Guidelines for the assessment of market-led proposals

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Purpose

This document provides guidance regarding the range of issues to consider when fully developing a business case. The business case represents the most substantiated argument for a project proposal.

The purpose of the *Business case development* stage is to undertake a more detailed comparative analysis of the shortlisted project options and delivery models identified during the *Preliminary evaluation* stage, with the view to identifying the option and delivery model most likely to achieve the service requirement and provide the best value for money outcome.

The business case forms the basis of advice to government decision makers (e.g. the Cabinet Budget Review Committee (CBRC) or other project-specific governing body) and enables them to make an informed decision regarding whether to invest in the proposed project. The business case also provides advice throughout the project's development and implementation and will be used to regularly test that the project is progressing as approved, and to determine if any key assumptions have changed.

Once the project has been completed, it will be used to compare what was actually achieved with what was approved. As a result, the business case should be reviewed, and refreshed if there is a material change during subsequent stages of the project lifecycle to ensure its continued relevance.

Agencies should refer to the Project Assessment Framework (PAF) Policy Overview for further information about the PAF's application and the roles and responsibilities that may apply.

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Process

A business case is developed if, at the conclusion of the *Preliminary evaluation* stage, potentially viable options are identified for further consideration and the project is deemed to be a priority and potentially affordable. Development of the business case builds on the work undertaken in the *Preliminary evaluation* stage and results in the recommendation of a preferred option.

The key activities undertaken during the *Business case development* stage are to:

- confirm the outcome sought
- confirm the shortlisted project and delivery options to be evaluated
- determine the project organisation and governance arrangements
- conduct a detailed comparative evaluation of the shortlisted options and delivery models
- recommend a preferred option and delivery model
- develop a project implementation plan for the preferred recommendation
- confirm the framework that has and will be applied, including any necessary approvals or endorsements
- seek approval to proceed, including funding allocation.

On completion of the *Business case development* stage, if funding approval for project delivery is granted, the project proceeds to the *Supply strategy* development stage.

2.1 Confirm the outcome sought

The outcome sought, as defined in earlier stages of the project lifecycle, should be reviewed and confirmed. If necessary, the outcome sought should be further developed to ensure that it is stated in clear and measurable terms. Any criteria for success defined in the earlier stages of the project lifecycle should also be reviewed and re-confirmed. These criteria for success will ultimately be used to determine whether the response that is developed is efficient and effective in meeting the identified service need.

What you need to do:

- review and re-confirm the project options and delivery models to be evaluated in this project stage.

2.2 Confirm the project options and delivery models to be evaluated

At the conclusion of the *Preliminary evaluation* stage, potentially viable project options and delivery models would have been ranked in terms of their cost, benefits, risk and ability to meet the outcome sought. The shortlisted options will be the subject of more detailed comparative analysis during the *Business case development* stage.

2.3 Confirm project organisation and governance arrangements

Initial project organisation and governance arrangements would have been established for the project during the *Preliminary evaluation* stage.

These project organisation and governance arrangements should be confirmed, or amended if required, to meet the requirements of the *Business case development* stage.

What you need to do:

- confirm project organisation and governance arrangements for this project stage.

2.4 Conduct a detailed comparative evaluation of the options and delivery models

The small number of options nominated for more detailed comparative analysis during this stage (refer to section 2.2: *Confirm the options to be evaluated*) should be evaluated to identify the project option most likely to provide the best value for money outcome.

During the *Preliminary evaluation* stage, a preliminary analysis of each of the options would have been conducted. These preliminary analyses should be reviewed, verified and further developed to provide a more detailed evaluation.

Agencies should determine on a case-by-case basis the level of analysis required for the detailed evaluation. This analysis should have regard to the scope, cost, expected benefits and complexity of the project under consideration. Assessments and the resources allocated should be proportionate to the size, nature and risk of the project.

While the level of detail may vary depending on the nature of the project, the evaluation should include:

- detailed risk analysis
- detailed financial and economic analyses (including sensitivity analysis)
- market sounding
- consideration of legislative requirements
- consideration of whole-of-government policy issues
- consideration of regulatory issues
- public interest assessment
- consideration of procurement strategies.

The detailed evaluation should rank the options in terms of their cost, benefits, risk and ability to meet the outcome sought. This evaluation should also recommend a preferred option. The evaluation may result in modifications to, or abandonment of, some or all of the options.

It should be noted that while the analyses can be prepared sequentially, they are interrelated and it may be necessary to return to earlier analyses in order to make adjustments for information that becomes apparent throughout the process. The focus of the evaluation is a comparative analysis of the effectiveness and relative attributes of the options for delivering the outcome sought.

All analyses should be brought together in a summarised form to support the recommendation of a preferred option.

What you need to do:

- conduct a detailed comparative evaluation of the options that includes:
  - risk analysis
  - financial and economic analyses
  - market sounding
  - consideration of legislative requirements
  - consideration of whole-of-government policy issues
  - consideration of regulatory issues
  - public interest assessment
  - consideration of procurement strategies
- summarise the results of the detailed evaluation
- rank the options in terms of their cost, benefits, risk and ability to meet the outcome sought
- recommend a preferred option.

2.4.1 DETAILED RISK ANALYSIS

Information generated from the detailed risk analysis should be documented in a comparative analysis of the different risks associated with each option, and reflected in the values of the costs and benefits considered in the financial and economic analyses (refer to section 2.4.2: Detailed financial and economic analyses). A summary document demonstrating how each risk has been factored into a cost or benefit should also be prepared.

The conduct of a detailed risk analysis may be aided by conducting risk workshops. These workshops should be attended by the project team and any external advisors that the project team has engaged to ensure a broad base of knowledge and experience is utilised. For significant project proposals, several workshops may be necessary to work through all the activities associated with conducting a detailed risk analysis.

The detailed risk analysis should involve the following activities:

- identification – comprehensively identifying and documenting the risks to which each option could be exposed
- assessment (qualification and quantification) – assessing materiality, likelihood and consequences of the risks occurring
- allocation – identifying the parties likely to be best able to manage the risks
- mitigation – developing strategies to mitigate the risks.

2.4.1.1. Risk identification

During the *Preliminary evaluation* stage, initial consideration would have been given to identifying the key risks to which each option could be exposed.

These risks should be reviewed and further developed to comprehensively identify all risks relevant to the options under consideration.

2.4.1.2. Risk assessment (qualification and quantification)

The preliminary risk assessment conducted during the *Preliminary evaluation* stage should be reviewed and refined, to determine for each identified risk:

- the source/s of the risk
- their positive and negative consequences
- the probabilities that those consequences will occur.

The risks should also be quantified (where possible) as the product of:

- the likelihood of risks impacting upon estimated project costs or benefits
- the consequences (i.e. the quantum difference between estimated and risk-adjusted the actual and expected values).

