

## Components of a business case

<b>Investment case</b> Primary focus for all business cases. Establish the rationale for government action, and the reasons for recommending a specific option(s) for consideration.	
<b>Case for change</b>	Establish what the proposal sets out to achieve, how it supports government priorities and the chain of logic that leads to success.
<b>Options</b>	Identify a range of realistic options that meet the proposal's objectives.
<b>Cost-benefit analysis</b>	Assess the costs and benefits of a range of options on the welfare of the people of NSW.
<b>Financial analysis</b>	Estimate financial impacts of the proposal on the finances of the entity undertaking the policy and the government as a whole.
<b>Risk analysis</b>	Ensure that decision-makers can carefully consider the risks associated with a proposal, by identifying, assessing, and appropriately responding to risks.
<b>Monitoring &amp; evaluation approach</b>	Ensure that resourcing, accountability and data collection arrangements are in place to support evaluation.
<b>Delivery feasibility</b> Establish how the preferred option will deliver on its objectives and provide confidence to decision-makers that the initiative will be delivered efficiently and effectively.	
<b>Procurement approach</b>	Provide decision-makers with confidence that assets and services required for completion of the proposal (and delivery of its benefits) can be procured within the cost and timeframes specified by the business case.
<b>Management approach</b>	Provide decision-makers with confidence that the agency will deliver and implement the proposal efficiently and effectively.

## Keep in mind:

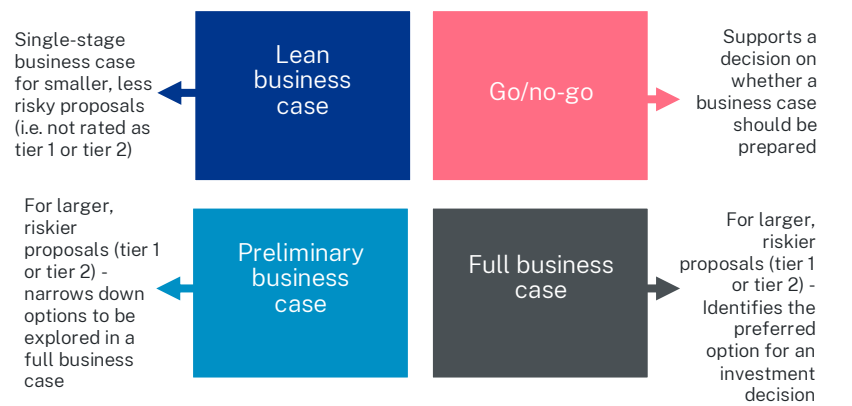
- The purpose of a business case is to support decision-makers in the allocation of scarce resources and inform investment decisions.
- Business cases are NOT a box-ticking exercise and should not be completed retrospectively to justify existing decisions.
- Business cases should be proportionate to a proposal's cost and risk, as indicated by its gateway risk tier.
- Detailed design, technical specifications or planning consent materials, beyond those required to develop a reasonable estimate of costs, are not required. This work should take place following an investment decision.
- Business case components can be approached in order or at the same time, with iterations to account for interdependency.
- Analysis should become more detailed as more data and information becomes available, and the proposal moves closer to investment decision.

- Before starting a business case:**
- Appoint a senior responsible officer.
  - Complete a go/no-go document.
  - Consult the relevant assurance framework, complete a risk tier self-assessment and register with the Gateway coordination agency (if required).
  - Conduct targeted consultation where appropriate.
  - Scope and plan the business case approach, inputs and decision pathways.

## How NSW Treasury assesses business cases



## Types of business cases



- Where a business case is not prepared, a **short-form assessment** must be submitted to NSW Treasury to support:
- recurrent proposals with a total cost between \$10m-\$20m (over the forward estimates)
  - capital proposals with a total cost at or above \$10m (over ten years) that are not registered under the Infrastructure Investor Assurance Framework (IIAF) (\$10m to \$20m) or are rated tier 4 under the IIAF.
  - digital proposals with a total cost over \$10 million (over ten years) that are rated as tier 4 under the Digital Assurance Framework.

How developed should business case components be?

Component		Go/no-go	Preliminary business case	Full business case		Lean business case	Short-form assessment	
		Tiers 1 to 3	Tier 1 and Tier 2	Tier 2	Tier 1	Tier 3 <sup>e</sup>	Tier 4	
Investment case	Case for change	Preliminary	Comprehensive	Comprehensive	Comprehensive	Comprehensive	Comprehensive	
	Options	Conceptual	Preliminary	Comprehensive	Comprehensive	Comprehensive	Comprehensive <sup>d</sup>	
	Cost-benefit analysis	Conceptual	Preliminary	Comprehensive	Comprehensive	Comprehensive	Conceptual	
	Financial analysis	Financial appraisal	N/A	Preliminary <sup>a</sup>	Comprehensive <sup>a</sup>	Comprehensive <sup>a</sup>	Comprehensive <sup>a</sup>	N/A
		Financial Impact Statement	Conceptual	Preliminary	Comprehensive	Comprehensive	Preferred option only	Preferred option only
	Risk analysis	Risk register, residual risks	Conceptual	Preliminary	Comprehensive	Comprehensive	Comprehensive	Comprehensive
Monitoring and Evaluation approach	High-level monitoring and evaluation plan	N/A	N/A	High-level	High-level	High-level	High-level	
Delivery feasibility	Procurement approach	Market capability and capacity	Conceptual <sup>b</sup>	Conceptual <sup>b</sup>	High-level	Comprehensive	High-level	N/A
		Delivery model	Conceptual <sup>b</sup>	Conceptual <sup>b</sup>	High-level <sup>c</sup>	Comprehensive	Summary or evidence of previous delivery	N/A
	Management approach	Delivery schedule, governance framework	As relevant to support next stage	As relevant to support next stage	High-level	Comprehensive	Summary or evidence of previous delivery	High-level
		Resourcing and management	As relevant to support next stage	As relevant to support next stage	Summary or evidence of previous delivery	High-level	Summary or evidence of previous delivery	N/A

<sup>a</sup> Not required if no significant commercial returns or revenues, or financing arrangements outside of government funding. See section 3.4 of the Business Case Guidelines (TPG24-29).

<sup>b</sup> Include details likely to influence a decision to proceed to next stage of proposal development.

<sup>c</sup> Comprehensive assessment may be required in certain circumstances. See section 4.1 of the Business Case Guidelines (TPG24-29).

<sup>d</sup> Comprehensively define a preferred option and provide high-level explanation why it is preferred over other options.

<sup>e</sup> Lean business case also applies to recurrent proposals values over \$20 million that do not require assurance registration and Tier 4 recurrent proposals.

Legend	Conceptual	Limited to key points based on existing information and evidence.
	Preliminary	Completed with a basic level of detail and accuracy, that will be refined during the full business case.
	High-level	Detailed plans not required. Focus on demonstrating capability and capacity to efficiently and effectively procure, manage and evaluate the proposal.
	Comprehensive	Complete. Rigour of analysis not expected to increase following investment decision, but detail may be amended as more evidence comes to light.