SIMPLIFIED

BUSINESS CASE GUIDELINES

NSW GOVERNMENT | Premier & Cabinet

CONTENTS

OVERVIEW

These business case guidelines for regional infrastructure proposals simplify the requirements set out in longer, more technical NSW Government guidelines. It is intended to provide a more accessible explanation of the guidelines to assist applicants prepare effective business cases.

The first section of these guidelines outline why business cases are required and key business case principles. The remaining sections provide practical advice on key business case components for applicants to demonstrate how their proposals align with Government priorities, provide value for money and can be delivered with an acceptable level of risk.

The following map outlines the key components considered in these guidelines.

Figure 1: Document Map

Key Sections	Key Considerations		
Planning for a Business Case	Purpose of these guidelines	Purpose of the Business Case	Getting Started
Preparing the case for change (Section 1)	Rationale for investment	Strategic Alignment	Stakeholder and Community Support
Analysing the proposal (Section 2)	Options considered	Scope	Cost, Benefits and Funding
Preparing for implementation (Section 3)	Programs and milestones	Governance	Risks

SECTION 1: INTRODUCTION

1.1 PURPOSE OF THIS DOCUMENT

Business cases play an important role in demonstrating the merit and intended execution of proposed investments.

Applications for NSW Government infrastructure grants typically require a business case.

However, preparing a business case may be a new process for many applicants, leaving them with the task of preparing unfamiliar paperwork within potentially challenging time constraints of a grants funding process.

These simplified business case guidelines and supporting template are intended to guide applicants with limited experience in preparing business cases. Councils and other community organisations seeking NSW Government funding for regional infrastructure initiatives are most likely to benefit from using these guidelines, though it may also be applicable to a broader range of stakeholders and circumstances.

1.2 ALIGNMENT WITH EXISTING GUIDANCE

These guidelines are intended to supplement the general principles of existing NSW Government business case guidance. Specifically, this document has been prepared to align with the principles set out in:

- NSW Government Guidelines for Business Cases (TPP08-05)

- Infrastructure NSW's Infrastructure Investor Assurance Framework
- NSW Gateway Policy (TPP17-01)
- NSW Government Guidelines for Cost-Benefit Analysis (TPP17-03).

Applicants may wish to familiarise themselves with these more detailed guidelines.

1.3 PURPOSE OF THE BUSINESS CASE

Given limited resources and competing requests for funding, the NSW Government prioritises proposals that align with its strategic priorities, offer good value for money and have the capacity to be managed and delivered effectively.

An effective business case:

- Shows the best way of meeting a specified set of objectives to resolve a set of identified problems
- Informs whether an investment is warranted
- Demonstrates that key risks have been carefully considered and addressed
- Demonstrates the applicant's capability

and capacity to manage and deliver the proposal.

The business case process provides a methodological approach for applicants to outline how their proposals align with the following three areas:

Section 2: The Case for Change
Section 3: Analysis of the Proposal
Section 4: Implementation

Attachment A of these guidelines encompasses a template for applicants to base the development of their business cases.

1.4 GETTING STARTED: PLANNING FOR AN EFFECTIVE BUSINESS CASE

1.4.1 GUIDING PRINCIPLES

Applicants should follow five core guiding principles in preparing the components of their business cases:

Set to scale

Business case development should be approached flexibly, so that the cost and effort of the task is proportionate to the resources and risks of the proposal. As a rule, larger, riskier, more complex investments need more time and effort applied in developing the business case.

Substance over style

While well-presented documents are welcome, the focus should be on ensuring that submissions are sufficiently detailed, complete and without errors.

Show and tell:

Applicants should showcase the benefits of their proposal while demonstrating a clear understanding and control of key risks and issues.

Succinct

Business cases should be succinct and cater for a range of audiences. Applicants can provide attachments to the submission to support their business case.

Evidence based

Submissions should be accompanied with the underlying assessments, reference and written evidence base to support estimates and assertions.

1.4.2   BUILDING YOUR TEAM AND SECURING STAKEHOLDER SUPPORT

Before business case drafting begins, some planning is required. The main objective of the planning is to ensure the development process takes account of the information and skill inputs needed and who should contribute to the content of each section.