Depending on the significance and complexity of the option and the relative impact of the risk, more sophisticated risk assessment techniques (when compared to those used during the *Preliminary evaluation* stage) may now need to be applied.

Risk assessment techniques range from subjective assessment based on experience with similar projects, to computer-based simulations. The subjective assessment method for quantifying risk, while the most simple, has the limitation that it provides a single estimate for risk that is based on analysing risks independently of each other. Computer-based simulations using multivariable analysis, although more complex and still subjective, offer greater realism and confidence in risk quantification by applying probabilities to the risks and considering the interdependencies between them. The result of the analysis is a range of values in which the final outcome may lie.

The expression of risk as a range of final outcomes is useful for understanding the Government's exposure to risk volatility, and in demonstrating the robustness of options with regard to risk transfer and management. This information forms the foundation upon which appropriate risk management strategies can be developed to mitigate and reduce the Government's risk exposure.

2.4.1.3. Risk allocation

In the *Business case development* stage, the parties likely to be best able to manage the identified risks (by reducing the likelihood of the risk eventuating and/or by managing the consequences of the risk if it materialises) should be identified. There will inevitably be some risks over which a single party has little or no control and may require the adoption of a shared approach to the risk.

2.4.1.4. Risk mitigation

Risk mitigation strategies, to reduce the likelihood of the risk eventuating or the consequences if it does eventuate, should also be identified. Mitigation strategies can either seek to prevent the occurrence of the risk (e.g. through specific project structuring) or deal with the risk once it has materialised (e.g. through appropriate contingency planning). Mitigation strategies should seek a balance between the cost that may eventuate if the risk occurs and the cost incurred in preventing it or preparing for it.

What you need to do:

- conduct a detailed risk analysis for each option
- document the information generated in a comparative analysis
- reflect the risks in the value of costs and benefits considered in the financial and economic analyses (refer to section 2.4.2: Detailed financial and economic analyses)
- develop a summary demonstrating how each risk has been factored into a cost or benefit in the financial and economic analyses.

Sources for further information

The supplementary guidance on *Cost-benefit analysis* provides more detailed guidance on conducting a risk analysis.

Additional information on risk management is available through publications of *SAI Global Risk Management (AS/NZS ISO 31000: 2009) and Risk Financing (SAA HB141-2011).*

2.4.2. DETAILED FINANCIAL AND ECONOMIC ANALYSES

During the Preliminary evaluation stage, preliminary financial and economic analyses would have been conducted for each option.

These preliminary analyses should be reviewed, verified and further developed to:

- comprehensively identify and assess the financial impact of each project option on the Government
- identify all of the costs and benefits associated with each option
- conduct a more comprehensive sensitivity analysis on the options being evaluated.

Assessments and the resources allocated should be proportionate to the size, nature and risk of the project.

Agencies should consult Queensland Treasury in relation to the appropriate discount rate and/or discount rate methodology to use for each project.

2.4.2.1. Detailed financial analysis

The purpose of a financial analysis is to consider the financial impact of each option on the Government. It considers cash flows in relation to the options in order to determine the net cash impact of the options from the point of view of the Government as an investor in the project.

Importantly, the financial analysis only considers those costs and benefits that result in cash flows to/from government. For example, savings of small time increments that cannot be aggregated across many staff should not be classified as a benefit that results in a cash inflow to government. While excluded from the financial analysis, this benefit would be included in the economic analysis.

The preliminary financial analysis (at confidence level P-50) conducted during the *Preliminary evaluation* stage should be reviewed, verified and further developed to comprehensively identify and assess the financial impact of each project option on the Government to a confidence level of P-90.

For probability-based estimates, there may be alternative methods which achieve the same outcome in terms of providing an overall level of confidence about estimated project costs. Where alternative cost estimate methods are adopted, agencies will need to document these arrangements to verify their methodology and have the methodology approved by the appropriate delegated authority (e.g. Minister, Director-General, project steering committee, project board) and endorsed by the Under Treasurer.

The detailed financial analysis should result in the calculation of a net present value of the cash flows to/ from government arising as a consequence of the option under consideration. This is referred to as the net present financial value (NPFV) of the option.

In some circumstances however, the NPFV alone cannot present sufficient information for the Government to decide whether or not to proceed with a particular option. Many government projects, particularly those of a social nature, will not be financially viable (i.e. the project does not generate sufficient cash inflows (if any) to offset cash outflows). For example, a social project (e.g. hospital, school, corrective facility, or community sport and recreation centre) will typically not generate a net cash inflow, but will achieve several non-financial objectives of the Government.

Similarly, for some economic projects (e.g. public transport) while there may be a net cash outflow at the project level, there could be wider employment and economic benefits that, when viewed together, demonstrate net benefits to the State. Accordingly, the main aim of the economic cost benefit analysis is to ensure the financial analysis is viewed from the perspective of any overall net economic benefits to the community.

2.4.2.2. Status quo

A comparison of net cash impacts under each option against the cash flow impact of the status quo (or base case) is used to highlight the relative costs of implementing each option. The cash flows related to the base case should reflect the current level of committed funds. While the status quo may not be an active option under consideration, the Government may decide to remain with the status quo based on affordability or value for money considerations.

2.4.2.3. Funding framework

Following the identification of the preferred option, the financial analysis conducted for that option will form the basis for developing the funding framework for that option (refer to section 2.5: *Develop a project implementation plan for the preferred option*). The funding framework identifies the timing, mechanisms and sources for cash flows, and consequent impacts on agency budgets over the full life of the selected option (whole-of-life analysis).

The business case informs the decision on whether to invest in a project, whereas the funding framework informs the decision on how to source the funds required for that investment. In devising the funding framework, consideration should be given to any direct and/or indirect financing costs which may be incurred.

2.4.2.4. Detailed economic (cost-benefit) analysis

Some project options which contribute to achieving the outcome sought will be assessed as involving a net cost to government in the financial analysis.

Further assessment of these options is still justified, as they may produce net economic benefits to the community which outweigh the net financial costs to government.

The purpose of an economic (or cost-benefit) analysis is to determine which option will create the largest net economic benefit to the State. It considers other impacts and benefits that are not cash-based or are not directly captured or incurred by government.

An economic analysis involves a comprehensive evaluation of all the relevant financial, environmental and social costs and benefits associated with each option being considered. The results of the economic analysis are crucial in determining whether the net benefits of a project option exceed the net cost to government, and also in determining which option would produce the greatest net benefit to the community.

A preliminary economic analysis (at confidence level P-50) conducted during the *Preliminary evaluation* stage should be reviewed, verified and further developed to comprehensively identify and assess all costs and benefits for each option over the life of the project.

Depending on the nature of the project and the option under consideration, benefits may not be easy to specify or quantify. Costs are relatively easier to specify and are typically quantified in dollar terms. It is critical for the development of the business case to understand the nature of the benefits and costs that are associated with each proposed option.

