

# Fast track business case and investment assurance for government capital commitments

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TPG24-30

November 2024

## Acknowledgement of Country

We acknowledge that Aboriginal and Torres Strait Islander peoples are the First Peoples and Traditional Custodians of Australia, and the oldest continuing culture in human history.

We pay respect to Elders past and present and commit to respecting the lands we walk on, and the communities we walk with.

We celebrate the deep and enduring connection of Aboriginal and Torres Strait Islander peoples to Country and acknowledge their continuing custodianship of the land, seas and sky.

We acknowledge the ongoing stewardship of Aboriginal and Torres Strait Islander peoples, and the important contribution they make to our communities and economies.

We reflect on the continuing impact of government policies and practices, and recognise our responsibility to work together with and for Aboriginal and Torres Strait Islander peoples, families and communities, towards improved economic, social and cultural outcomes.

Artwork:

*Regeneration* by Josie Rose



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**Revision history**

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# Fast track business case and investment assurance for government capital commitments

## Purpose

This policy establishes a process to fast track capital projects with a government commitment. It provides partial or full exemptions to the requirements of [TPG24-29 NSW Government Business Case Guidelines](#) (the business case guidelines) and the Infrastructure Investor Assurance Framework (IIAF) in limited circumstances.

Business cases and assurance should not be done as a tick-the-box when they won't add value to resource allocation decisions or project delivery. This policy aims to get committed capital projects to delivery faster while ensuring appropriate analysis, due diligence and risk management takes place.

## Background

A **business case** is a document prepared to support a government funding decision.

**Gateway assurance** provides independent, risk-based review aimed at providing confidence to Cabinet that projects are being effectively developed and delivered.

The [NSW Gateway Policy \(TPG22-12\)](#) is administered by NSW Treasury and establishes the set of principles and structure for the provision of Gateway assurance reviews. Gateway Coordination Agencies design and implement Gateway assurance processes for capital, digital and recurrent projects. Infrastructure NSW is the Gateway Coordination Agency for capital projects and manages assurance through the IIAF.

Gateway applies a tiered, risk-based approach, which places the most scrutiny on tier 1 (high profile, high risk) projects, followed by tier 2, tier 3 and tier 4.

Under standard processes, Cabinet decision making to fund a project is informed by a full or lean business case and gate 2 review. Refer to the [business case guidelines](#) and [IIAF](#) for further details on business case and assurance requirements for capital projects.

Table 1 Summary of standard business case and IIAF assurance requirements for capital projects

Tier	Go/no-go	Strategic options	Investment decision	Procurement, delivery and operations
Gate	Gate 0	Preliminary business case / gate 1	Full business case / gate 2	Gates 3 to 6
Tier 1 (high profile, high risk)	Gate 0 review and ERC approval to proceed	<ul style="list-style-type: none"><li>Preliminary business case</li><li>Gate 1 review and ERC decision to proceed</li></ul>	<ul style="list-style-type: none"><li>Full business case</li><li>Gate 2 review</li></ul>	Readiness for market, tender evaluation, readiness for service and benefits realisation

Tier	Go/no-go	Strategic options	Investment decision	Procurement, delivery and operations
Tier 2	Gate 0 review and ERC approval to proceed (\$100M plus)	<ul style="list-style-type: none"> <li>Preliminary business case</li> <li>Gate 1 review and ERC decision to proceed</li> </ul>	<ul style="list-style-type: none"> <li>Full business case</li> <li>Gate 2 review</li> </ul>	Gates 3 to 6 are optional
Tier 3	Gate 0 review and ERC approval to proceed (\$100M plus)	<ul style="list-style-type: none"> <li>Lean business case</li> <li>Assurance not required under IIAF, but agency processes may apply</li> </ul>		N/A
Tier 4	N/A	<ul style="list-style-type: none"> <li>Short-form assessment for projects with total cost over \$10 million</li> <li>Assurance not required under IIAF, but agency processes may apply</li> </ul>		N/A

## Scope

This policy applies to capital projects registered under the IIAF as follows:

- Tier 2 (primary focus): may alter some or all business case and assurance requirements.
- Tier 3: may alter some or all business case and assurance requirements. The benefits of a fast track process will be smaller, however, because tier 3 projects require a single stage lean business case and do not require gate 1 and gate 2 reviews.
- Tier 4: fast track not relevant given a short-form assessment is required rather than a business case, and there is no requirement for gate 1 and gate 2 reviews under the IIAF.
- Tier 1: generally not within the scope of this policy, given higher cost and risk profile. Alterations to business case and assurance requirements apply when approved by Cabinet.