The first step is to review who within a Council or organisation is best placed to contribute to the individual sections and subsections of the business case. For example, while the business case may be managed within a Council's community strategic planning team, significant input may be required from the finance, infrastructure and services teams. There may also be benefit in taking advantage of a regional approach, and harnessing the specific experience and expertise of neighbouring councils.

The applicant should consider which external stakeholders could help support the proposal. The support provided could either be key information inputs, and / or general endorsement of the merit of the proposal. These stakeholders could include relevant NSW and Commonwealth Government agencies, neighbouring or local councils, Members of Parliament, Destination Networks, Joint Organisations and independent experts.

1.4.3   BUILDING YOUR TEAM AND SECURING STAKEHOLDER SUPPORT

At a minimum, applicants will need to provide the following supporting documentation:

- Proposal schedule/timeline
- Scope of works (or similar documentation)
- Capital expenditure quotes/estimates from service/product suppliers
- Procurement plan
- Risk management plan and risk register.

Additional documentation may be provided to support an applicant's case. Examples of additional documentation that may be submitted (although not limited to) include:

- Evidence of consultation with stakeholders and the community
- Maps, pictures and diagrams
- Stakeholder and communications plan
- Governance plan
- Cost plan.

1.4.4   PURPOSE OF THE BUSINESS CASE

Applicants may consider using external advisors to fill some information gaps or manage their business case development process. Before engaging an external advisor, it is recommended that applicants seek advice from the Department of Premier and Cabinet's ('the Department') Regional NSW Group to discuss options to develop their business cases in a cost-effective manner.

The Regional NSW Group is also available as a general resource for advice on eligibility, how to apply for funds and technical questions relating to preparing business cases. Applicants may contact the Regional NSW Group at:

Website: **www.nsw.gov.au/writingabusinesscase**
Email: **regionalnsw.business@dpc.nsw.gov.au**
Telephone: **1300 679 673**

1.4.5 REFRESHING AND REVISING YOUR BUSINESS CASE

Business cases are best viewed as a 'live' document. Best practice will see business cases being reviewed, and where appropriate, revised over the life of the proposal to reflect feedback from the Department, from stakeholders or new information.

While the business case process focuses on investment due diligence, applicants may need to consider additional due diligence for the latter phases of the proposal lifecycle, including engineering and environmental assessments, commissioning and benefits realisation.

SECTION 2: PREPARING THE CASE FOR CHANGE

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Applicants must demonstrate that there is a clear need for the proposal and that the proposal delivers on strategic local, regional and / or State priorities.

2.1 BACKGROUND

A background section should be included to improve the reviewers' understanding of the proposal.

2.2 RATIONALE FOR INVESTMENT

Applicants need to articulate the problems that need resolution and how the problems link to the identified objectives and expected outcomes of the proposal.

This section should explain the need for investment. This may include but is not limited to factors such as:

- Need to provide new facilities
- Need to refurbish or improve existing facilities
- Need to deliver improved local economic and social infrastructure
- Need to deliver improved regional voice and data connectivity
- Need to improve participation and performance in sports at all levels
- Need to improve arts and cultural infrastructure
- Opportunity to activate economic potential
- Opportunity revitalise local communities and economies
- Opportunity to spur job creation in regional areas
- Opportunity to grow regional centres
- Opportunity to improve economic growth and productivity.

This may include proposals to manage future anticipated issues or emerging opportunities (e.g. through new technologies).

It is important to link the problem and the proposed solution by stating how and to what extent the proposal will contribute to meeting the stated objectives.

ⓘ The information provided by applicants to establish a clear link between problems and the proposed solution may be summarised in an Investment Logic Map or similar visual representation.

2.3 STRATEGIC ALIGNMENT

Proposals should contribute to the delivery of State, regional or local government priorities as well as the applicant's priorities. Proposals with a stronger alignment to these priorities are more likely to receive a higher priority.

Applicants need to consider how well their proposal aligns with priorities, actions, directions and strategies outlined in prevailing State, regional and local government documents.