There should be no inconsistency between the financial analysis and the financial components of the cost benefit analysis. This can be achieved by incorporating the P-90 cost estimates from the financial analysis in the cost benefit analysis.

The detailed economic analysis should result in the calculation of the net present economic value (NPEV) of the option. The NPEV allows project options to be compared on the same basis and hence allows the determination of the greatest net benefit to the community or the most economic use of resources.

The *Strategic assessment of service requirement* guidance provides examples of the type of benefits to be identified and measured in the economic analysis, and the supplementary guidance on Cost-benefit analysis sets out methods for estimating the value of benefits.

As noted in the *Strategic assessment* of service requirement guidance, where benefits can be identified and quantified in physical units or as service delivery outcomes, but not valued, a cost-effectiveness analysis on options can be undertaken.

2.4.2.5. Costs

All financial costs for the Government associated with each option should be identified and quantified to a P-90 confidence level.

This process of cost quantification should encompass all one-off and recurring costs for the life of the project and ensure a comprehensive identification of all costs associated with implementing the option including (the often significant) costs associated with change management and business process reengineering.

Assumptions made in the estimation and timing of costs should be detailed and documented. For example, assumptions about the timing of when costs will be incurred (such as in payment terms for contractors or timing of construction costs over a construction period) should be explicitly documented. Examples of costs include:

- operating and capital expenses
- financial costs for other parties (e.g. user charges)
- economic costs (e.g. possible price increases or displaced employment)
- environmental costs (e.g. additional noise or air pollution)
- social costs (e.g. requirements for residents to relocate).

2.4.2.6. Cost escalation

Cost escalation is usually applied to base value quantities by adjusting prices in present day terms to estimate a future cost. Cost escalation seeks to capture the effects of many factors driving price increases on project input costs such as labour, materials and equipment. These factors may include inflation, market conditions, risk allocation clauses in the contract, interest rates and taxes.

As a minimum, agencies must have in place a robust process for estimating future project escalation for significant infrastructure projects to minimise risk of cost overruns. An agency may decide to use constant price estimates for costs and benefits, and in this case would need to consider if components of the project costs are likely to rise or fall in real terms in developing overall cost estimates. Prior to applying a cost escalation methodology to a project, project owners can consult with Queensland Treasury to obtain agreement on the cost escalation method used.

To properly apply cost escalation for a particular project, the following data is required:

- an escalation index (including issue date and index) used to prepare the estimate
- current performance schedule, with start and completion dates of scheduled activities
- reference date the estimate was prepared.

Cost escalation indices are selected for application to estimates in the base year which is generally the current year. Once an appropriate index is selected it can be used to project future costs based on today’s dollars. Escalation can also be used to project a current cost based on historical costs. This concept can be applied to a single cost, basket of costs, or annual costs over the life of a project.

Cost escalation generally follows a process of:

- defining the base cost of each project / line item. The base cost is the cost estimate for each project expressed in current dollars. A total program cost can be calculated by summing up individual escalated project costs
- defining the parameters of the escalation rate (including which inputs would be subject to escalation, and which statistical series would be relevant in estimating escalation)
- calculating the escalated project cost.

Cost escalation plays a key role in the development of the investment decision for projects.

It is used within the context of whole–of-life costing, affordability, budgeting, and capital programs. As a result, the application of cost escalation should be based upon price indexes that are justifiable and relevant.

For example, it may be appropriate to use the non-residential building construction index, compiled by the Australian Bureau of Statistics (ABS), in estimating building cost escalation. For recurrent costs, the Wage Price Index for Queensland compiled by the ABS or an index for government consumption spending could be an appropriate starting point. Queensland Treasury can provide further advice on the choice of index (including identifying other agencies that should be consulted).

In the interests of accountability and transparency, it is essential that project owners document the utilised approach to cost escalation. Effective reporting involves:

- identifying the cost escalation calculation
- providing evidence of the decision-making for selecting the cost escalation calculation (including the agency's understanding of the relevant issues and consideration of the impact of this approach)
- explaining how this cost measure will be tracked, monitored and reported throughout the lifecycle of the project.

Sources for further information:

For cost escalation relating to government building projects, refer to the *Capital Works Management Framework* (CWMF) available at www.hpw.qld.gov.au. Useful resources include:

- Estimate categories and confidence levels: an initiative to improve budget formulation for building projects
- Forecasting escalation in building costs: calculating, documenting and reviewing allowances.

For cost escalation relating to roads and bridges refer to the Department of Transport and Main Roads at www.tmr.qld.gov.au.

2.4.2.7. Sensitivity analysis

A range of factors can lead to significant variations in costs and benefits of a project from the levels assumed in the financial and economic analyses of a project option. The preliminary sensitivity analysis conducted at the Preliminary evaluation stage should be reviewed, verified and further developed to:

- confirm the variables that can have a significant impact on the outcomes of the project
- confirm the likely range for these variables, centred on the most likely assumed values
- calculate the impact of different combinations of worst and best case assumptions for these variables
- confirm the minimum set of changes in key assumptions which would reduce the net financial or economic benefit to zero, and assess the likelihood of these events occurring (also known as break-even analysis).

This process can confirm several case scenarios developed for each project option, including:

- the optimistic case – a combination of the highest level in the range of probable benefits with the lowest level in the range of probable costs
- the most likely case – a combination of the benefits and costs with the highest probability of being realised
- the pessimistic case –a combination of the lowest level in the range of probable benefits, and the highest level in the range of probable costs.

What you need to do:

- conduct a detailed financial analysis to identify and assess the financial impact of each option on the Government
- conduct a detailed economic analysis to identify all of the costs and benefits associated with each option
- review, verify and further develop the sensitivity analysis on the options being evaluated.

Sources for further information

The supplementary guidance on *Cost-benefit analysis* provides more detailed guidance on conducting economic and financial analyses, including sensitivity analysis.

2.4.3 CONDUCT MARKET SOUNDING

Market sounding refers to the practice of soliciting opinions from public and/or private sector suppliers as to the potential viability and attractiveness of a project and/or project options.

In the *Preliminary evaluation* stage, market sounding activities generated early collective perspectives from suppliers on issues such as market appetite for involvement in the project and/or the potential range of solutions.

In this stage, further effort is required to complete a more detailed exploration of any issues related to the attitude, thoughts and likely response by the market as a whole. During this project stage, market sounding aims to:

- clarify the marketability of a project or project option
- highlight any potential commercial constraints
- highlight potential opportunities
- prepare the market for future project activities
- validate any assumptions about private sector involvement.

Market sounding activities can often involve face-to-face meetings with individual suppliers or collective market forums. At all times, activities must be carried out on a without prejudice basis within the boundaries of a clearly defined scope and cognisant of any probity issues.