## Fast track principles

- Where government has made a public commitment, business case and IIAF assurance requirements should be flexible so that business case and assurance work is completed only where necessary to inform future decisions and to support project delivery.
- There are trade-offs between project acceleration and ensuring value for money and minimising delivery risk. Business case and IIAF assurance requirements will be altered only if the benefits of doing so demonstrably outweigh the risks.
- Options analysis should be undertaken within the scope of the commitment.
- Delivery of fast track projects should be supported by the same level of ongoing and robust project and risk management as expected under standard processes.

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# When does a fast track apply?

## Mandatory

1. A fast track process will apply if all the following criteria are met:
  - a. The project is a public commitment of the government that has been approved by the Premier or Cabinet.
  - b. Delivery of the commitment is time critical.
  - c. Options development is significantly constrained by the commitment.
  - d. Bypassing or altering business case and assurance requirements will create benefits that outweigh the risks.

### Criteria a: Public commitment

Examples include:

- public announcement or media release communicating a Cabinet decision
- other public statements approved by the Premier
- official election commitments.

For clarity, a commitment to commence planning without a clear commitment to deliver the project or delivery funding does not satisfy this criteria.

### Criteria b: Time critical

Commitments are time critical where:

- the government has publicly committed to a delivery timeframe
- timely delivery is required to enable benefits from related projects, such as a connecting road for a new airport
- there is a legislative obligation, or
- a critical and urgent safety issue must be addressed.

### Criteria c: Significantly constrained options

Options are constrained where the commitment rules out alternative approaches to deliver the outcome. For example, location, scope, scale, or operating model.

Even where options are constrained there is usually a need for some options analysis to determine how the commitment is to be delivered. For example, a commitment to build a new road may specify its location but options analysis can determine the optimal number of lanes, entries and exits, or other design features.

### Criteria d: Bypassing or altering requirements will create benefits that outweigh the risks

Benefits of a fast track must be weighed against the risks of bypassing or altering assurance or business case requirements. Benefits include avoided expenditure<sup>1</sup> on business case development and quicker progress to delivery.

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<sup>1</sup> Some costs will be deferred rather than avoided. For example the cost of detailed risk management, stakeholder engagement, and environmental impact assessment may be deferred to following an investment decision.



Acting quickly can generate benefits in some cases. For example, to avoid costs from a current or impending disaster or to enable benefits from related projects, such as a connecting road for a new airport. In other cases, such as a legislative obligation, the government may be bound to act within a particular timeframe or deliver a specific scope.

Fast track requests must, as much as possible, provide an estimate of:

- the expected cost savings from altering business case and assurance requirements
- the expected impact on delivery timeframes and associated costs.

Risks vary with the project. The best value for money may not be achieved, or the project not delivered efficiently and effectively due to:

- not identifying the best option for solving the problem
- not identifying or managing risks to costs and barriers to benefits realisation
- investing in projects that are not welfare enhancing
- insufficient site investigation and concept design to inform risk management and environmental assessment
- unanticipated consequences due to limited stakeholder consultation.

Fast track requests must identify risks and provide an indication of their scale and how they will be managed. Draw on evidence from previous similar projects where available.

Resources can also be wasted if the project needs to be rescoped or ceased due to an issue that could have been identified and addressed earlier in the business case or assurance process had the project not been fast tracked.

## What fast track pathways can apply?

Two fast track pathways may apply:

- Pathway 1: abridged full business case and gate 2 review.
- Pathway 2: prepare for procurement and delivery and complete a gate 3 review.