Examples of these documents include:

• Premier's/State Priorities

• State Infrastructure Strategy
• NSW Government agency strategies and plans
• Regional plans prepared by the NSW Department of Planning and Environment
• Regional Economic Development Strategies
• Local government strategies
• Asset management plans.

2.4 EXPECTED OUTCOMES

In this section, applicants need to outline what the anticipated outcomes are and who the beneficiaries from the investment will be.

Applicants should document the key outcomes from their proposal.

Outcomes should be described in quantitative terms where possible (e.g. a 5% increase in participation rates). Where they are not able to be quantified, these should be described in qualitative terms. In these instances, applicants may wish to consider alternative approaches to present their case including:

• Desktop reviews
• Literature reviews

• Case studies
• Historical trends
• Data analysis.

Applicants should also identify parties that will be impacted by the proposal. Beneficiaries may include the applicant, government agencies, users or recipients or the general community. Proposals may also serve to deliver wider economic impacts to an industry sector or to the regional economy.

2.5 STAKEHOLDER & COMMUNITY SUPPORT

In this section, applicants should demonstrate that they have broad stakeholder and community support for the proposal, that stakeholder/community concerns have been identified and mitigations to address these are in place.

Proposals may involve or impact a broad range of stakeholders including user/recipients, businesses, the community and government agencies. Applicants need to demonstrate broad support for their proposals and actively manage potential negative spill over impacts and delays.

Identifying and understanding the impacts is important to building community support. Applicants should identify key stakeholders as early as possible and document:

• Consultation that has been undertaken with stakeholders
• Issues, impacts and concerns that have been included or excluded from the proposal scope
• How the proposal responds to these issues, impacts and concerns.

2.6   CASE FOR CHANGE CHECKLIST

In this section, applicants should demonstrate that they have broad stakeholder and community support for the proposal, that stakeholder/community concerns have been identified and mitigations to address these are in place.

A proposal with a strong case for change will be able to demonstrate:

- That it resolves a clear set of problems and issues.
- That if is consistent with prevailing State, regional and local government plans
- The outcomes are well understood
- That it has broad stakeholder and community support.
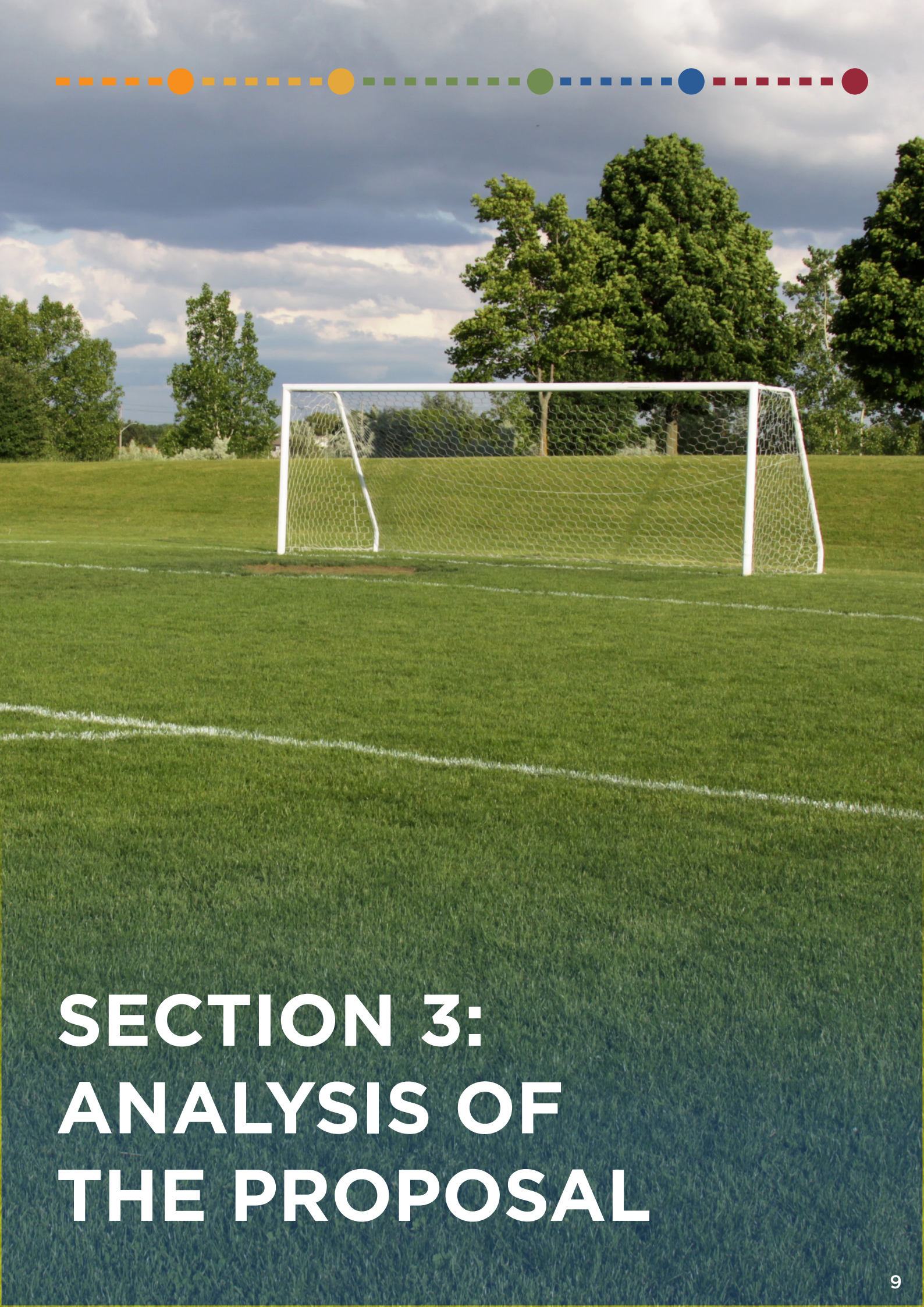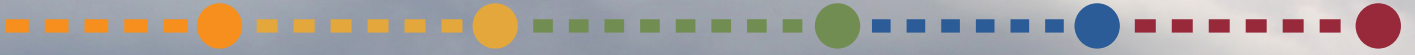
SECTION 3: ANALYSIS OF THE PROPOSAL

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Applicants must demonstrate that their proposal offers the best value for money and is affordable considering all available alternatives.

3.1   PROPOSAL OBJECTIVES & INDICATORS

Applicants should identify what the proposal aims to achieve. These objectives should be directly linked to the problems or opportunities identified by the applicant.

The objectives describe the desired changes to be brought about by the proposal. These objectives should be directly linked to the problems or opportunities identified by the applicant.

Applicants should identify success indicators for each identified objective to be able to clearly demonstrate the value of their investment to the Department and proposal stakeholders. Applicants should ensure their reporting arrangements allow for the tracking and reporting of these indicators.

Indicators are best expressed using the 'SMART' principle:

Specific– objectives should be well defined

Measurable– objectives should be measurable so that they can be tracked.

Achievable– objectives should be deliverable by the applicant.

Relevant– objectives should directly relate to identified problems.

Timely– objectives should be achieved within a specific timeframe.

3.2   DEFINING A BASE CASE

The base case should be identified as a reference point to measure the changes brought about by the proposal. Defining a realistic base case is important as it may be the preferred option.

The base case allows an assessment of relative costs and benefits of the preferred solution (as well as other alternative solutions).

The base case is typically a 'status quo' scenario. In many instances, this will be a 'do nothing' scenario. In some instances, there will be minimum expenditure required and the base case may need to be a 'do minimum' scenario e.g. complying with new fire safety standards.

3.3 OTHER OPTIONS CONSIDERED

The preferred solution put forward should be shown not only to be a good solution, but the best solution available to resolve the identified problems.

This section should describe how and why the preferred option was selected.