Interactions with market participants need to provide sufficient details about the project options to obtain meaningful responses, without raising participants' expectations about the Government commitment to implementing particular project or delivery options. The use of an independent probity advisor can assist in the provision of appropriate types of information to market participants.

Where possible, market sounding should involve a broad cross section of the market. In some cases, industry representative bodies may provide a useful vehicle. In all cases, those persons facilitating the market sounding exercise should be appropriately skilled and experienced in such activities. To ensure the market sounding occurs in a professional manner, a succinct market sounding plan should be completed before there is any contact with the market. Queensland Treasury can give assistance with these plans.

Throughout market sounding, project teams should:

- consider a broad range of interested and targeted parties, including industry representatives
- provide sufficient information about the project to enable respondents to gain an understanding of the project and/or provide meaningful feedback
- ensure participants recognise any discussions as informal, and not part of the formal procurement process
- respect confidentiality and intellectual property.

2.4.3.1 From a procurement perspective

From a procurement perspective, market sounding can also be undertaken in parallel with a supply market analysis.

In this context, market sounding can provide the potential benefits of making a future procurement process more specific, accurate and efficient.

In preparation for the next project stage, *Supply strategy development,* market sounding from a procurement perspective should focus on exploring factors such as:

- supplier levels of interest
- technical or business feasibility
- evidence of value for money.

This is achieved by gathering knowledge in key areas of the market generally, including:

- feasibility – whether what is sought is actually feasible, or has ever been done
- capability – the ability of the market (whether through a single supplier or a consortium) to achieve what is required
- maturity – whether there is an established market for the requirement
- capacity – whether the market can achieve what is required quickly enough, or on a large enough scale
- competition – whether there are enough firms to ensure that procurement in this area will be sufficiently competitive
- working together – whether firms have worked together previously and how they interacted
- supply chain and subcontracting – the nature of supply chains and their organisation in this market
- traditions, attitudes and practices – the culture, management structures and styles prevalent in the market
- attitudes to customers – the likely attitudes to sharing information and whether there is evidence of suppliers adopting or promoting partnering approaches.

What you need to do:

- where assumptions have been made about potential private sector involvement, validate these assumptions through market sounding.

Sources for further information

The *Supply strategy development* and *Source supplier/s* guidelines provides more information on market sounding.

2.4.4 CONSIDER LEGISLATIVE REQUIREMENTS

Each project option should be assessed to identify any relevant legislative requirements. This assessment may identify issues or risks that may need to be reflected in the risk analysis and associated values of costs and benefits in the financial and economic analyses (refer to sections 2.4.1: *Detailed risk analysis* and 2.4.2: *Detailed financial and economic analyses).*

2.4.4.1 Environmental, planning, cultural heritage and native title

Any environmental, planning, cultural heritage and native title requirements identified during the *Preliminary evaluation* stage should be further considered and analysed.

These issues may impact the viability of those project options being considered if they are unresolved or not addressed.

Given these issues may have a significant impact on the viability and timing of a project, careful and particular consideration of each is important. While most issues would have been identified during the *Preliminary evaluation* stage, all will need further consideration and, potentially, a greater level of analysis during this stage.

2.4.4.1.1 Environment

An environmental analysis, which provides decision makers with information about the environmental issues associated with a project option, is required for all capital projects to ensure that they meet the requirements of the *Environmental Protection Act 1994* and other relevant legislation.

The environmental analysis may include a preliminary review to determine the extent and nature of the environmental issues and whether further investigation is needed (e.g. a detailed environmental impact assessment, commensurate with the significance of the environmental issues and the project). It may also consider:

- on- and off-site environmental consequences
- short- and long-term environmental effects
- opportunities to improve environmental benefits (e.g. through conservation initiatives)
- whether environmental issues associated with the option are likely to be of significant community concern.

Where an assessment confirms areas of significant environmental concern, strategies should be developed, where feasible, to address these concerns. The costs and benefits associated with these strategies should then be identified and valued to supplement the information in the cost-benefit analysis (refer to section 2.4.2 *Detailed financial and economic analyses*).

2.4.4.1.2 Planning

The Sustainable Planning Act 2009 (SPA) aims to balance community wellbeing, economic development and the protection of the natural environment by providing a framework for managing growth and change across Queensland.

Under the SPA, development includes one or more of the following activities:

- carrying out building work
- carrying out plumbing or drainage work
- carrying out operational work (e.g. laying roads in a new subdivision or clearing vegetation on freehold land)
- reconfiguring a lot
- making a material change of use of premises.

Where a project is likely to include one or more of these activities, then the project team must satisfy the requirements of the SPA. This can be achieved by following a step-by-step process for making, assessing and deciding development applications in Queensland. This process is referred to as the Integrated Development Assessment System (IDAS).

For more complex projects, IDAS includes four stages: application; information and referral; notification; and decision. For simpler projects, some of the stages may be omitted.

2.4.4.1.3 Cultural heritage and native title

Queensland's cultural heritage is protected by the *Queensland Heritage Act 1992*, administered by the Department of Environment and Heritage Protection.

A place of cultural heritage significance can include a:

- landscape
- place of worship
- railway bridge
- picture theatre
- house
- park
- structure
- machine
- site of historical, mythological, or spiritual importance.

Indigenous cultural heritage is protected under the *Aboriginal Cultural Heritage Act 2003* and the *Torres Strait Islander Cultural Heritage Act 2003*, which are administered by the Department of Aboriginal and Torres Strait Islander Partnerships. This legislation is designed to recognise and protect Aboriginal and Torres Strait Islander cultural heritage, and to establish workable processes for dealing with cultural heritage matters.

Whether or not native title issues will arise depends upon a range of factors, including: the current and past uses of the land or waters; the proposed development of the area; the nature of authorities; permissions; and titles required. This is regardless of whether a native title claim has been lodged or determined over the area.

What you need to do:

- consider any relevant legislative requirements associated with each option.

Sources for further information

The supplementary guidance on *Cost-benefit analysis* provides more detailed guidance on conducting an environmental analysis.

Additional information on preparing and submitting development approvals under the SPA can be accessed through the Department of Infrastructure, Local Government and Planning at www.dilgp.qld.gov.au.

Additional information on cultural heritage issues can be accessed through the Australian Heritage Council at www.ahc.gov.au.

2.4.5 CONSIDER WHOLE-OF-GOVERNMENT POLICY ISSUES

Each project option should be assessed to ensure consistency with existing whole-of-government policies. This assessment may identify issues or risks that may need to be reflected in the risk analysis and associated values of costs and benefits in the financial and economic analyses (refer to sections 2.4.1: *Detailed risk analysis and 2.4.2: Detailed financial and economic analyses)*.

This assessment should also assess the prioritisation of the project (on the basis of relevant government policy) and alignment with strategic government priorities.