Table 2 Fast track requirements for each pathway

Pathway	Eligibility	Alterations to requirements
<b>Pathway 1: abridged full business case and gate 2 assurance</b>	Fast track criteria are met	<ul style="list-style-type: none"> <li>• Gate 0, gate 1 and preliminary business case not required.</li> <li>• Full business case and gate 2 review required.</li> <li>• Full business case may be 'abridged' to reflect the scope of the commitment where appropriate<sup>2</sup>.</li> </ul>
<b>Pathway 2: prepare for procurement and delivery and complete a gate 3 review</b>	Fast track criteria are met and: <ul style="list-style-type: none"> <li>• Project has a well-developed scope.</li> <li>• Project has sufficient funding allocated to deliver.</li> </ul>	<ul style="list-style-type: none"> <li>• Gate 0, gate 1, gate 2, preliminary business case and full business case<sup>3</sup> not required.</li> <li>• Complete gate 3<sup>4</sup> and demonstrate:               <ul style="list-style-type: none"> <li>- the project will deliver the expected outcome</li> <li>- sufficient design and scope to go to market (for example concept design with an accompanying</li> </ul> </li> </ul>

<sup>2</sup> Lean business case may be abridged for tier 3 capital projects.

<sup>3</sup> Lean business case not required for tier 3 capital projects.

<sup>4</sup> Includes tier 2 and 3 projects which are otherwise not required to undertake gate 3 assurance under IIAF.

Pathway	Eligibility	Alterations to requirements
		<ul style="list-style-type: none"> <li>environmental assessment for a road project or a definition design for a rail project)</li> <li>- procurement strategy</li> <li>- risk analysis and management</li> <li>- well-founded cost estimate within the allocated funding</li> <li>- monitoring and evaluation plan</li> <li>- sufficient stakeholder and community consultation</li> <li>- necessary environmental approvals.</li> </ul>

## Federal funding requirements

For projects that are to be partially or wholly federally funded, the Commonwealth Government requires a full business case and Infrastructure NSW gate 2 review to support the release of funds. This means that these projects are generally confined to accessing the fast track pathway 1. Work is ongoing with Infrastructure Australia to examine opportunities to align and streamline processes and will be reflected in future updates of this policy.

## What does an abridged full business case look like?

An abridged full business case is focused on analysis that continues to be relevant to support decision making and successful delivery in the context of the preexisting commitment.

Areas of difference to a full or lean business case typically include:

- A more succinct case for change that references the commitment.
- Options focused on different approaches to deliver the commitment instead of a diverse range of feasible options that address the broader problem. Examination of at least two options is generally required. One option in addition to the base case may be acceptable, however, provided the commitment is so prescriptive there is no room for interpretation as to how it is to be delivered.
- Cost-effectiveness analysis can be used in place of CBA where the commitment clearly specifies the outcome and there is minimal risk of unintended disbenefits.
  - Cost-effectiveness analysis cannot be used in place of CBA where outcomes delivered by each option vary. For example, options to meet a commitment to build or upgrade a road may vary by width/number of lanes, surface or safety features.
- Where additional investigation work will be required following investment decision, the cost of this work should be included.

Options that fall outside the scope of the commitment should still be considered if:

- Options within the scope of the commitment will not deliver the expected outcomes.
- Options outside of the scope of the commitment may deliver significantly better outcomes or value for money.

Financial analysis, risk analysis, high-level monitoring and evaluation plan, and procurement and management approach are unaltered under an abridged business case.

Agencies must specify in the fast track request how a full business case will be abridged, for consideration of the Gate 0 Committee.

## How can projects be fast tracked?

### Mandatory

2. When seeking to access a fast track process, agencies must assess the capital project against the fast track criteria outlined in (1) and consult the relevant minister.
3. If agencies assess that a project meets the fast track criteria, they must submit a fast track request to Treasury outlining:
  - How the project meets the fast track criteria.
  - The fast track pathway being sought.
  - The benefits and risks of altering requirements.
  - The steps that will be taken to mitigate risks and ensure value for money.
4. The IIAF Gate 0 Committee must consider fast track requests submitted by agencies and assess whether the fast track criteria are met and the recommended fast track pathway.
5. If the Gate 0 Committee assesses the fast track criteria are not met, the Committee must provide feedback to the agency. The agency may seek reconsideration by the Gate 0 Committee.
6. Fast track requests for exemptions from business case or assurance requirements must be approved by the Treasurer (for pathway 1) or Treasury Secretary (for pathway 2) on advice from Treasury. Advice will incorporate the recommendation of the Gate 0 Committee and confirm project funding. Infrastructure NSW will report fast track projects to Cabinet as part of the monthly INSW Investor Assurance submission.