Applicants should demonstrate that a range of options that would meet the proposal objectives were considered. A comprehensive option development process can often identify alternative options that may deliver better value for money or identify value management opportunities to make the preferred solution better. This process could also identify options that are cheaper but have a lower level of benefits.

OTHER DELIVERY OPTIONS

Alternative options that applicants may need to consider (this is not an exhaustive list) include:

- Alternative sites (i.e. upgrading an existing site or relocating to a greenfield site)
- Different building options (i.e. layouts, footprint, materials etc.)
- Different operating models (i.e. alternative operating models for art facilities may include local government run, not for profit limited by guarantee or company limited by guarantee)
- Staged redevelopment or upgrade of facilities (i.e. does all the work need to be done at the same time or could different packages be prioritised over several planning horizons)
- Options to maximise usage of assets (i.e. considering sharing of community facilities with other community groups)
- Standalone or precinct based approach (i.e. investment in a new community facility may be maximised through investment of surrounding facilities such as the visitor information centre, caravan park or local transport hub).

Other criteria including legal/regulatory, stakeholder support, technical considerations, risk and sustainability may also need to be considered in selecting the preferred solution.

3.4 INFORMATION ABOUT THE PROPOSAL

This section should describe exactly what is being delivered by the proposal (the preferred option) and interdependencies with other projects.

3.4.1 SCOPE OF WORKS

The scope of works should include the key elements and why each element is needed.

The description of the works proposed should include:

- Location
- Quantifiable details including area/length, capacity etc.
- Relevant design standards
- Property purchases required
- Major adjustments to utilities (e.g. gas, electricity, water, sewerage, and communications) required.

The proposal scope should also allow for the additional design, preliminaries, project management and proposed governance arrangements to be enacted.

Concept diagrams, sketches or photos may be used to help describe the scope. Further supporting documentation may be submitted as an appendix to provide further detail.

3.4.2 PROPOSAL EXCLUSIONS

In some instances, it is worth highlighting works that will not be addressed by the proposal. This may be relevant where a proposal forms one element of a larger set of works or where ancillary supporting works are proposed to be undertaken by another proposal.

3.4.3 RELATED PROJECTS

In some instances, there may be interdependencies between the proposal and other proposed works. These relationships need to be highlighted to allow for an assessment of:

• To what extent the related project(s) enables the proposal in question
• Whether the related project(s) and the proposal in question need to be considered collectively
• To what extent a delay or cancellation of a related project(s) would impact on the proposal.

3.5 PROJECTED COSTS

The applicant should report the total cost of their proposals and outline how they arrived at their cost estimates. It should be clear what works the cost estimate includes, how it was derived, and whether any contingency and inflation have been included.

The build-up of costs will usually be done by a suitably qualified cost estimator although cost estimates may use actual quotes. The cost build-up should include:

• Base cost rates
• Base quantities
• Contractor margins
• Project management margins
• Contingency.

3.5.1 REPORTING COSTS

Applicants should report capital costs in two ways:

• On an unescalated basis (i.e. without inflation) to inform the cost benefit assessment
• On a nominal basis (i.e. with inflation) to inform funding and affordability assessment.

The assumed inflation rate(s) and its basis should be reported.

All cost estimates should be exclusive of GST.

ⓘ Further guidance on good practice cost estimation can be obtained from **www.investment.infrastructure.gov.au/whatis/costestimation/**

3.5.2 PROJECTED ONGOING COSTS

In many instances, the upfront capital costs may represent only a fraction of the total cost of funding a proposal. To inform the value for money and affordability assessment over the life of the proposal, applicants should disclose all ongoing costs associated with their proposal. These ongoing costs may include:

• Operating costs
• Maintenance costs
• Repair costs
• Asset renewal and replacement costs.

In some instances, the proposal may realise cost savings or revenues. These cashflows should be identified separately to allow an assessment of the net change in costs over the life of the proposal.

3.6 COST BENEFIT ANALYSIS

All business cases will include an economic cost benefit analysis to determine whether a proposal will deliver value for money.

To standardise the approach to calculating benefits and to ease the administrative burden on applicants, the Department's Regional NSW Group will prepare the cost-benefit analysis for all NSW Government regional infrastructure funding applicants based on inputs provided by the applicants.