To ensure an inclusive approach is applied to the consideration of whole-of-government policy issues, full consultation should take place between the agency or agencies managing the project and any relevant or affected agencies. This consultation should be undertaken prior to the matter becoming the subject of a formal submission for consideration by Cabinet, CBRC or other relevant project decision making body.

2.4.5.1 Employee, employment and skills development

Employees, whether existing or future, are key stakeholders in most projects and their issues and concerns are important in project development. Employment security and preservation of employment conditions and entitlements are of paramount importance to workers. Accordingly, when evaluating specific project options, employee concerns need to be considered and appropriately addressed.

During the Preliminary evaluation stage any likely industrial relations, employee relations, employment and skills development issues would have been identified. During this stage, the focus of the assessment should include employee stakeholder consultation and the preparation of an Employment and Training Impact Statement (ETIS).

The Queensland Government is committed to increasing apprenticeship and traineeship opportunities and Indigenous economic participation and employment by incorporating training and employment requirements in government procurement processes for infrastructure construction projects. Through the *Queensland Government Building and Construction Policy* and in consultation with the Department of Education and Training, agencies can develop strategies to inform their procurement processes to promote employment and training opportunities for apprentices, trainees and Indigenous Queenslanders.

It is recommended that the project team open lines of communication with employees, employee groups and unions early in the project in order to promote understanding. Dialogue in these contexts should be open and consultative, with the aim of ensuring effective change management mechanisms can be developed and implemented during project development.

The project team should also assess the likely impact of the project on employment and skills development (be it positive or negative) and identify where employment and skills development opportunities are being generated. This information should be reflected in an ETIS.

2.4.5.2 Privacy and security issues

The Government's *Information Standard 18: Information Security* sets out the principles for addressing information security risks, including: classification and control of material; personnel security; and physical and environmental security.

Agencies collecting personal information in the course of developing and implementing a project need to observe the principles set out in *Queensland's Information Privacy Act 2009*, which covers the collection, storage and use of personal information.

These issues need to be considered in the specification and assessment of project options, as provisions for security and privacy would affect both the costs and benefits of each option.

What you need to do:

- assess each option to identify whole-of-government policy issues, noting consideration of the strategic government priorities

Sources for further information

Further information on developing an ETIS is provided in the Department of Education and Training's Employment and Skills Development Impact Statement guidelines. This document is available at www.deta.qld.gov.au.

A range of investment programs and strategic interventions supporting apprenticeship and traineeship opportunities and Indigenous workforce participation are available at www.training.qld.gov.au (in particular, the *Queensland Government Building and Construction Training Policy)*.

See the Queensland Cabinet Handbook available at www.premiers.qld.gov.au for information on consultation requirements for submissions to be considered by Cabinet or CBRC.

Information on the Queensland Government's *Information Standard 18: Information Security* is available from the Queensland Government Chief Information Office at www.qgcio.qld.gov.au. Further information on privacy and security issues is available from the Office of the Information Commissioner at www.oic.qld.gov.au.

2.4.6 CONSIDER REGULATORY ISSUES

Where a project option involves changes to regulations or legislation, this may have the potential to influence market competition, or the potential to regulate economic or other activity in the community.

In the *Preliminary evaluation* stage, potential regulatory impacts should have already been identified and briefly described. In this stage, further effort is required to complete a more detailed description of each potential regulatory impact. To do so also includes further work in exploring ways of reasonably resolving the potential impact.

Considering regulatory issues in this stage may culminate in the development of Preliminary Impact Assessments (PIAs), or Regulatory Impact Statements (RIS), if required. These processes are designed to provide an assessment of benefits and costs to assist in the decision making process and should be consistent and integrated with the financial and economic analyses (refer to section 2.4.2: *Detailed financial and economic analyses)*.

2.4.6.1 Potential market impacts

All project options should be assessed in terms of whether they have the potential to unreasonably restrict competition. *The Competition and Consumer Act 2010* encourages efficient business and promotes competition in markets by outlawing practices which may unreasonably restrict competition. In situations where any aspect of a project (or project option) may contravene provisions of the *Competition and Consumer Act 2010*, agencies must consult Queensland Treasury immediately. Further details regarding competition policy are available at www.treasury.qld.gov.au.

2.4.6.2 Potential regulatory impacts

Where a project involves changes to regulation (including primary and subordinate legislation and some forms of quasi regulation), the requirements of Queensland's RIS system, as detailed in the RIS System Guidelines, will need to be complied with.

The RIS system aims to improve the quality and effectiveness of regulation by requiring regulatory proposals to be developed in accordance with regulatory best practice principles, and includes minimum requirements for stakeholder consultation and impact analysis.

The Office of Best Practice Regulation (OBPR) in the Queensland Competition Authority (QCA) is responsible for providing advice on RIS System requirements, including determining if a RIS is required and assessing the adequacy of RISs. Consideration of the RIS System Guidelines and consultation with the OBPR should be commenced early when the development of regulation is being considered.

What you need to do:

- assess each option to determine the potential to influence market competition or regulate activity in the community
- consult with Queensland Treasury immediately if options being considered may potentially authorise anti-competitive behaviour or have competition implications. Consult with the OBPR early when developing a regulatory proposal.

Sources for further information

The supplementary guidance on *Cost-benefit analysis* provides more detailed guidance on regulatory assessments.

The RIS System Guidelines are available at www.treasury.qld.gov.au.

2.4.7 PUBLIC INTEREST ASSESSMENT

A public interest assessment examines each project option's potential impact on various elements in the public's interest. For projects that have a direct impact on the community, each option should be considered in terms of:

- effectiveness in meeting the service requirement
- impact on stakeholders
- accountability and transparency
- public access and equity
- consumer rights
- security
- privacy.

Most of these issues should have already been identified and briefly described during the Preliminary evaluation stage. In this stage, further effort is required to complete a more detailed public interest assessment. This assessment should consider any significant social issues or opportunities associated with the project, outline the extent to which these issues may affect the project, and develop strategies and options to deal with these issues.

The types of issues that may need to be considered include:

- history, heritage, the arts and culture
- quality of life
- health
- welfare
- public safety
- law and order
- employment
- education.

What you need to do:

- for options that have a direct impact on the community, complete a more detailed public interest assessment.

2.4.8 CONSIDER PROCUREMENT AND DELIVERY STRATEGIES

In all circumstances, the opportunity for private sector involvement must be considered. Delivery models with private sector funding and/or financing options must be progressed as the preferred delivery model, unless there is demonstrable evidence that this will not deliver the best value for money for government, in which case traditional delivery models may be considered.