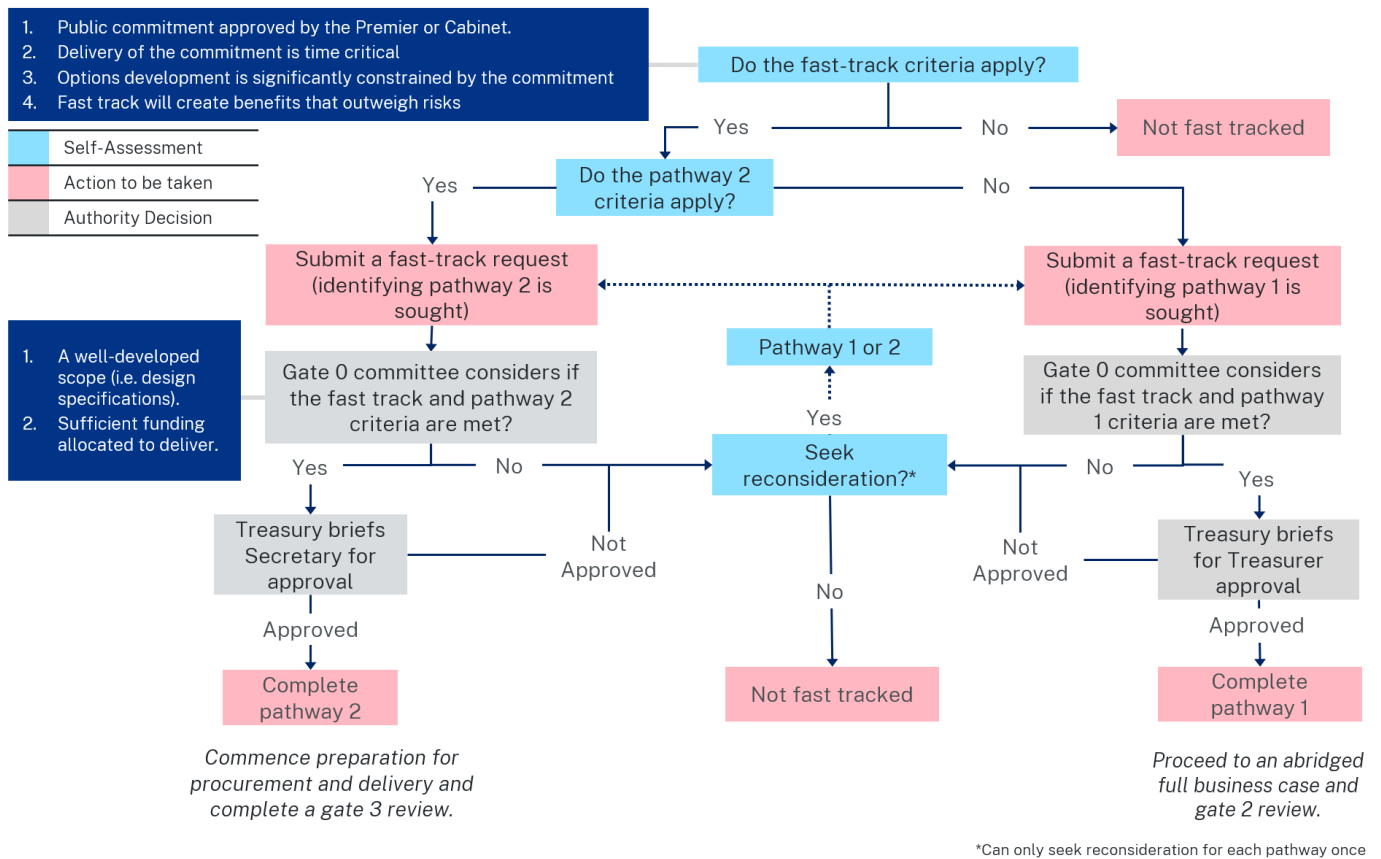
Consideration of fast track requests are integrated with standard registration and gate 0 review processes under the IIAF. Fast track requests are assessed by the IIAF Gate 0 Committee. The Gate 0 Committee meets every one to two months. In assessing requests, the Gate 0 Committee will consider all relevant circumstances, including:

- The urgency of the project and the relative risks and trade-offs between meeting the requirements and commencing delivery sooner.
- The level and detail of the existing commitment, with relevant indicators including any public commitments, Cabinet decisions, or pre-allocated funding.
- The extent to which the government is bound to act in a timely manner or in a particular way, such as by legislation.
- The degree of certainty in design and scope of the project.

Recommendations of the Gate 0 Committee will:

- indicate whether the fast track request is supported, and whether pathway 1 or pathway 2 is recommended
- where relevant, confirm the expected contents of an abridged business case
- if a fast track request is not supported, provide reasons why.

Figure 1 Fast track request process map



**Resources**

- [Fast track request template](#)
- Email completed templates to [fasttrack@treasury.nsw.gov.au](mailto:fasttrack@treasury.nsw.gov.au) with a copy to [gatezero@infrastructure.nsw.gov.au](mailto:gatezero@infrastructure.nsw.gov.au).

**Review**

**Mandatory**

7. NSW Treasury, with support from Infrastructure NSW must review this policy 24 months after it commences operation.
8. Agencies must maintain data about their fast track projects and share with Treasury and Infrastructure NSW to support review of the policy, including:
  - number of fast track projects
  - estimated cost and time saved from a fast track process
  - any delivery risks or issues that a fast track process may have contributed to.

# Appendix A: Definitions

Term	Definition
business case	Document that supports decision-making and public accountability. It provides information about a problem, case for change, project viability and deliverability.
Cabinet	Lead decision-making body of executive government, including subcommittees that may exist from time to time, such as the Expenditure Review Committee (ERC).
capital project	Project that primarily consists of infrastructure, equipment, property developments, or operational technology.
cost-benefit analysis (CBA)	An appraisal and evaluation technique that estimates the costs and benefits of a project or program in monetary terms.
cost effectiveness analysis (CEA)	A form of economic evaluation that compares the costs of different options to achieve a given outcome.
full business case	Identifies a preferred option and supports a government investment decision. Includes comprehensive economic, commercial, management and financial analysis. Also includes a high-level plan for monitoring and evaluation.
Gateway	<p>Gateway provides an external, independent project assurance process through a tiered, risk-based approach. It provides a view of the current progress of a project or program and assurance that it can proceed successfully to the next stage if any critical recommendations are addressed.</p> <p><u>TPG22-12 Gateway Policy</u> establishes the Gateway process. Infrastructure, ICT and recurrent projects have separate frameworks overseen by their respective Gateway coordination agency.</p>
go/no-go	A succinct document prepared by an agency before starting a business case that establishes the problem and supports a decision to spend time and resources preparing a business case.
Gate 0 Committee	Committee established under the IIAF responsible for undertaking Gate 0 reviews for capital projects valued over \$100 million. The membership and activity of the Gate 0 committee is governed by the Gate 0 Committee terms of reference.
<u>Infrastructure Investor Assurance Framework (IIAF)</u>	Establishes an independent, risk-based assurance framework for capital projects, as established by <u>TPG22-12 Gateway Policy</u> . The IIAF is owned and administered by Infrastructure NSW.
lean business case	A combined preliminary and full business case prepared for a Tier 3 project. Lean business case also applies to recurrent projects valued over \$20 million that do not require assurance registration and Tier 4 recurrent projects. A lean business case includes each of the business case components but with some reduction in detail, proportionate to reduced project cost and risk.

Term	Definition
preliminary business case	A business case that identifies and assesses options using preliminary information or assumptions about costs and benefits. It is used for large or higher-risk projects to test and refine options prior to expending time and resources on a full business case.
short-form assessment	A brief document prepared by an agency to support an investment decision for smaller, low-risk projects. It follows the general principles of a business case, including setting out a case for change, options, risks, costs and identification of benefits. It's required for projects valued over \$10 million that do not require a business case.

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