ⓘ The Department will specify the inputs required by the Department to prepare the cost-benefit analysis.

To support the Department's valuation of costs and benefits, applicants will need to provide the Department with information relating to:

- The types of benefits and costs that may be accrued or incurred
- The parties that will accrue or incur these benefits or costs
- Timing of these benefits and costs
- Key assumptions
- The beneficiaries.

3.6.1 KEY PRINCIPLES

Cost benefit analysis seeks to assess the economic, social and environmental benefits and costs over the lifetime of a proposal. In doing so, cost benefit analysis goes beyond just considering the direct effects, financial effects or effects on one party, to considering all impacts on the wellbeing of the entire society or community.

It involves a systematic approach to assessing the gains and losses of a proposal, emphasising to the maximum extent possible, the monetary value of these gains and losses. It assists decision makers in:

- Identifying options that deliver net benefits
- Allowing different options to be compared
- Ensuring that all impacts on all parties are considered
- Valuing costs and benefits incurred or accrued at different points in time

The following principles underpin the cost-benefit analysis framework:

- **Base case:** Costs and benefits of each option are measured against the base case (i.e. the incremental change).
- **Valuation:** All costs and benefits should be valued in real terms (i.e. without general

inflation).
- **Whole-of-life:** Costs and benefits of each option are considered over the life of the proposal, including any ongoing costs that may be incurred. The life of the proposal will generally be guided by the life of the asset.
- **Reference group:** In general, costs and benefits incurred or accrued by NSW residents, businesses, the community and government agencies should be included in a cost-benefit analysis.
- **Discounting:** To compare costs and benefits incurred and accrued at different points in time, future costs and benefits are converted into present values using a standard discount rate to reflect the notion that benefits and costs in the future are worth less than benefits and costs today.

The results of a cost benefit analysis are commonly summarised into an overall measure of net benefit - either as a Net Present Value (discounted benefits less discounted costs) or Benefit Cost Ratio (ratio between discounted benefits and discounted costs).

ⓘ More information on cost benefit analysis principles may be found at:

www.treasury.nsw.gov.au/nsw-economy/economic-frameworks

3.6.2 INFORMATION REQUIRE

Identifying benefits

In the first instance, applicants should list key benefits that are expected to arise from each option, in addition to the upfront and ongoing costs already identified.

Cost-benefit analysis considers a broader array of benefits (and costs) beyond just the impact on applicants. In most instances, these benefits may be non-financial in nature. For instance, the social benefit of providing new playground equipment for children and parents would be an example of a benefit that would be considered in the cost benefit analysis but not in a financial analysis.

Benefits (and costs) on other parties or assets should also be considered. For instance, the installation of new lighting towers may decrease the need for maintenance on nearby sporting fields.

Quantifying the number of beneficaries

The monetary valuation of benefits and costs is critical to the cost benefit analysis. Generally, the monetary valuation will be driven by the following:

- **Volume:** The number of people that will benefit from the proposal. This may be measured for example, through changes in the number of events or the number of new and existing users.

- **Value:** The dollar value per unit of volume, in real terms (to be determined by the Department).

While the Department will be responsible for estimating the proposal's benefits, applicants will need to supply the Department with the underlying data and assumptions to quantify the benefits. Such forecasts may consider:

- How many existing users may benefit
- Whether existing users may change how often or how they use a service
- How many new users may benefit
- How often or how these new users may use a service
- How usage may change over time, with or without improvements.

Applicants may wish to consider the following approaches to prepare their forecasts including:

- Desktop reviews
- Literature reviews
- Case studies
- Historical trends
- Data analysis
- Customer or community surveys.

Regardless of the approach adopted, applicants should disclose the approach they have adopted and references used to support their forecasts. Applicants should balance the effort of the forecasting exercise in line with the projected cost of the proposal.

3.7 FINANCIAL APPRAISAL

In this section, applicants are requested to evaluate the budget impact of the options from the applicant's perspective. Its focus is on whether the projected revenues will cover the whole-of-life costs of the proposal.