Where there is not demonstrable evidence that private sector investment will deliver value for money, the *Preliminary Evaluation* guidance provides a description of the traditional delivery models which can be used in a project. At the *Business case development* stage, at least two of these models (or variations on them) should be assessed in detail for each project option under active consideration.To narrow the range of delivery models to the two that would be assessed in detail, the project owner can use a procurement workshop to facilitate the comparison of options. The workshop would include representatives of the portfolio agency or agencies with on-going responsibility for the project, central agencies and commercial advisors which may be engaged for the project.

The workshop would consist of a brief assessment of each potential procurement option against the requirements of the project option, as set out in *Appendix A* to the *Preliminary evaluation* guidance. These requirements can include:

- ability of the procurement model to meet the requirements of the project (such as quality of the facility, or allowing for future proofing and flexibility)
- enabling for the timely start and completion of construction
- certainty in construction and operating costs
- sufficient market interest, and capacity, to deliver a project with a particular model
- allowing for stakeholder management
- ability to accommodate variations due to changing operational needs
- ability of the model to achieve innovation, where this is required to achieve project objectives.

It is important that the procurement workshop is a neutral assessment of the capacity of different procurement options to meet project requirements. Therefore, the participants need to agree on whether or not:

- a requirement is a priority in the selection of a procurement model (e.g. is innovation important in achieving project outcomes?)
- the different delivery models under consideration would differ significantly in their ability to meet the priority requirements (informed by experience in other projects in Queensland or in other jurisdictions).

The consideration of models in the workshop can take account of the results of preliminary market sounding (in considering the market interest and capability) and the specification of the project option prepared for the economic and financial assessment (which will provide the key risk factors and estimated costs of the project option).

After the selection of two options, based on assessment at the procurement workshop for appropriate projects, the more detailed assessment of these options can take place. The inputs to this assessment would be the detailed economic, financial assessment and public interest assessments at *Business case development* stage, and further market sounding based on additional information about the project options under consideration.

The more detailed consideration of the two procurement options against the project requirements would lead to a recommendation of a preferred procurement model to accompany the preferred project option.

For information and communication technology projects, Queensland Government should be considered as a single enterprise. This requires a consideration of, and compliance with, the standard approaches, policies and standards within the Queensland Government Enterprise Architecture (QGEA) when making decisions about the adoption of information and communication technologies.

Some of the information required for this analysis may be already available from market sounding activities (refer to section 2.4.3: *Conduct market sounding).*

At this stage of project evaluation, consideration should be given to contract management as it ensures that the value created through the procurement process is achieved. It is critical to the success of a project.

2.4.8.1 Sourcing strategies

Depending upon the nature of the project, a number of sourcing strategies could be considered, including:

- identifying alternative suppliers
- enabling multi-sourcing (designing smaller packages of work to be offered to a greater number of suppliers)
- encouraging the market to develop appropriate supplies, technologies and skills
- considering requirements of and advantages available through Australia's Free Trade Agreement obligations
- placement of risks
- promoting supply chain efficiencies.

2.4.8.2 Purchasing objectives

Furthermore, project teams should consider any purchasing objectives. Purchasing objectives reflect the desired outcomes for the project. For example:

- where there is a limited source of supply for a product or service in the market, the objective may be to establish a secure continuous supply
- where the performance of contractors in the industry has been unsatisfactory, the objective may be to work with contractors to improve performance.

2.4.8.3 Preferred procurement strategy

The preferred procurement strategy will require tailoring to the individual project depending on requirements associated with the nature of the project and purchasing objectives; the nature of demand; and supply market characteristics. Agencies should consult staff with market and procurement experience relevant to the activity being considered to identify preliminary factors for consideration.

Considerations should also include the desired nature of the relationship with the supplier; risk management strategies; supplier development; broader market management strategies; and the type of contract to be entered into.

The work undertaken here to consider procurement strategies provides a sound starting point for the work to be undertaken in later stages of the project lifecycle i.e. *Supply strategy development* and *Source supplier/s*.

What you need to do:

- consider at least two procurement/delivery strategies and complete a comparative analysis to nominate a preferred procurement option for further assessment in the *Supply strategy development* stage.

Sources for further information

The *Supply strategy development and Source supplier/s* guidelines provides more information on procurement strategies.

Further information on the Queensland Procurement Policy, administered by the Department of Housing and Public Works is available at www.hpw.qld.gov.au. Further information on agency-specific purchasing procedures is available in documents known as 'local instructions' or 'local purchasing instructions'.

2.4.9 RECOMMEND A PREFERRED OPTION AND DELIVERY MODEL

As a result of conducting the detailed evaluation of the project options as outlined above, it should be possible to identify and recommend the preferred project option and delivery model.

Justification for the preferred option should be provided that includes the reasons for proposing to proceed with that option and reject others. How the preferred option will contribute to the achievement of the outcome sought should also be explicitly stated. As budgetary constraints may result in an option other than the preferred option being funded, a summary and ranking of all potentially viable options should be made.

Depending on the size and complexity of the project, it may be appropriate to seek approval from project decision makers of the preferred option prior to the development of the detailed project implementation plan (refer to section 2.5: *Develop a project implementation plan for the preferred option).*

In the event that there is no viable alternative to the status quo, a plan to close the project should be developed that identifies:

- reasons for project closure
- timeframe and approach to be taken
- process for re-allocating project resources
- process for archiving project outputs
- strategy for managing stakeholder expectations
- strategy for sharing project learnings.

What you need to do:

- recommend the preferred option to be implemented.

2.5 Develop a project implementation plan for the preferred option

Issues associated with the implementation of the preferred project option should be considered and documented in a project implementation plan for the option. This will not only ensure that implementation is adequately planned for and can be delivered, but that all costs and timeframes associated with delivery have been included in the detailed evaluation of the option.

Resources allocated to planning for project delivery should be proportionate to the size, nature and risk of the project.

As a minimum, the implementation plan should demonstrate that consideration has been given to the following key implementation issues:

- scope
- breakdown of tasks
- human resources
- governance arrangements
- reporting arrangements
- stakeholder engagement
- risk management
- benefits management
- change management
- quality management
- operating model
- funding framework.

2.5.1 SCOPE

The scope of the option to be implemented should be defined in terms of who and what is included and excluded.

Relationships with other projects or activities planned or underway (e.g. linkages, dependencies and prerequisites) should also be identified.

2.5.2 BREAKDOWN OF TASKS

The agencies involved in implementing the option should be identified (including specifying the lead agency if known).

A realistic timetable (illustrated by a Gantt chart or timeline) outlining the key delivery events of the option should also be developed. This timetable should identify any components that may change as implementation progresses and take into account major assumptions and risks associated with the key delivery events (e.g. the skills, capabilities and availability of agency staff, contractor expertise).

The milestone, event or date that will indicate when the option has been fully implemented should be identified.

2.5.3 HUMAN RESOURCES

The human resources required to implement the preferred project option should be identified, taking into account:

- the roles to be filled
- advisors
- specialist skills or experience required, and whether these will be needed as a one-off or continued basis
- estimated salary requirements.

2.5.4 GOVERNANCE ARRANGEMENTS

The governance arrangements required to implement the preferred option should be identified, taking into account roles, responsibilities, accountabilities and reporting structures.

Whether the governance arrangements will need to change over the remaining project stages should also be considered.

The governance arrangements that will be required following handover from the final project stage to new service delivery / ongoing operational arrangements should also be identified. It is reasonable to expect that different governance arrangements may be required to govern ongoing operational activities.

As the preferred project option and delivery option will be identified in the business case analysis, the governance approach for the preferred option can be clarified at this stage.

If the preferred delivery model is a form of traditional delivery, the portfolio agency will be responsible for governance of the procurement stages of the project.

As the delivery stages involve some significant decisions (issuing requests for expressions of interest, requests for offer and recommending a preferred supplier), a senior management group in the agency may be established to:

- provide advice and direction to the project manager and project team on the procurement processes
- endorse recommendations on the detail of the procurement process and the recommendation of a preferred supplier.

Where PPP delivery is recommended, Queensland Treasury would be responsible for managing the procurement processes, in consultation with the portfolio agency, unless otherwise directed by the Government.
If several agencies are involved in delivery of the project, a steering committee or project control group could be responsible for:

- making recommendations to the Minister or CBRC/ Cabinet on procurement decisions for the project which require high-level approval
- providing advice and direction to the project director and project team, on key aspects of procurement (e.g. recommendations of the preferred supplier, or reconsideration of the preferred delivery model if the request for offer process did not return a suitable bid).

2.5.5 REPORTING ARRANGEMENTS DURING REMAINING PROJECT STAGES

The reporting arrangements that will be put in place to implement the preferred option should be identified including:

- how regularly reports will be prepared (e.g. weekly, monthly or annually)
- the level at which reporting will be directed (e.g. Minister, Premier, Cabinet or Steering Committee)
- the form reports will take (at a minimum reports should cover progress towards the key delivery events)
- whether progress in developing the preferred option will be captured by existing whole-of-government reporting systems (e.g. election commitment reporting, audits of outstanding Cabinet and CBRC decisions or budget reporting).

2.5.6 STAKEHOLDER ENGAGEMENT

An initial stakeholder analysis may have been conducted during the *Strategic assessment of service requirement* and *Preliminary evaluation* stages of the project. This information should be reviewed and expanded to reflect the specific requirements of implementing the preferred option.

In particular, the key stakeholders impacted by implementation of the preferred option should be identified. Any previous consultation with stakeholders should be identified, as should any known areas of agreement and disagreement among stakeholders regarding implementation of the preferred option.

Future stakeholder communication and consultation activities should be planned, taking into account:

- how it will be conducted, by whom, and when
- the purpose of the communication / consultation and what is hoped to be achieved
- how any disagreement between stakeholders (internal or external to government) will be managed.

2.5.7 RISK MANAGEMENT

The risks associated with implementation of the preferred option would have been identified during the detailed risk analysis and reflected in the values of the costs and benefits considered in the financial and economic analysis (refer to sections 2.4.1: *Detailed risk analysis* and 2.4.2: *Detailed financial and economic analyses).*

These risks should now be fully documented and reflected in a risk management plan and/or a risk register. Planning for risk management should include:

- identifying and prioritising tangible and intangible risks
- assigning ownership of, and commitment to, the risks
- identifying and developing measures and appropriate measurement systems
- identifying the activities, timelines, responsibilities, interdependencies and resources required to mitigate the risks
- implementing an ongoing risk monitoring, tracking and reporting process
- agreeing how information on the risk, and the success of the related mitigation strategy, will be used to inform future projects as well as portfolio and program decision making.

2.5.8 BENEFITS MANAGEMENT

The benefits management plan and supporting benefit profiles associated with the implementation of the preferred option in conjunction with the financial and economic analyses (refer to Section 2.4.2: *Detailed financial and economic analyses)* should provide with greater detail and certainty:

- a description of the benefits or challenges
- dependencies
- when the benefit will be realised
- how the benefit will be measured
- likely impacts on operations and/or people
- costs associated with measurement and realisation
- the person/s responsible for delivering the benefit
- the monitoring, tracking and reporting process
- a plan and budget for undertaking the Benefits realisation post-project stage
- agreement on how information on the benefits (both achieved and not achieved) will be used to inform future projects as well as portfolio and program decision making.

The overall change management approaches that will cause the targeted benefits to appear should also be planned. Because benefits are only realised when stakeholders use project deliverables to do things differently in order to achieve different business results, benefits management depends on managing the changes required to put proposed new ways of working into practice and then to manage these to obtain the targeted benefits.

2.5.9 CHANGE MANAGEMENT

The scale of organisational change associated with implementation of the preferred option and how it will be managed should be identified, taking into account issues such as:

- changes in work practices and business processes
- organisational and staff readiness and capability
- sources of potential resistance
- establishing consultation and engagement processes, communication and marketing strategies
- provision of training and ongoing support.

How handover from implementation of the preferred option to new service delivery / ongoing operational arrangements will be managed, should also be considered. The relevant business manager will be responsible for ensuring the expected benefits are delivered and the transition to the operational stage occurs smoothly. The relevant manager will also report to the Minister and CEO lessons learned to inform the current project as well as future projects.

2.5.10 QUALITY MANAGEMENT

The quality assurance framework and structure that will be used to manage the project's quality should be identified, taking into account:

- the standards and guidelines that will be used to ensure that the project's deliverables are produced according to specifications and standards, to users' needs and expectations, on time, within budget, and in a manner that is perceived by the business as successful
- how quality control activities will be conducted (i.e. via tasks such as monitoring arrangements, reviews and testing).

To enable better quality assurance practices, the use of an Independent Verifier can be of assistance. The role of the Independent Verifier is to assure that:

- design is appropriate for construction and complies with the scope of works
- construction of the temporary works and project works complies with the scope of works
- there is compliance with conditions of approval issued by relevant authorities.

Early engagement of an Independent Verifier can facilitate readiness to measure aspects of project quality including completeness, availability, capacity, reliability, durability, flexibility and timeliness.

The Independent Verifier can also make determinations on issues arising during the life of the project. During the *Deliver service* stage, there is a need to determine and assess the quality of the project solution once it becomes operational.

The need for, and appointment of, an Independent Verifier is not necessarily automatic and should be subject to an assessment of project design and construction risks (and related financial risks), as well as the capacities of the responsible agency to assess the relevant project quality factors. When considering the use of an Independent Verifier, potential costs incurred should be compared to potential benefits accrued.

If an Independent Verifier is to be engaged, then a separate contract of deed should be developed to outline their:

- role
- status (e.g. qualifications and experience)
- authority
- responsibility
- reporting requirements
- remuneration arrangements
- key result areas and associated key performance indicators.