For most proposals, the following cashflow projections are sufficient:

- Revenue or cost savings
- Capital expenditure
- Ongoing operating and maintenance expenditure
- Renewals or major repairs.

Applicants should provide costs from the start of the proposal (planning) through to the steady state (as a general guide, 5-10 years should be sufficient).

However, depending on the nature of the proposal, it may be appropriate to undertake a detailed financial appraisal. For example, where a proposal may need to be financially viable (e.g. a new swimming pool), the Department will need to assess whether the applicant has the means to continue operating and maintaining the asset after the investment is made. In these instances, applicants should provide projected revenue estimates or outline proposed funding arrangements.

The input assumptions in the financial appraisal should be consistent with the data provided for the cost benefit appraisal e.g. anticipated usage of new swimming pool.

3.8 PROPOSED FUNDING

In this section, applicants are requested to outline how they will fund their proposal, including how much funding they are requesting from the NSW Government.

Co-contributions from community groups, businesses and other government agencies are strongly encouraged.

In addition to NSW Government funding, potential funding sources that may be considered by applicants include:

- Council contributions
- Industry contributions
- Community contributions
- Contributions from the Commonwealth Government.

Where supplementary funding sources are identified, applicants are recommended to demonstrate how secure these funding sources are (e.g. letters of support, MoUs) or how they have been calculated.

Applicants will be expected to be budget for ongoing costs, unless the funding program has specific provisions to fund these costs.

3.9 FINANCIAL HEALTH STATUS

In this section, applicants are requested to evaluate the budget impact of the options from the applicant's perspective. Its focus is on whether the projected revenues will cover the whole-of-life costs of the proposal.

Where applicants propose to use funding from non-government sources, either to fund upfront capital costs or ongoing costs, the Department will need to assess the viability of these funding sources.

Applicants are requested to outline, over the past two financial years, and for each party:

- Their financial performance
- Their financial position
- Their cash flow position.

The underlying financial statements should also be provided.

Recognising that there will be instances where this information will be commercial in confidence, applicants may elect to present this information as an attachment separate to the business case. In these instances, applicants should contact the Department to discuss appropriate confidentiality and probity arrangements.

To further strengthen the funding case, applicants may also elect to provide:

- Letters of support, MoUs or similar documents to demonstrate funding support from other parties
- Contingency measures should other funding sources fail to materialise e.g. additional contributions from Council, staging or rescoping.

3.10 ANALYSIS OF THE PROPOSAL CHECKLIST

A proposal that offers the best value for money will demonstrate that:

- Objectives are linked to stated problems/opportunities
- A wide range of possible options to meet the stated objectives have been considered
- The reason for selecting the preferred option is clear
- The cost estimates are robust
- The benefits of the proposal are likely to exceed its costs
- All whole-of-life costs, including ongoing costs have been considered
- These costs, particularly ongoing costs, are affordable
- Funding is available for the proposal.

SECTION 4: PREPARING THE IMPLEMENTATION CASE

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Applicants must demonstrate that they have the capacity, capability and experience to deliver their proposals through robust strategies for project and risk management.

4.1 PROGRAM & MILESTONES

In this section, applicants should outline the key events and decision points associated with their proposal.

Typically, key events and decision points beyond the submission of the business case would include:

- Review period
- Planning and detailed design
- Approvals (legislative, regulatory, planning)
- Procurement
- Development/construction
- Commissioning.

The program should demonstrate that the proposal and its milestones are achievable. Careful planning is required to ensure that critical path events are identified and sufficient time is allowed for, including time for contingency. Appropriate scheduling also ensures that appropriate escalation in the cost estimates is allowed for.

4.2 GOVERNANCE

The applicant will need to document the governance arrangements for delivering the proposal.

The governance arrangements should address:

- Who owns the proposal
- Who is responsible for the proposal outcomes
- Who is responsible for approving key decisions
- Who will manage the proposal
- How it will be resourced
- Who is responsible for monitoring the costs, benefits and risks.

Applicants should demonstrate that the nominated personnel have the relevant experience and skills to deliver and manage the proposal. These personnel may change as the proposal transitions from planning to delivery and then to operations.