2.5.11 OPERATING MODEL

The operating model to apply following handover from the final project stage to new service delivery/ongoing operational arrangements should be defined. The operating model is particularly important if the project's deliverable is a service provided to other government agencies, or on behalf of other agencies, as the model will determine how funds will flow between agencies and which specific mechanisms will be used to inject (and where appropriate, withdraw) funds.

Examples of operating models currently in place include shared services (fee-for-service arrangement based on cost recovery) and commercialisation (fee-for-service arrangement based on commercial pricing).

2.5.12 FUNDING FRAMEWORK

A funding strategy for the preferred option that identifies the timing, mechanisms and sources for cash flows, and consequent impacts on agency budgets over the full life of the selected option should be developed.

The preferred option would be in one of the following categories:

- a net cash inflow project, where user charges over the life of the project exceed the initial development and operating costs, or
- a net cash outflow project, where services are provided at no cost or where user charges would cover only part of operating and capital costs.

In the case of net cash inflow projects, the key considerations will be:

- how to share the initial development costs among participating agencies, and
- how to share subsequent cash inflows in excess of project costs among agencies (which would usually take account of how initial project costs are share among agencies).

In the case of net cash outflow projects, the key considerations will be:

- how the development and operating costs would be shared among participating agencies
- how to recognise previous investment by agencies in assets or services which may be incorporated in the project, and
- whether or not to adopt inter-departmental charging to reflect agency usage of combined service provision.

One of the considerations in developing a funding framework is the taxation treatment of cash flows. For example, appropriation funding is exempt from goods and services tax (GST), while fees for service between agencies would be subject to GST.

Agencies should seek advice from Queensland Treasury in developing the funding framework, including on the sharing of costs between agencies and the tax implications of cost-sharing.

What you need to do:

- consider and document issues associated with the implementation of the preferred option.

2.6 Seek approval to proceed

At the end of the *Business case development* stage, a submission should be presented to CBRC or other project-specific governing body seeking:

- funding approval for project delivery
- approval to proceed
- allocation of appropriate resources.

The submission should define the outcome sought by the project, and summarise the results of the risk, financial, economic and policy evaluations undertaken. It should nominate the preferred option to be implemented, and include the project implementation plan for that option.

What you need to do:

- develop a submission to the appropriate decision makers seeking:
- funding approval for project delivery
- approval to proceed
- allocation of appropriate resources.

3 Products

The following key products from the *Business case development* stage will allow compilation of a fully developed business case. As these products may be quite lengthy, particularly for large or complex projects, it is recommended that a concise executive summary be developed as a standalone companion document to the full business case. The key products include:

- outcome sought defined in clear and measurable terms
- project organisation and governance arrangements
- an overview of the options evaluated
- detailed benefits management plan and supporting benefit profiles for each evaluated option
- for each option, a summary of the following:
- detailed risk analysis
  - detailed financial and economic analyses
  - market sounding
  - consideration of legislative requirements
  - consideration of whole-of-government policy issues
  - consideration of regulatory issues
  - public interest assessment
  - consideration of procurement strategies
- justification for the recommended option
- project implementation plan for the recommended option
- the results of consultation with central agencies
- CBRC or other project-specific governing body submission and decision.

4 Checklist

As each project is unique, the following checklist should be used as a guide to a range of appropriate project assurance questions, not as a full checklist of mandatory items. Where a 'no' or 'not applicable' response is recorded in the checklist, it is good practice to provide justification in some form, such as in the stage products listed in 4.1.

4.1 Products

Have the following products been completed in accordance with quality standards as agreed via relevant project governing bodies?	Guideline Ref	Yes	No	N/A
Outcome sought defined in clear and measurable terms	2.1	☐	☐	☐
An overview of the options evaluated	2.2	☐	☐	☐
A detailed benefits management plan and supporting benefit profiles for each evaluated option	2.2	☐	☐	☐
Project organisation and governance arrangements	2.3	☐	☐	☐
For each option, a summary of the following: • detailed risk analysis • detailed financial and economic analyses • market sounding • consideration of legislative requirements • consideration of whole-of-government policy issues • consideration of regulatory issues • public interest assessment • consideration of procurement strategies	2.4	☐	☐	☐
Justification for the recommended option	2.4	☐	☐	☐
A project implementation plan for the recommended option	2.5	☐	☐	☐
A CBRC submission and decision	2.6	☐	☐	☐

4.2 Process

Have the following processes been completed in accordance with quality standards as agreed via relevant (internal agency) assurance processes?	Guideline Ref	Yes	No	N/A
Can project decision makers be assured that the outcome sought has been defined in clear and measurable terms?				
Has the outcome sought and criteria for success identified in earlier project stages been reviewed and confirmed?	2.1	☐	☐	☐
Has the outcome sought been defined in clear and measurable terms?	2.1	☐	☐	☐
Can project decision makers be assured that a sound shortlist of options for evaluation has been developed?				
Have options identified in the Preliminary evaluation stage been reviewed and if necessary further developed?	2.2	☐	☐	☐
Have the options to be evaluated in this project stage been clearly defined?	2.2	☐	☐	☐

Have the following processes been completed in accordance with quality standards as agreed via relevant (internal agency) assurance processes?	Guideline Ref	Yes	No	N/A
Can project decision makers be assured that appropriate project organisation and governance arrangements are in place?				
Have all individuals and groups that have a role in the project, their lines of accountability, responsibility and authority, and initial reporting and control processes been identified?	2.3	☐	☐	☐
Can project decision makers be assured that a sound detailed evaluation of each shortlisted option has been completed?				
In conducting the detailed comparative evaluation of the identified options, is there evidence of sound: • detailed risk analysis • detailed financial and economic analyses • detailed market sounding • consideration of legislative approval issues • consideration of whole-of-government policy issues • consideration of regulatory issues • public interest assessment • consideration of various procurement strategies?	2.4	☐	☐	☐
Given the findings from detailed evaluation, have the alternative options been ranked in terms of cost, benefits, risk and their ability to meet the outcome sought?				
Are preferred and other viable option/s clearly identified?	2.4	☐	☐	☐
Can project decision makers be assured that a sufficient project implementation plan has been developed for the preferred option?				
Does the implementation plan address: • scope • breakdown of tasks • human resources • governance arrangements • reporting arrangements • stakeholder engagement • risk management • benefits management and realisation • change management • quality management • operating model • funding framework?	2.5	☐	☐	☐
Can project decision makers be assured that a sufficiently detailed submission seeking approval to proceed to developing a supply strategy been prepared?				
Does the submission include the: • results from the evaluations undertaken • preferred option to be implemented • project implementation plan for the preferred option • results of consultation with central agencies?	2.6	☐	☐	☐