Governance arrangements should also include detail on what team and processes are in place to control and manage the proposal. The team should be of sufficient size to deliver as well as manage the proposal. The role of each individual in the team should be well defined with clear lines of reporting and delegations.

Typical project roles are outlined as follows but may vary based on the size and complexity of a project. For smaller proposals, some of these roles may not be required:

- **Project Sponsor:** Holds ultimate responsibility for the outcomes of the proposal.
- **Project Manager:** Is responsible for the

delivery of the project and management of the team

- **Project Team:** Is responsible for developing and delivering the proposal. May contain a mix of specialist skills made up of internal and external resources
- **Steering Committee:** Provides senior management oversight of the proposal and advice on critical issues. Generally, such a committee is in place for complex proposala and/or where multiple stakeholders have a major interest in the proposal
- **Central Agency Assistance:** Depending on the size and complexity of the proposal, the applicant may need assistance from

other agencies such as the Department of Premier & Cabinet, Infrastructure NSW and Treasury.

Applicants may also wish to consider the role of external parties including key stakeholders, funding bodies and delivery parties in their governance arrangements.

4.3 KEY RISKS

In this section applicants need to outline the key risks/ issues that the proposal faces, planned mitigations and the rating of these risks.

The applicant should demonstrate a rigorous risk assessment has been undertaken that identifies:

- The range of risks relevant to each of the options
- The chance of these risks occurring
- The impacts of these risks and mitigations.

The identification of risks may be undertaken as a desktop exercise for a relatively straightforward proposal. For a more complex proposal, key risks may need to be determined through workshops and stakeholder interviews.

Key risk areas to consider include:

- Scope
- Construction
- Financing
- Planning and approvals
- Legal
- Property acquisitions
- Utility relocation and adjustments
- Procurement
- Project management
- Stakeholder and communication
- Change management
- Sustainability (social, economic and environmental impacts).

Applicants will be expected to submit a risk management plan and a risk register with their business case. Ideally, the risk register will tie in with the proposal's schedule (in terms of time contingency) and the proposal's cost estimates (in terms of cost contingency). Planned mitigations and monitoring activities will need to be embedded in the proposal's scope and governance/management arrangements.

4.4 LEGISLATIVE, REGULATORY ISSUES & APPROVALS

The applicant should identify any relevant legislative or regulatory issues or approvals that may impact on the delivery of the proposal.

4.5 RISK MANAGEMENT

This section documents how the risks were identified and assessed and how they will be managed throughout the proposal lifecycle.

Risk management is the process of managing future uncertain events to maximise the chances that the proposal outcomes will be achieved within the scope, timeframe and budget.

Applicants will need to prepare a Risk Management Plan to support their application. This plan should outline:

- The identification of risks
- The assessment of risk exposure based on the consequence and likelihood of occurrence

- The monitoring and management of risks
- The mitigation of risks
- The processes involved to review the risk register and plan
- Risk reporting.

For an example on how to prepare a Risk Management Plan, refer to:

www.treasury.nsw.gov.au/information-pub-lic-entities/governance-risk-and-assurance/internal-audit-and-risk-management/risk

4.6 ASSET MANAGEMENT & OPERATIONS

This section outlines who has responsibility for the ownership, operation and maintenance of the assets that will be created by the proposal and a brief description of the activities to manage these assets over their life. The section should also describe if the proposal has an impact on existing assets.

An asset ownership matrix is a simple way of outlining who is responsible for the assets created by the proposal.

For each of the stages of the asset lifecycle (plan, acquire, operate/maintain and dispose), the applicant should outline how the assets will be managed. This should include:

- A brief description of activities
- Who is responsible for those activities.

4.7 IMPLEMENTATION CHECKLIST

Applicants should demonstrate that they can deliver the proposal by demonstrating that they have identified the proposed:

- Key milestones to deliver the proposal
- Resources and governance structures in place to deliver the proposal in an efficient

manner
- Major proposal risks have been identified including procurement, change and sustainability impacts
- Management activities.